



# CITY OF MORRO BAY CITY COUNCIL AGENDA

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*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.*

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## **Regular Meeting Tuesday, August 24, 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 - None

### PUBLIC COMMENT

*Pursuant to Executive Order N-08-21, issued by Governor Newsom on June 11, 2021, 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-08-21, 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](mailto: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 AUGUST 10, 2021, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-2 THIRD AND FOURTH QUARTER INVESTMENT REPORTS (PERIOD FROM JANUARY 1, 2021 TO JUNE 30, 2021) FOR FISCAL YEAR 2020/21; (ADMINISTRATIVE SERVICES DEPARTMENT)

**RECOMMENDATION: Receive the attached Third and Fourth Quarter Investment Reports (period from January 1, 2021 to June 30, 2021) for Fiscal Year 2020/21.**

- A-3 DESIGNATION OF VOTING DELEGATE AND ALTERNATE AT LEAGUE OF CALIFORNIA CITIES 2021 ANNUAL CONFERENCE BUSINESS MEETING; AND, AUTHORIZE THE VOTING DELEGATES TO APPROVE PROPOSED RESOLUTIONS AT THE ANNUAL MEETING; (CITY CLERK)

**RECOMMENDATION: Staff recommends the City Council:**

**1) Select Mayor Headding, as the voting delegate, and Council Members Addis and Barton, as the alternate voting delegates, for the upcoming annual business meeting to be held at the League of California Cities Annual Conference; and 2) Authorize City Clerk to sign the League of California Cities’ form affirming the selection of the voting delegate and the alternate voting delegates (page 4 of Attachment 1); and 3) Authorize the selected voting delegate (or selected alternates as needed) to approve the proposed Resolutions provided as Attachment 2.**

- A-4 ADOPTION OF RESOLUTION NO. 57-21 UPDATING THE CITY’S CONFLICT OF INTEREST CODE; (CITY CLERK)

**RECOMMENDATION: Staff recommends City Council update the City’s Conflict of Interest Code by adopting the proposed Resolution No. 57-21.**

- A-5 ADOPTION OF RESOLUTION NO. 58-21 DECLARING THE INTENT TO DISESTABLISH THE PREVIOUS MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT PURSUANT TO THE PARKING AND BUSINESS IMPROVEMENT AREA LAW OF 1989 AND TO SET A PUBLIC HEARING DATE; (CITY MANAGER)

**RECOMMENDATION: Staff recommends the Council adopt Resolution No. 58-21 declaring the intent to disestablish the previous Morro Bay Tourism Improvement District (MBTBID) formed in 2009 pursuant to the Parking and Business Improvement Area Law of 1989 (’89 Law) and set the public hearing date for September 14, 2021.**

A-6 FISCAL YEAR 2021-2022 ADOPTED BUDGET CORRECTIONS; (ADMINISTRATIVE SERVICES DEPARTMENT)

**RECOMMENDATION:** Staff recommends the Council adopt Resolution No. 59-21 approving corrections to the FY 2021/22 Adopted Budget.

B. PUBLIC HEARINGS - None

C. BUSINESS ITEMS

C-1 REVIEW WATER RECLAMATION FACILITY (WRF) QUARTERLY UPDATE REPORT AND APPROVAL OF CONTRACT AMENDMENTS; (PUBLIC WORKS)

**RECOMMENDATION:** Staff recommends the City Council:

1) Receive the Q4 2021 WRF Quarterly Update Report and provide input; 2) Authorize the City Manager to approve Amendment No. 6 to the WRF Design-Build Agreement; 3) Authorize the City Manager to approve Amendment No. 2 to the agreement with Water Works Engineers, LLC; 4) Direct staff to continue due diligence to determine whether bridge financing is needed to keep the WRF construction on track, given slow and unpredictable State Revolving Fund (SRF) reimbursement timelines; 5) Direct staff to review tree replacement options for trees removed as part of the WRF project with the Planning Commission and Public Works Advisory Board and return to City Council with a finalized tree replacement plan and associated budget for implementation.

C-2 CONSIDERATION OF A FREE PUBLIC CONCERT AT CLOISTERS PARK ON TRIAL BASIS; (CITY MANAGER)

**RECOMMENDATION:** Staff recommends City Council discuss a proposed free public concert event at Cloisters Park and direct staff to move forward with the support and planning for such an event to take place on October 24, 2021.

C-3 RECEIVE PLANS FOR A "COMMUNITY FORUM ON MORRO BAY POWER PLANT STACKS – FACTS AND FIGURES" AND AUTHORIZE THE CITY MANAGER TO EXECUTE AN AGREEMENT FOR PROFESSIONAL SERVICES TO COORDINATE WITH VISTRA CORP AND REGULATORY AGENCIES IN RESPONDING TO PUBLIC QUESTIONS AND CONCERNS REGARDING THE STACKS; (CITY MANAGER)

**RECOMMENDATION:** Staff recommends the City Council:

1) Receive the plans for a community forum to provide the public with facts and figures about the stacks so that interested persons can have an informed basis for developing their input to the Council about the future of the stacks; 2) Encourage broad public attendance in the Community Forum on the Stacks scheduled for 6:00-7:30 p.m., Wednesday, September 8, 2021, on the City's Zoom link: <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcwTHlRTk9xaTlmWVNWRFUQT09>, with password: 135692; 3) Authorize the City Manager to execute an agreement with Don Maruska & Company, Inc., in a form approved by the City Attorney, to provide professional services to serve as project manager for the engagement efforts and work with Vistra Corp and regulatory agencies to be prepared to respond to public questions and concerns. The proposed agreement is for an initial fixed fee of \$24,000 with an option at the City Manager's discretion to extend the agreement for up to an additional \$24,000 as determined based upon the needs for further public engagement to resolve the stacks issue.

C-4 AWARD CITY WAYFINDING SIGNAGE CONTRACT TO STATEWIDE SAFETY AND SIGN, INC. FOR \$188,200; AND, CITY WAYFINDING SIGNAGE PROGRAM INFORMATIONAL UPDATE; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION: Staff recommends the City Council take the following actions: 1) Reject the bid from Dekan Construction Corporation as non-responsive; 2) Award a construction contract for the fabrication and installation of the City's Wayfinding Sign Program to Statewide Safety and Sign, Inc. for the base bid amount of one hundred eighty-eight thousand two hundred dollars and no cents (\$188,200.00), and authorize City Manager to execute said contract in a form approved by the City Attorney; and 3) Direct staff to return at Midyear with a budget amendment to increase the project budget in the Economic Development Fund by up to \$57,020.**

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, September 14, 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 –  
AUGUST 10, 2021 – 3:30 P.M.  
TELECONFERENCE

AGENDA NO: A-1  
MEETING DATE: August 24, 2021

*City Council conducted this meeting in accordance with California Governor Newsom's Executive Order N-08-21 issued on June 11, 2021 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  
                         Jeff Heller                        Council Member  
                         Vacant                              Council Member

ABSENT:            None

STAFF:             Scott Collins                      City Manager  
                         Chris Neumeyer                  City Attorney  
                         Joseph Pannone                 Special Counsel  
                         Eric Endersby                    Harbor Director

**ESTABLISH QUORUM AND CALL TO ORDER**

Mayor Headding called the meeting to order at 3:30 p.m. with all but Council Member Barton present. Council Member Barton joined the meeting at 3:33 p.m.

**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.

Cherise Hansson, TLC Family Enterprises, Inc., provided the Council with a project update and estimated timeline for completion in Summer 2023.

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:            Lease Sites 87-88/87W-88W, Under the Sea Gallery, 833 Embarcadero  
Property Negotiators: Cherise Hansson and Travis Leage, TLC Family Enterprises, Inc.  
Agency Negotiators: Eric Endersby, Harbor Director; Scott Collins, City Manager; Chris Neumeyer, City Attorney; Joseph Pannone, Special Counsel  
Negotiation:            Price and Terms of Payment

**CS-2 CONFERENCE WITH REAL PROPERTY NEGOTIATOR – GOVERNMENT CODE SECTION 54956.8**

Property:            Lease Site 75-77/75W-77W, 699 Embarcadero  
Property Negotiators: Stann Trapp, Morro Bay Marina LLC  
Agency Negotiators: Scott Collins, City Manager; Eric Endersby, Harbor Director; Chris Neumeyer, City Attorney and Joseph Pannone, Special Counsel  
Under Negotiation:    Price and Terms of Payment

**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 4:04 p.m.

Recorded by:

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AGENDA NO: A-2

MEETING DATE: August 24, 2021

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** August 12, 2021

**FROM:** Sarah Johnson-Rios, Asst City Manager/Admin Services Director  
Valerie Webb, Senior Accounting Technician

**SUBJECT:** Third and Fourth Quarter Investment Reports (period from January 1, 2021 to June 30, 2021) for Fiscal Year 2020/21

### RECOMMENDATION

Receive the attached Third and Fourth Quarter Investment Reports (period from January 1, 2021 to June 30, 2021) for Fiscal Year 2020/21.

### FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

### DISCUSSION

Attached for your consideration are the Third and Fourth Quarter Investment Reports for FY 2020/21.

As of June 30, 2021, the City's weighted portfolio yield of 0.373% was slightly above the Local Agency Investment Fund (LAIF) yield of 0.30%. During these quarters, yield was low, yet not unreasonably low given the safety and liquidity of the City's investments. As of June 30, 2021, the City has recorded \$171,115.63 in interest earnings. The portfolio is in compliance with the City's investment policy.

Staff continues to keep significant cash in the City's LAIF account to ensure cash flow for the ongoing Water Reclamation Facility (WRF) project. Reimbursement has been received from the California State Revolving Fund (SRF) planning loan (appx. \$5.5 million to date) and from the WIFIA federal loan (appx. \$31.7 million to date). Additional liquidity is still required due to the significant projected expenditures on the WRF project in the new fiscal year (\$88.5 million is budgeted for FY 2021/22). The majority of those expenditures will need to be financed through the recently approved SRF construction loan. The SRF construction loan entails a detailed, lengthy, and at times an unavoidably delayed reimbursement process to receive funds from the State of California after the City has incurred expenses. In late July, a representative of the SRF program with the State reported to staff that their baseline time for reimbursement is three months for each disbursement request, but that this process may take longer due to COVID-19. Staff is currently analyzing cash flow projections to determine whether interim financing will be needed due to the lengthy reimbursement process and sizable construction costs relative to the City's available cash balance.

Staff recommends that no immediate investment actions be taken at this time. When the WRF project is complete or nearing completion, staff will focus on renewed assessment of cash flow

Prepared By: <u>  VW  </u>	Dept Review: <u>  SJR  </u>
City Manager Review: <u>  SC  </u>	City Attorney Review: <u>  CFN  </u>

needs and research the most prudent ways to balance Council adopted investment goals of safety, liquidity, and yield as well as social responsibility in accordance with resolution No. 50-21.

These two Quarterly Investment Reports have been reviewed and received by the Citizens Finance Advisory Committee (CFAC).

**CONCLUSION**

Staff recommends the Council receive and file the Third and Fourth Quarter Investment Reports for Fiscal Year 2020/21 (January 1, 2021 to June 30, 2021).

**ATTACHMENTS:**

1. Third Quarter Investment Report for FY 2020/21 (period ending March 31, 2021)
2. Fourth Quarter Investment Report for FY 2020/21 (period ending June 30, 2021)

**CITY OF MORRO BAY  
 QUARTERLY PORTFOLIO PERFORMANCE  
 3/31/2021**

INVESTMENT OR CUSIP NUMBER	INSTITUTION	PURCHASE PRICE	INTEREST RATE	PURCHASE DATE	MATURITY DATE	DAYS TO MATURITY
LAIF	LOCAL AGENCY INVESTMENT FUND	\$ 36,711,449	0.410%	DAILY	DAILY	1
<b>MONEY MARKET ACCOUNT:</b>						
MM	MECHANICS BANK - MONEY MARKET	1,445,321	0.04%	DAILY	DAILY	1
SWEEP	MECHANICS BANK - SWEEP	5,243,097	0.01%	DAILY	DAILY	1
<b>CERTIFICATES OF DEPOSIT:</b>						
38148PGK7	ZION BANK - Goldman Sachs	250,003	1.550%	8/3/2016	8/3/2021	125
02007GHD8	ZION BANK - Ally Bank UT	246,000	2.900%	1/24/2019	1/24/2022	299
949763XU5	ZION BANK - Wells Fargo	249,000	2.800%	2/27/2019	2/28/2022	334
1404202A7	ZION BANK - Capital One	250,005	2.400%	4/12/2017	4/12/2022	377
61760AUU1	ZION BANK - Morgan Stanley	246,000	3.000%	1/24/2019	1/24/2023	664
61690UDL1	ZION BANK - Morgan Stanley	246,000	3.100%	1/24/2019	1/24/2024	1,029
1731202F5	ZION BANK - Citibank	246,000	3.200%	1/25/2019	1/25/2024	1,030
3090683803	STATE FARM BANK	250,435	3.050%	10/21/2013	10/24/2023	937
		<u>\$ 45,383,310</u>				
			<b>RECORDED INTEREST AS OF 3/31/2021</b>	<b>% OF LIQUID PORTFOLIO HOLDINGS</b>	<b>WEIGHTED AVERAGE RATE OF EARNINGS</b>	<b>WEIGHTED AVERAGE MATURITY</b>
			<u>\$ 54,832.77</u>	<u>95.630%</u>	<u>0.454%</u>	<u>27</u>

**Portfolio holdings as of the quarter ended March 31, 2021, are in compliance with the current Investment Policy. With 95.630% of the portfolio held in liquid instruments, the City's portfolio is well above the 65% to 70% target liquidity rate approved by the City Council in March 2018.**

**CITY OF MORRO BAY  
 QUARTERLY PORTFOLIO PERFORMANCE  
 6/30/2021**

<b>INVESTMENT OR CUSIP NUMBER</b>	<b>INSTITUTION</b>	<b>PURCHASE PRICE</b>	<b>INTEREST RATE</b>	<b>PURCHASE DATE</b>	<b>MATURITY DATE</b>	<b>DAYS TO MATURITY</b>
LAIF	LOCAL AGENCY INVESTMENT FUND	\$ 36,745,948	0.300%	DAILY	DAILY	1
<b>MONEY MARKET ACCOUNT:</b>						
MM	MECHANICS BANK - MONEY MARKET	1,945,481	0.04%	DAILY	DAILY	1
SWEEP	MECHANICS BANK - SWEEP	3,750,009	0.01%	DAILY	DAILY	1
<b>CERTIFICATES OF DEPOSIT:</b>						
38148PGK7	ZION BANK - Goldman Sachs	250,003	1.550%	8/3/2016	8/3/2021	34
02007GHD8	ZION BANK - Ally Bank UT	246,000	2.900%	1/24/2019	1/24/2022	208
949763XU5	ZION BANK - Wells Fargo	249,000	2.800%	2/27/2019	2/28/2022	243
1404202A7	ZION BANK - Capital One	250,005	2.400%	4/12/2017	4/12/2022	286
61760AUU1	ZION BANK - Morgan Stanley	246,000	3.000%	1/24/2019	1/24/2023	573
61690UDL1	ZION BANK - Morgan Stanley	246,000	3.100%	1/24/2019	1/24/2024	938
1731202F5	ZION BANK - Citibank	246,000	3.200%	1/25/2019	1/25/2024	939
3090683803	STATE FARM BANK	250,435	3.050%	10/21/2013	10/24/2023	846
		<u>\$ 44,424,881</u>				
			<b>RECORDED INTEREST AS OF 6/30/2021</b>	<b>% OF LIQUID PORTFOLIO HOLDINGS</b>	<b>WEIGHTED AVERAGE RATE OF EARNINGS</b>	<b>WEIGHTED AVERAGE MATURITY</b>
			<u>\$ 171,115.63</u>	<u>95.535%</u>	<u>0.373%</u>	<u>24</u>

**Portfolio holdings as of the quarter ended June 30, 2021, are in compliance with the current Investment Policy. With 95.535% of the portfolio held in liquid instruments, the City's portfolio is well above the 65% to 70% target liquidity rate approved by the City Council in March 2018.**



AGENDA NO: A-3  
MEETING DATE: August 24, 2021

## Staff Report

**TO:** Honorable Mayor and City Council      **DATE:** August 11, 2021  
**FROM:** Dana Swanson, City Clerk  
**SUBJECT:** Designation of Voting Delegate and Alternate at League of California Cities 2021 Annual Conference Business Meeting; and, Authorize the Voting Delegates to Approve Proposed Resolutions at the Annual Meeting

### **RECOMMENDATION**

Staff recommends the City Council:

1. Select Mayor Heading, as the voting delegate, and Council Members Addis and Barton, as the alternate voting delegates, for the upcoming annual business meeting to be held at the League of California Cities Annual Conference; and
2. Authorize City Clerk to sign the League of California Cities' form affirming the selection of the voting delegate and the alternate voting delegates (page 4 of Attachment 1); and
3. Authorize the selected voting delegate (or selected alternates as needed) to approve the proposed Resolutions provided as Attachment 2.

### **ALTERNATIVES**

1. The Council may choose to disapprove one or both of the proposed Resolutions.
2. The Council may choose not to select any delegates; however, the City would not have voting rights at the annual business meeting.

### **BACKGROUND**

In order to conduct the annual League of California Cities' business meeting, held in conjunction with the League of California Cities Annual Conference, every represented city must have its city council designate a voting representative who will be registered at the conference and present at the annual business meeting (the General Assembly). Each member city may also appoint up to two alternates, one of whom may vote in the event the designated voting delegate is unable to serve in that capacity.

Conference attendance provides an exceptional opportunity for elected officials to hear from leading experts, expand their knowledge regarding municipal government, and view innovative resources that could benefit the delivery of services, enhance resources, and strengthen the City.

### **DISCUSSION**

The League of California Cities 2021 Annual Conference and Expo is being held September 22-24, 2021, in Sacramento, California. The Opening General Session is tentatively scheduled at 1:30 p.m. on Wednesday, September 22, with education sessions Wednesday afternoon through noon

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

Friday. The League's Annual Business Meeting and General Assembly will be held at 12:30 p.m. on Friday, September 24. The delegates in attendance at the General Assembly will be asked to vote on resolution(s) submitted from members and developed for the Assembly's consideration. If adopted, then the resolutions are used to set League policy or to provide direction for the League's work efforts in the coming year. This year two resolutions are being offered for membership consideration; the details of the proposed resolutions are provided in provided in Attachment 2.

In order to vote at the League of California Cities 2021 Annual Conference Business Meeting, the City Council must select a voting delegate. In the event the designated voting delegate is unable to serve in this capacity, the City Council may appoint up to two alternate voting delegates. The voting delegate must be registered to attend the conference; however, they may register for Friday only. Currently, Mayor Headding, Council Member Addis and Council Member Barton are registered to attend the League of California Cities Annual Conference.

### **Resolution No. 1**

A RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES ("CAL CITIES") CALLING ON THE STATE LEGISLATURE TO PASS LEGISLATION THAT PROVIDES FOR A FAIR AND EQUITABLE DISTRIBUTION OF THE BRADLEY BURNS 1% LOCAL SALES TAX FROM IN-STATE ONLINE PURCHASES, BASED ON DATA WHERE PRODUCTS ARE SHIPPED TO, AND THAT RIGHTFULLY TAKES INTO CONSIDERATION THE IMPACTS THAT FULFILLMENT CENTERS HAVE ON HOST CITIES BUT ALSO PROVIDES A FAIR SHARE TO CALIFORNIA CITIES THAT DO NOT AND/OR CANNOT HAVE A FULFILLMENT CENTER WITHIN THEIR JURISDICTION.

Source: City of Rancho Cucamonga

Support Cities: Town of Apple Valley, City of El Cerrito, City of La Canada Flintridge, City of La Verne, City of Lakewood, City of Moorpark, City of Placentia, and City of Sacramento

Referred to: Revenue and Taxation Policy Committees

### **Resolution No. 2**

A RESOLUTION CALLING UPON THE GOVERNOR AND THE LEGISLATURE TO PROVIDE NECESSARY FUNDING FOR CPUC TO FULFILL ITS OBLIGATION TO INSPECT RAILROAD LINES TO ENSURE THAT OPERATORS ARE REMOVING ILLEGAL DUMPING, GRAFFITI AND HOMELESS ENCAMPMENTS THAT DEGRADE THE QUALITY OF LIFE AND RESULTS IN INCREASED PUBLIC SAFETY CONCERNS FOR COMMUNITIES AND NEIGHBORHOODS THAT ABUT THE RAILROAD RIGHT-OF-WAY.

Source: City of South Gate

Support Cities: City of Bell Gardens, City of Bell, City of Commerce, City of Cudahy, City of El Segundo, City of Glendora, City of Huntington Park, City of Lar Mirada, City of Long Beach; City of Lynwood, City of Montebello, City of Paramount and City of Pico Rivera

Referred to: Housing, Community and Economic Development; and Transportation, Communications and Public Works

### **CONCLUSION**

Staff recommends the City Council select Mayor Headding, as the voting delegate, and Council Members Addis and Barton, as the alternate voting delegate, for the upcoming annual business

meeting to be held at the League of California Cities Annual Conference and authorize the voting delegates to approve the proposed resolution.

**ATTACHMENTS**

1. Informational materials from the League of California Cities regarding designation of voting delegate and alternate(s).
2. 2021 Annual Conference Resolutions

JUN 29 2021

Administration

Council Action Advised by August 31, 2021

June 16, 2021

TO: City Managers and City Clerks

RE: DESIGNATION OF VOTING DELEGATES AND ALTERNATES  
League of California Cities Annual Conference & Expo – September 22-24, 2021

Cal Cities 2021 Annual Conference & Expo is scheduled for September 22-24, 2021 in Sacramento. An important part of the Annual Conference is the Annual Business Meeting (during General Assembly) on Friday, September 24. At this meeting, Cal Cities membership considers and acts on resolutions that establish Cal Cities policy.

In order to vote at the Annual Business Meeting, your city council must designate a voting delegate. Your city may also appoint up to two alternate voting delegates, one of whom may vote if the designated voting delegate is unable to serve in that capacity.

**Please complete the attached Voting Delegate form and return it to Cal Cities office no later than Wednesday, September 15. This will allow us time to establish voting delegate/alternate records prior to the conference.**

**Please note:** Our number one priority will continue to be the health and safety of participants. We are working closely with the Sacramento Convention Center to ensure that important protocols and cleaning procedures continue, and if necessary, are strengthened. Attendees can anticipate updates as the conference approaches.

- **Action by Council Required.** Consistent with Cal Cities bylaws, a city's voting delegate and up to two alternates must be designated by the city council. When completing the attached Voting Delegate form, please attach either a copy of the council resolution that reflects the council action taken, or have your city clerk or mayor sign the form affirming that the names provided are those selected by the city council. Please note that designating the voting delegate and alternates **must** be done by city council action and cannot be accomplished by individual action of the mayor or city manager alone.
- **Conference Registration Required.** The voting delegate and alternates must be registered to attend the conference. They need not register for the entire conference; they may register for Friday only. Conference registration will open mid-June at [www.cacities.org](http://www.cacities.org). In order to cast a vote, at least one voter must be present at the Business Meeting and in possession of the voting delegate card. Voting delegates and alternates need to pick up their conference badges before signing in and picking up the voting delegate card at the Voting Delegate Desk. This will enable them to receive the special sticker on their name badges that will admit them into the voting area during the Business Meeting.
- **Transferring Voting Card to Non-Designated Individuals Not Allowed.** The voting delegate card may be transferred freely between the voting delegate and alternates, but

*only* between the voting delegate and alternates. If the voting delegate and alternates find themselves unable to attend the Business Meeting, they may *not* transfer the voting card to another city official.

- **Seating Protocol during General Assembly.** At the Business Meeting, individuals with the voting card will sit in a separate area. Admission to this area will be limited to those individuals with a special sticker on their name badge identifying them as a voting delegate or alternate. If the voting delegate and alternates wish to sit together, they must sign in at the Voting Delegate Desk and obtain the special sticker on their badges.

The Voting Delegate Desk, located in the conference registration area of the Sacramento Convention Center, will be open at the following times: Wednesday, September 22, 8:00 a.m. – 6:00 p.m.; Thursday, September 23, 7:00 a.m. – 4:00 p.m.; and Friday, September 24, 7:30 a.m. – 11:30 a.m. The Voting Delegate Desk will also be open at the Business Meeting on Friday, but will be closed during roll calls and voting.

The voting procedures that will be used at the conference are attached to this memo. Please share these procedures and this memo with your council and especially with the individuals that your council designates as your city's voting delegate and alternates.

Once again, thank you for completing the voting delegate and alternate form and returning it to the League's office by Wednesday, September 15. If you have questions, please call Darla Yacub at (916) 658-8254.

Attachments:

- Annual Conference Voting Procedures
- Voting Delegate/Alternate Form



## Annual Conference Voting Procedures

1. **One City One Vote.** Each member city has a right to cast one vote on matters pertaining to Cal Cities policy.
2. **Designating a City Voting Representative.** Prior to the Annual Conference, each city council may designate a voting delegate and up to two alternates; these individuals are identified on the Voting Delegate Form provided to the Cal Cities Credentials Committee.
3. **Registering with the Credentials Committee.** The voting delegate, or alternates, may pick up the city's voting card at the Voting Delegate Desk in the conference registration area. Voting delegates and alternates must sign in at the Voting Delegate Desk. Here they will receive a special sticker on their name badge and thus be admitted to the voting area at the Business Meeting.
4. **Signing Initiated Resolution Petitions.** Only those individuals who are voting delegates (or alternates), and who have picked up their city's voting card by providing a signature to the Credentials Committee at the Voting Delegate Desk, may sign petitions to initiate a resolution.
5. **Voting.** To cast the city's vote, a city official must have in their possession the city's voting card and be registered with the Credentials Committee. The voting card may be transferred freely between the voting delegate and alternates, but may not be transferred to another city official who is neither a voting delegate or alternate.
6. **Voting Area at Business Meeting.** At the Business Meeting, individuals with a voting card will sit in a designated area. Admission will be limited to those individuals with a special sticker on their name badge identifying them as a voting delegate or alternate.
7. **Resolving Disputes.** In case of dispute, the Credentials Committee will determine the validity of signatures on petitioned resolutions and the right of a city official to vote at the Business Meeting.





**CITY:** \_\_\_\_\_

**2021 ANNUAL CONFERENCE  
VOTING DELEGATE/ALTERNATE FORM**

**Please complete this form and return it to Cal Cities office by Wednesday, September 15, 2021. Forms not sent by this deadline may be submitted to the Voting Delegate Desk located in the Annual Conference Registration Area. Your city council may designate one voting delegate and up to two alternates.**

To vote at the Annual Business Meeting (General Assembly), voting delegates and alternates must be designated by your city council. Please attach the council resolution as proof of designation. As an alternative, the Mayor or City Clerk may sign this form, affirming that the designation reflects the action taken by the council.

**Please note:** Voting delegates and alternates will be seated in a separate area at the Annual Business Meeting. Admission to this designated area will be limited to individuals (voting delegates and alternates) who are identified with a special sticker on their conference badge. This sticker can be obtained only at the Voting Delegate Desk.

**1. VOTING DELEGATE**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**2. VOTING DELEGATE - ALTERNATE**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**3. VOTING DELEGATE - ALTERNATE**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**PLEASE ATTACH COUNCIL RESOLUTION DESIGNATING VOTING DELEGATE AND ALTERNATES OR**

**ATTEST: I affirm that the information provided reflects action by the city council to designate the voting delegate and alternate(s).**

Name: \_\_\_\_\_

Email \_\_\_\_\_

Mayor or City Clerk \_\_\_\_\_  
(circle one) (signature)

Date \_\_\_\_\_ Phone \_\_\_\_\_

**Please complete and return by Wednesday, September 15, 2021 to:**

Darla Yacub, Assistant to the Administrative Services Director

E-mail: [dyacub@cacities.org](mailto:dyacub@cacities.org)

Phone: (916) 658-8254





*Annual Conference  
Resolutions Packet*

*2021 Annual Conference Resolutions*



*September 22 - 24, 2021*

## INFORMATION AND PROCEDURES

**RESOLUTIONS CONTAINED IN THIS PACKET:** The League of California Cities (Cal Cities) bylaws provide that resolutions shall be referred by the president to an appropriate policy committee for review and recommendation. Resolutions with committee recommendations shall then be considered by the General Resolutions Committee at the Annual Conference.

This year, two resolutions have been introduced for consideration at the Annual Conference and referred to Cal Cities policy committees.

**POLICY COMMITTEES:** Three policy committees will meet virtually one week prior to the Annual Conference to consider and take action on the resolutions. The sponsors of the resolutions have been notified of the time and location of the meetings.

**GENERAL RESOLUTIONS COMMITTEE:** This committee will meet at 1:00 p.m. on Thursday, September 23, to consider the reports of the policy committees regarding the resolutions. This committee includes one representative from each of Cal Cities regional divisions, functional departments, and standing policy committees, as well as other individuals appointed by the Cal Cities president. Please check in at the registration desk for room location.

**CLOSING LUNCHEON AND GENERAL ASSEMBLY:** This meeting will be held at 12:30 p.m. on Friday, September 24, at the SAFE Credit Union Convention Center.

**PETITIONED RESOLUTIONS:** For those issues that develop after the normal 60-day deadline, a petition resolution may be introduced at the Annual Conference with a petition signed by designated voting delegates of 10 percent of all member cities (48 valid signatures required) and presented to the Voting Delegates Desk at least 24 hours prior to the time set for convening the Closing Luncheon & General Assembly. This year, that deadline is 12:30 p.m., Thursday, September 23. Resolutions can be viewed on Cal Cities Web site: [www.cacities.org/resolutions](http://www.cacities.org/resolutions).

Any questions concerning the resolutions procedures may be directed to Meg Desmond [mdesmond@calcities.org](mailto:mdesmond@calcities.org).

## **GUIDELINES FOR ANNUAL CONFERENCE RESOLUTIONS**

Policy development is a vital and ongoing process within Cal Cities. The principal means for deciding policy on the important issues facing cities is through Cal Cities seven standing policy committees and the board of directors. The process allows for timely consideration of issues in a changing environment and assures city officials the opportunity to both initiate and influence policy decisions.

Annual conference resolutions constitute an additional way to develop Cal Cities policy. Resolutions should adhere to the following criteria.

### **Guidelines for Annual Conference Resolutions**

1. Only issues that have a direct bearing on municipal affairs should be considered or adopted at the Annual Conference.
2. The issue is not of a purely local or regional concern.
3. The recommended policy should not simply restate existing Cal Cities policy.
4. The resolution should be directed at achieving one of the following objectives:
  - (a) Focus public or media attention on an issue of major importance to cities.
  - (b) Establish a new direction for Cal Cities policy by establishing general principals around which more detailed policies may be developed by policy committees and the board of directors.
  - (c) Consider important issues not adequately addressed by the policy committees and board of directors.



## KEY TO ACTIONS TAKEN ON RESOLUTIONS (Continued)

Resolutions have been grouped by policy committees to which they have been assigned.

### KEY TO REVIEWING BODIES

1. Policy Committee
2. General Resolutions Committee
3. General Assembly

### KEY TO ACTIONS TAKEN

- |     |   |
|-----|---|
| A   | Approve   |
| D   | Disapprove  |
| N   | No Action   |
| R   | Refer to appropriate policy committee for study             |
| a   | Amend+  |
| Aa  | Approve as amended+   |
| Aaa | Approve with additional amendment(s)+                       |
| Ra  | Refer as amended to appropriate policy committee for study+ |
| Raa | Additional amendments and refer+                            |
| Da  | Amend (for clarity or brevity) and Disapprove+              |
| Na  | Amend (for clarity or brevity) and take No Action+          |
| W   | Withdrawn by Sponsor  |

### ACTION FOOTNOTES

\* Subject matter covered in another resolution

\*\* Existing League policy

\*\*\* Local authority presently exists

### Procedural Note:

The League of California Cities resolution process at the Annual Conference is guided by the Cal Cities Bylaws.

**1. RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES (“CAL CITIES”) CALLING ON THE STATE LEGISLATURE TO PASS LEGISLATION THAT PROVIDES FOR A FAIR AND EQUITABLE DISTRIBUTION OF THE BRADLEY BURNS 1% LOCAL SALES TAX FROM IN-STATE ONLINE PURCHASES, BASED ON DATA WHERE PRODUCTS ARE SHIPPED TO, AND THAT RIGHTFULLY TAKES INTO CONSIDERATION THE IMPACTS THAT FULFILLMENT CENTERS HAVE ON HOST CITIES BUT ALSO PROVIDES A FAIR SHARE TO CALIFORNIA CITIES THAT DO NOT AND/OR CANNOT HAVE A FULFILLMENT CENTER WITHIN THEIR JURISDICTION**

Source: City of Rancho Cucamonga

Concurrence of five or more cities/city officials:

Cities: Town of Apple Valley; City of El Cerrito; City of La Canada Flintridge; City of La Verne; City of Lakewood; City of Moorpark; City of Placentia; City of Sacramento

Referred to: Revenue and Taxation Policy Committee

**WHEREAS**, the 2018 U.S. Supreme Court decision in *Wayfair v. South Dakota* clarified that states could charge and collect tax on purchases even if the seller does not have a physical presence in the state; and

**WHEREAS**, California cities and counties collect 1% in Bradley Burns sales and use tax from the purchase of tangible personal property and rely on this revenue to provide critical public services such as police and fire protection; and

**WHEREAS**, in terms of “siting” the place of sale and determining which jurisdiction receives the 1% Bradley Burns local taxes for online sales, the California Department of Tax and Fee Administration (CDTFA) determines “out-of-state” online retailers as those with no presence in California that ship property from outside the state and are therefore subject to use tax, not sales tax, which is collected in a countywide pool of the jurisdiction where the property is shipped from; and

**WHEREAS**, for online retailers that have a presence in California and have a stock of goods in the state from which it fulfills orders, CDTFA considers the place of sale (“situs”) as the location from which the goods were shipped such as a fulfillment center; and

**WHEREAS**, in early 2021, one of the state’s largest online retailers shifted its ownership structure so that it is now considered both an in-state and out-of-state retailer, resulting in the sales tax this retailer generates from in-state sales now being entirely allocated to the specific city where the warehouse fulfillment center is located as opposed to going into a countywide pool that is shared with all jurisdictions in that County, as was done previously; and

**WHEREAS**, this all-or-nothing change for the allocation of in-state sales tax has created winners and losers amongst cities as the online sales tax revenue from the retailer that was once spread amongst all cities in countywide pools is now concentrated in select cities that host a fulfillment center; and

**WHEREAS**, this has created a tremendous inequity amongst cities, in particular for cities that are built out, do not have space for siting a 1 million square foot fulfillment center, are not located along a major travel corridor, or otherwise not ideally suited to host a fulfillment center; and

**WHEREAS**, this inequity affects cities statewide, but in particular those with specific circumstances such as no/low property tax cities that are extremely reliant on sales tax revenue as well as cities struggling to meet their RHNA obligations that are being compelled by the State to rezone precious commercial parcels to residential; and

**WHEREAS**, the inequity produced by allocating in-state online sales tax revenue exclusively to cities with fulfillment centers is exasperated even more by, in addition to already reducing the amount of revenue going into the countywide pools, the cities with fulfillment centers are also receiving a larger share of the dwindling countywide pool as it is allocated based on cities' proportional share of sales tax collected; and

**WHEREAS**, while it is important to acknowledge that those cities that have fulfillment centers experience impacts from these activities and deserve equitable supplementary compensation, it should also be recognized that the neighboring cities whose residents are ordering product from that center now receive no revenue from the center's sales activity despite also experiencing the impacts created by the center, such as increased traffic and air pollution; and

**WHEREAS**, the COVID-19 pandemic greatly accelerated the public's shift towards online purchases, a trend that is unlikely to be reversed to pre-pandemic levels; and

**NOW, THEREFORE, BE IT RESOLVED** that Cal Cities calls on the State Legislature to pass legislation that provides for a fair and equitable distribution of the Bradley Burns 1% local sales tax from in-state online purchases, based on data where products are shipped to, and that rightfully takes into consideration the impacts that fulfillment centers have on host cities but also provides a fair share to California cities that do not and/or cannot have a fulfillment center within their jurisdiction.

## Background Information to Resolution

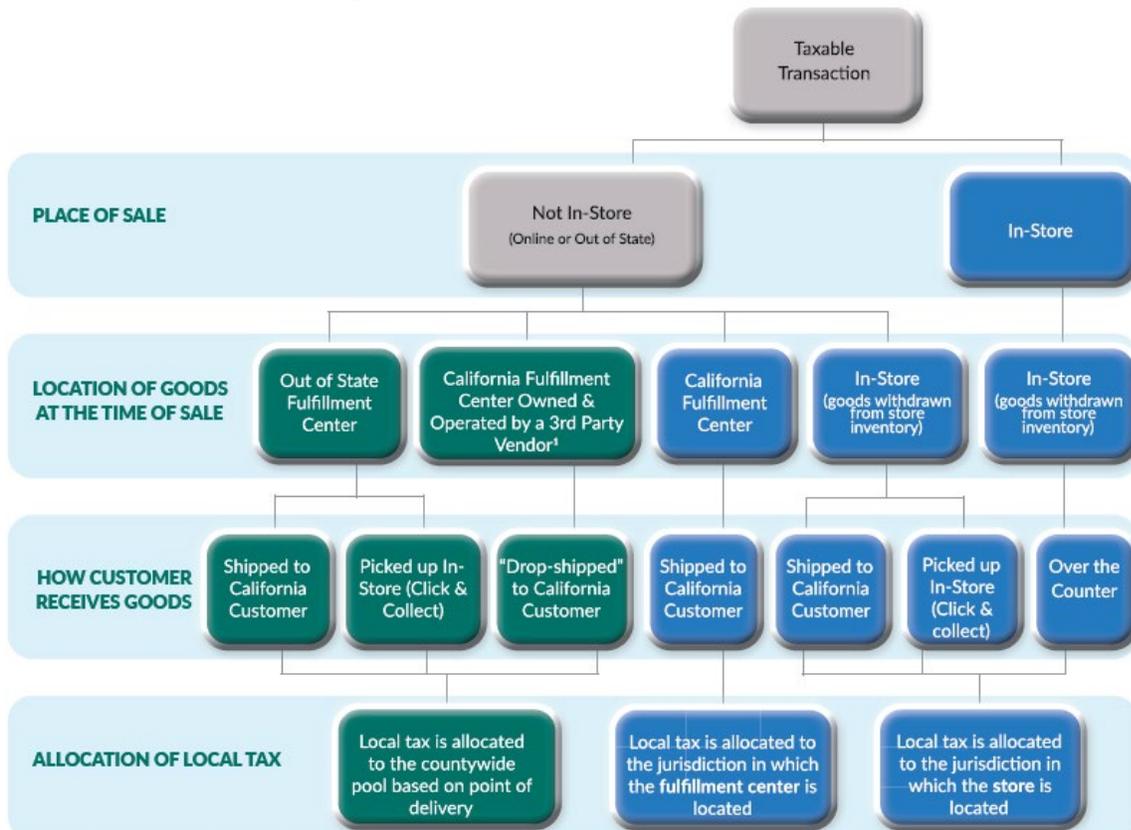
**Source:** City of Rancho Cucamonga

**Background:**

Sales tax is a major revenue source for most California cities. Commonly known as the local 1% Bradley-Burns tax, since the 1950's, cities have traditionally received 1 cent on every dollar of a sale made at the store, restaurant, car dealer, or other location within a jurisdiction's boundaries.

Over the years, however, this simple tax structure has evolved into a much more complex set of laws and allocation rules. Many of these rules relate to whether or not a given transaction is subject to sales tax, or to use tax – both have the same 1% value, but each applies in separate circumstances. The California Department of Tax and Fee Administration (CDTFA) is responsible for administering this system and issuing rules regarding how it is applied in our state.

The following chart created by HdL Companies, the leading provider of California sales tax consulting, illustrates the complex structure of how sales and use tax allocation is done in California, depending on where the transaction starts, where the goods are located, and how the customer receives the goods:



<sup>1</sup> In this scenario the retailer does not own a stock of goods in California and sales orders are negotiated/processed out of state. An out of state company is not required to hold a seller's permit for an in-state third party warehouse if they do not own a stock of goods at the time of sale.

growth coming from the countywide sales tax pools, since much of the sales tax is now funneled to the pools.

Recently, one of the world's largest online retailers changed the legal ownership of its fulfillment centers. Instead of having its fulfillment centers owned and operated by a third-party vendor, they are now directly owned by the company. This subtle change has major impacts to how the 1% local tax is allocated. Following the chart above, previously much of the sales tax would have followed the green boxes on the chart and been allocated to the countywide pool based on point of delivery. Now, much of the tax is following the blue path through the chart and is allocated to the jurisdiction in which the fulfillment center is located. (It should be noted that some of the tax is still flowing to the pools, in those situations where the fulfillment center is shipping goods for another seller that is out of state.)

This change has created a situation where most cities in California – more than 90%, in fact – are experiencing a sales tax revenue loss that began in the fourth quarter of calendar year 2021. Many cities may not be aware of this impact, as the fluctuations in sales tax following the pandemic shutdowns have masked the issue. But this change will have long-term impacts on revenues for all California cities as all these revenues benefiting all cities have shifted to just a handful of cities and counties that are home to this retailer's fulfillment centers.

This has brought to light again the need to address the issues in how sales and use taxes are distributed in the 21<sup>st</sup> century. Many, if not most cities will never have the opportunity have a warehouse fulfillment center due to lack of space or not being situated along a major travel corridor. These policies especially favor retailers who may leverage current policy in order to negotiate favorable sales tax sharing agreements, providing more money back to the retailer at the expense of funding critical public services.

With that stated, it is important to note the many impacts to the jurisdictions home to the fulfillment centers. These centers do support the ecommerce most of us as individuals have come to rely on, including heavy wear and tear on streets – one truck is equal to about 8,000 cars when it comes to impact on pavement – and increased air pollution due to the truck traffic and idling diesel engines dropping off large loads. However, it is equally important that State policies acknowledge that entities without fulfillment centers also experience impacts from ecommerce and increased deliveries. Cities whose residents are ordering products that are delivered to their doorstep also experience impacts from traffic, air quality and compromised safety, as well as the negative impact on brick-and-mortar businesses struggling to compete with the sharp increase in online shopping. These cities are rightfully entitled to compensation in an equitable share of sales and use tax. We do not believe that online sales tax distribution between fulfillment center cities and other cities should be an all or nothing endeavor, and not necessarily a fifty-fifty split, either. But we need to find an equitable split that balances the impacts to each jurisdiction involved in the distribution of products purchased online.

Over the years, Cal Cities has had numerous discussions about the issues surrounding sales tax in the modern era, and how state law and policy should be revisited to address these issues. It is a heavy lift, as all of our cities are impacted a bit differently, making consensus difficult. We believe that by once again starting the conversation and moving toward the development of laws and policies that can result in seeing all cities benefit from the growth taxes generated through online sales, our state will be stronger.

It is for these reasons, that we should all aspire to develop an equitable sales tax distribution for online sales.

## League of California Cities Staff Analysis on Resolution No. 1

Staff: Nicholas Romo, Legislative Affairs, Lobbyist

Committee: Revenue and Taxation

### **Summary:**

This Resolution calls on the League of California Cities (Cal Cities) to request the Legislature to pass legislation that provides for a fair and equitable distribution of the Bradley Burns 1% local sales tax from in-state online purchases, based on data where products are shipped to, and that rightfully takes into consideration the impacts that fulfillment centers have on host cities but also provides a fair share to California cities that do not and/or cannot have a fulfillment center within their jurisdiction.

### **Background:**

The City of Rancho Cucamonga is sponsoring this resolution to “*address the issues in how sales and use taxes are distributed in the 21st century.*”

The City notes that “*sales tax is a major revenue source for most California cities. Commonly known as the local 1% Bradley-Burns tax, since the 1950’s, cities have traditionally received 1 cent on every dollar of a sale made at the store, restaurant, car dealer, or other location within a jurisdiction’s boundaries. Over the years, however, this simple tax structure has evolved into a much more complex set of laws and allocation rules. Many of these rules relate to whether or not a given transaction is subject to sales tax, or to use tax – both have the same 1% value, but each applies in separate circumstances.*”

*Recently, one of the world’s largest online retailers changed the legal ownership of its fulfillment centers. Instead of having its fulfillment centers owned and operated by a third-party vendor, they are now directly owned by the company. This subtle change has major impacts to how the 1% local tax is allocated.*

*This change has created a situation where most cities in California – more than 90%, in fact – are experiencing a sales tax revenue loss that began in the fourth quarter of calendar year 2021. Many cities may not be aware of this impact, as the fluctuations in sales tax following the pandemic shutdowns have masked the issue. But this change will have long-term impacts on revenues for all California cities as all these revenues benefiting all cities have shifted to just a handful of cities and counties that are home to this retailer’s fulfillment centers.”*

The City’s resolution calls for action on an unspecified solution that “*rightfully takes into consideration the impacts that fulfillment centers have on host cities but also provides a fair share to California cities that do not and/or cannot have a fulfillment center within their jurisdiction,*” which aims to acknowledge the actions taken by cities to alleviate poverty, catalyze economic development, and improve financial stability within their communities through existing tax sharing and zoning powers.

Ultimately, sponsoring cities believe *“that by once again starting the conversation and moving toward the development of laws and policies that can result in seeing all cities benefit from the growth taxes generated through online sales, our state will be stronger.”*

### **Sales and Use Tax in California**

The Bradley-Burns Uniform Sales Tax Act allows all local agencies to apply its own sales and use tax on the same base of tangible personal property (taxable goods). This tax rate currently is fixed at 1.25% of the sales price of taxable goods sold at retail locations in a local jurisdiction, or purchased outside the jurisdiction for use within the jurisdiction. Cities and counties use this 1% of the tax to support general operations, while the remaining 0.25% is used for county transportation purposes.

In California, all cities and counties impose Bradley-Burns sales taxes. California imposes the sales tax on every retailer engaged in business in this state that sells taxable goods. The law requires businesses to collect the appropriate tax from the purchaser and remit the amount to the California Department of Tax and Fee Administration (CDTFA). Sales tax applies whenever a retail sale is made, which is basically any sale other than one for resale in the regular course of business. Unless the person pays the sales tax to the retailer, they are liable for the use tax, which is imposed on any person consuming taxable goods in the state. The use tax rate is the same rate as the sales tax rate.

Generally, CDTFA distributes Bradley-Burns tax revenue based on where a sale took place, known as a *situs-based system*. A retailer’s physical place of business—such as a retail store or restaurant—is generally the place of sale. “Sourcing” is the term used by tax practitioners to describe the rules used to determine the place of sale, and therefore, which tax rates are applied to a given purchase and which jurisdictions are entitled to the local and district taxes generated from a particular transaction.

California is primarily an origin-based sourcing state – meaning tax revenues go to the jurisdiction in which a transaction physically occurs if that can be determined. However, California also uses a form of destination sourcing for the local use tax and for district taxes (also known as “transactions and use taxes” or “add-on sale and use taxes”). That is, for cities with local add-on taxes, they receive their add-on rate amount from remote and online transactions.

Generally, allocations are based on the following rules:

- The sale is sourced to the place of business of the seller - whether the product is received by the purchaser at the seller’s business location or not.
- If the retailer maintains inventory in California and has no other in state location, the source is the jurisdiction where the warehouse is situated. *This resolution is concerned with the growing amount of online retail activity being sourced to cities with warehouse/fulfillment center locations.*
- If the business’ sales office is located in California but the merchandise is shipped from out of state, the tax from transactions under \$500,000 is allocated

via the county pools. The tax from transactions over \$500,000 is allocated to the jurisdiction where the merchandise is delivered.

- When a sale cannot be identified with a permanent place of business in the state, the sale is sourced to the allocation pool of the county where the merchandise was delivered and then distributed among all jurisdictions in that county in proportion to ratio of sales. *For many large online retailers, this has been the traditional path.*

### Online Sales and Countywide Pools

While the growth of e-commerce has been occurring for more than two decades, led by some of the largest and most popular retailers in the world, the dramatic increase in online shopping during the COVID-19 pandemic has provided significant revenue to California cities as well as a clearer picture on which governments enjoy even greater benefits.

In the backdrop of booming internet sales has been the steady decline of brick-and-mortar retail and shopping malls. For cities with heavy reliance on in-person retail shopping, the value of the current allocation system has been diminished as their residents prefer to shop online or are incentivized to do so by retailers (during the COVID-19 pandemic, consumers have had no other option but to shop online for certain goods). All the while, the demands and costs of city services continue to grow for cities across the state.

As noted above, the allocation of sales tax revenue to local governments depends on the location of the transaction (or where the location is ultimately determined). For in-person retail, the sales tax goes to the city in which the product and store are located - a customer purchasing at a register. For online sales, the Bradley Burns sales tax generally goes to a location other than the one where the customer lives – either to the city or county where an in-state warehouse or fulfillment center is located, the location of in-state sales office (ex. headquarters) or shared as use tax proceeds amongst all local governments within a county based on their proportionate share of taxable sales.

Under current CDTFA regulations, a substantial portion of local use tax collections are allocated through a countywide pool to the local jurisdictions in the county where the property is put to its first functional use. The state and county pools constitute over 15% of local sales and use tax revenues. Under the pool system, the tax is reported by the taxpayer to the countywide pool of use and then distributed to each jurisdiction in that county on a pro-rata share of taxable sales. If the county of use cannot be identified, the revenues are distributed to the state pool for pro-rata distribution on a statewide basis.

### Concentration of Online Sales Tax Revenue and Modernization

Sales tax modernization has been a policy goal of federal, state, and local government leaders for decades to meet the rapidly changing landscape of commercial activity and ensure that all communities can sustainably provide critical services.

For as long as remote and internet shopping has existed, policy makers have been concerned about their potential to disrupt sales and use tax allocation procedures that underpin the funding of local government services. The system was designed in the early twentieth century to ensure that customers were paying sales taxes to support local government services within the community where the transactions occurred whether they resided there or not. This structure provides benefit to and recoument for the public resources necessary to ensure the health and safety of the community broadly.

City leaders have for as long been concerned about the loosening of the nexus between what their residents purchase and the revenues they receive. Growing online shopping, under existing sourcing rules, has led to a growing concentration of sales tax revenue being distributed to a smaller number of cities and counties. As more medium and large online retailers take title to fulfillment centers or determine specific sales locations in California as a result of tax sharing agreements in specific cities, online sales tax revenue will be ever more concentrated in a few cities at the control of these companies. Furthermore, local governments are already experiencing the declining power of the sales tax to support services as more money is being spent on non-taxable goods and services.

*For more on sales and use tax sourcing please see Attachment A.*

#### State Auditor Recommendations

In 2017, the California State Auditor issued a report titled, "[The Bradley-Burns Tax and Local Transportation Funds](#)", noting that:

*“Retailers generally allocate Bradley Burns tax revenue based on the place of sale, which they identify according to their business structure. However, retailers that make sales over the Internet may allocate sales to various locations, including their warehouses, distribution center, or sales offices. This approach tends to concentrate Bradley Burns tax revenue into the warehouses’ or sales offices’ respective jurisdictions. Consequently, counties with a relatively large amount of industrial space may receive disproportionately larger amounts of Bradley Burns tax, and therefore Local Transportation Fund, revenue.*

*The State could make its distribution of Bradley Burns tax revenue derived from online sales more equitable if it based allocations of the tax on the destinations to which goods are shipped rather than on place of sale.”*

The Auditor’s report makes the following recommendation:

*“To ensure that Bradley-Burns tax revenue is more evenly distributed, the Legislature should amend the Bradley-Burns tax law to allocate revenues from Internet sales based on the destination of sold goods rather than their place of sale.”*

In acknowledgement of the growing attention from outside groups on this issue, Cal Cities has been engaged in its own study and convening of city officials to ensure pursued solutions account for the circumstances of all cities and local control is best protected. These efforts are explored in subsequent sections.

#### Cal Cities Revenue and Taxation Committee and City Manager Working Group

In 2015 and 2016, Cal Cities' Revenue and Taxation Policy Committee held extensive discussions on potential modernization of tax policy affecting cities, with a special emphasis on the sales tax. The issues had been identified by Cal Cities leadership as a strategic priority given concerns in the membership about the eroding sales tax base and the desire for Cal Cities to take a leadership role in addressing the associated issues. The policy committee ultimately adopted a series of policies that were approved by the Cal Cities board of directors. Among its changes were a recommended change to existing sales tax sourcing (determining where a sale occurs) rules, so that the point of sale (situs) is where the customer receives the product. The policy also clarifies that specific proposals in this area should be carefully reviewed so that the impacts of any changes are fully understood. See "Existing Cal Cities Policy" section below.

#### Cal Cities City Manager Sales Tax Working Group Recommendations

In the Fall of 2017, the Cal Cities City Managers Department convened a working group (Group) of city managers representing a diverse array of cities to review and consider options for addressing issues affecting the local sales tax.

The working group of city managers helped Cal Cities identify internal common ground on rapidly evolving e-commerce trends and their effects on the allocation of local sales and use tax revenue. After meeting extensively throughout 2018, the Group made several recommendations that were endorsed unanimously by Cal Cities' Revenue and Taxation Committee at its January, 2019 meeting and by the board of directors at its subsequent meeting.

The Group recommended the following actions in response to the evolving issues associated with e-commerce and sales and use tax:

Further Limiting Rebate Agreements: The consensus of the Group was that:

- Sales tax rebate agreements involving online retailers should be prohibited *going forward*. They are inappropriate because they have the effect of encouraging revenue to be shifted away from numerous communities and concentrated to the benefit of one.
- Any type of agreement that seeks to lure a retailer from one community to another within a market area should also be prohibited *going forward*. Existing law already prohibits such agreements for auto dealers and big box stores.

Shift Use Tax from Online Sales, including from the South Dakota v. Wayfair Decision Out of County Pools: The Group's recommendation is based first on the principle of "situs" and that revenue should be allocated to the jurisdiction where the use occurs. Each city and county in California imposed a Bradley Burns sales and use tax rate

under state law in the 1950s. The use tax on a transaction is the rate imposed where the purchaser resides (the destination). These use tax dollars, including new revenue from the South Dakota v. Wayfair decision, should be allocated to the destination jurisdiction whose Bradley Burns tax applies and not throughout the entire county.

- Shift of these revenues, from purchases from out of state retailers including transactions captured by the South Dakota v. Wayfair decision, out of county pools to full destination allocation on and after January 1, 2020.
- Allow more direct reporting of use taxes related to construction projects to jurisdiction where the construction activity is located by reducing existing regulatory threshold from \$5 million to \$100,000.

Request/Require CDTFA Analysis on Impacts of Sales Tax Destination Shifts: After discussion of numerous phase-in options for destination sourcing and allocation for sales taxes, the Group ultimately decided that a more complete analysis was needed to sufficiently determine impacts. Since the two companies most cities rely on for sales tax analysis, HdL and MuniServices, were constrained to modeling with transaction and use tax (district tax) data, concerns centered on the problem of making decisions without adequate information. Since the CDTFA administers the allocation of local sales and use taxes, it is in the best position to produce an analysis that examines:

- The impacts on individual agencies of a change in sourcing rules. This would likely be accomplished by developing a model to examine 100% destination sourcing with a report to the Legislature in early 2020.
- The model should also attempt to distinguish between business-to-consumer transactions versus business-to-business transactions.
- The model should analyze the current number and financial effects of city and county sales tax rebate agreements with online retailers and how destination sourcing might affect revenues under these agreements.

Conditions for considering a Constitutional Amendment that moves toward destination allocation: Absent better data on the impacts on individual agencies associated with a shift to destination allocation of sales taxes from CDTFA, the Group declined to prescribe if/how a transition to destination would be accomplished; the sentiment was that the issue was better revisited once better data was available. In anticipation that the data would reveal significant negative impacts on some agencies, the Group desired that any such shift should be accompanied by legislation broadening of the base of sales taxes, including as supported by existing Cal Cities policy including:

- Broadening the tax base on goods, which includes reviewing existing exemptions on certain goods and expanding to digital forms of goods that are otherwise taxed; and
- Expanding the sales tax base to services, such as those commonly taxed in other states.

This Resolution builds upon previous work that accounts for the impacts that distribution networks have on host cities and further calls on the organization to advocate for changes to sales tax distribution rules.

The Resolution places further demands on data collected by CDTFA to establish a “fair and equitable distribution of the Bradley Burns 1% local sales tax from in-state online purchases.” Such data is proposed to be collected by [SB 792 \(Glazer, 2021\)](#). More discussion on this topic can be found in the “Staff Comments” section.

**Staff Comments:**

**Proposed Resolution Affixes Equity Based, Data Driven Approach to Existing Cal Cities Policy on Sales Tax Sourcing**

The actions resulting from this resolution, if approved, would align with existing policy and efforts to-date to modernize sales tax rules. While not formalized in existing Cal Cities policy or recommendations, city managers and tax practitioners generally have favored proposals that establish a sharing of online sales tax revenues rather than a full destination shift. City leaders and practitioners across the state have acknowledged during Cal Cities Revenue and Taxation and City Manager’s working group meetings that the hosting of fulfillment centers and ancillary infrastructure pose major burdens on local communities including detrimental health and safety impacts. This acknowledgement has moved mainstream proposals such as this one away from full revenue shifts towards an equity-based, data driven approach that favors revenue sharing. This Resolution would concretely affix this approach as Cal Cities policy.

**More Data is Needed to Achieve Equity Based Approach**

A major challenge is the lack of adequate data to model the results of shifting in-state online sale tax revenues. Local government tax consultants and state departments have limited data to model the effects of changes to sales tax distribution because their information is derived only from cities that have a local transactions and use tax (TUT). Tax experts are able to model proposed tax shifts using TUTs since they are allocated on a destination basis (where a purchaser receives the product; usually a home or business). However, more than half of all cities, including some larger cities, do not have a local TUT therefore modeling is constrained and incomplete.

Efforts to collect relevant sales tax information on the destination of products purchased online are ongoing. The most recent effort is encapsulated in [SB 792 \(Glazer, 2021\)](#), which would require retailers with online sales exceeding \$50 million a year to report to CDTFA the gross receipts from online sales that resulted in a product being shipped or delivered in each city. The availability of this data would allow for a much more complete understanding of online consumer behavior and the impacts of future proposed changes to distribution. SB 792 (Glazer) is supported by Cal Cities following approval by the Revenue and Taxation Committee and board of directors.

**Impact of Goods Movement Must Be Considered**

As noted above, city leaders and practitioners across the state acknowledge that the hosting of fulfillment centers and goods movement infrastructure pose major burdens on local communities including detrimental health, safety, and infrastructure impacts. Not least of which is the issue of air pollution from diesel exhaust. According to California Environmental Protection Agency (Cal EPA):

*“Children and those with existing respiratory disease, particularly asthma, appear to be especially susceptible to the harmful effects of exposure to airborne PM from diesel exhaust, resulting in increased asthma symptoms and attacks along with decreases in lung function (McCreanor et al., 2007; Wargo, 2002). People that live or work near heavily-traveled roadways, ports, railyards, bus yards, or trucking distribution centers may experience a high level of exposure (US EPA, 2002; Krivoshto et al., 2008). People that spend a significant amount of time near heavily-traveled roadways may also experience a high level of exposure. Studies of both men and women demonstrate cardiovascular effects of diesel PM exposure, including coronary vasoconstriction and premature death from cardiovascular disease (Krivoshto et al., 2008). A recent study of diesel exhaust inhalation by healthy non-smoking adults found an increase in blood pressure and other potential triggers of heart attack and stroke (Krishnan et al., 2013) Exposure to diesel PM, especially following periods of severe air pollution, can lead to increased hospital visits and admissions due to worsening asthma and emphysema-related symptoms (Krivoshto et al., 2008). Diesel exposure may also lead to reduced lung function in children living in close proximity to roadways (Brunekreef et al., 1997).”*

The founded health impacts of the ubiquitous presence of medium and heavy-duty diesel trucks used to transport goods to and from fulfillment centers and warehouses require host cities to meet increased needs of their residents including the building and maintenance of buffer zones, parks, and open space. While pollution impacts may decline with the introduction of zero-emission vehicles, wide scale adoption by large distribution fleets is still in its infancy. Furthermore, the impacts of heavy road use necessitate increased spending on local streets and roads upgrades and maintenance. In addition, many cities have utilized the siting of warehouses, fulfillment centers, and other heavy industrial uses for goods movements as key components of local revenue generation and economic development strategies. These communities have also foregone other land uses in favor of siting sales offices and fulfillment networks.

All said, however, it is important to acknowledge that disadvantaged communities (DACs) whether measured along poverty, health, environmental or education indices exist in cities across the state. For one example, see: [California Office of Environmental Health Hazard Assessment \(OEHHA\) CalEnviroScreen](#). City officials may consider how cities without fulfillment and warehouse center revenues are to fund efforts to combat social and economic issues, particularly in areas with low property tax and tourism-based revenues.

The Resolution aims to acknowledge these impacts broadly (this analysis does not provide an exhaustive review of related impacts) and requests Cal Cities to account for them in a revised distribution formula of the Bradley Burns 1% local sales tax from in-state online purchases. The Resolution does not prescribe the proportions.

### **Clarifying Amendments**

Upon review of the Resolution, Cal Cities staff recommends technical amendments to provide greater clarity. *To review the proposed changes, please see Attachment B.*

**Fiscal Impact:**

Significant but unknown. The Resolution on its own does not shift sales tax revenues. In anticipation and mitigation of impacts, the Resolution requests Cal Cities to utilize online sales tax data to identify a fair and equitable distribution formula that accounts for the broad impacts fulfillment centers involved in online retail have on the cities that host them. The Resolution does not prescribe the revenue distribution split nor does it prescribe the impacts, positive and negative, of distribution networks.

**Existing Cal Cities Policy:**

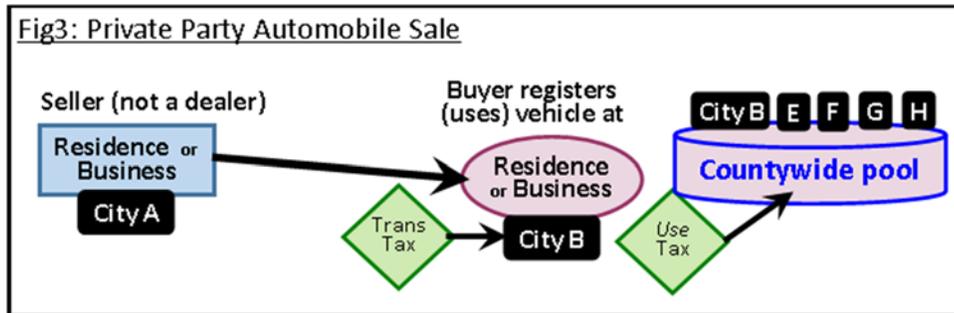
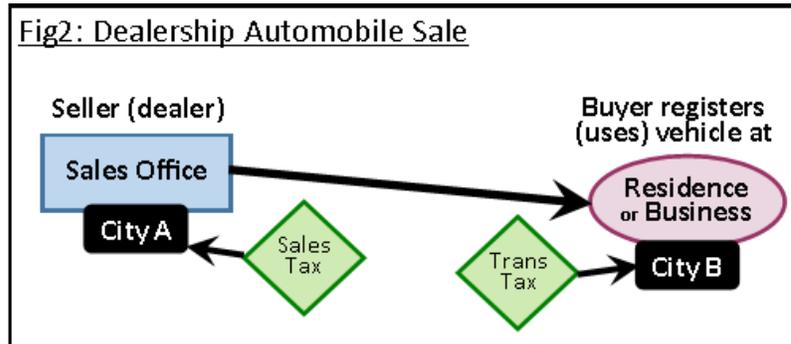
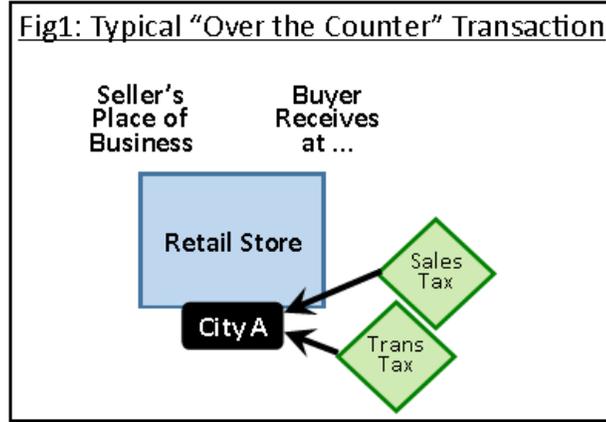
- Tax proceeds collected from internet sales should be allocated to the location where the product is received by the purchaser.
- Support as Cal Cities policy that point of sale (situs) is where the customer receives the product. Specific proposals in this area should be carefully reviewed so that the impacts of any changes are fully understood.
- Revenue from new regional or state taxes or from increased sales tax rates should be distributed in a way that reduces competition for situs-based revenue. (Revenue from the existing sales tax rate and base, including future growth from increased sales or the opening of new retail centers, should continue to be returned to the point of sale.)
- The existing situs-based sales tax under the Bradley Burns 1% baseline should be preserved and protected.
- Restrictions should be implemented and enforced to prohibit the enactment of agreements designed to circumvent the principle of situs-based sales and redirect or divert sales tax revenues from other communities, when the physical location of the affected businesses does not change. Sales tax rebate agreements involving online retailers are inappropriate because they have the effect of encouraging revenue to be shifted away from numerous communities and concentrated to the benefit of one. Any type of agreement that seeks to lure a retailer from one community to another within a market area should also be prohibited going forward.
- Support Cal Cities working with the state California Department of Tax and Fee Administration (CDTFA) to update the county pool allocation process to ensure that more revenues are allocated to the jurisdiction where the purchase or first use of a product occurs (usually where the product is delivered). Use Tax collections from online sales, including from the South Dakota v Wayfair Decision, should be shifted out of county pools and allocated to the destination jurisdiction whose Bradley Burns tax applies and not throughout the entire county.

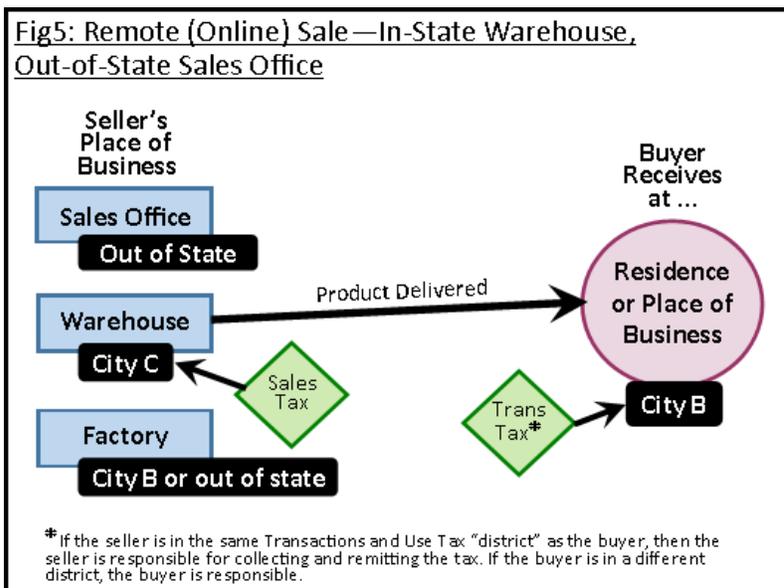
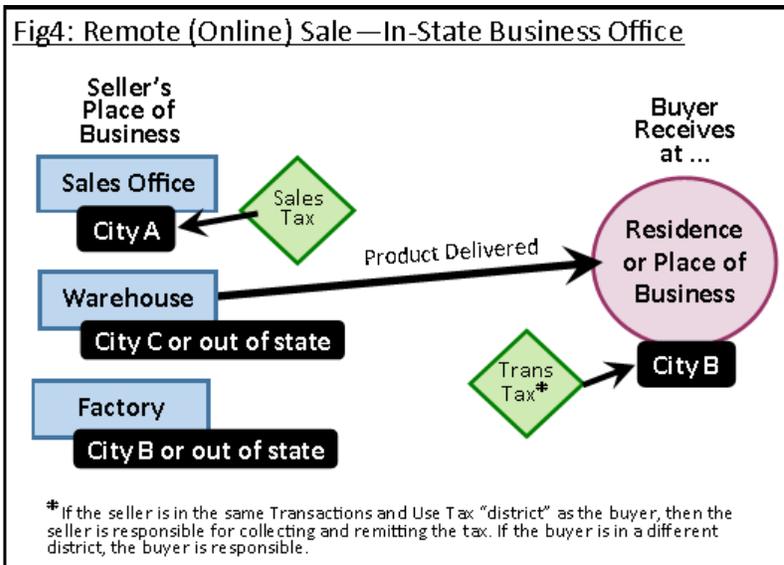
**Support:**

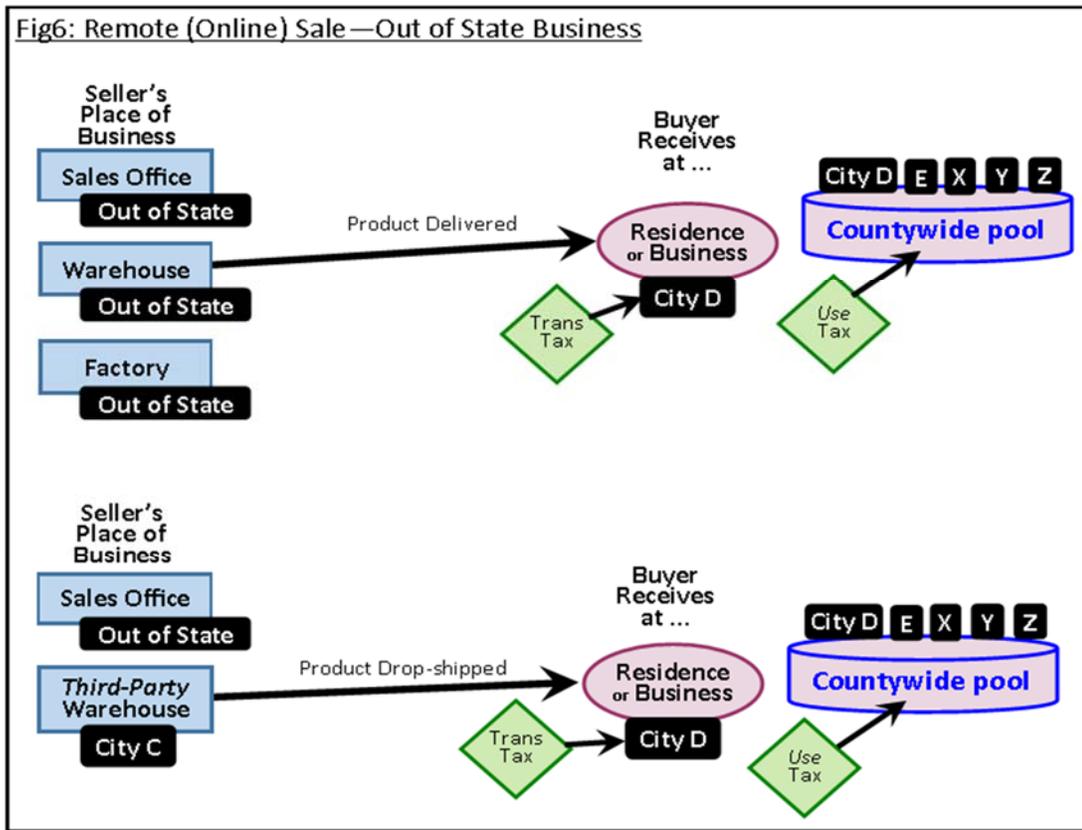
The following letters of concurrence were received:

Town of Apple Valley  
City of El Cerrito  
City of La Canada Flintridge  
City of La Verne  
City of Lakewood

City of Moorpark  
City of Placentia  
City of Sacramento







GUIDELINES FOR ALLOCATION OF LOCAL TAX - ONLINE AND IN-STORE			
Place of Sale	Location of Goods at the Time of Sale	How Customer Receives Goods	Allocation of Tax
Online – Order is placed or downloaded outside California	California Fulfillment Center	Shipped to California Customer	Local tax is allocated to the jurisdiction in which the fulfillment center is located
Online – Order is placed or downloaded in California	California Fulfillment Center	Shipped to California Customer	Per CDTFA Regulation 1802, local tax is allocated to the jurisdiction where the order is placed
Online	Out of State Fulfillment Center	Shipped to California Customer	Local tax is allocated to the countywide pool based on point of delivery
Online	Out of State Fulfillment Center	Picked Up In-Store (Click & Collect)	Local tax is allocated to the countywide pool based on point of delivery
Online	California Fulfillment Center Owned and Operated by Third Party Vendor	Drop-Shipped to California Customer	Local tax is allocated to the countywide pool based on point of delivery
Online	In-Store (Goods withdrawn from store inventory)	Shipped to California Customer	Local Tax is allocated to the jurisdiction where the store is located
Online	In-Store (Goods withdrawn from store inventory)	Picked Up In-Store (Click & Collect)	Local Tax is allocated to the jurisdiction where the store is located
In-Store	In-Store (Goods withdrawn from store inventory)	Over the Counter	Local Tax is allocated to the jurisdiction where the store is located

Courtesy of HdL Companies

CaliforniaCityFinance.com

## Tax Incentive Programs, Sales Tax Sharing Agreements

In recent years, especially since Proposition 13 in 1978, local discretionary (general purpose revenues) have become more scarce. At the same time, options and procedures for increasing revenues have become more limited. One outcome of this in many areas has been a greater competition for sales and use tax revenues. This has brought a rise in arrangements to encourage certain land use development with rebates and incentives which exploit California's odd origin sales tax sourcing rules.

The typical arrangement is a sales tax sharing agreement in which a city provides tax rebates to a company that agrees to expand their operations in the jurisdiction of the city. Under such an arrangement, the company generally agrees to make a specified amount of capital investment and create a specific number of jobs over a period of years in exchange for specified tax breaks, often property tax abatement or some sort of tax credit. In some cases, this has simply taken the form of a sales office, while customers and warehouses and the related economic activity are disbursed elsewhere in the state. In some cases the development takes the form of warehouses, in which the sales inventory, owned by the company, is housed.<sup>6</sup>

Current sales tax incentive agreements in California rebate amounts ranging from 50% to 85% of sales tax revenues back to the corporations.

Today, experts familiar with the industry believe that between 20% to 30% of local Bradley-Burns sales taxes paid by California consumers is diverted from local general funds back to corporations; over \$1 billion per year.

### The Source of Origin Based Sourcing Problems

Where other than over-the-counter sales are concerned origin sourcing often causes a concentration of large amounts of tax revenue in one location, despite the fact that the economic activity and service impacts are also occurring in other locations.

The large amounts of revenue concentrated in a few locations by California's "warehouse rule" origin sourcing causes a concentration of revenue far in excess of the service costs associated with the development.

In order to lure jobs and tax revenues to their communities, some cities have entered into rebate agreements with corporations. This has grown to such a problem, that 20% to 30% of total local taxes paid statewide are being rebated back to corporations rather than funding public services.

## Moving to Destination Sourcing: The Concept<sup>7</sup>

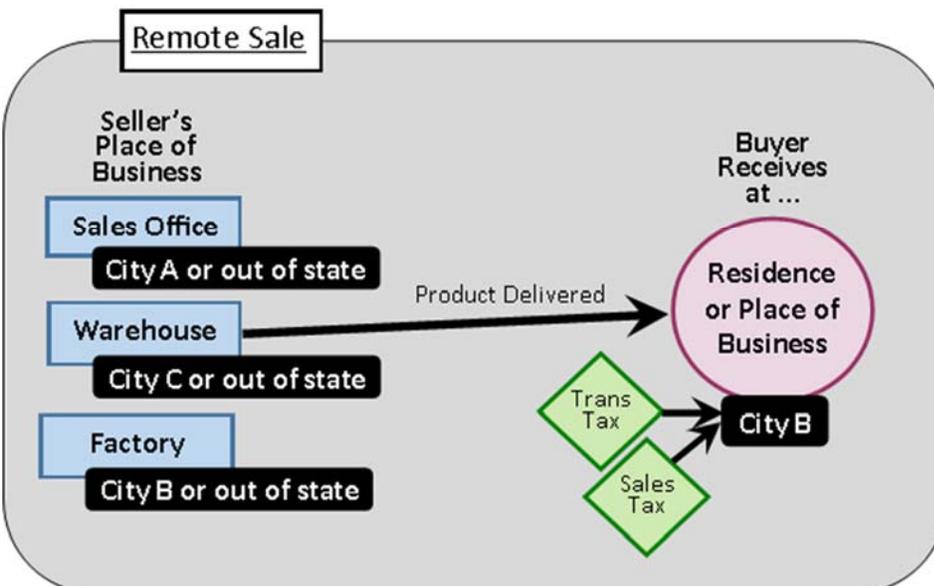
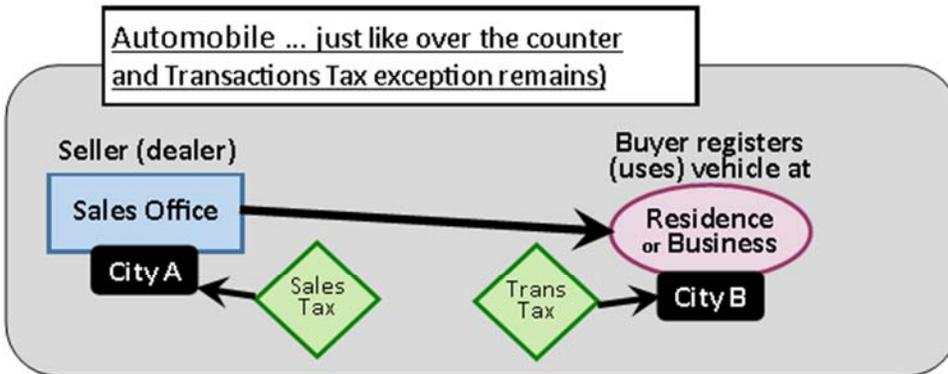
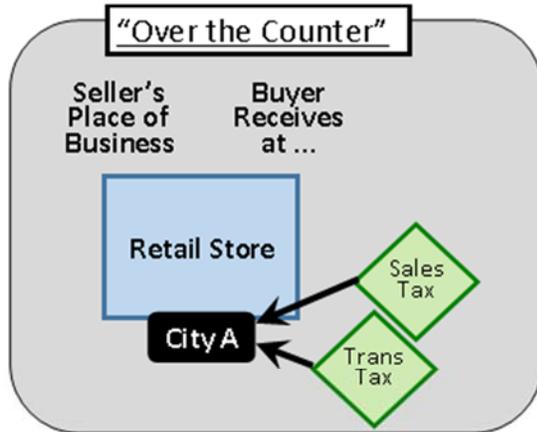
A change from origin sourcing rules to destination sourcing rules for the local tax component of California's sales tax would improve overall revenue collections and distribute these revenues more equitably among all of the areas involved in these transactions.

A change from origin based sourcing to destination based sourcing would have no effect on state tax collections. However, it would alter the allocations of local sales and use tax revenues among local agencies. Most retail transactions including dining, motor fuel purchases, and in-store purchases would not be affected. But in cases where the property is received by the purchaser in a different jurisdiction than where the sales agreement was negotiated, there would be a different allocation than under the current rules.

<sup>6</sup> See Jennifer Carr, "Origin Sourcing and Tax Incentive Programs: An Unholy Alliance" Sales Tax Notes; May 27, 2013.

<sup>7</sup> The same issues that are of concern regarding the local sales tax do not apply to California's Transactions and Use Taxes ("Add-on sales taxes") as these transactions, when not over the counter, are generally allocated to the location of use or, as in the case of vehicles, product registration. There is no need to alter the sourcing rules for transactions and use taxes.

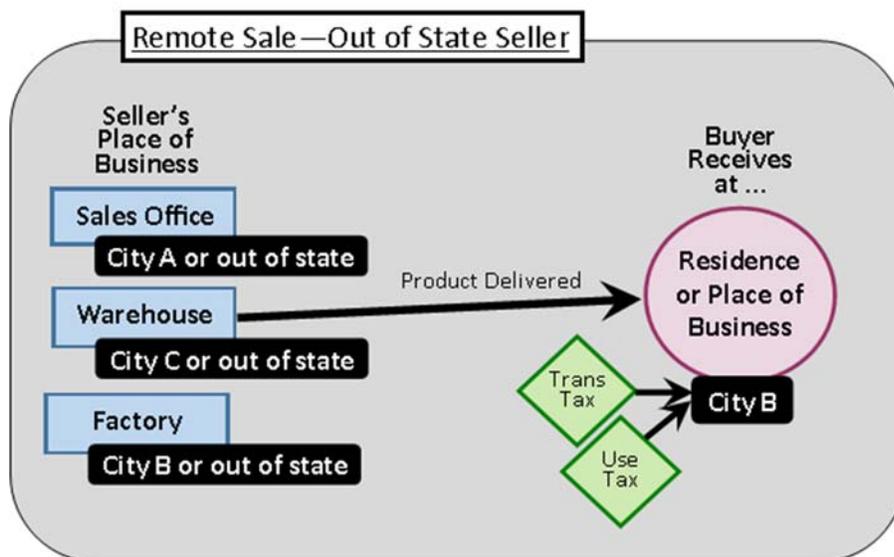
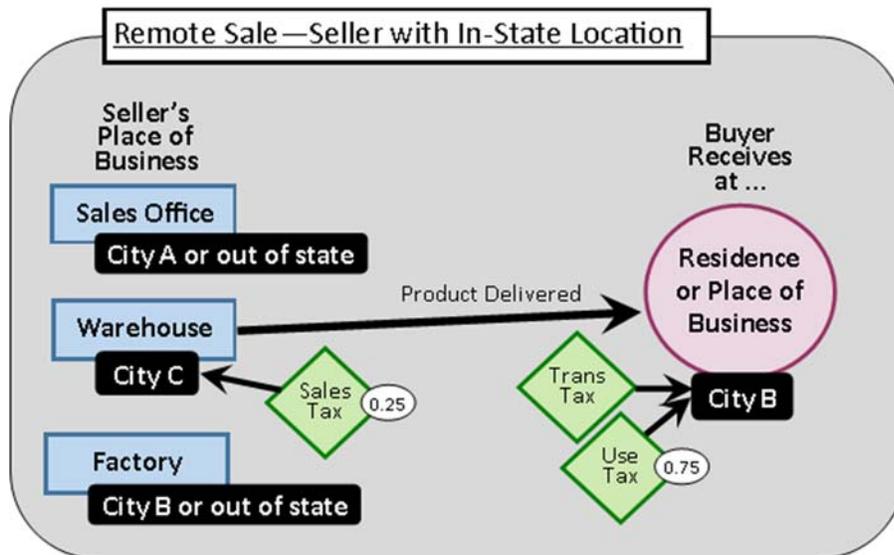
### Destination Sourcing Scenario 1: Full-On



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## Destination Sourcing Scenario 2: Split Source

- Same as now for “over the counter” and automobile.
- Leave 0.25% on current seller if instate (origin)
- Could be phased in.



mjgc

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RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES (“CAL CITIES”)  
CALLING ON THE STATE LEGISLATURE TO PASS LEGISLATION THAT PROVIDES  
FOR A FAIR AND EQUITABLE DISTRIBUTION OF THE BRADLEY BURNS 1% LOCAL  
SALES TAX FROM IN-STATE ONLINE PURCHASES, BASED ON DATA WHERE  
PRODUCTS ARE SHIPPED TO, AND THAT RIGHTFULLY TAKES INTO  
CONSIDERATION THE IMPACTS THAT FULFILLMENT CENTERS HAVE ON HOST  
CITIES BUT ALSO PROVIDES A FAIR SHARE TO CALIFORNIA CITIES THAT DO NOT  
AND/OR CANNOT HAVE A FULFILLMENT CENTER WITHIN THEIR JURISDICTION

**WHEREAS**, the 2018 U.S. Supreme Court decision in *Wayfair v. South Dakota* clarified that states could charge and collect tax on purchases even if the seller does not have a physical presence in the state; and

**WHEREAS**, California cities and counties collect 1% in Bradley Burns sales and use tax from the purchase of tangible personal property and rely on this revenue to provide critical public services such as police and fire protection; and

**WHEREAS**, in terms of “siting” the place of sale and determining which jurisdiction receives the 1% Bradley Burns local taxes for online sales, the California Department of Tax and Fee Administration (CDTFA) determines “out-of-state” online retailers as those with no presence in California that ship property from outside the state and are therefore subject to use tax, not sales tax, which is collected in a countywide pool of the jurisdiction where the property is shipped from; and

**WHEREAS**, for online retailers that have a presence in California and have a stock of goods in the state from which it fulfills orders, CDTFA considers the place of sale (“situs”) as the location from which the goods were shipped such as a fulfillment center; and

**WHEREAS**, in early 2021, one of the state’s largest online retailers shifted its ownership structure so that it is now considered both an in-state and out-of-state retailer, resulting in the sales tax this retailer generates from in-state sales now being **entirely** allocated to **the specific city cities** where **the** warehouse fulfillment centers **is-are** located as opposed to going into **a** countywide pools that **is are** shared with all jurisdictions in **those counties that County**, as was done previously; and

**WHEREAS**, this all-or-nothing **change for the** allocation of in-state sales tax has created winners and losers amongst cities as the online sales tax revenue **from the retailer** that was once spread amongst all cities in countywide pools is now concentrated in select cities that host **a** fulfillment centers; and

**WHEREAS**, this has created a tremendous inequity amongst cities, in particular for cities that are built out, do not have space for siting **a 1 million square foot** fulfillment centers, are not located along a major travel corridor, or otherwise not ideally suited to host a fulfillment center; and

**WHEREAS**, this inequity affects cities statewide, but in particular those with specific circumstances such as no/low property tax cities that are extremely reliant on sales tax revenue as well as cities struggling to meet their **Regional Housing Needs Allocation (RHNA)** obligations that are being compelled by the State to rezone precious commercial parcels to residential; and

**WHEREAS**, the inequity produced by allocating in-state online sales tax revenue exclusively to cities with fulfillment centers is exasperated even more by, in addition to already reducing the amount of revenue going into the countywide pools, the cities with fulfillment centers are also receiving a larger share of the dwindling countywide pool as it is allocated based on cities' proportional share of sales tax collected; and

**WHEREAS**, while it is important to acknowledge that those cities that have fulfillment centers experience impacts from these activities and deserve equitable supplementary compensation, it should also be recognized that the neighboring cities whose residents are ordering products from those that centers now receive no Bradley Burns revenue ~~from the center's sales activity~~ despite also experiencing the impacts created by them center, such as increased traffic and air pollution; and

**WHEREAS**, the COVID-19 pandemic greatly accelerated the public's shift towards online purchases, a trend that is unlikely to be reversed to pre-pandemic levels; and

**NOW, THEREFORE, BE IT RESOLVED** that Cal Cities calls on the State Legislature to pass legislation that provides for a fair and equitable distribution of the Bradley Burns 1% local sales tax from in-state online purchases, based on data where products are shipped to, and that rightfully takes into consideration the impacts that fulfillment centers have on host cities but also provides a fair share to California cities that do not and/or cannot have a fulfillment center within their jurisdiction.

**2. A RESOLUTION CALLING UPON THE GOVERNOR AND THE LEGISLATURE TO PROVIDE NECCESARY FUNDING FOR CUPC TO FUFILL ITS OBLIGATION TO INSPECT RAILROAD LINES TO ENSURE THAT OPERATORS ARE REMOVING ILLEGAL DUMPING, GRAFFITI AND HOMELESS ENCAMPMENTS THAT DEGRADE THE QAULITY OF LIFE AND RESULTS IN INCREASED PUBLIC SAFETLY CONCERNS FOR COMMUNITIES AND NEIGHBORHOODS THAT ABUTT THE RAILROAD RIGHT-OF-WAY.**

Source: City of South Gate

Concurrence of five or more cities/city officials:

Cities: City of Bell Gardens; City of Bell; City of Commerce; City of Cudahy; City of El Segundo; City of Glendora; City of Huntington Park; City of La Mirada; City of Long Beach; City of Lynwood; City of Montebello; City of Paramount; City of Pico Rivera

Referred to: Housing, Community and Economic Development; and Transportation, Communications and Public Works

**WHEREAS**, ensuring the quality of life for communities falls upon every local government including that blight and other health impacting activities are addressed in a timely manner by private property owners within its jurisdictional boundaries for their citizens, businesses and institutions; and

**WHEREAS**, Railroad Operators own nearly 6,000 miles of rail right-of-way throughout the State of California which is regulated by the Federal Railroad Administration and/or the California Public Utilities Commission for operational safety and maintenance; and

**WHEREAS**, the California Public Utilities Commission (CPUC) is the enforcing agency for railroad safety in the State of California and has 41 inspectors assigned throughout the entire State to inspect and enforce regulatory compliance over thousands of miles of rail line; and

**WHEREAS**, areas with rail line right-of-way within cities and unincorporated areas are generally located in economically disadvantaged zones and/or disadvantaged communities of color where the impact of blight further lowers property values and increases the likelihood of unsound sanitary conditions and environmental impacts upon them; and

**WHEREAS**, many communities are seeing an increase in illegal dumping, graffiti upon infrastructure and homeless encampments due to the lax and inadequate oversight by regulatory agencies; and

**WHEREAS**, local governments have no oversight or regulatory authority to require operators to better maintain and clean their properties as it would with any other private property owner within its jurisdictional boundaries. Thus such local communities often resort to spending their local tax dollars on cleanup activities or are forced to accept the delayed and untimely response by operators to cleaning up specific sites, and;

**WHEREAS**, that railroad operators should be able to provide local communities with a fixed schedule in which their property will be inspected and cleaned up on a reasonable and regular schedule or provide for a mechanism where they partner with and reimburse local governments for an agreed upon work program where the local government is enabled to remove items like illegal dumping, graffiti and encampments; and

**WHEREAS**, the State has made it a priority to deal with homeless individuals and the impacts illegal encampments have upon those communities and has a budgetary surplus that can help fund the CPUC in better dealing with this situation in both a humane manner as well a betterment to rail safety.

**RESOLVED**, at the League of California Cities, General Assembly, assembled at the League Annual Conference on September 24, 2021, in Sacramento, that the League calls for the Governor and the Legislature to work with the League and other stakeholders to provide adequate regulatory authority and necessary funding to assist cities with these railroad right-of-way areas so as to adequately deal with illegal dumping, graffiti and homeless encampments that proliferate along the rail lines and result in public safety issues. The League will work with its member cities to educate federal and state officials to the quality of life and health impacts this challenge has upon local communities, especially those of color and/or environmental and economic hardships.

## **Background Information to Resolution**

**Source:** City of South Gate

### **Background:**

The State of California has over 6,000 miles of rail lines, with significant amount running through communities that are either economically disadvantaged and/or disadvantaged communities of color. While the Federal Railroad Administration (FRA) has primary oversight of rail operations, they delegate that obligation to the State of California for lines within our State. The administration of that oversight falls under the California Public Utilities Commission (CPUC). The CPUC has only 41 inspectors covering those 6,000 miles of railroad lines in the State of California. Their primary task is ensuring equipment, bridges and rail lines are operationally safe.

The right-of-way areas along the rail lines are becoming increasingly used for illegal dumping, graffiti and homeless encampments. Rail operators have admitted that they have insufficient funds set aside to clean up or sufficiently police these right-of-way areas, despite reporting a net income of over \$13 billion in 2020. CPUC budget does not provide the resources to oversee whether rail operators are properly managing the right-of-way itself.

The City of South Gate has three rail lines traversing through its city limits covering about 4 miles. These lines are open and inviting to individuals to conduct illegal dumping, graffiti buildings and structures along with inviting dozens of homeless encampments. As private property, Cities like ourselves cannot just go upon them to remove bulky items, trash, clean graffiti or remove encampments. We must call and arrange for either our staff to access the site or have the rail operator schedule a cleanup. This can take weeks to accomplish, in the meantime residents or businesses that are within a few hundred feet of the line must endure the blight and smell. Trash is often blown from the right-of-way into residential homes or into the streets. Encampments can be seen from the front doors of homes and businesses.

South Gate is a proud city of hard working-class residents, yet with a median household income of just \$50,246 or 65% of AMI for Los Angeles County, it does not have the financial resources to direct towards property maintenance of any commercial private property. The quality of life of communities like ours should not be degraded by the inactions or lack of funding by others. Cities such as South Gate receive no direct revenue from the rail operators, yet we deal with environmental impacts on a daily basis, whether by emissions, illegal dumping, graffiti or homeless encampments.

The State of California has record revenues to provide CPUC with funding nor only for safety oversight but ensuring right-of-way maintenance by operators is being managed properly. Rail Operators should be required to set aside sufficient annual funds to provide a regular cleanup of their right-of-way through the cities of California.



**LETTERS OF CONCURRENCE**  
Resolution No. 2

## **League of California Cities Staff Analysis on Resolution No. 2**

Staff: Damon Conklin, Legislative Affairs, Lobbyist  
Jason Rhine, Assistant Director, Legislative Affairs  
Caroline Cirrincione, Policy Analyst

Committees: Transportation, Communications, and Public Works  
Housing, Community, and Economic Development

### **Summary:**

The City of South Gate submits this resolution, which states the League of California Cities should urge the Governor and the Legislature to provide adequate regulatory authority and necessary funding to assist cities with railroad right-of-way areas to address illegal dumping, graffiti, and homeless encampments that proliferate along the rail lines and result in public safety issues.

### **Background:**

#### **California Public Utilities Commission (CPUC) Railroad Oversight**

The CPUC's statewide railroad safety responsibilities are carried out through its Rail Safety Division (RSD). The Railroad Operations and Safety Branch (ROSB), a unit of RSD, enforces state and federal railroad safety laws and regulations governing freight and passenger rail in California.

The ROSB protects California communities and railroad employees from unsafe practices on freight and passenger railroads by enforcing rail safety laws, rules, and regulations. The ROSB also performs inspections to identify and mitigate risks and potential safety hazards before they create dangerous conditions. ROSB rail safety inspectors investigate rail accidents and safety-related complaints and recommend safety improvements to the CPUC, railroads, and the federal government as appropriate.

Within the ROSB, the CPUC employs 41 inspectors who are federally certified in the five Federal Railroad Administration (FRA) railroad disciplines, including hazardous materials, motive power and equipment, operations, signal and train control, and track. These inspectors perform regular inspections, focused inspections, accident investigations, security inspections, and complaint investigations. In addition, the inspectors address safety risks that, while not violations of regulatory requirements, pose potential risks to public or railroad employee safety.

#### **CPUC's Ability to Address Homelessness on Railroads**

Homeless individuals and encampments have occupied many locations in California near railroad tracks. This poses an increased safety risk to these homeless individuals of being struck by trains. Also, homeless encampments often create unsafe work environments for railroad and agency personnel.

While CPUC cannot compel homeless individuals to vacate railroad rights-of-way or create shelter for homeless individuals, it has the regulatory authority to enforce measures that can reduce some safety issues created by homeless encampments. The disposal of waste materials or other disturbances of walkways by homeless individuals can create tripping hazards in the vicinity of railroad rights-of-way. This would cause violations of [Commission GO 118-A](#), which sets standards for walkway surfaces alongside railroad tracks. Similarly, tents, wooden structures, and miscellaneous debris in homeless encampments can create violations of

[Commission GO 26-D](#), which sets clearance standards between railroad tracks, and structures and obstructions adjacent to tracks.

### Homelessness in California

According to the [2020 Annual Homeless Assessment Report \(AHAR\)](#) to Congress, there has been an increase in unsheltered individuals since 2019. More than half ([51 percent or 113,660 people](#)) of all unsheltered homeless people in the United States are found in California, about four times as high as their share of the overall United States population.

Many metro areas in California lack an adequate supply of affordable housing. This housing shortage has contributed to an increase in homelessness that has spread to railroad rights-of-way. Homeless encampments along railroad right-of-way increase the incidents of illegal dumping and unauthorized access and trespassing activities. Other impacts include train service reliability with debris strikes, near-misses, and trespasser injuries/fatalities. As of April 2021, there have been 136 deaths and 117 injuries reported by the [Federal Railroad Administration](#) over the past year. These casualties are directly associated with individuals who trespassed on the railroad.

Cities across the state are expending resources reacting to service disruptions located on the railroad's private property. It can be argued that an increase in investments and services to manage and maintain the railroad's right-of-way will reduce incidents, thus enhancing public safety, environmental quality, and impacts on the local community.

### State Budget Allocations – Homelessness

The approved State Budget includes a homelessness package of \$12 billion. This consists of a commitment of \$1 billion per year for direct and flexible funding to cities and counties to address homelessness. While some details related to funding allocations and reporting requirements remain unclear, Governor Newsom signed AB 140 in July, which details key budget allocations, such as:

- \$2 billion in aid to counties, large cities, and Continuums of Care through the Homeless Housing, Assistance and Prevention grant program (HHAP);
- \$50 million for Encampment Resolution Grants, which will help local governments resolve critical encampments and transitioning individuals into permanent housing; and
- \$2.7 million in onetime funding for Caltrans Encampment Coordinators to mitigate safety risks at encampments on state property and to coordinate with local partners to connect these individuals to services and housing.

The Legislature additionally provided \$2.2 billion specifically for Homekey with \$1 billion available immediately. This funding will help local governments transition individuals from Project Roomkey sites into permanent housing to minimize the number of occupants who exit into unsheltered homelessness.

With regards to this resolution, the State Budget also included \$1.1 billion to clean trash and graffiti from highways, roads, and other public spaces by partnering with local governments to pick up trash and beautify downtowns, freeways, and neighborhoods across California. The program is expected to generate up to 11,000 jobs over three years.

### Cities Railroad Authority

A city must receive authorization from the railroad operator before addressing the impacts made by homeless encampments because of the location on the private property. Additionally, the city

must coordinate with the railroad company to get a flagman to oversee the safety of the work crews, social workers, and police while on the railroad tracks.

A city may elect to declare the encampment as a public nuisance area, which would allow the city to clean up the areas at the railroad company's expense for failing to maintain the tracks and right-of-way. Some cities are looking to increase pressure on railroad operators for not addressing the various homeless encampments, which are presenting public safety and health concerns.

Courts have looked to [compel railroad companies](#) to increase their efforts to address homeless encampments on their railroads or [grant a local authority's application](#) for an Inspection and Abatement Warrant, which would allow city staff to legally enter private property and abate a public nuisance or dangerous conditions.

In limited circumstances, some cities have negotiated Memoranda of Understandings (MOU) with railroad companies to provide graffiti abatement, trash, and debris removal located in the right-of-way, and clean-ups of homeless encampments. These MOUs also include local law enforcement agencies to enforce illegally parked vehicles and trespassing in the railroad's right-of-way. MOUs also detailed shared responsibility and costs of providing security and trash clean-up. In cases where trespassing or encampments are observed, the local public works agency and law enforcement agency are notified and take the appropriate measures to remove the trespassers or provide clean-up with the railroad covering expenses outlined in the MOU.

Absent an MOU detailing shared maintenance, enforcement, and expenses, cities do not have the authority to unilaterally abate graffiti or clean-up trash on a railroad's right-of-way.

**Fiscal Impact:**

If the League of California Cities were to secure funding from the state for railroad clean-up activities, cities could potentially save money in addressing these issues themselves or through an MOU, as detailed above. This funding could also save railroad operators money in addressing concerns raised by municipalities about illegal dumping, graffiti, and homeless encampments along railroads.

Conversely, if the League of California Cities is unable to secure this funding through the Legislature or the Governor, cities may need to consider alternative methods, as detailed above, which may include significant costs.

**Existing League Policy:**

Public Safety:

*Graffiti*

The League supports increased authority and resources devoted to cities for abatement of graffiti and other acts of public vandalism.

Transportation, Communications, and Public Works

*Transportation*

The League supports efforts to improve the California Public Utilities Commission's ability to respond to and investigate significant transportation accidents in a public and timely manner to improve rail shipment, railroad, aviation, marine, highway, and pipeline safety

## Housing, Community, and Economic Development

### *Housing for Homeless*

Homelessness is a statewide problem that disproportionately impacts specific communities. The state should make funding and other resources, including enriched services, and outreach and case managers, available to help assure that local governments have the capacity to address the needs of the homeless in their communities, including resources for regional collaborations.

Homeless housing is an issue that eludes a statewide, one-size-fits-all solution, and collaboration between local jurisdictions should be encouraged.

### **Staff Comments:**

#### Clarifying Amendments

Upon review of the Resolution, Cal Cities staff recommends technical amendments to provide greater clarity. To review the proposed changes, please see Attachment A.

The committee may also wish to consider clarifying language around regulatory authority and funding to assist cities with these efforts. The resolution asks that new investments from the state be sent to the CPUC to increase their role in managing and maintaining railroad rights-of-ways and potentially to cities to expand their new responsibility.

The committee may wish to specify MOUs as an existing mechanism for cities to collaborate and agree with railroad operators and the CPUC on shared responsibilities and costs.

### **Support:**

The following letters of concurrence were received:

City of Bell Gardens

City of Bell

City of Commerce

City of Cudahy

City of El Segundo

City of Glendora

City of La Mirada

City of Paramount

City of Pico Rivera

City of Huntington Park

City of Long Beach

City of Lynwood

City of Montebello

2. A RESOLUTION CALLING UPON THE GOVERNOR AND THE LEGISLATURE TO PROVIDE ~~NECCESARY~~ NECESSARY FUNDING FOR ~~CUPC~~ THE CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC) TO FUFILL ITS OBLIGATION TO INSPECT RAILROAD LINES TO ENSURE THAT OPERATORS ARE REMOVING ILLEGAL DUMPING, GRAFFITI AND HOMELESS ENCAMPMENTS THAT DEGRADE THE ~~QAULTY~~ QUALITY OF LIFE AND RESULTS IN INCREASED PUBLIC ~~SAFETLY~~ SAFETY CONCERNS FOR COMMUNITIES AND NEIGHBORHOODS THAT ABUT THE RAILROAD RIGHT-OF-WAY.

Source: City of South Gate

Concurrence of five or more cities/city officials

Cities: City of Bell Gardens; City of Bell; City of Commerce; City of Cudahy; City of El Segundo; City of Glendora; City of Huntington Park; City of La Mirada; City of Long Beach; City of Lynwood; City of Montebello; City of Paramount; City of Pico Rivera

Referred to: Housing, Community and Economic Development; and Transportation, Communications and Public Works

**WHEREAS**, ensuring the quality of life for communities falls upon every local government including that blight and other health impacting activities are addressed in a timely manner by private property owners within its jurisdictional boundaries for their citizens, businesses and institutions; and

**WHEREAS**, Railroad Operators own nearly 6,000 miles of rail right-of-way throughout the State of California which is regulated by the Federal Railroad Administration and/or the ~~California Public Utilities Commission~~ CPUC for operational safety and maintenance; and

**WHEREAS**, the ~~California Public Utilities Commission (CPUC)~~ is the enforcing agency for railroad safety in the State of California and has 41 inspectors assigned throughout the entire State to inspect and enforce regulatory compliance over thousands of miles of rail line; and

**WHEREAS**, areas with rail line right-of-way within cities and unincorporated areas are generally located in economically disadvantaged zones and/or disadvantaged communities of color where the impact of blight further lowers property values and increases the likelihood of unsound sanitary conditions and environmental impacts upon them; and

**WHEREAS**, many communities are seeing an increase in illegal dumping, graffiti upon infrastructure and homeless encampments due to the lax and inadequate oversight by regulatory agencies; and

**WHEREAS**, local governments have no oversight or regulatory authority to require operators to better maintain and clean their properties as it would with any other private property owner within its jurisdictional boundaries. Thus such local communities often resort to spending their local tax dollars on cleanup activities or are forced to accept the delayed and untimely response by operators to cleaning up specific sites, and;

**WHEREAS**, that railroad operators should be able to provide local communities with a fixed schedule in which their property will be inspected and cleaned up on a reasonable and regular schedule or provide for a mechanism where they partner with and reimburse local governments for an agreed upon work program where the local government is enabled to remove items like illegal dumping, graffiti and encampments; and

**WHEREAS**, the State has made it a priority to deal with homeless individuals and the impacts illegal encampments have upon those communities and has a budgetary surplus that can help fund the CPUC in better dealing with this situation in both a humane manner as well as a betterment to rail safety.

**RESOLVED**, at the League of California Cities, General Assembly, assembled at the League Cal Cities Annual Conference on September 24, 2021, in Sacramento, that the Cal Cities League calls for the Governor and the Legislature to work with the Cal Cities League and other stakeholders to provide adequate regulatory authority and necessary funding to assist cities with these railroad right-of-way areas so as to adequately deal with illegal dumping, graffiti and homeless encampments that proliferate along the rail lines and result in public safety issues. The Cal Cities League will work with its member cities to educate federal and state officials to the quality of life and health impacts this challenge has upon local communities, especially those of color and/or environmental and economic hardships.

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AGENDA NO: A-4

MEETING DATE: August 24, 2021

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** August 12, 2021

**FROM:** Dana Swanson, City Clerk

**SUBJECT:** Adoption of Resolution No. 57-21 Updating the City's Conflict of Interest Code

## RECOMMENDATION

Staff recommends City Council update the City's Conflict of Interest Code by adopting the proposed Resolution No. 57-21.

## ALTERNATIVES

No alternatives are recommended.

## FISCAL IMPACT

None

## BACKGROUND/DISCUSSION

Government Code, section 83700 requires all cities to adopt a Conflict of Interest Code. A Conflict of Interest Code shall have the force of law, and any violation of a Conflict of Interest Code by a designated employee shall be deemed a violation of the Government Code. To simplify the preparation and adoption of Conflict of Interest Codes, the Fair Political Practices Commission has adopted a form Conflict of Interest Code, which is found at 2 California Code of Regulations, section 18730. As such, the City may comply with Government Code, section 83700 by doing all of the following: (1) adopting the form Conflict of Interest Code, (2) identifying designated positions and boards that must comply with the requirements of the Conflict of Interest Code and (3) identifying financial disclosure categories to which each designation position and board fall within.

In August 2020, the City established an updated Conflict of Interest Code through the adoption of Resolution No. 74-20. Staff has determined it is necessary to update the City's Conflict of Interest Code to add the newly designated positions of Assistant City Manager/Administrative Services Director, Finance Manager and Senior Administrative Services Analyst and remove the Tourism Business Improvement District Advisory Board and Tourism Manager. By adopting the attached Resolution No. 57-21, the City Council will ensure the City's Conflict of Interest Code is up to date and reflects the current organization and operations of the City.

## ATTACHMENTS

1. Resolution No. 74-20
2. Proposed Resolution No.57-21 with Exhibits A & B

Prepared By: DS

Dept Review: \_\_\_\_\_

City Manager Review: SC

City Attorney Review: JWP

**RESOLUTION NO. 74-20**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ADOPTING A REVISED CONFLICT OF INTEREST CODE  
AND RESCINDING RESOLUTION NO. 13-19 AND  
EACH OTHER RESOLUTION IN CONFLICT HEREWITH**

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

**WHEREAS**, pursuant to the provisions of the Government Code, sections 87300 *et seq.* (the Code”), each agency is required to adopt a Conflict of Interest Code; and

**WHEREAS**, the Fair Political Practices Commission has adopted a regulation, 2 Cal. Code Reg. section 18730, which contains the terms of a standard model Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments to the Political Reform Act; and

**WHEREAS**, the Fair Political Practices Commission recommends each agency incorporate Commission Regulations 18730 and 18720 by reference as the body of their Code, and all changes to the Political Reform Act and to Regulations 18730 and 18720 will automatically be part of the City’s Conflict of Interest Code; and

**WHEREAS**, the City of Morro Bay incorporated Commission Regulations 18730 and 18720 into its Conflict of Interest Code with the adoption of Resolution No. 13-19 adopted February 13, 2019, and its Conflict of Interest Code is in further need of updating; and

**WHEREAS**, the City Council has determined the documents attached to this Resolution, as Exhibits A and B, accurately set forth the current designated positions regulated by the Conflict of Interest Code, and the respective categories of financial interests which should be made reportable and those boards and commissions which should be designated and the respective categories of financial interests which should be made reportable by their members; and

**WHEREAS**, this action will ensure the City’s Conflict of Interest Code is up to date and in compliance with the law.

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

SECTION 1. Resolution No. 13-19 and any parts or sections of any other resolutions in conflict with this Resolution are hereby rescinded and/or repealed as necessary to resolve such conflict.

SECTION 2. The terms of Title 2, Division 6 of the California Code of Regulations, Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, incorporated herein by reference, along with the attached documents entitled Exhibit A, in which members and employees are designated, and Exhibit B in which disclosure

categories are set forth, constitute the Conflict of Interest Code for the City of Morro Bay.

SECTION 3. Pursuant to the Code, any person holding a designated position, including any person holding a designated position in an acting capacity, shall file a Statement of Economic Interest with the City Clerk. Additionally, any person hired for a position not covered by the Code, who makes or participated in making a governmental decision shall file a Statement of Economic Interest with the City Clerk.

SECTION 4. For persons holding the positions of Mayor, Councilmember, City Manager, City Attorney, and Planning Commissioner, the City Clerk may serve as the filing official by accepting the filing, retaining a copy, and forwarding the original to the Fair Political Practices Commission in Sacramento; or, for the persons holding those positions, filings may directly be made electronically with the Fair Political Practices Commission in Sacramento. For all other persons holding designated positions, the City Clerk is the filing officer and retains the statements. The City Clerk will make the statements available for public inspection and reproduction, pursuant to Government Code Section 81008.

SECTION 5. Any future amendments to the City's Conflict of Interest Code including, but not limited to, amendments to the designated positions list or to the financial disclosure categories, shall be made by resolution duly adopted by the City Council of the City of Morro Bay.

SECTION 6. 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 this 11<sup>th</sup> day of August 2020 on the following vote:

AYES:	Headding, Addis, Davis, Heller
NOES:	None
ABSENT:	McPherson
ABSTAIN:	None

  
\_\_\_\_\_  
JOHN HEADDING, Mayor

ATTEST:

  
\_\_\_\_\_  
DANA SWANSON, City Clerk

EXHIBIT A  
RESOLUTION NO. 74-20

CITY OF MORRO BAY

LIST OF DESIGNATED POSITIONS  
CONFLICT OF INTEREST CODE

<b>Position</b>	<b>Disclosure Category</b>
Mayor, Council Members, City Manager, City Attorney, City Clerk, City Treasurer, Planning Commission Members	As required by State law
<u>Boards, Committees &amp; Commissions</u>	
Citizens Oversight / Citizens Finance Advisory Committee	1,2
Harbor Advisory Board	1,2
Public Works Advisory Board	1,2
Recreation & Parks Commission	1,2
Tourism Business Improvement District Advisory Board	1,2,5
<u>Administration</u>	
Deputy City Manager	1-6
Human Resources Analyst	1,5,6
Information Systems Technician	1,2
Tourism Manager	1,2
<u>Finance</u>	
Budget / Accounting Manager	1-6
<u>Harbor</u>	
Harbor Director	1-6
Harbor Business Coordinator	1-6
Harbor Patrol Supervisor	2,4,5,6
<u>Fire</u>	
Fire Chief	1-6
Fire Captain	1-6
Fire Marshal	1-6
Administrative Technician	2,5,6
<u>Police</u>	
Police Chief	1-6
Police Commander	1-6
Support Services Manager	2,3,5,6

Public Works

Public Works Director	1-6
Management Analyst	1,2,4,5,6
City Engineer	1-6
Senior Engineer	1-6
Associate Engineer	2,3,4,5,6
Assistant Engineer	2,3,4,5,6
Environmental Programs Manager	1-6
Utilities Division Manager	1-6
Consolidated Maintenance Superintendent	1-6
Wastewater Systems Supervisor	1-6
Lead Utility Operator	1-6
Consolidated Maintenance Field Supervisor	1-6

Community Development

Community Development Director	1-6
Senior Planner	1-6
Associate Planner	1-6
Building Inspector	1-6

Recreation

Recreation Services Division Manager	1-6
Recreation Supervisor – Sports Services	5,6
Recreation Supervisor – Youth Services	5,6

Consultants

1,2

Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation: The City Manager may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. The City Manager’s determination is a public record and shall be retained for public inspection in the same manner and location as the Conflict of Interest Code.

EXHIBIT B  
RESOLUTION NO. 74-20

CITY OF MORRO BAY

**DISCLOSURE CATEGORIES**

General Provisions

When a designated employee or individual is required to disclose investments, business positions and sources of income, he or she need only disclose investments in business entities and sources of income which do business in the City, plan to do business in the City or have done business in the City within the past two (2) years. In addition to other activities, a business entity is doing business within the City if it owns real property within the City. When a designated employee or individual is required to disclose real property, he or she need only disclose that which is located in whole or in part within or not more than two (2) miles outside the boundaries of the City or within two (2) miles of any land owned or used by the City.

Designated employees shall disclosed their financial interests pursuant to the appropriate disclosure category as indicated in Exhibit A.

Disclosure Categories

- Category 1: All investments, business positions and sources of income. (See Statement of Economic Interests Schedules A-1, A-2, C, D and E.)
- Category 2: All interests in real property. (See Statement of Economic Interests, Schedule B.)
- Category 3: All investments, business positions, interests in real property and sources of income subject to the regulatory, permit or licensing authority of the department. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)
- Category 4: Investments in business entities and sources of income which engage in land development, construction or the acquisition of real property. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)
- Category 5: Investments in business entities and sources of income of the type which contracts with the City to provide services, supplies, materials, machinery or equipment to any City department. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)
- Category 6: Investments in business entities and sources of income of the type which contracts with the City to provide to the designated employee's department services, supplies, materials, machinery, or equipment. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)



**RESOLUTION NO. 57-21**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ADOPTING A REVISED CONFLICT OF INTEREST CODE  
AND RESCINDING RESOLUTION NO. 74-20 AND  
EACH OTHER RESOLUTION IN CONFLICT HEREWITH**

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

**WHEREAS**, pursuant to the provisions of the Government Code, sections 87300 *et seq.* (the Code”), each agency is required to adopt a Conflict of Interest Code; and

**WHEREAS**, the Fair Political Practices Commission has adopted a regulation, 2 Cal. Code Reg. section 18730, which contains the terms of a standard model Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments to the Political Reform Act; and

**WHEREAS**, the Fair Political Practices Commission recommends each agency incorporate Commission Regulations 18730 and 18720 by reference as the body of their Code, and all changes to the Political Reform Act and to Regulations 18730 and 18720 will automatically be part of the City’s Conflict of Interest Code; and

**WHEREAS**, the City of Morro Bay incorporated Commission Regulations 18730 and 18720 into its Conflict of Interest Code with the adoption of Resolution No. 74-20 adopted August 11, 2020, and its Conflict of Interest Code is in further need of updating; and

**WHEREAS**, the City Council has determined the documents attached to this Resolution, as Exhibits A and B, accurately set forth the current designated positions regulated by the Conflict of Interest Code, and the respective categories of financial interests which should be made reportable and those boards and commissions which should be designated and the respective categories of financial interests which should be made reportable by their members; and

**WHEREAS**, this action will ensure the City’s Conflict of Interest Code is up to date and in compliance with the law.

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

SECTION 1. Resolution No. 74-20 and any parts or sections of any other resolutions in conflict with this Resolution are hereby rescinded and/or repealed as necessary to resolve such conflict.

SECTION 2. The terms of Title 2, Division 6 of the California Code of Regulations, Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, incorporated herein by reference, along with the attached documents entitled Exhibit A, in which members and employees are designated, and Exhibit B in which disclosure

categories are set forth, constitute the Conflict of Interest Code for the City of Morro Bay.

SECTION 3. Pursuant to the Code, any person holding a designated position, including any person holding a designated position in an acting capacity, shall file a Statement of Economic Interest with the City Clerk. Additionally, any person hired for a position not covered by the Code, who makes or participated in making a governmental decision shall file a Statement of Economic Interest with the City Clerk.

SECTION 4. For persons holding the positions of Mayor, Councilmember, City Manager, City Attorney, and Planning Commissioner, the City Clerk may serve as the filing official by accepting the filing, retaining a copy, and forwarding the original to the Fair Political Practices Commission in Sacramento; or, for the persons holding those positions, filings may directly be made electronically with the Fair Political Practices Commission in Sacramento. For all other persons holding designated positions, the City Clerk is the filing officer and retains the statements. The City Clerk will make the statements available for public inspection and reproduction, pursuant to Government Code Section 81008.

SECTION 5. Any future amendments to the City's Conflict of Interest Code including, but not limited to, amendments to the designated positions list or to the financial disclosure categories, shall be made by resolution duly adopted by the City Council of the City of Morro Bay.

SECTION 6. 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 this 24<sup>th</sup> day of August 2021 on the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

---

JOHN HEADDING, Mayor

ATTEST:

---

DANA SWANSON, City Clerk

EXHIBIT A  
RESOLUTION NO. 57-21

CITY OF MORRO BAY

LIST OF DESIGNATED POSITIONS  
CONFLICT OF INTEREST CODE

Position	Disclosure Category
Mayor, Council Members, City Manager, City Attorney, City Clerk, City Treasurer, Planning Commission Members	As required by State law
<u>Boards, Committees &amp; Commissions</u>	
Citizens Oversight / Citizens Finance Advisory Committee	1,2
Harbor Advisory Board	1,2
Public Works Advisory Board	1,2
Recreation & Parks Commission	1,2
<del>Tourism Business Improvement District Advisory Board</del>	<del>1,2,5</del>
<u>Administration</u>	
<del>Deputy City Manager</del> <u>Assistant City Manager/Administrative Services Director</u>	1-6
Human Resources Analyst	1,5,6
Information Systems Technician	1,2
<u>Senior Administrative Services Management Analyst</u>	<u>2,3,5,6</u>
<del>Tourism Manager</del>	<del>1,2</del>
<u>Finance</u>	
<del>Budget / Accounting</del> <u>Finance</u> Manager	1-6
<u>Harbor</u>	
Harbor Director	1-6
Harbor Business Coordinator	1-6
Harbor Patrol Supervisor	2,4,5,6
<u>Fire</u>	
Fire Chief	1-6
Fire Captain	1-6
Fire Marshal	1-6
Administrative Technician	2,5,6
<u>Police</u>	
Police Chief	1-6
Police Commander	1-6
Support Services Manager	2,3,5,6

Public Works

Public Works Director	1-6
Management Analyst	1,2,4,5,6
City Engineer	1-6
Senior Engineer	1-6
Associate Engineer	2,3,4,5,6
Assistant Engineer	2,3,4,5,6
Environmental Programs Manager	1-6
Utilities Division Manager	1-6
Consolidated Maintenance Superintendent	1-6
Wastewater Systems Supervisor	1-6
Lead Utility Operator	1-6
Consolidated Maintenance Field Supervisor	1-6

Community Development

Community Development Director	1-6
Senior Planner	1-6
Associate Planner	1-6
Building Inspector	1-6

Recreation

Recreation Services Division Manager	1-6
Recreation Supervisor – Sports Services	5,6
Recreation Supervisor – Youth Services	5,6

Consultants

1,2

Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation: The City Manager may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. The City Manager’s determination is a public record and shall be retained for public inspection in the same manner and location as the Conflict of Interest Code.

EXHIBIT B  
RESOLUTION NO. 57-21

CITY OF MORRO BAY

**DISCLOSURE CATEGORIES**

General Provisions

When a designated employee or individual is required to disclose investments, business positions and sources of income, he or she need only disclose investments in business entities and sources of income which do business in the City, plan to do business in the City or have done business in the City within the past two (2) years. In addition to other activities, a business entity is doing business within the City if it owns real property within the City. When a designated employee or individual is required to disclose real property, he or she need only disclose that which is located in whole or in part within or not more than two (2) miles outside the boundaries of the City or within two (2) miles of any land owned or used by the City.

Designated employees shall disclosed their financial interests pursuant to the appropriate disclosure category as indicated in Exhibit A.

Disclosure Categories

- Category 1: All investments, business positions and sources of income. (See Statement of Economic Interests Schedules A-1, A-2, C, D and E.)
- Category 2: All interests in real property. (See Statement of Economic Interests, Schedule B.)
- Category 3: All investments, business positions, interests in real property and sources of income subject to the regulatory, permit or licensing authority of the department. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)
- Category 4: Investments in business entities and sources of income which engage in land development, construction or the acquisition of real property. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)
- Category 5: Investments in business entities and sources of income of the type which contracts with the City to provide services, supplies, materials, machinery or equipment to any City department. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)
- Category 6: Investments in business entities and sources of income of the type which contracts with the City to provide to the designated employee's department services, supplies, materials, machinery, or equipment. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)



AGENDA NO: A-5  
MEETING DATE: August 24, 2021

# Staff Report

TO: Honorable Mayor and City Council

DATE: August 16, 2021

FROM: Scott Collins, City Manager

SUBJECT: Adoption of Resolution No. 58-21 Declaring the Intent to Disestablish the Previous Morro Bay Tourism Business Improvement District pursuant to the Parking and Business Improvement Area Law of 1989 and to set a Public Hearing Date

### RECOMMENDATION

Staff recommends the Council adopt Resolution No. 58-21 declaring the intent to disestablish the previous Morro Bay Tourism Improvement District (MBTBID) formed in 2009 pursuant to the Parking and Business Improvement Area Law of 1989 ('89 Law) and set the public hearing date for September 14, 2021.

### ALTERNATIVES

The Council could choose not to adopt the Resolution of Intention. Staff does not recommend this option.

### FISCAL IMPACT

There is no fiscal impact associated with this action. The City Council adopted Resolution No. 28-21 approving a new MBTBID pursuant to the Parking and Business Improvement Area Law of 1994 ('94 Law) on June 8, 2021 re-establishing an assessment of 3% of gross short-term room rental revenue for all lodging businesses and vacation rental businesses for a five-year term beginning July 1, 2021 through June 30, 2026.

### BACKGROUND/DISCUSSION

On April 27, 2009, City Council approved Ordinance No. 546 (the Ordinance) amending the Morro Bay Municipal Code and establishing the MBTBID pursuant to the '89 Law with a one-year renewal cycle. On June 8, 2021, pursuant to the '94 Law, the Council adopted Resolution No. 28-21 re-establishing the MBTBID for a five year term beginning July 1, 2021 through June 30, 2026, and allowing the MBTBID created under the '89 Law to expire (Attachment 2). This effort seeks to complete the process of modernizing the MBTBID by formally disestablishing the previous MBTBID created in 2009 pursuant to the '89 Law.

The '89 Law allows the City Council to initiate disestablishment of the '89 Law MBTBID by adoption of a resolution expressing its intention to disestablish the '89 Law MBTBID (**Attachment 1**). The resolution must state the reason for disestablishment, the time and place of the public hearing on disestablishment, and a proposal to dispose of any assets acquired with the revenues of the assessments levied within the '89 Law MBTBID. The proposal for the disposal of any assets acquired

Prepared By: <u>    MW/DS    </u>	Dept Review: <u>          </u>
City Manager Review: <u>    SC    </u>	City Attorney Review: <u>    CFN    </u>

with the revenues of the assessments levied within the '89 Law MBTBID is to transfer them to the '94 Law MBTBID, because the '94 Law MBTBID will contain the same businesses as the '89 Law MBTBID and the assets will be used for marketing and promotions efforts that benefit those businesses who paid the assessment.

The reason for disestablishment of the '89 Law MBTBID is due to the proposal to modernize and replace it with the '94 Law MBTBID. The time and place of the public hearing on disestablishment of the '89 Law MBTBID is set for 5:30 PM or as soon thereafter as the matter may be heard on September 14, 2021, via teleconference pursuant to Executive Order N-08-21, issued by Governor Newsom on June 11, 2021.

## **MBTBID DISESTABLISHMENT PROCESS**

- August 24, 2021      **RESOLUTION OF INTENTION**  
The City Council may disestablish an area by adopting an ordinance after holding a public hearing on the disestablishment. The City Council shall adopt a resolution of intention to disestablish the area prior to the required public hearing.
- August 25, 2021      **NOTICE**  
Notice of the public hearing shall be given by both 1) publishing the resolution of intention in a newspaper of general circulation in the City of Morro Bay once, for at least seven (7) days before the hearing; and 2) mailing a complete copy of the resolution of intention by first-class mail to each business owner subject to the '89 Law MBTBID assessment within seven (7) days of the City Council's adoption of the resolution of intention.
- September 14, 2021      **PUBLIC HEARING & DISESTABLISHMENT ORDINANCE 1st READING**  
The City Council shall hold a public hearing on the disestablishment of the '89 Law MBTBID and receive public testimony on the disestablishment of the '89 Law MBTBID.  
  
At the conclusion of the public hearing to disestablish the '89 Law MBTBID, the City Council may introduce and conduct the first reading of the ordinance to disestablish the '89 Law MBTBID.
- September 28, 2021      **DISESTABLISHMENT ORDINANCE 2nd READING & ADOPTION**  
The City Council may conduct the second reading of the ordinance to disestablish the '89 Law MBTBID and adopt the ordinance.
- September 29, 2021      **NOTICE**  
Notice of disestablishment of the MBTBID shall be published once in a newspaper of general circulation in the City of Morro Bay, not later than fifteen (15) days after the ordinance disestablishing the '89 Law MBTBID is adopted.
- June 30, 2021      **EFFECTIVE DATE OF '89 LAW MBTBID DISESTABLISHMENT**  
The '89 Law MBTBID as a matter of law shall cease to exist.

## **ATTACHMENTS**

1. Resolution No. 58-21 Declaring Intent to Disestablish the MBTBID under the '89 Law
2. Resolution No. 28-21 Establishing the MBTBID under the '94 Law

**RESOLUTION NO. 58-21**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
DECLARING ITS INTENTION TO DISESTABLISH THE PREVIOUS MORRO BAY TOURISM  
BUSINESS IMPROVEMENT DISTRICT PURSUANT TO THE PARKING AND BUSINESS  
IMPROVEMENT AREA LAW OF 1989; AND SET A PUBLIC HEARING**

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

**WHEREAS**, on April 27, 2009, City Council approved Ordinance No. 546 establishing the Morro Bay Tourism Business Improvement District (MBTBID) pursuant to the Parking and Business Improvement Area Law of 1989, Streets and Highways Code §§36500 *et seq.* ('89 Law); and

**WHEREAS**, on June 8, 2021 with the adoption of Resolution No. 28-21, the City Council established a new Tourism Business Improvement District pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code §§36600 *et seq.* ('94 Law); and

**WHEREAS**, the '89 Law allows the City Council to disestablish the old MBTBID; and

**WHEREAS**, the City Council now intends to disestablish the old MBTBID;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL THAT:**

1. The recitals set forth herein are true and correct.
2. The City Council declares its intention to disestablish the old MBTBID (established previously on June 8, 2021) pursuant to the '89 Law.
3. The reason for disestablishment of the old MBTBID is because the old MBTBID is being replaced by a new, similar district formed pursuant to the '94 Law.
4. The time and place for a public hearing on the disestablishment of the old MBTBID is set for 5:30 PM, or as soon thereafter, as the matter may be heard on September 14, 2021, via teleconference pursuant to Executive Order N-08-21, issued by Governor Newsom on June 11, 2021.
5. The proposal for the disposal of any assets acquired with the revenues of the assessments levied within the '89 Law MBTBID is to transfer them to the '94 Law MBTBID, because the '94 Law MBTBID will contain the same businesses as the '89 Law MBTBID and the assets will be used for marketing and promotions efforts that benefits those businesses who paid the assessment.
6. The City Clerk is directed to provide notice of the public hearing in accordance with Streets and Highways Code §36523 by:
  - a. Publishing this Resolution of Intention in a newspaper of general circulation in the City of Morro Bay once, at least seven (7) days before the hearing; and

- b. Mailing a complete copy of this Resolution of Intention to each and every business owner subject to the assessment within the MBTBID within seven (7) days of the adoption of this Resolution by the City Council.

7. This resolution shall take effect immediately upon its adoption by the City Council.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting of the City Council on the 24<sup>th</sup> day of August 2021 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
JOHN HEADDING, Mayor

ATTEST:

\_\_\_\_\_  
DANA SWANSON, City Clerk

**RESOLUTION NO. 28-21**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
DECLARING RESULTS OF MAJORITY PROTEST  
PROCEEDINGS AND ESTABLISHING THE  
MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT (MBTBID)**

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

**WHEREAS**, the Property and Business Improvement District Law of 1994 (Streets and Highways Code §§36600 et. seq.) authorizes the City to establish business improvement districts upon petition by a weighted majority of the business owners located within the boundaries of the district; and

**WHEREAS**, lodging business and vacation rental business owners who will pay more than fifty percent (50%) of the proposed assessment, as weighted according to the amount of the assessment to be paid by the petitioner, within the boundaries of the Morro Bay Tourism Business Improvement District (MBTBID) have petitioned the City Council to establish the MBTBID; and

**WHEREAS**, included with the petitions was a Management District Plan (Plan) summary that describes the proposed assessment to be levied on lodging businesses and vacation rental businesses within the MBTBID to pay for sales, marketing, and communications programs and other improvements and activities set forth in the Plan; and

**WHEREAS**, the assessed businesses within the MBTBID will receive a specific benefit from the activities and improvements set forth in the Plan; and

**WHEREAS**, on April 13, 2021 at 5:30 PM via teleconference pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, the City Council adopted a Resolution of Intention, Resolution No. 16-21; and

**WHEREAS**, the public meeting and public hearing to consider the establishment of the MBTBID have been properly noticed in accordance with Streets and Highways Code §36623; and

**WHEREAS**, on April 27, 2021 at 5:30 PM via teleconference pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, the City Council held a public meeting regarding the establishment of the MBTBID, and the City Council heard and received objections and protests, if any, to the establishment of the MBTBID and the levy of the proposed assessment; and

**WHEREAS**, on June 8, 2021 at 5:30 PM, via teleconference pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, the City Council held a public hearing regarding the establishment of the MBTBID, and the City Council heard and received all objections and protests, if any, to the establishment of the MBTBID and the levy of the proposed assessment; and

**WHEREAS**, the City Clerk has determined that there was no majority protest. A majority protest is defined as written protests received from owners of businesses in the proposed MBTBID

which would pay fifty percent (50%) or more of the assessments proposed to be levied. Protests are weighted based on the assessment proposed to be levied on each assessed business; and

**WHEREAS**, the City bears the burden of proving by a preponderance of the evidence that an assessment imposed for a specific benefit or specific government service is not a tax, that the amount is no more than necessary to cover the costs to the City in providing the specific benefit or specific government service, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the specific benefits or specific government services received by the payor.

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

1. The recitals set forth herein are adopted by the City Council as findings and they are true and correct.

2. The MBTBID is hereby established for a five (5) years year term, beginning July 1, 2021 through June 30, 2026.

3. The Plan dated March 3, 2021 is hereby adopted and approved.

4. The activities to be provided to benefit businesses in the MBTBID will be funded by the levy of the assessment. The revenue from the assessment levy shall not be used: to provide activities that directly benefit businesses outside the MBTBID; to provide activities or improvements outside the MBTBID; or for any purpose other than the purposes specified in this Resolution, the Resolution of Intention, and the Plan. Notwithstanding the foregoing, improvements and activities that must be provided outside the MBTBID boundaries to create a specific benefit to the assessed businesses may be provided, but shall be limited to marketing or signage pointing to the MBTBID.

5. The City Council finds as follows:

a) The activities funded by the assessment will provide a specific benefit to assessed businesses within the MBTBID that is not provided to those not paying the assessment.

b) The assessment is a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

c) The assessment is a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

d) Assessments imposed pursuant to the MBTBID are levied solely upon the assessed business, and the business owner is solely responsible for payment of the assessment when due. If the owner chooses to collect any portion of the assessment from a transient, that portion shall be specifically called out and identified for the transient in any and all communications from the business owner as the "MBTBID Assessment" or "Tourism Assessment" as specified in the Plan.

6. The assessments levied for the MBTBID shall be applied towards sales, marketing, and communications programs to market assessed Morro Bay lodging businesses and vacation rental businesses as tourist, meeting and event destinations, and other improvements and activities as set forth in the Plan.

7. Assessments levied on lodging businesses and vacation rental businesses pursuant to this resolution shall be levied on the basis of benefit. Because the services provided are intended to increase room rentals, an assessment based on room rentals is the best measure of benefit.

8. The annual assessment rate is three percent (3%) of gross short-term room rental revenue. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days. Assessments will not be collected on any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

9. The assessments for the entire MBTBID will total approximately \$991,000 in year one (1).

10. Bonds shall not be issued to fund the MBTBID.

11. The MBTBID shall include all lodging business and vacation rental businesses, existing and in the future, within the boundaries of the City of Morro Bay. A boundary map is attached hereto and incorporated herein by reference.

12. The assessments shall be used for the purposes set forth above and any funds remaining at the end of any year may be used in subsequent years in which the MBTBID assessment is levied as long as they are used consistent with the requirements set forth herein.

13. The assessments to fund the activities and improvements for the MBTBID will be collected by the City on a monthly basis, and in accordance with Streets and Highways Code §36631.

14. The City Council, through adoption of this Resolution and the Plan, has the right pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the MBTBID as defined in Streets and Highways Code §36612. The City Council has determined that Visit Morro Bay shall be the MBTBID Owners' Association.

15. Visit Morro Bay, pursuant to Streets and Highways Code §36650, shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvement and activities described in the report. The first report shall be due after the first year of operation of the MBTBID.

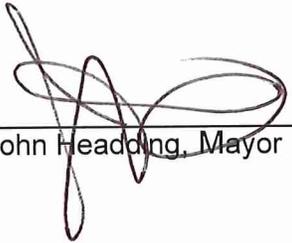
16. The MBTBID established pursuant to this resolution will be subject to any amendments to the Property and Business Improvement District Law of 1994 (California Streets and Highways Code §§36600 et. seq.).

17. The City Clerk, or his or her designee, is directed to take all necessary actions to complete the establishment of the MBTBID and to levy the assessments.

18. This Resolution shall take effect immediately upon its adoption by the City Council.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 8<sup>th</sup> day of June 2021, by the following vote:

AYES: Headding, Addis, Davis, Heller  
NOES: None  
ABSENT: Barton  
ABSTAIN: None



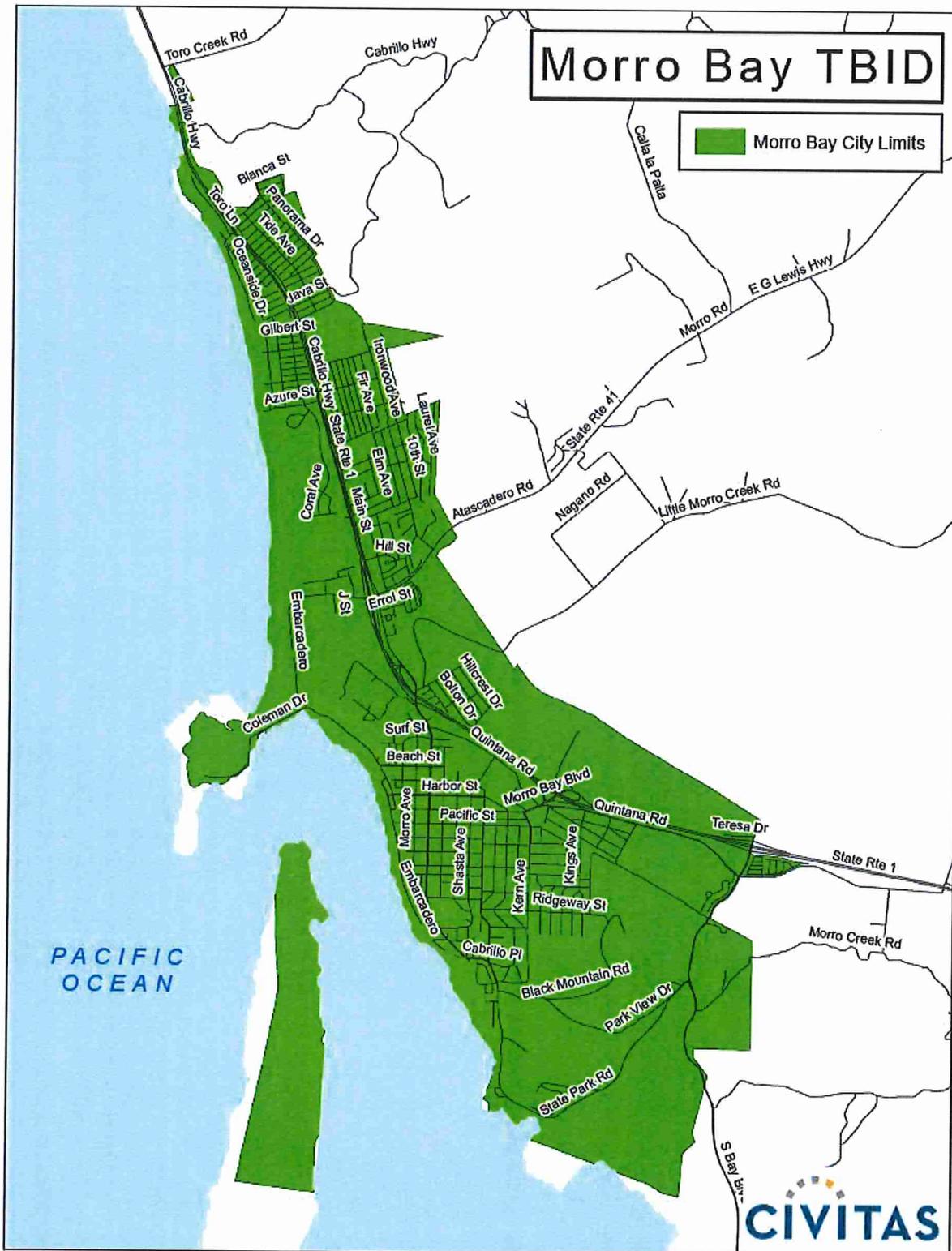
John Headding, Mayor

ATTEST:



Dana Swanson, City Clerk

# Boundary Map



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AGENDA NO: A-6

MEETING DATE: August 24, 2021

# Staff Report

**TO:** Honorable Mayor and City Council **DATE:** August 16, 2021

**FROM:** Sarah Johnson-Rios, Asst City Manager/Admin Services Director

**SUBJECT:** Fiscal Year 2021-2022 Adopted Budget Corrections

## RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 59-21 approving corrections to the FY 2021/22 Adopted Budget.

## FISCAL IMPACT

While most of these corrections are changes to appropriately reflect capital expenditures as capital, and to reflect the interfund transfers required to fund those, they do not represent an increase in planned spending levels. The smaller operating budget corrections do result in an increase of \$73,902 in citywide spending levels, comprised of a \$30,247 increase in Measure Q/E Fund expenditures and a \$43,655 increase in Risk Management Fund expenditures to correctly budget for existing staffing levels in those funds. The corrections also reflect a citywide net reduction in revenues of \$143,451, comprised of a \$18,000 increase in General Fund revenues offset by a \$161,451 decrease in revenues in other funds. The changes are outlined below and in Exhibit A to Attachment 1.

## DISCUSSION

On June 22, 2021, Council adopted the City of Morro Bay FY 2021/22 Operating and Capital Budgets, including a list of changes from the Proposed Budget reviewed in May. Changes were outlined and approved in Resolution No. 43-21. The Adopted Budget book was not available at the time of the June 22<sup>nd</sup> meeting, as it is compiled after adoption to include final changes.

In compiling the final Adopted Budget book and uploading the budget into the City's financial system, staff discovered a handful of corrections that are required in order to ensure consistency and accuracy throughout the budget document and implement Council's intended direction. While these corrections will result in increases to both Citywide revenue and expenditure budget totals including transfers as outlined below, the changes are largely offsetting (correctly recognizing capital expenditures and associated interfund transfers as such).

Prepared By:   SJR  

Dept Review:   SJR  

City Manager Review:   SC  

City Attorney Review:   CFN

The necessary corrections to revenues and transfers in are as follows:

<b>Total City Revenues and Capital Project Financing (including transfers in)</b>	
\$ 148,314,294	Proposed Citywide Revenue Budget, including transfers
1,216,651	Total Changes approved on June 22, 2021 in Resolution No. 43-21
(365,000)	Reduction in anticipated loan disbursements for WRF-related legal costs (budget was correct in project detail on pg I-86 but not in revenue summary on pg B-4)
(340,350)	Reduction in Water Capital non-WRF transfers in noted on page B-4 (estimated actual was inadvertently carried over into CIP expenditure line and therefore revenue/transfer in line)
(109,785)	Reduction in Sewer Capital non-WRF transfers in noted on page B-4 (estimated actual was inadvertently carried over into CIP expenditure line and therefore revenue/transfer in line)
3,502,350	Increase in Water Capital Non-WRF transfers in on page B-4 to align with Water Capital Projects total budget on page I-6
217,165	Increase in Sewer Capital Non-WRF transfers in on page B-4 to align with Water Capital Projects total budget on page I-6
18,000	Cannabis fee revenue budget that was inadvertently omitted
(117,806)	Reduction in Economic Development Fund revenues (double counted on page B-4)
(38,000)	Reduction in Public Education Government Channel (PEG) revenues (double counted on page B-4)
(5,645)	Reduction in assessment district revenues (double counted on page B-4)
\$ 152,291,874	Total Revised City Revenues and Capital Project Financing, including transfers

While there are several changes to transfers in, the only changes that represent changes in anticipated revenue levels are the increase to General Fund revenues for cannabis-related fees that was inadvertently omitted from the final budget and reductions to operating revenues in the Economic Development Fund, PEG Fund, and Assessment District Fund where revenues were inadvertently entered twice on page B-4 of the Proposed Budget.

The necessary corrections to expenditures and transfers out are as follows:

<b>Total City Operating and Capital Expenditures (including transfers out)</b>	
\$ 145,789,929	Proposed Budget
1,095,385	Total Changes approved on June 22, 2021 in Resolution No. 43-21
(365,000)	Reduction in legal cost expenditures associated with the WRF project as listed on page B-6 (budget was reduced in project detail on page I-86 but not in revenue summary on page B-6)
(340,350)	Reduction in Water Capital non-WRF expenditures as listed on page B-6 (estimated actual from prior year was inadvertently carried over into CIP expenditure line)
(109,785)	Reduction in Sewer Capital non-WRF expenditures (estimated actual was inadvertently carried over into CIP expenditure line)
3,502,350	Increase in Water Capital Non-WRF expenditures on page B-6 to align with Water Capital Projects total budget on page I-6
217,165	Increase in Sewer Capital Non-WRF expenditures on page B-6 to align with Water Capital Projects total budget on page I-6
43,655	Correction to Risk Management salaries budget (no increase in staffing level)
30,247	Budget OPEB costs for staff positions that are budgeted in Measure Q/E Fund
\$ 149,863,596	Total Revised City Operating and Capital Expenditures, including transfers

While there are several changes to ensure consistency and accuracy of planned capital expenditures and the associated transfers to fund them, the only changes net expenditure

increases include the corrections to risk management salaries to fund existing staff and the addition of the OPEB budget to the Measure Q/E fund to correctly capture staffing costs for staff now budgeted in that fund.

**CONCLUSION**

Staff recommends that the Council Adopt Resolution No. 59-21 approving corrections to the FY 2021/22 Adopted Budget.

**ATTACHMENTS**

1. Resolution No. 59-21
  - a. Exhibit A – List of Corrections

**RESOLUTION NO. 59-21**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
APPROVING FISCAL YEAR 2021/22 ADOPTED BUDGET CORRECTIONS**

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

**WHEREAS**, on June 22, 2021, Council adopted the City of Morro Bay FY 2021/22 Operating and Capital Budgets, including a list of changes from the Proposed Budget reviewed in May. Changes were outlined and approved in Resolution No. 43-21; and

**WHEREAS**, in compiling the final Adopted Budget book and uploading the budget into the City's financial system, staff discovered a handful of corrections that are required in order to ensure consistency and accuracy throughout the budget document and implement Council's intended direction; and

**WHEREAS**, while these corrections will result in increases to both Citywide revenue and expenditure budget totals, including corrected amounts of \$152,291,874 and \$149,863,596, respectively, the changes are largely offsetting (correctly recognizing capital expenditures and associated interfund transfers).

**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 as shown on the attached Exhibit A, to finalize the Fiscal Year 2021/22 Adopted Budget.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 24<sup>th</sup> day of August 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
JOHN HEADDING, Mayor

ATTEST:

\_\_\_\_\_  
DANA SWANSON, City Clerk

Exhibit A

FY 2021/22 Adopted Budget Corrections

Revised: 8/16/21

Operating Revenue Corrections				
Fund	Program	Acct	Description	Adjustment
001	4110	3436 3438	<b>General Fund:</b> Cannabis fee revenue that was inadvertently omitted from General Fund revenue total	(18,000)
907	7410	3227	<b>Economic Development Fund:</b> PGE Diablo Closure Funds. Revenues were double-entered; reduce duplication.	117,806
515	8312	2430	<b>Assessment Fund:</b> Public Education Government Channel, (PEG). Revenues were double-entered; reduce duplication.	38,000
565	7710	3018	<b>Assessment Fund:</b> North Point Maintenance District. Revenues were double-entered; reduce duplication.	5,645
			Total	143,451

Capital Fund Revenues and Transfers In				
Fund	Program	Acct	Description	Adjustment
921	7710	3802	Reduction in Water Capital non-WRF transfers in (estimated actual was inadvertently carried over into CIP expenditure line and therefore revenue/transfer in line)	340,350
922	7710	3802	Reduction in Sewer Capital non-WRF transfers in (estimated actual was inadvertently carried over into CIP expenditure line and therefore revenue/transfer in line)	109,785
921	7710	3802	Increase in Water Capital Non-WRF transfers in to align with Water Capital Projects total budget on page I-6	(3,502,350)
922	7710	3802	Increase in Sewer Capital Non-WRF transfers in to align with Water Capital Projects total budget on page I-6	(217,165)
922	8312	3924 3925	Reduction in anticipated loan disbursements associated with WRF-related legal costs (budget was reduced in project detail on pg I-86 but not in revenue summary on pg B-4)	365,000
			Total	(2,904,380)

Operating Expenditure Corrections				
Fund	Program	Acct	Description	Adjustment
003	4110	4913	<b>Measure Q&amp;E Fund:</b> Other Post Employment Benefits (OPEB) cost was omitted (for employees in that fund)	30,247
430	4301	4110	<b>Risk Mgmt Fund:</b> Corrects error in Risk Management fund salaries (no increase to existing staffing levels)	43,655
			Total	73,902

Capital Expenditures				
Fund	Program	Acct	Description	Adjustment
921	9932, 9944, 9946	various	Reduction in Water Capital non-WRF expenditures (estimated actual from prior year was inadvertently carried over into FY 21/22 CIP expenditure budget line)	(340,350)
922	9929, 9929	various	Reduction in Sewer Capital non-WRF expenditures (estimated actuals were inadvertently carried over into FY 21/22 CIP expenditure budget line)	(109,785)
921	9932, 9944, 9927, 9946, 9945	various	Increase in Water Capital Non-WRF expenditures to align with Water Capital Projects total budget on page I-6. This number was incorrectly listed as an operating expenditure on page B-6, and should be reflected as a transfer out.	3,502,350
922	9928, 9929, 9948	various	Increase in Sewer Capital Non-WRF expenditures to align with Water Capital Projects total budget on page I-6	217,165
922	8312	6101	WRF Litigation in total Revenues page (CIP), It was footnoted on pages H-20 and H-31 but was not included in total WRF Capital Detail	(365,000)
			Total	2,904,380

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AGENDA NO: C-1

MEETING DATE: August 24, 2021

# Staff Report

**TO:** Honorable Mayor and City Council      **DATE:** August 12, 2021

**FROM:** Kyle Rhorer – WRF Program Manager, Carollo Engineers  
Rob Livick, PE/PLS – City Engineer

**SUBJECT:** Review Water Reclamation Facility (WRF) Quarterly Update Report and Approval of Contract Amendments

## RECOMMENDATION

1. Receive the Q4 2021 WRF Quarterly Update Report and provide input.
2. Authorize the City Manager to approve Amendment No. 6 to the WRF Design-Build Agreement.
3. Authorize the City Manager to approve Amendment No. 2 to the agreement with Water Works Engineers, LLC.
4. Direct staff to continue due diligence to determine whether bridge financing is needed to keep the WRF construction on track, given slow and unpredictable State Revolving Fund (SRF) reimbursement timelines.
5. Direct staff to review tree replacement options for trees removed as part of the WRF project with the Planning Commission and Public Works Advisory Board and return to City Council with a finalized tree replacement plan and associated budget for implementation.

## FISCAL IMPACT

Amendment No. 6 to the Filanc-Black & Veatch Design-Build Agreement resolves nine (9) Project Change Orders (PCOs). If all the PCOs are approved, then the guaranteed maximum price (GMP) for the WRF (treatment plant) element of the overall WRF Project would increase from \$75,565,877 to \$76,697,994.

Amendment No. 2 to the agreement with Water Works Engineers, LLC provides for additional engineering services during construction of the Conveyance element of the overall WRF Project. If approved, then the total not to exceed amount for the Water Works Engineers agreement will increase from \$2,045,396 to \$2,214,311.

The FY 2021 Q4 baseline WRF Project budget of \$144,674,877 is not impacted by the two amendments identified above and described in this Staff Report below because the increases fall within the various contingency budgets. And, customer water and sewer rates will not be increased due to these additional WRF-related costs

## DISCUSSION

The Q4 2021 Quarterly Water Reclamation Facility Project Report provides a summary of WRF program activities and financial metrics for the period of April 1, 2021 through June 30, 2021. During the May 18, 2021 CFAC meeting's discussion of the Q3 2021 Quarterly Update Report, preliminary

Prepared By: <u>KR</u>	Dept Review: <u>GK</u>
City Manager Review: <u>SC</u>	City Attorney Review: <u>JWP</u>

information regarding the anticipated Q4 2021 budget reconciliation was presented. The final Q4 budget reconciliation differed only slightly as shown in the table below.

<b>Project Component</b>	<b>Preliminary Quarterly Reconciliation* Q4 FY 20/21</b>	<b>Final Quarterly Reconciliation Q4 FY 20/21</b>
Water Reclamation Facility	\$77,687,023	\$77,687,023
Conveyance Facilities	\$37,982,000	\$37,982,000
Recycled Water Facilities	\$6,668,000	\$6,668,000
General Project	\$15,445,000	\$15,445,000
Construction Contingency	\$6,943,977	\$6,892,854
<b>TOTAL</b>	<b>\$144,726,000</b>	<b>\$144,674,877</b>

\*Presented to CFAC May 18, 2021

In addition, City staff is currently exploring options to secure bridge financing that may become necessary depending on the reimbursement procedures and schedules for SRF loan disbursements. The City secured a loan agreement with the State on July 2, 2021. The processing of the loan agreement was delayed by over a year due to COVID-19 impacts on SRF staff. While WIFIA disbursements have been timely to date (appx \$31.7 Million has been disbursed to date), SRF reimbursements are anticipated to be slow, based on the experience of other agencies that secured SRF funding. In late July, a representative of the SRF program with the State reported to City staff their baseline time for reimbursement is three months for each disbursement request, but that process may take longer due to COVID-19.

The budgeted \$88.5M in FY 21/22 expenditures will be the largest fiscal year expenditure of the WRF project. Depending on the duration between the City's reimbursement requests and the disbursement of funds, the City may face cash flow deficiencies in the short term. To address this, the City is currently analyzing options for interim financing. Staff is also preparing a financing strategy regarding eligible expenses and cash flow considerations regarding what to charge to the WIFIA loan vs. the SRF loan in order to maximize cash flow flexibility to the greatest extent possible while remaining in compliance with each set of loan agreement provisions. If staff determines bridge financing will be required, then staff will seek City Council direction on financing options.

CFAC received and provided input on the Q4 2021 WRF Quarterly Report at their regular meeting on August 17, 2021. They asked questions about the report which were answered at the meeting, and asked staff to consider a special meeting for CFAC to review bridge financing options if timing allows. The timing priority will be to ensure that bridge financing is secured, if needed, in time to avoid any potential project suspension or delay, which would also have cost implications.

#### **AMENDMENT NO. 6 TO FILANC-BLACK & VEATCH DESIGN-BUILD AGREEMENT**

At the October 23, 2018, City Council meeting, a contract was awarded to the DB team in the amount of \$67,234,512 (DB Agreement). The contract is structured as a guaranteed maximum price (GMP) for an agreed upon scope of work. Therefore, the DB team committed to delivering the work specifically identified in the contract for a cost not to exceed \$67,234,512. The contract award was the culmination of a year-long competitive procurement that began with the advertisement of a request for qualifications (RFQ) on October 27, 2017. The scope of work included in the contract is the same as the scope of work included in the DB team's original proposal received by the City on May 08, 2018. A summary of the original contract value and the five (5) previous amendments are

presented in the table below:

Amendment No.	Contract Value	Amendment
-	\$67,234,512	-
1	\$68,870,571	\$1,636,059
2	\$68,934,508	\$63,937
3	\$74,926,725	\$5,992,217
4	\$75,761,822	\$835,097
5	\$75,565,877	\$(195,945)
<b>6 (Proposed)</b>	<b>\$76,697,994</b>	<b>\$1,132,117</b>

At this time, the City has identified a total of nine (9) PCOs that include a cost impact to the amended DB Agreement for consideration by City Council. Details for each of the PCOs are included in Attachment 1. The table below summarizes the PCOs currently being considered:

PCO No.	Description	Cost Impact (Increase/Decrease)	Final PCO Cost	Primary Rationale
77	COVID-19 Costs	Increase	\$125,000	DB Team Claim
88	Dead-Front Control Panels	Increase	\$37,774	City-Requested - Enhanced Functionality
89	SCADA-Managed IPR Off-Spec Diversion	N/A	\$0	City-Requested - Operational Requirement
90	24Vdc Digital Output Circuits	Increase	\$25,689	City-Requested - Operational Requirement
91	Standard Equipment Color	Increase	\$12,500	City-Requested - Enhanced Functionality
92	Soil Slip Differing Site Conditions (2021)	Increase	\$825,300	Differing Site Conditions
93	NEMA 4X Electrical Enclosures	Increase	\$40,000	DB Team Claim
94	Security System Revisions	Increase	\$25,659	City-Requested - Enhanced Functionality
96	January 2021 Storm Event	Increase	\$40,195	DB Team Claim
<b>Total</b>			<b>\$1,132,117</b>	

The primary rationale for the need for each PCO is as follows:

- **PCO No. 77: COVID-19 Costs** - The amended DB Agreement stipulates an "epidemic" or "quarantine restriction" is a compensable Force Majeure event. The DB Team originally submitted costs in the amount of \$152K for COVID-19 impacts based on added janitorial

service, added COVID protective supplies, added Safety Officer time, added costs to send infected workers home for quarantine, and loss of efficiency (1 hr. per worker per day from 3/20/20 to 6/1/20 and 10 min. per worker per day from 6/1/20 to 3/20/21). The City was able to negotiate this cost down to \$125K based on a reduction of the assumed inefficiencies and was able to gain the DB Team's agreement this additional cost is considered final as related to infections that may occur (i.e. any future infections would be based on individuals deciding not to be vaccinated rather than Force Majeure).

- **PCO No. 88: Dead-Front Control Panels** – City staff requested all control panels be dead-front type, wherein no controls are exposed, and a solid front door be furnished (i.e. keyed or with padlock hasp). The DB Team has submitted costs in the amount of \$37K and the City is in agreement. This change is being implemented on the following system control panels: Kusters (Headworks), Suez (MBR), Aerzen (Blowers), Gierlich-Mitchell (Sanitary Lift Station), Charter Machine (Dewatering), and other minor panels as required.
- **PCO No. 89: SCADA Managed IPR Off-Spec Diversion** – This change in scope was initiated by Design Clarification No. 17, wherein the DB Team was requesting City agreement on process protocols for verifying permit mandates for Contact Time (CT) on the disinfection of Indirect Potable Reuse (IPR) effluent. After considerable debate it was determined the State Waterboards would require an automated IPR effluent diversion system to manage CT compliance. Originally the DB Team disputed this item claiming a change of conditions. The City's position is that this is required for NPDES permit compliance and should therefore be included in the amended DB Agreement scope. A settlement has been reached wherein the DB Team agrees the work is part of the amended DB Agreement GMP and no change costs are warranted (approximate design/construction value is \$80K to \$100K).
- **PCO No. 90: 24 Vdc Digital Output Circuits** – City staff requested all control digital output circuits be 24vDC to match the 24vDC input signals as required by the amended DB Agreement. The City requested this to prevent potential signal interference. The DB Team had planned to use 120vAC digital outputs as the amended DB Agreement only stipulated the 24vDC signals on inputs (not outputs). This could potentially cause signal interferences and various control system disruptions. This item was disputed by the City as matching input and output signals is a design standard for some design firms (including Carollo). As part of negotiations the City elected to accept the proposed costs, which include additional relays and power supply units in various Motor Control Centers (power distribution panels) for the 24Vdc PLC digital circuits being added.
- **PCO No. 91: Standard Equipment Color** – City staff requested a standard color be established for all manufactured equipment, piping, etc., including for all field applied coatings. This is being implemented so plant staff only need to maintain supply of one coating color, to simplify coating spot repairs during normal maintenance. The selected color is Tnemec 32R Light Gray or equal. The DB Team coordinated and made requests to each equipment supplier to change their standard or typical factory color to the Tnemec Light Gray or equal. Some supplier had costs impacts for the equipment color change.
- **PCO No. 92: Soil Slip Differing Site Conditions (2021)** – On January 28, 2021, the previous cut-slope landslide area reactivated during a major rainstorm. The DB Team has performed extensive site investigation, developed preliminary remediation drawings, and submitted total costs in the amount of \$825,300 to address the currently known conditions. The remediation

scope of work includes: removal and stockpiling of approximately 17,000 cubic yards (cy) of loose material to the mapped slip plane, benching into competent native subgrade material, installing a subdrain system at each bench with drainage to surface, placement and compaction of 17,000+ cy of engineered fill, surface contours to enhance precipitation run-off, concrete v-ditches to divert run-off from the areas, and the installation of two inclinometers for future monitoring by the City (monitoring not included).

- **PCO No. 93: NEMA 4X Electrical Enclosures** – The City is requiring all exterior electrical enclosures be NEMA 4X type. FBV submitted costs in the amount of \$97K to provide the NEMA 4X enclosures. The City does not agree with the contractual merits of this cost request. The City's contention is the amended DB Agreement calls for all exterior and exposed electrical and control enclosures are to be NEMA 4X rated. The DB Team has argued their intention, and the approved IFC design documents indicate reasonable alternatives to NEMA 4X. The City and the DB Team have agreed to the settlement amount noted herein and all applicable panels will be NEMA 4X rated.
- **PCO No. 94: Security System Revisions** – The City requested the following improvements to the facility security system: add one exterior security camera to enhance coverage of the facility grounds (6 other cameras already in design), add door detectors and motion sensors at the RO Building, Storage Shed, Electrical Building (detectors and sensors at Operations Building and Maintenance Building are already in design). The DB Team submitted costs in the amount of \$25K and the City is agreeable to the proposed amount.

The Public Works Advisory Board (PWAB) reviewed this proposed amendment and the associated nine PCOs at their regular meeting held on Wednesday, August 18<sup>th</sup>. Several questions were raised about the PCOs and were answered by staff and the Carollo representative. Some inquiries questioned whether the City should be responsible for costs associated with the soil slip, and staff as well as one PWAB member answered in the affirmative. The PWAB was generally supportive of approving the PCOs described above.

**AMENDMENT NO. 2 TO WATER WORKS LLC AGREEMENT**

The City of Morro Bay and Water Works Engineers entered into an agreement as of November 15, 2017 for consulting services related to the WRF Lift Station and Offsite Pipelines. The Lift Stations and Offsite Pipelines component of the WRF project is currently under construction.

A summary of the original contract value and the previous amendment are presented in the table below:

<b>Amendment No.</b>	<b>Contract Value</b>	<b>Amendment</b>
-	\$1,353,570	-
1	\$2,045,396	\$691,826
<b>2 (Proposed)</b>	<b>\$2,214,311</b>	<b>\$168,915</b>

The original scope of work for Engineering Services During Construction included design of the following:

### Construction Phase Assistance:

- Pre-Construction Conference Attendance.
- Complete all submittal reviews.
- Request for Information (RFI) and Request for Clarification (RFC) review, documentation and tracking.
- Change order request review, documentation, and tracking.
- Attend weekly jobsite meetings.
- Assist in observing operational test of lift station.
- Final inspection, report and project completion recommendation letter.
- Record drawings.

The additional work for Engineering Services During Construction consists of the following:

- Main Street and Quintana Road Pipeline Realignment
  - Redesign of the pipeline alignment at Main Street and Quintana Road is needed to provide the Division of Drinking Water's required separation between the purified water line and the wastewater force mains. Waterworks will update construction drawing(s) to meet the required DDW pipeline separation requirements as follows:
    - Revise force main plan and profile between stations 61+00 to 65+00 (drawing number 05-PP-14) to meet separation increase requested by DDW.
    - Develop new trench detail for a portion of the alignment to increase offset between IPR line and brine and sewer FM 1 and 2 to increase separation and enhance long term maintainability of pipe.
    - Revise main street retaining wall detail (drawing no. 06-CD-06) to accommodate modified alignment and associated increase in quantity and size of retaining wall replacement.
- CA-SLO-16 Redesign
  - The redesign of the pipelines in the CA-SLO-16 area allows the City to minimize or avoid the disturbance of sensitive archeological and cultural resources and to reduce the costs associated with mitigation and monitoring during construction. Waterworks will update construction drawing(s) with the intent of eliminating and/or reduce potential for excavation into the cultural resources site along Caltrans Highway 1 southbound onramp from Atascadero Rd as follows:
    - Revise force main plan and profile from station 26+50 to 33+25 (drawing No. 05-PP-5 to 05-PP-7) to meet raise pipe above potential cultural resource impact zone.
    - Update trench detail to accommodate this redesign.
    - Develop grading design and potentially retaining structure (less than 4-ft vertical height of retained soil).
    - Provide engineering support for modification of Caltrans encroachment permit to accommodate redesign.
- Additional Engineering Support Services during Construction
  - Waterworks will provide the following additional engineering support during construction through the anticipated construction completion date of April 2022.
    - Attend five (5) site meeting (in addition to the 4 attended to date)
    - Continue utilization of project SharePoint site for tracking and documentation of RFI's, submittals, etc.
    - Complete submittal reviews (assume qty. 80 in addition to the 187 reviewed to

- date)
  - Request for Information (RFI) and Request for Clarification (RFC) review, documentation and tracking (assume qty. 40 in addition to the 60 addressed to date)
  - Attend WRF Program Meeting and Weekly Project Meeting - virtually (assume 8 months at 2 meetings x 4x per month/meeting = qty. 64, in addition to 42 attended to date)
- Water Line Relocation Realignment
  - The additional water line relocation was needed to address a differing site condition that resulted from inaccurate mapping of the existing water line. Waterworks will update construction drawing(s) to extend water line replacement along Quintana Road where field location of existing water line differed from City Record Drawings and thus required relocation to meet required DDW pipeline separation requirements as follows.
    - Revise force main plan and profile between stations 71+00 to 78+75 (drawing no. 05-PP-16 to 05-PP-18) to meet separation increase requested by DDW.
    - Review and confirm trench detail for this portion of alignment.

The PWAB also reviewed this proposed contract amendment at their regular meeting held on Wednesday, August 18<sup>th</sup>. The PWAB did not express any concerns about this amendment.

### **TREE REPLACEMENT CONSIDERATION**

The City is currently conducting efforts to determine the total number of trees that must be removed in order to complete the conveyance element of the WRF project. To date, all 27 of the trees approved for removal in the Coastal Development Permit (CDP) have been removed. The City's arborist has preliminarily determined an additional 36 trees may also require removal. That figure is being confirmed by the conveyance contractor. While neither the CDP nor City code require replacement of the trees removed for the WRF project, City staff propose to replace trees removed on a one-to-one basis over a five-year period, at a rate of up to 15 trees per year beginning in fall of 2022. Alternatively, the City could merge a replacement plan with the long-term need to replace the flowering eucalyptus trees, which are native to Australia, in the downtown area. These trees, commonly observed in the public right-of-way are a nuisance for a variety of reasons, including their aggressive root systems that create sidewalk displacements and their hard, ball-like fruit capsules that drop to the ground and may be hazardous when stepped on.

### **CONCLUSION**

Staff recommends the Council receive the Q4 2021 WRF Quarterly Update Report, approve the two subject amendments and concur with the suggested paths for possible bridge financing and tree replacement, as deemed needed.

### **ATTACHMENTS**

1. City of Morro Bay Water Reclamation Facility Quarterly Report
2. WRF Quarterly Report – Q4 2021 Presentation Slides



City of Morro Bay  
Water Reclamation Facility Project

QUARTERLY REPORT  
ENDING JUNE 2021

DRAFT | August 2021







City of Morro Bay  
Water Reclamation Facility Project

## QUARTERLY REPORT ENDING JUNE 2021

DRAFT | August 2021

This document is released for the purpose of information exchange review and planning only under the authority of Paul B. Amico, July 2021, State of California, PE 64648.



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## Abbreviations

BMP	Best Management Practices
BNR	Biological Nutrient Removal
BOD	Biochemical Oxygen Demand
CA	California
Carollo	Carollo Engineers, Inc.
CDFW	California Department of Fish and Wildlife
CFAC	Citizens Finance Advisory Committee
CWSRF	Clean Water State Revolving Fund
DDW	Division of Drinking Water
EHSP	Enhanced Source Control Program
EIR	Environmental Impact Report
EPA	Environmental Protection Agency
FIW	Filter Inlet Water
FRP	Fiber-Reinforced Plastic
FWB	Filter Backwash
GAMA	Groundwater Ambient Monitoring and Assessment Program
GMP	Guaranteed Maximum Price
GSI	GSI Water Solutions
IFC	Issued for Construction
IPR	Indirect Potable Reuse
KPI	Key Performance Indicator
If	Linear Feet
MBR	Membrane Bioreactor
NPDES	National Pollution Discharge Elimination System
NTP	Notice to Proceed
PA	Programmatic Agreement
PCO	Potential Change Order
PG&E	Pacific Gas and Electric
PPP	Pollution Prevention Plan
Project	Water Reclamation Facility Project
PRW	Plant Recycled Water
PWAB	Public Works Advisory Board
Q4	Quarter No. 4
RFI	Request for Information
RO	Reverse Osmosis
ROWD	Report of Waste Discharge
RWQCB	Regional Water Quality Control Board

SAA	Stream Bed Alteration Agreement
SHPO	State Historic Preservation Office
SHT	Sludge Holding Tank
SLO	San Luis Obispo
SPI	Schedule Performance Index
SRF	State Revolving Fund
SWRCB	State Water Resources Control Board
TSO	Time Schedule Order
TSS	Total Suspended Solids
USBR	United States Bureau of Reclamation
UVAOP	Ultraviolet Advanced Oxidation Process
Vistra	Vistra Energy
WIFIA	Water Infrastructure Finance and Innovation Act
WRF	Water Reclamation Facility
WWE	Water Works Engineers
WWR	Wastewater Raw
WWS	Wastewater Screened

## 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 represents Quarter No. 4 (Q4) of Fiscal Year 2020-2021, from March 1, 2021 to June 30, 2021.

#### 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 the following major activities which are discussed in detail in Section 8:

- Completion of nearly all major earthwork
- Installation of a portion of the major yard piping systems:
- Installation of various electrical infrastructure components.
- Construction progress in the following process areas:
  - Headworks
  - Biological Nutrient Removal (BNR)/Membrane Bioreactor (MBR) treatment
  - Reverse Osmosis (RO)/Ultra Violet (UV)-Advanced Oxidation Process (AOP)
  - Product water facilities
  - Residuals sludge processing
  - Electrical and Instrumentation/Controls
  - Chemical storage and feed
  - Operations building
  - Maintenance building
- City yard facilities

#### 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 bids. Anvil Builders, Inc. (Anvil) was awarded the contract for construction of the Conveyance Facilities on November 10, 2020 and issued notice to proceed (NTP) on December 14, 2020. The following activities were completed between April 1, 2021 and June 30, 2021:

The contractor continued to maintain general and administrative tasks such as project SWPPP, archeological mitigation and monitoring, and public outreach efforts. Additionally, five separate construction crews worked at the following locations, and a detailed description of the work within these areas is included in Section 8:

- Pump Station A
- Pump Station B
- Pipeline construction occurring from La Loma Avenue to South Bay Boulevard.
- Pipeline construction near the intersection of Main St. and Quintana to the roundabout at the intersection of Quintana Road and Morro Bay Boulevard.
- Installed the preparations for trenchless construction activities beneath the City's roundabout.

### 1.1.3 Recycled Water Facilities

#### 1.1.3.1 Design

The City, Program Manager, and the Hydrogeologist consultant, GSI Water Solutions (GSI), have continued to make progress on the installation of the pilot injection well. In Q4, the pilot injection well was planned to be advertised for bidding; however, the site needed to be cleared by State Historic Preservation Office (SHPO) to perform any ground disturbing activities. In late May, the City's cultural resources consultant, Far Western, conducted a cultural resources direct impact investigation of the pilot injection well site, monitoring well site, and the proposed indirect potable reuse (IPR) supply line alignment within the City easement on Morro Bay Power Company (Vistra) property. The results of the investigation were largely negative and the City received clearance from SHPO to perform construction on June 11, 2021. The Program Management team executed an agreement with Guida Surveying, inc. on June 18th to perform topographic surveying, easement delineation, and existing utility locations for the easement area from Willow Camp Creek to the bike path that is parallel to Highway 1 (approximately 1.2 acres). It is anticipated that this work will be completed mid-July. GSI has continued with permitting efforts including preparing the Aquifer Storage and Recovery general order documentation and has submitted to the Central Coast Regional Water Quality Control Board in April. Additionally, GSI and Carollo permitting staff met with the State Water Resources Control Board (SWRCB) Groundwater Ambient Monitoring and Assessment Program (GAMA) to discuss the future injection wells groundwater modeling methodology and development. They continued to coordinate with SWRCB staff throughout Q4.

Table 1 summarizes some of the key accomplishments and critical challenges identified for the Project through June 30, 2021.

Table 1 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)			
	Presented revised project budget to Public Works Advisory Board (PWAB) and City Council to incorporate into FY21/22 City Budget.			
	Title XVI Grant Application Submitted to United States Bureau of Reclamation (USBR) on April 23, 2021.			
Water Reclamation Facility	Continued advancing construction on the South Bay Boulevard site (construction 52.3 percent complete as of June 30, 2021).			
	Completed all major earthwork operations  Completed soil slip physical investigation		The City and Program Manager are working with the design-build team to determine an approach for remediation of the second 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.
Conveyance Facilities	Far Western, Project Archeologist, completed their investigation of the LS-2 Alignment (within Phase 2B of Project PA), to delineate cultural resources site California (CA)-San Luis Obispo (SLO)-239.	EPA is not willing to split LS-2 from segment 27+00 to 37+00 from Phase 2B in Programmatic Agreement (PA) between EPA, City, and SHPO. Must wait on further investigation	Far Western to conduct investigation cultural resources boundary required and delineate CA-SLO-16.	If investigation confirms impact to CA-SLO-16, Far Western will develop construction mitigation and monitoring plans.
	Continued to develop redesign section of force mains within Caltrans right of way (ROW) between Atascadero Road and Morro Creek to reduce impact to CA-SLO-16 cultural resources site.	Obtaining a revised encroachment permit from Caltrans for the design change and the extension of the Caltrans Encroachment expiration date.	Caltrans to approve encroachment permit revision.	If Caltrans approves design revision, this will significantly reduce the cost and time impact of the force main construction through CA-SLO-16 cultural resources site.
	Implemented traffic control plans along Quintana Boulevard and near the roundabout.			
Recycled Water Facilities	Clearance of Pilot Injection Well Site and IPR pipeline alignment from bike path to Pilot well with SHPO.			
	Continued development of pilot injection well bid package for expected bid opening in late August/early September.	Delineation of 100-foot-wide permanent easement in field, existing utilities, proposed pilot injection well site, and monitoring well site.	Survey the easement, utilities, and well locations from bike path to Willow Camp Creek prior to bid advertisement to include in bid package. Geographically located wells included in bid package.	Schedule may extend due to contractor award/evaluation and notice to proceed timeline.
	Submittal of the Aquifer Storage and Recovery General Order document to the Central Coast Water Board and continued coordination of their review throughout Q4.			
	Met with the Department of Drinking Water to review injection well model scenarios and components.	The results of the pilot injection testing could potentially require some wells to be located outside of the currently proposed project area including moving to portions of the property that may have additional site constraints.	Additional well modeling is underway to further support the well location analysis. City-owned sites could be prioritized if a new project area is required, in order to minimize the need for additional property acquisition.	Completion of the Recycled Water Facilities component of the Project could be delayed if the wells need to be moved outside of the currently proposed project area.



## 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 to facilitate comparison to both the current fiscal year and baseline budgets. For Q4, the reconciled budget projection is provided to the City for their upcoming fiscal year budget development process.

A summary of the baseline, reconciled quarterly, and fiscal year budgets is provided in Table 2.

In May of 2021 the Project budget was increased from \$138,591,000 to \$144,674,877. The components of this increase consisted of:

- Amendments to the Water Reclamation Facility contract for change orders (\$600K)
- Additional costs associated with archeological investigations for the Conveyance (\$500K)
- Increased program management costs due to increased Conveyance construction oversight, technical and permitting support, funding compliance support, and pre-treatment program development and implementation (\$1M)
- Additional hydrogeological, permitting, and design work for the Recycled Water Facilities (\$700K)
- Additional construction contingency for all Project elements (\$3.3M)

A more detailed explanation of the May 2021 budget increase was provided to Citizens Finance Advisory Committee (CFAC) and City Council on May 18, 2021 and May 25, 2021 respectively.



Table 2 Budget Revision Summary

Project Component	Baseline (Q4 FY 17/18)	Quarterly Reconciliation (Q3 FY 18/19)	Fiscal Year 19/20 (Q4 FY 18/19)	Quarterly Reconciliation (Q1 FY 19/20)	Quarterly Reconciliation (Q2 FY 19/20)	Quarterly Reconciliation (Q3 FY 19/20)	Fiscal Year 20/21 (Q4 FY 19/20) <sup>(4)</sup>	Quarterly Reconciliation (Q1 FY 20/21)	Quarterly Reconciliation (Q2 FY 20/21) <sup>(1)</sup>	Quarterly Reconciliation (Q3 FY 20/21) <sup>(1)(2)</sup>	Fiscal Year 21/22 (Q4 FY 20/21) <sup>(1)(3)</sup>
Water Reclamation Facility	\$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	\$77,087,023	\$77,687,023
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	\$37,482,000	\$37,982,000
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	\$5,968,000	\$6,668,000
General Project <sup>(5)</sup>	\$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	\$14,445,000	\$15,445,000
Construction Contingency	\$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	\$3,608,977	\$6,892,854
<b>Total</b>	<b>\$125,941,000</b>	<b>124,597,000</b>	<b>\$125,938,000</b>	<b>\$125,090,000</b>	<b>\$125,873,000</b>	<b>\$130,599,000</b>	<b>\$130,661,000</b>	<b>\$138,682,000</b>	<b>\$138,591,000</b>	<b>\$138,591,000</b>	<b>\$144,674,877</b>

Notes:

- (1) The Project budget is estimated on a quarterly basis (i.e. September 30<sup>th</sup>, December 31<sup>st</sup>, and March 31<sup>st</sup>) and compared to the adopted fiscal year budget by June 30<sup>th</sup>. Costs shown through Q2 FY 20/21 include the design-build agreement with Filanc/Black & Veatch (Overland), Carollo's Program Management Contract (including subcontracting consultants), and other City consultants. Beginning Q3 FY20/21 this table will reflect updated contract amendments and new adopted budgets.
- (2) Breakdown of the Q3 FY 20/21 contingency of \$3,608,977 is as follows: WRF = \$808,977; Conveyance Facilities = \$2,500,000; and Recycled Water Facilities = \$300,000.
- (3) As presented to City Council on May 25, 2021. Breakdown of the Q4 FY 20/21 contingency of \$6,892,854 is as follows: WRF = \$2,392,854; Conveyance Facilities = \$3,700,000; and Recycled Water Facilities = \$800,000.
- (4) The FY 20/21 budget adopted by City Council was \$130,596,361. The numbers shown in this column, and all columns prior to Q3 FY 20/21, are preserved from prior year quarterly reports.
- (5) Starting in Q4 FY 20/21, General Project includes construction management of the Water Reclamation Facility and the Conveyance Facilities as part of the Program Management costs.



Table 3 Estimates at Completion

Project Component	Original Estimate	Initial Contract Value	Current Contract Value	Expenditures to Date	Estimate at Completion <sup>(1)</sup>
<b>Design/Build WRF</b>	<b>\$62,414,000</b>	<b>\$67,234,512</b>	<b>\$75,565,877</b>	<b>\$32,009,951</b>	<b>\$73,565,000</b>
Design/Build (FBV/Overland)	--	\$67,234,512	\$75,565,877	\$32,009,951	\$73,565,000
<b>Conveyance Facilities</b>	<b>\$21,087,000</b>	<b>\$32,854,240</b>	<b>\$33,539,070</b>	<b>\$7,715,217</b>	<b>\$34,214,311</b>
Design (Water Works Engineers)	--	\$1,360,565	\$2,045,395	\$2,031,835	\$2,214,311
Construction (Anvil Builders)	--	\$31,493,675	\$31,493,675	\$5,683,382	\$32,000,000
<b>Recycled Water Facilities<sup>(5)</sup></b>	<b>\$8,593,000</b>	<b>\$351,000</b>	<b>\$933,650</b>	<b>\$489,157</b>	<b>\$6,668,000</b>
Design (GSI)	--	\$351,000	\$933,650	\$489,157	\$933,650
Construction	--	--	--	--	\$5,734,350
<b>General Project</b>	<b>\$24,403,000</b>	<b>\$293,000</b>	<b>\$7,766,621</b>	<b>\$15,195,101</b>	<b>\$25,589,712</b>
City Costs <sup>(2)</sup>	--	--	--	\$9,197,297	\$11,889,712
Program Management (Carollo) <sup>(3)</sup>	--	\$293,000	\$6,354,050	\$4,978,034	\$12,200,000
City Contracts <sup>(4)</sup>	--		\$1,412,571	\$1,019,770	\$1,500,000
<b>Contingency</b>	<b>\$9,444,000</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>\$4,637,854</b>
Water Reclamation Facility	--	--	--	--	\$1,437,854
Conveyance Facilities	--	--	--	--	\$2,700,000
Recycled Water Facilities	--	--	--	--	\$500,000
<b>Total</b>	<b>\$125,941,000</b>		<b>\$117,805,218</b>	<b>\$55,409,426</b>	<b>\$144,674,877</b>

Notes:

- (1) Beginning with the Q4 Fiscal Year 2020/2021 report, the EAC reflects the adopted City budget for Fiscal Year 2021/2022.
- (2) City costs include staff salaries and benefits, legal services, land acquisition, supplies, and equipment, etc.
- (3) Program management costs include permitting, public outreach, funding support, and construction oversight/management.
- (4) Costs shown for City contracts include previous consultants (such as MKN, Black & Veatch, ESA, and Kestrel) and current consultants including Far Western, GSI, Bartle Wells Associates, Kevin Merk & Associates, etc.
- (5) Recycled Water Facilities Expenditures to Date costs include injection well planning and permitting by Kevin Merk & Associates, Far Western, and Guida, as well as hydrogeologic modeling by GSI.



## 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.



Table 4 WRF Project Performance Measures (through June 2021)

Performance Measure	Data	Baseline (Q4FY 19/20)	Current (Q4 FY 20/21)	Delta	Status	Ⓞ	Ⓢ	Ⓡ
1: Total Project Costs	Total Project Projected Cost at Completion versus the Baseline Budget	\$130.7 M	\$144.7M	\$14.0M	Ⓡ	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	\$77.8 M	\$73.6 M	\$(4.2)M	Ⓞ	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	\$29.8 M	\$34.2 M	\$4.4 M	Ⓡ	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	\$5.5 M	\$6.7M	\$1.2 M	Ⓡ	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	\$13.3 M	\$25.6	\$12.3M	Ⓡ	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	1.00	1.00	0.0	Ⓞ	>= 1.00	0.99 to 0.90	< 0.90
3: Schedule Performance Index	Ratio of Planned Percent Complete to Actual Percent Complete	1.00	1.02	0.02	Ⓞ	>=1.00	0.99 to 0.80	<0.80
4: TSO Compliance Date Countdown	Days Remaining to TSO Compliance Date of February 28, 2023	789	608	181	Ⓞ	<= 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. Table 5 provides a summary of total estimated Project costs, including original and current estimated costs for the entire Project.

Table 5 WRF Project Overall Budget Status (through June 2021)

Summary of Total WRF Project Cost	
Original Baseline WRF Project Budget <sup>(1)</sup>	\$125,941,000
Adopted FY 20/21 WRF Project Budget <sup>(2)</sup>	\$130,596,361
Adopted FY 21/22 WRF Project Budget <sup>(2)</sup>	\$144,674,877
Adopted Budget Percent Change (FY 20/21 to FY 21/22)	10.8%
Total Expenditures for FY 20/21 Q4 (4/01/21 to 6/30/21)	\$13,289,559
Total Expenditures to Date (thru 6/30/21 invoices)	\$55,409,426
Percent of FY 20/21 WRF Project Budget Expended to Date	42.4%
Percent of FY 21/22 WRF Project Budget Expended to Date	38.3%

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 near the end of each fiscal year (May) and is used as the basis of performance for the Project for the upcoming fiscal year.

### 3.2 Quarterly Expenditures by Budget Code

The current quarterly expenditures as reported by the City’s corresponding budget performance report and according to adopted City budget code designations are summarized below in Table 6, and further summarized by project component in Table 7.



Table 6 Quarterly Expenditures by Budget Code

City Budget Code <sup>(1)</sup>	Fund Name	Total Q4 FY20/21 Expenditures	Vendor Name	Project Component
4120	Overtime Pay			
4310	Part-Time Pay			
4910	Employer Paid Benefits		Summarized below	
4911	Pension Normal Cost			
4999	Labor Costs Applied			
<b>Total Personnel Services</b>		<b>13,443.02</b>	City of Morro Bay	General Project
5114	Laboratory Testing Supplies			
5115	Water Distribution System Supplies		Summarized below	
5199	Miscellaneous Operating Supplies			
<b>Total Supplies</b>		<b>729.84</b>	Various	Water Reclamation Facility
6101	Legal Services – General	31,717.21	Aleshire & Wynder	General Project
6103	Financial Audits	3,860.00	The Pun Group	General Project
6107	Advertising	-	-	-
5307	Blueprint/Copy Charges	-	-	-
6220	Postage (Included in 6710)	-	-	-
6301	Electricity	4,384.76	PG&E	Water Reclamation Facility
6303	Water	996.50	City of Morro Bay	Water Reclamation Facility
6510	Meetings & Conferences	-	-	-
6513	Meals & Lodging	-	-	-
6514	Travel Expense	-	-	-
6640	Maintenance Contracts	-	-	-
6710	Notices & Publications	-	-	-
<b>Total Services</b>		<b>40,958.47</b>	<b>Various</b>	<b>Various</b>
6104	Engineering Services	79,677.90	GSI Water Solutions	Recycled Water Facilities
6105	Consultation Services	95,531.45	Bartle Wells, Ferguson Group, Cogstone, KMA	General Project
6152	Outside Lab Testing	16,194.00	Various	General Project
6161	Licenses & Permits	2,848.00	State Water Resources Control Board	Water Reclamation Facility
6195	Rate Study	-	-	-
6196	Program Management & DB Procurement	879,128.40	Carollo Engineers and Subconsultants <sup>(2)</sup>	General Project
6197	Grant Support	-	-	-
6198	Government Relations	71.38	Ferguson Group	General Project
6640	Maintenance Contracts	-	-	-
7101	Land Acquisition	12,650.00	STMJ	Conveyance Facilities
<b>Total Project Soft Costs</b>		<b>1,086,101.13</b>	<b>Various</b>	<b>Various</b>
6106	Contractual Services	5,114,250.41	Anvil Builders; JSP Automation	Conveyance Facilities
7103	Design/Build-On-Site Improvement Design Phase	-	-	-
7104	Design-Lift Station/Force Main	85,615.33	Water Works Engineers	Conveyance Facilities
7105	Planning & Permitting	9,617.64	Far Western	Conveyance Facilities
7106	Design-Injection Wells & Recycled Water Pipeline	-	-	-
7107	Design/Build-On-Site Improvement Build Phase	6,938,843.27	FBV Overland	Water Reclamation Facility
7108	Injection Well Construction	-	-	-
7109	Lift Station/FM Construction Phase	-	-	-
7110	Pilot Well Construction	-	-	-
<b>Total Construction Costs</b>		<b>\$12,148,326.65</b>	<b>Various</b>	<b>Various</b>
<b>Total Quarterly Expenditures</b>		<b>\$13,289,559.11</b>		

Notes:

- (1) Budget codes correspond to the City's adopted budget for current fiscal year and paid invoices correspond with the City's budget performance report for those codes. Opportunities to reallocate invoice codes or consolidate codes will be considered in future quarters.
- (2) Carollo Engineers' active subconsultants include the following: CM Solutions/Quest (Conveyance Facilities schedule review), Earth Systems (Conveyance Facilities materials testing and special inspection), Guida (surveying), Katz & Associates (public outreach), KMA (biological resources services), Underwater Resources, Inc. (outfall analysis), Mimiaga Engineering Group (WRF Construction Management), Penny Carlo Engineering (industrial users permitting) and Yeh and Associates (geotechnical engineer).
- (3) Total expenditures for this quarter are derived from budget performance reports provided by the City approximately one week after end of quarter.



Table 7 Quarterly Expenditures by Project Component

Project Component	Expenditures (Q4 FY 20/21)
Water Reclamation Facility	\$6,947,802
Conveyance Facilities	\$5,222,133
Recycled Water Facilities	\$79,678
General Project	\$1,039,946
<b>Total</b>	<b>\$13,289,559</b>

### 3.3 Project Cash Flow

Figure 1 presents the projected and actual expenditures for the Project through June 2021 compared to the Fiscal Year 2021/2022 budget developed at the end of Q4 Fiscal Year 2020/2021. 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. The cumulative actual and cumulative forecasted expenditures show anticipated project costs over the project duration. The milestone markers correspond to the final completion deadline of the WRF and Conveyance elements of the project by February 2023, 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.

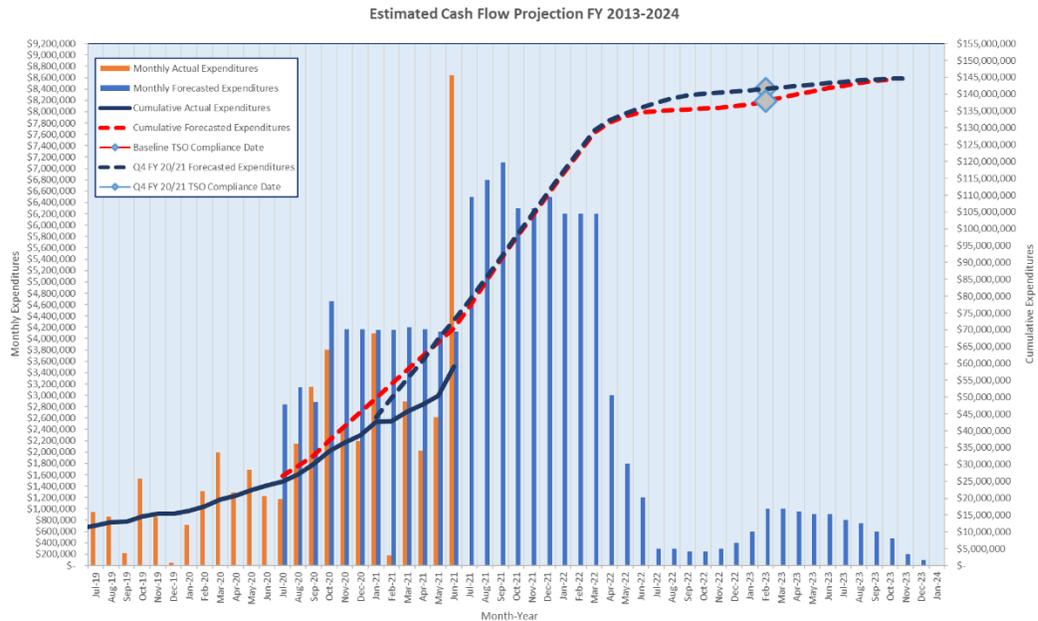


Figure 1 Project Cash Flow Projections and Actual Expenditures

A breakdown of the current Q4 Fiscal Year 2020/2021 budget by fiscal year is included in Table 8.

### **3.4 Project Cost Summary**

Table 9 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 8 WRF Project Cost Fiscal Year Budget Projections

Project Component	Total Project Expenditures to Date as of Q3 <sup>(8)</sup>	Total Project Expenditures to Date as of Q4 <sup>(1)</sup>	FY 20/21	FY 21/22 <sup>(2)</sup>	FY 22/23 <sup>(2)</sup>	FY 23/24 <sup>(2)</sup>	Q4 FY 20/21 Total Project Budget <sup>(2)</sup>
WRF	\$30,136,218	\$37,084,020	\$16,042,813	\$33,609,031	\$700,000	\$-	\$73,677,796 <sup>(3)</sup>
Conveyance Facilities	\$2,622,801	\$7,844,934	\$15,139,745	\$22,289,569	\$-	\$-	\$38,802,964 <sup>(4)</sup>
Recycled Water Facilities	\$512,915	\$592,593	\$1,052,168	\$2,025,000	\$3,000,000	\$3,000,000	\$8,280,570 <sup>(5)</sup>
General Project	\$8,847,933	\$9,887,879	\$672,268	\$7,748,516	\$1,181,402	\$283,750	\$23,913,546 <sup>(6)</sup>
<b>Subtotal</b>	<b>\$42,119,867</b>	<b>\$55,409,426</b>	<b>\$32,906,994</b>	<b>\$65,672,116</b>	<b>\$4,881,402</b>	<b>\$3,283,750</b>	<b>\$144,674,877</b>
Contingency <sup>(9)</sup>	\$-	\$-	\$1,255,636	\$-	Note <sup>(7)</sup>	Note <sup>(7)</sup>	Note <sup>(7)</sup>
<b>Total</b>	<b>\$42,119,867</b>	<b>\$55,409,426</b>	<b>\$34,162,629</b>	<b>\$65,672,116</b>	<b>\$4,881,902</b>	<b>\$3,283,750</b>	<b>\$144,674,877</b>

Notes:

- (1) This table reflects activity through June 30, 2021 using the quarterly expenditures by project component allocations shown in Table 6.
- (2) This quarterly report (ending June 2021) Total Project Budget projection reflects the new FY 21/22 WRF Project budget as adopted by City Council as well as future fiscal year City budget projections.
- (3) Breakdown of the Water Reclamation Facility budget beginning Q4 FY20/21 by codes from the newly adopted FY21/22 budget: 7103 (Design/Build WRF Onsite Imprv) = \$59,686,921 and 7107 (Design/Build – On-site Imprv Build Phase) = \$13,990,875. Budget reallocation from another code will be needed during FY 21/22.
- (4) Breakdown of the Conveyance Facilities budget beginning Q4 FY20/21 by codes from the newly adopted FY21/22 budget codes: 7104 (Design-Lift Station/Force Main) = \$2,396,412 and 7109 (Liftstation Pipeline Construction) = \$36,406,552.
- (5) Breakdown of the Recycled Water Facilities budget beginning Q4 FY20/21 by codes from the newly adopted FY21/22 budget: 7106 (Design-Inj Wells & Recycled Water Pipeline) = \$1,695,570; 7108 (Injection Well Construction) = \$6,285,000 and 7110 (Pilot Well Construction) = \$300,000.
- (6) Breakdown of the General Project budget beginning Q4 FY20/21 includes the remaining codes from the newly adopted FY21/22 budget not specified in (4), (5), or (6) above. Starting in Q4 FY 20/21, General Project includes construction management of the Water Reclamation Facility and the Conveyance Facilities as part of code 6196 (Prog Mgmt & DB Procure).
- (7) Beginning Q4 FY 20/21 the contingency budget is not broken out within the latest adopted City budget but is accounted for in each project component.
- (8) Q3 Actual Expenditures to Date for General Project, Subtotal, and Total shown has been reduced by \$3,663,000 of uncontracted costs including City costs (i.e., labor, expenses, etc.) as indicated in Table 7, Note 2 of the December 2020 Quarterly Report. This is an update to the Q2 and Q3 actual expenditures to date as shown in Table 7 of the March 2021 Quarterly Report.
- (9) Contingency shown is from the December 2020 Quarterly Report, Table 6.

Table 9 WRF Project Cost Summary (through June 2021)

Project Component	Q4 Actual Expenditures to Date	Contracted Amount to Date	Contracted Amount Expended to Date (%)	Anticipated Total Project Cost <sup>(2)</sup>	Anticipated Total Project Cost Expended to Date (%)
WRF	\$37,084,020	\$75,565,877	49.1	\$75,002,854	49.4
Conveyance Facilities	\$7,844,934	\$33,539,070	23.4	\$36,914,311	21.3
Recycled Water Facilities	\$592,593	\$933,650	63.5	\$7,168,000	8.3
General Project	\$9,887,879 <sup>(1)</sup>	\$7,766,621 <sup>(1)</sup>	22.8 <sup>(3)</sup>	\$25,589,712	38.6
<b>Total</b>	<b>\$55,409,426</b>	<b>\$117,805,218</b>	<b>47.0</b>	<b>\$144,674,877</b>	<b>38.3</b>

Notes:

- (1) General Project actual expenditures to date include prior contracts from previous program consultants that are no longer active. General Project contracted amount to date shows active contracts.
- (2) Contingencies included in each project component.
- (3) General Project contracted amount expended to date as a percent assumes that actual expenditures to date of active contracts are accrued after the baseline Q2 FY 20/21 amount of \$8,115,000.

### 3.5 Detailed Project Costs

The following tables (10 to 13) show the detailed costs to date for active contracts for each element of the Project.

Table 10 General Project Activities Cost Summary (through June 2021)

Consultant / Contractor	Actual Expenditures to Date <sup>(1)</sup>	Total Contracted Cost	Contract Expended to Date (%)
ESA	\$412,080	\$412,320	99.9
Far Western	\$285,562	\$397,079	71.9
Bartle Wells Associates	\$72,567	\$100,800	72.0
JoAnn Head Land Surveying	\$97,693	\$102,644	95.2
JSP Automation	\$43,450	\$63,500	68.4
Cogstone	\$97,548	\$264,918	36.8
Kevin Merk & Associates	\$10,870	\$71,310	15.2
Carollo Engineers, Inc. <sup>(2)</sup>	\$4,978,034	\$6,354,050	78.3
<b>Total</b>	<b>\$5,997,804</b>	<b>\$7,766,621</b>	<b>77.2</b>

Notes:

- (1) Actual expenditures to date as indicated on City budget performance report and total contracted cost only includes contracts that are currently active.
- (2) Includes all Carollo subcontractors under Program Management Contract.

Table 11 WRF Cost Summary (through June 2021)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost <sup>(1)</sup>	Contract Expended to Date (%)
Overland Contracting	\$32,009,951	\$75,565,877	42.4
<b>Total</b>	<b>\$32,009,951</b>	<b>\$75,565,877</b>	<b>42.4</b>

Notes:

- (1) Total Contracted Cost includes final value for Amendment No. 1 through No. 5 of \$1,636,060, \$63,937, \$5,992,218, \$835,097 and \$(195,946) respectively and the original contract value of \$67,234,512.

Table 12 Conveyance Facilities Cost Summary (through June 2021)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
WWE	\$2,031,835	\$2,045,395	99.9
Anvil Builders	\$5,683,382	\$31,493,675	18.0
<b>Total</b>	<b>\$7,715,217</b>	<b>\$33,539,070</b>	<b>23.0</b>

Table 13 Recycled Water Facilities Cost Summary (through June 2021)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
GSI	\$489,157	\$933,650	52.4
<b>Total</b>	<b>\$489,157</b>	<b>\$933,650</b>	<b>52.4</b>

### 3.6 Change Orders

The following Amendments have been approved by City Council and have been incorporated into the design-built team's contract and resulted in a revision of the guaranteed maximum price (GMP). Tables 14 through 18 lists the change orders associated with each Amendment.

- Amendment No. 1 – May 2019
- Amendment No. 2 – March 2020
- Amendment No. 3 – May 2020
- Amendment No. 4 – November 2020
- Amendment No. 5 – March 2021

Table 14 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)
	<b>Total</b>		<b>\$1,636,060</b>

Table 15 Summary of Approved Change Orders (Amendment No. 2)

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

Table 16 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	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	Potential Change Order (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
<b>Total</b>			<b>\$5,992,218</b>

Table 17 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	California Department of Fish and Wildlife (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
<b>Total</b>			<b>\$835,097</b>

Table 18 Summary of Approved Change Orders (Amendment No. 5)

Contract	Change Order No.	Description	Value
WRF	84	Alternate Red Legged Frog Barrier (Ref. PCO 58)	\$(468,768)
WRF	87	Modify Alternate Conduit Design Scope (Ref. PCO 62).	\$272,822
<b>Total</b>			<b>\$(195,946)</b>

### 3.7 Reimbursement from Funding Agencies

In 2017, the City was awarded a \$10.3 million planning loan from the CWSRF program. To date, the City has made three reimbursement requests for the planning loan. The City is preparing to submit the fourth and final reimbursement request, which is anticipated to maximize the remaining loan budget. 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 13 WIFIA reimbursement requests have been made. A summary of these requests is presented in Table 19.

Table 19 Summary of Reimbursement Requests

Agency	Description	Number	Date Submitted	Requested Amount	Approved Amount	Received?
SWRCB	CWSRF Planning Loan	01	Dec 2018	\$289,595	\$217,441	Yes
SWRCB	CWSRF Planning Loan	02	Nov 2019	\$6,431,295	\$5,312,748	Yes
SWRCB	CWSRF Planning Loan	03	Oct 2020 <sup>(1)</sup>	\$4,783,797	\$2,415,669	No
EPA	WIFIA Loan	01	May 2020	\$1,100,944	\$1,100,944	Yes
EPA	WIFIA Loan	02	Jun 2020	\$61,014	\$50,486	Yes
EPA	WIFIA Loan	03	Jul 2020	\$3,489,409	\$3,489,409	Yes
EPA	WIFIA Loan	04	Jul 2020	\$2,461,121	\$2,461,121	Yes
EPA	WIFIA Loan	05	Aug 2020	\$142,864	\$142,864	Yes
EPA	WIFIA Loan	06	Oct 2020	\$1,635,106	\$1,635,106	Yes
EPA	WIFIA Loan	07	Dec 2020	\$3,008,573	\$3,008,573	Yes
EPA	WIFIA Loan	08	Dec 2020	\$3,671,499	\$3,671,499	Yes
EPA	WIFIA Loan	09	Jan 2021	\$5,553,852	\$5,553,852	Yes
EPA	WIFIA Loan	10	Mar 2021	\$2,440,399	\$2,440,399	Yes
EPA	WIFIA Loan	11	Apr 2021	\$1,621,783	\$1,621,783	Yes
EPA	WIFIA Loan	12	May 2021	\$2,988,342	\$2,988,342	Yes
EPA	WIFIA Loan	13	Jun 2021	\$3,544,987	\$3,544,987	Yes
<b>Total</b>				<b>\$43,224,580</b>	<b>\$39,655,223</b>	

Notes:

- (1) Reimbursement No. 3 for the CWSRF Planning Loan was originally submitted in December 2019 and was resubmitted in October 2020.
- (2) The majority of the remaining balance of the CWSRF Planning Loan after Reimbursement No. 3 will be requested as Reimbursement No. 4. Construction costs included in the Reimbursement No. 3 request and disallowed will be requested from the CWSRF Construction Loan.



## 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 March 2021. 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 20 are the milestones in the TSO.

Table 20 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 <sup>(1)</sup>	-
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 TSO compliance with final effluent limitations	February 28, 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.





Morro Bay WRF Project  
Roll-Up Schedule Summary

Printed Date: 7/28/2021  
Status Date: 6/28/2021

Task No.	Task Name	SPI	% Complete	2013		2014				2015				2017				2018				2019				2020				2021				2022				2023			
				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
1	Program Planning	1.00	100%	[Actual Progress-To-Date bar]																																					
2	Project Controls	1.00	57%	[Actual Progress-To-Date bar]																																					
3	Hydrogeological Support	0.79	66%	[Actual Progress-To-Date bar]																																					
4	Environmental Documentation	1.00	100%	[Actual Progress-To-Date bar]																																					
5	General Permitting	1.00	100%	[Actual Progress-To-Date bar]																																					
6	Potable Reuse Permitting	0.90	70%	[Actual Progress-To-Date bar]																																					
7	Funding	1.00	100%	[Actual Progress-To-Date bar]																																					
8	Conveyance Facilities Project	1.15	76%	[Actual Progress-To-Date bar]																																					
9	Recycled Water Facilities	N/A	0%	[Actual Progress-To-Date bar]																																					
10	WRF Onsite Improvements	1.05	83%	[Actual Progress-To-Date bar]																																					
11	Conformance with Time Schedule Order	N/A	0%	[Actual Progress-To-Date bar]																																					

Project SPI: 1.02  
Program % Complete: 78%

Baseline Schedule  
Actual Progress-To-Date

Figure 2 Project Summary Schedule



Table 21 lists an expanded milestone schedule. It has also been developed for outstanding Project activities.

Table 21 Expanded Milestone Schedule

Milestone	Baseline Schedule due Date	Planned Completion Date
<b><u>General Project</u></b>		
Compliance with the TSO <sup>(1)</sup>	November 11, 2021	July 05, 2022
<b><u>Water Reclamation Facility</u></b>		
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
<b><u>Conveyance Facilities</u></b>		
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	March 11, 2022
Final Completion	November 19, 2021	April 25, 2022
<b><u>Recycled Water Facilities</u></b>		
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 Q4 Fiscal Year 2020/2021. A summary of the existing design contracts is included in Table 22 below.

Table 22 Design Status (through June 2021)

Project Element	Current Contract Amount	Amount Expended	Percent				Final
			30	60	90	100	
WRF (Design-Build)	\$76,565,877	\$32,009,951	✓	✓	✓	✓	NA
Conveyance Facilities	\$2,045,395	\$2,031,835	✓	✓	✓	✓	✓
Recycled Water Facilities	\$933,650	\$489,157	-	-	-	-	-

### 5.2 Procurement

No design or design-build contract procurements were performed in Q4 FY 2020/2021. Table 23 presents a summary of the procurement activity for the Project.

Table 23 Procurement Status (through June 2021)

Project Element	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 1, 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	GSI is currently completing permitting and planning activities. Design Engineer to be Selected in FY 2021/22				



## Section 6

# CONSTRUCTION STATUS

### 6.1 Construction Summary

During Q4 Fiscal Year 2020/2021, construction continued for the WRF and commenced for the Conveyance Facilities. Table 24 presents a summary of project construction progress and costs through June 30, 2021.

Table 24 Project Construction Costs

Project Name	Amount Expended	Initial Contract Amount	Current Contract Amount	% Change in Contract Amount
WRF	\$32,009,951	\$67,234,512	\$75,565,877	12.4
Conveyance Facilities	\$5,683,382	\$31,493,675	\$31,493,675	0.0
Recycled Water Facilities	\$-	\$-	\$-	0.0
<b>Construction Total</b>	<b>\$37,693,333</b>	<b>\$98,728,187</b>	<b>\$107,059,552</b>	<b>8.4</b>

### 6.2 Upcoming Traffic Control

#### 6.2.1 Planned Impacted Areas

Construction activities for the Conveyance Facilities continued in several work zones. The following work area are affected, throughout the duration of Q4 Fiscal Year 2020/2021:

- Pump Station A near the Existing WWTP on Atascadero Road.
- Pump Station B at the intersection of Quintana and Main Street.
- Pipeline installation along Quintana Road between Main Street and Kennedy Way.
- Pipeline installation along Quintana Road between La Loma and South Bay Boulevard.
- Trenchless installation preparations at Morro Bay Roundabout.

#### 6.2.2 Hours of Planned Lane/Road Closures

The City approved traffic control plans for the 21 designated traffic areas that are outlined in the Project Plans. Throughout Q4, the necessary traffic control plans were set in place to provide a safe work area for the Contractor as well as provide a safe detour or means of through traffic for Morro Bay commuters. Anvil continues to have all of Quintana Road between South Bay Boulevard and La Loma completely closed except for protected access to the Benedict-Retty Mortuary and Crematorium and the Rock Harbor Christian Fellowship Church. Within the City proper, Anvil has closed parts of Quintana Road at Kennedy Way completely to perform work that would require full lane closures. Typically, areas within the City that require full lane closures will have specific construction activities occur at night. As Anvil progresses south along Quintana Road to the roundabout, the traffic control changes based on the location of the trench and pipeline configuration.

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

### **6.3 Construction Safety**

The Project safety goal is zero reportable incidents. Every weekly progress meeting includes a brief safety moment between the program team and both FBV and Anvil to discuss safety topics encountered in the field. There has been a total of zero reported incidents through June 30, 2021.

## Section 7

# OTHER PROGRAM ACTIVITIES

### 7.1 Public Outreach

As part of the 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 regular construction information on homepage and Construction Information page
- Coordinated with contractor for distribution of bilingual doorhangers on immediately impacted residences and businesses in several work areas from Main Street to South Bay Boulevard
- Continued to build stakeholder database email list for regular email correspondence
- Developed bi-weekly e-blasts to highlight construction schedule look-ahead information and promote virtual community outreach meetings
- Prepared for and conducted three monthly virtual community outreach meetings via Zoom
- Responded to regular community inquiries from project phone line and email address, and coordinated with team members when necessary
- Conducted multiple rounds of business visits to communicate about construction in specific areas
- Worked with construction team on traffic control configuration planning, and traffic control and circulation concerns from the community.

Additional near-term public outreach activities include:

- Developing bi-weekly e-blasts and as-needed construction notices to convey construction look-ahead information to stakeholders and the public
- Obtaining media coverage about milestone construction activities
- Working with contractor to distribute doorhangers to properties with 24-hour and seven-day lead times
- Visiting businesses before work in new areas
- Responding to inquiries received from community members

### 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 Report of Waste Discharge (ROWD) to the RWQCB. The Program Manager submitted the Draft ROWD to the RWQCB in March, which is currently under review.

- Division of Drinking Water:
  - The Title 22 Engineering Report is required by Division of Drinking Water (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 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. As of March 2021, The City has addressed the majority of DDW's comments and is expected to complete their response to DDW in July 2021.
- Caltrans:
  - The City obtained the encroachment permit from Caltrans for construction of the Conveyance Facilities pipelines in August 2020. In June the Program manager approached Caltrans to revise their encroachment permit for the conveyance facilities project to extend the permit expiration date and to revise the design at the Atascadero Road and Highway 1 on-ramp. The City is expecting to receive a response from Caltrans in late July 2021.
- California Department of Fish and Wildlife:
  - The City must have a Stream Bed Alteration Agreement (SAA) (as required) 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 received notification from CDFW on May 4 that their SAA had been approved and they are cleared for construction.
- State Historic Preservation Office:
  - The 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 has received notification from the EPA regarding SHPO's response on March 15, 2021. The response stated that the City may proceed with construction by implementing the appropriate cultural resources monitoring and mitigation measures for areas along Main St., Quintana road and both lift stations. Far Western has performed the archeological clearance testing for the LS-2 alignment and the pilot injection well in late May 2021 and found the findings largely negative and is expected to submit a monitoring and mitigation for LS-2 alignment and the bike path alignment of the conveyance facilities in late July 2021.

### 7.3 Funding Status

- Continued to support CWSRF's technical, legal, and financial reviews. The City executed the CWSRF Construction Loan on June 30, 2021, however disbursements from both the

CWSRF construction loan and planning loan are on hold until the City's 2020 Urban Water Management Plan is complete.

- The United States Department of the Interior Bureau of Reclamation released its WaterSmart Title XVI WIIN Notice of Funding Opportunity in mid-March 2021. The City prepared an application and submitted to USBR on April 22, 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 an 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. The construction has completed the following items:

On March 20, 2020, the City issued the construction NTP to the DB team for the WRF. For fiscal year Q4, the following activities were completed between April 1, 2021 and June 30, 2021:

##### *Sitework*

- The Contractor has completed nearly all major earthwork operations including filling, compacting, and rough grading entire site, including the north portion of site. (The only remaining major earthwork is the pending West Cut-Slope Landslide remediation).
- Contractor has installed / is currently installing the following yard piping (buried) and above grade piping systems:
  - 30-inch Wastewater Screened (WWS) line from SAFE Box to SAFE Settle Tank.
  - 20-inch Filter Inlet Water (FIW) line from SAFE Settle Tank to SAFE filter slab.
  - 18-inch and 14-inch Wastewater Raw (WWR) lines at Headworks area (on-going).
  - Chemical vaults and chemical system double containment duct banks (on-going).
  - IPR/Outfall Pump Station above grade suction/discharge piping (begin assembly).
  - Plant Recycled Water (PRW) distribution piping throughout north site area.
  - Filter Backwash (FBW) piping from SAFE System back to Sludge Holding Tanks (SHTs).
  - Storm Drainage piping and level spreader basin for Stormwater Pond No. 1.
  - Sanitary Sewer collection lines, laterals, and manholes throughout north site area.

- Electrical Subcontractor has completed construction of the following conduits, vaults, installations, etc.:
  - Conduit Duct Banks, including vaults and handholes, in the north site area for the Pacific Gas and Electric (PG&E) Transformer Pad, Electrical Building, Emergency Generator Facility, MBR Facility, Headworks, SAFE System, and Dewatering Facility, etc.
  - In-slab conduits for the Electrical Building, Emergency Generator Facility, MBR Facility, Headworks, SAFE System.
  - Conduits and light stanchion foundations for north site area lighting.
  - Continued PG&E facilities, nearly completing 4-inch conduit, vaults, Transformer Pad.
  - PG&E remaining work includes conduit run along WRF Access Road to Teresa Rd.
  - Electrical Subcontractor is also currently relocating a PG&E vault and segment of duct bank near Stormwater Pond No. 2 where it was determined that PG&E crew access for power conductor pulling was unacceptable.

#### *Headworks*

- Completed upper and lower Headworks Facility slabs, including concrete placements.
- Installed course Screens and Grit Tank equipment skids (Kusters) set in place at Headworks slab.
- Currently forming and placing rebar for SAFE Diversion Box (high flow diversion box at Headworks) and for the SAFE equipment slab (Cloth Disk Filter equipment slab south of Area 70). Also received delivery of the Aqua-Disk Cloth Media Filtration equipment.

#### *BNR/MBR Treatment*

- Completed MBR facility underslab and in-slab mechanical piping and electrical.
- Completed forming, rebar, and concrete for MBR slab and MBR cassette tank walls.
- Placed 2 each RO Feed Tanks (fiber-reinforced plastic [FRP] tanks) located at south end of MBR slab.

#### *RO/UV-AOP*

- Placed RO skids and ancillary equipment skids and tanks.
- Completed pre-engineered building steel framing erection for RO/UV Building.
- Completed CMU wainscot wall at building exterior perimeter.

#### *Product Water Facilities*

- Completed erecting the prefabricated Product Water Storage Tank.
- Placed the Calcite Contactor Backwash Tank and Balancing Tank (FRP tanks).
- Placed the 3 each IPR pumps, and 2 each of the 4 total Outfall pumps

#### *Residuals/Sludge Processing*

- Completed subgrade preparation for the sludge dewatering facility slab-on-grade.
- Currently completing dewatering facility underslab mechanical piping and electrical.

*Electrical and Controls*

- Completed subgrade preparation for Electrical Building and Generator Facility slabs.
- Completed underslab and in-slab conduits for building and generator slabs.
- Completed forming, rebar and concrete placement for building and generator slabs.

*Chemical Storage and Feed*

- Completed underslab and in-slab conduits for Chemical Facility slab-on-grade.
- Completed forming, rebar and concrete for Chemical Facility slab & containment areas.
- Completed equipment pads, CMU separator walls, and set FRP chemical storage tanks.

*Operations Building*

- Completed erection and assembly of the pre-engineered metal building components.
- Building interior work is on-going, including metal stud wall framing, concealed electrical conduits, HVAC equipment and ducting, fire protection systems, windows, etc.

*Maintenance Building*

- Partially completed erection and assembly of pre-engineered metal building.
- Continued building interior work is on-going, including metal stud wall framing, concealed electrical conduits, HVAC equipment and ducting, fire protection systems, etc.

*City Yard Facilities*

- Completed pre-engineered building steel framing erection for WRF Parking Canopy.
- Completed pre-engineered building steel framing erection for Water/Collections Shed.
- Completed pre-engineered building steel framing erection for Water/Collections Vehicles Equipment Storage Canopy.

**8.1.4 Project Challenges**

In late January 2021, following heavy rains (January 27 and 28, 2021), the previously mitigated soil slip reactivated and continues to move. The DB Team has provided field data for City review, but the geotechnical engineer has not yet provided its recommendation for the landslide remediation and it is expected in early July 2021.

Amendment No. 6 as outlined in Table 18 has not been approved by City Council and is pending review.

Table 25 WRF Performance Measures

Performance Measures	Target	Current
Construction Cost <sup>(1)</sup>	\$67.2M	\$75.6M
Construction Contingency <sup>(2)</sup>	\$9.1M	\$2.3M

Notes:

(1) The GMP includes costs for both design and construction of the WRF.

(2) For Q4, the total contingency for all elements is approximately \$6.9M. Approximately \$2.3M is allocated to the WRF.

Table 26 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	52.2% (467 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	\$8,331,365	
Current Contract Value	\$75,565,877	
Percent Change	12.4%	
Work Completed		
Actual Cost -to-Date	\$32,009,951	
Percent Complete (Percent Expended)	42.4%	
Construction Oversight Statistics		
	PCOs	COs
Total Received	99	N/A
Total Approved	N/A	58 <sup>(1)</sup>
Total Pending	11	0
Average Turnaround (calendar days)	N/A	N/A

Acronym List:

PCO – Proposed Change Order; CO – Change Order

(1) 57 PCOs have been approved and are reflected in Amendment No. 1, 2, 3, 4 and 5 to the Design-Build Agreement.

## 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 began construction in January of 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

#### *General and Administrative*

- Contractor continued to maintain SWPPP Best Management Practices (BMP).
- Contractor continued to adhere to pertinent Mitigation Measures stipulations.
- Contractor continued equipment submittals and procurement activities.
  - Submittal processing is on-going - 194 items submitted and/or approved to date.
  - Request for Information (RFI) Processing is on-going - 61 items submitted and/or resolved to date.
- The City and Contractor continued to review and analyze impacts from the 35-day ground disturbance moratorium imposed by SHPO (discussed elsewhere herein).
- The City continued its public relations/outreach effort including:
  - Monthly virtual meetings with stakeholders and affected business owners.
  - Multiple and periodic press preleases.
  - Interactive City website with project information, digital library of project documents, and other features including a portal for public inquiries, comments, and complaints. All public contacts are promptly responded to and logged.
  - Placement of informational door hangers 7 days, then again 24 hours, in advance of work commencement in a particular area.

#### *Pump Station A*

- Contractor completed installation of sheet pile shoring and dewatering systems for the deep wet well excavation; started excavation, but stopped above groundwater level.
- The City determined that groundwater from the excavation could not be discharged to sewer due to quantity and potential salinity. As such, Contractor was delayed while City staff obtained the necessary NPDES Dewatering Permit. As of the writing of the report, the City had obtained permit and the dewatering systems had been commissioned.
- Groundwater draw-down is in progress and continues into July.

#### *Pump Station B*

- Contractor completed installation of sheet pile shoring and dewatering systems for deep wet well excavation; contractor completed excavation and prepared structure subgrade.
- Completed forming, rebar and concrete placement for deep wet well slab and walls.
- Contractor leak tested wet well, backfilled structure, and removed sheet pile shoring.

#### *Pipeline*

The contractor is currently working at three different locations within the City for the pipeline installation of the Conveyance facilities. One crew is working from La Loma Avenue to the South Bay Boulevard, a second crew has been working near the intersection of Main St. and Quintana to the roundabout at the intersection of Quintana Road and Morro Bay Boulevard and a third crew continued to install the preparations for the trenchless construction activities beneath the City's roundabout.

The following items were completed in Q4 between La Loma Avenue to South Bay Boulevard:

- Contractor continued closure of this entire road segment during reporting period.
- Contractor maintained temporary above-grade sewer by-pass pipe along Quintana Rd.
- Continued potholing existing utilities as needed.
- Completed Joint Trench installation, backfill, paving from Sta 122 to Sta 145 (approx).
- Completed 10-inch IPR line installation, backfill, paving from Sta 122 to Sta 143 (approx).
- Completed 10-inch Waterline relocation, backfill, paving from Sta 122 to Sta 143 (approx).
- Continued Joint Trench work from Sta. 145, easterly toward South Bay Blvd.

The following items were completed in Q2 between Main Street to the roundabout:

- Completed Joint Trench installation, backfill, paving from Sta 64+28 to Sta 71 (approx). NOTE: "Joint Trench" refers to FM1 & FM2 (wastewater force mains), BR (brine/outfall line), FO (fiber optic conduit), in some locations IPR in casing.
- Completed 12-inch Waterline Relocation (except paving) from Sta 71+00 to Sta 82+05.
- Continued Joint Trench work from Sta. 71, easterly toward Morro Bay Blvd.

The following items were completed in Q2 in preparation for trenchless construction at the roundabout:

- Contractor has installed sheet-pile shoring systems for the microtunnel launching and receiving pits (one pit in old U-Haul parking lot and other pit at Butte and Las Tunas).
- Contractor is currently excavating launch and receiving pits and preparing for microtunnel subcontractor mobilization in early July.
- The microtunnel machine launch is currently scheduled for second or third week of July.
- Contractor maintaining temporary above-grade sewer by-pass pipe along Quintana Rd.

### 8.2.5 Upcoming Activities

Anvil is scheduled to complete the following activities during Q4 FY 20/21:

- Installation of pipelines in Quintana Avenue between La Loma Avenue and South Bay Boulevard.
- Installation of pipelines in Main Street to Quintana Road.
- Shoring installation for Pump Station A and B excavation.
- Begin construction of Pump Station A.
- Begin construction of Pump Station B.

### 8.2.6 Project Challenges

The conveyance facilities project must undergo consultation by government agencies associated with the impacted project resources. The City was cleared by SHPO to proceed with construction in areas outside of the bike path, however the City and Program Team are still coordinating with the EPA, SHPO, and Far Western to proceed with developing a cultural resource monitoring and mitigation plan for the remaining components of the conveyance facilities project.

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. To maintain the accelerated construction schedule, Anvil and the Program

team continue to provide adequate notice of traffic control detours, road closures, and access restrictions to minimize any delays in construction.

Active construction issues have included relocation of existing utilities that differed from what was indicated on the plans as well as inconsistent geologic conditions that have resulted in collapsed trench walls along the pipeline construction areas and extensive groundwater dewatering efforts at pump station A.

Table 27 Conveyance Facilities Performance Measures

Performance Measures	Target	Current
Construction Cost	\$24.2M	\$31.5M
Construction Contingency <sup>(1)</sup>	\$2.5M	\$1.7M
Number of Feet of Pipelines Constructed	18,500 lf	7,050 lf
Number of Days of Full Road Closures	N/A	10 Days
Number of Hours of Night Work	N/A	15 Hours

Notes:

(1) For Q4, the total contingency for all elements is approximately \$6.9M. Approximately \$1.7M is allocated to the Conveyance Facilities.

Table 28 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	February 22, 2022			
Original Duration (Calendar Days)	435			
Days Changed by Change Order	Pending			
Actual Final Completion Date	April 22 <sup>nd</sup> , 2022			
Schedule Percent Complete	40.1%			
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	\$5,683,382			
Percent Complete (Percent Expended)	18.0%			
Length of Pipe Installed (Actual to Date / Planned Total)	7,050 lf / 18,500 lf			
Construction Management Statistics				
	RFIs	Submittals	PCOs	COs
Total Received	59	203	9	0
Total Responded To	48	199	0	0
Total Pending	11	4	0	0

## 8.3 Recycled Water Facilities

### 8.3.1 Designer

Procurement activities for the final design of the Recycled Water Facilities have not yet begun. 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 June 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/early 2023.

### 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 is currently working on Phase 2 of the hydrogeological work, which has culminated in the selection of the west injection area and preliminary siting of the injection wells. In Q4, GSI has continued to progress on the approval of the Aquifer Storage and Recovery Permit with the State Water Resources Control Board. It is expected this permit will be approved by SWRCB in early July 2021 (Q1 FY/21/22). There has been no additional progress on the pilot injection well study in Q4.

### 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 (Completed February 2021).
- Clearance of the pilot injection well by SHPO (Completed June 2021).
- Permitting for installation of the pilot injection well through San Luis Obispo County general well drillers permit (August 2021 ongoing).
- Construction of the pilot injection well (October 2021).
- Conducting pilot testing (Anticipated November 2021 to January 2022).

### 8.3.6 Project Challenges

The west side injection site resides within a 100-foot-wide permanent easement acquired by the City from Vistra Energy. The injection wells and all supporting infrastructure must be within this easement. To ensure that all construction activity and permanent infrastructure is within this easement, the site is to be topographically surveyed and the 100-foot-wide easement staked in the field. As part of the pilot injection well study, a temporary monitoring well is anticipated to be installed in August 2021.

Table 29 Recycled Water Facilities Performance Measures

Performance Measures	Target	Current
Construction Cost	TBD	\$0.0M
Construction Contingency	\$0.3M	\$1.2M

Notes:

(1) For Q4, the total contingency for all elements is approximately \$6.9M. Approximately \$1.2M is allocated to the Recycled Water Facilities.

Table 30 Recycled Water Facilities Summary

Schedule				
Selection of the Injection Site	N/A			
Request for Bid / Bid Advertisement	N/A			
Bid Opening Date	N/A			
Contract Award / Council Award Date	N/A			
Notice to Proceed for Construction	N/A			
Original Final Completion Date	N/A			
Original Duration (Calendar Days)	N/A			
Days Changed by Change Order	0			
Actual Final Completion Date	N/A			
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



# Item C-1

# Morro Bay City Council

Water Reclamation Facility

WRF Quarterly Report – Q4 2021

August 24, 2021

MORRO BAY

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# Recommendation

- Receive the WRF Quarterly Update Report for Q4 2021 and provide input.

# Quarterly Report Overview – Q4 2021

# Summary of WRF Project Status

## Budget

- Current project estimate exceeds the baseline budget
  - \$144,674,877 vs. \$125,941,000
  - Recap of Q4 budget information presented at Q3 CFAC presentation:
    - Q3 project estimate = \$138,591,000
    - Q4 budget increase due to:
      - WRF (treatment plant) amendments due to change orders
      - Additional archeological investigation costs for conveyance
      - Additional program management costs for CM, permitting, funding, and pre-treatment support
      - Additional hydrogeological, permitting, and design costs for Recycled Water Facilities
      - Additional construction contingency for all project elements

# Summary of WRF Project Status

## *Schedule*

- Overall WRF Project is on schedule
  - TSO Compliance – February 28, 2023
  - Substantial Completion – July 5, 2022 (238 days prior to deadline)

# Q4 Budget Revision Summary

Project Component	Baseline (Q4 FY 17/18)	Quarterly Reconciliation (Q3 FY 18/19)	Fiscal Year 19/20 (Q4 FY 18/19)	Quarterly Reconciliation (Q1 FY 19/20)	Quarterly Reconciliation (Q2 FY 19/20)	Quarterly Reconciliation (Q3 FY 19/20)	Fiscal Year 20/21 (Q4 FY 19/20)	Quarterly Reconciliation (Q1 FY 20/21)	Quarterly Reconciliation (Q2 FY 20/21)	Quarterly Reconciliation (Q3 FY 20/21)	Fiscal Year 21/22 (Q4 FY 20/21)
Water Reclamation Facility	\$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	\$77,087,023	\$77,687,023
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	\$37,482,000	\$37,982,000
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	\$5,968,000	\$6,668,000
General Project	\$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	\$14,445,000	\$15,445,000
Construction Contingency	\$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	\$3,608,977	\$6,892,854
<b>Total</b>	<b>\$125,941,000</b>	<b>124,597,000</b>	<b>\$125,938,000</b>	<b>\$125,090,000</b>	<b>\$125,873,000</b>	<b>\$130,599,000</b>	<b>\$130,661,000</b>	<b>\$138,682,000</b>	<b>\$138,591,000</b>	<b>\$138,591,000</b>	<b>\$144,674,877</b>

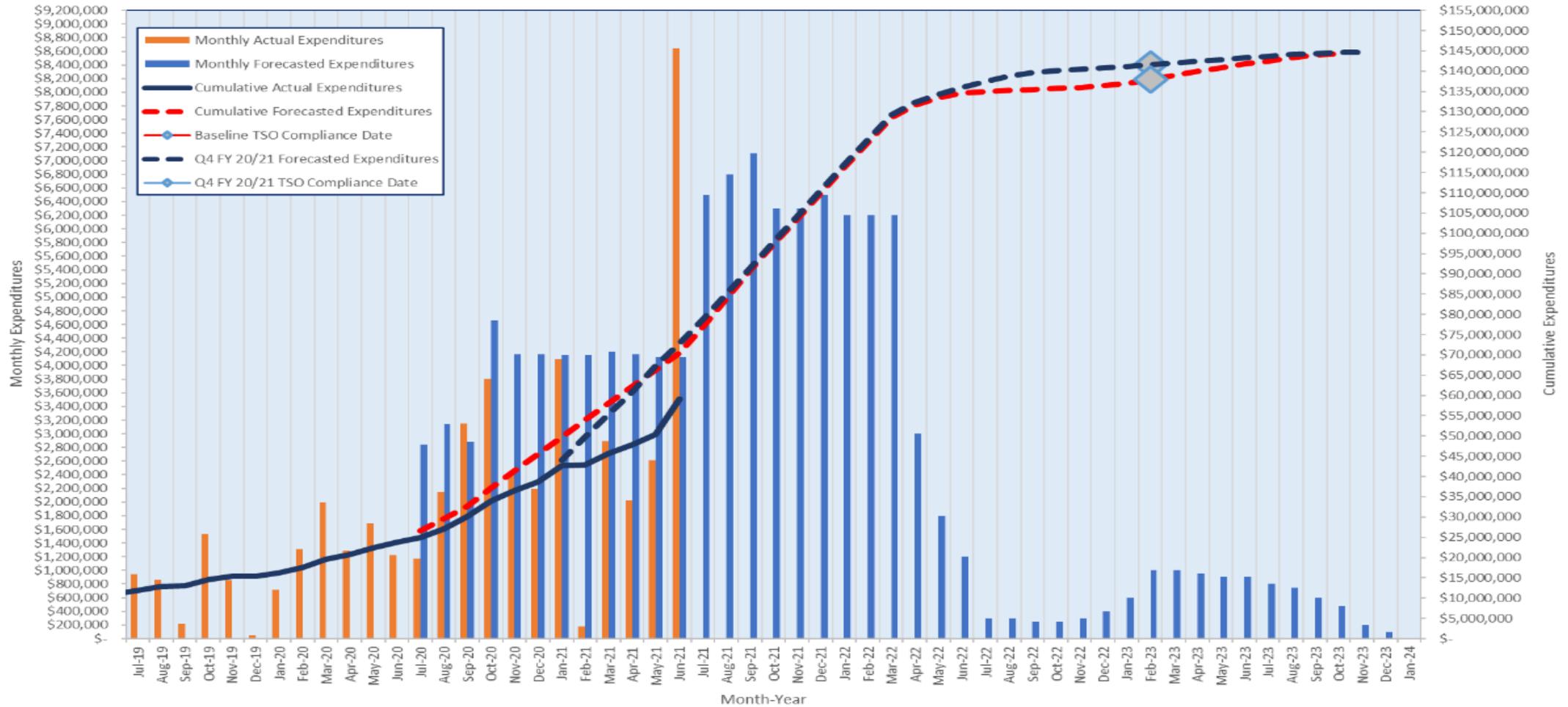
# Program Expenditures To Date

Project Component	Total Project Expenditures to Date as of Q3	Total Project Expenditures to Date as of Q4
WRF	\$30,136,218	\$37,084,020
Conveyance Facilities	\$2,622,801	\$7,844,934
Recycled Water Facilities	\$512,915	\$592,593
General Project	\$8,847,933	\$9,887,879
<b>Subtotal</b>	<b>\$42,119,867</b>	<b>\$55,409,426</b>
Contingency	\$-	\$-
<b>Total</b>	<b>\$42,119,867</b>	<b>\$55,409,426</b>

Project Component	Expenditures (Q4 FY 20/21)
Water Reclamation Facility	\$6,947,802
Conveyance Facilities	\$5,222,133
Recycled Water Facilities	\$79,678
General Project	\$1,039,946
<b>Total</b>	<b>\$13,289,559</b>

# Current vs. Planned Expenditures

Estimated Cash Flow Projection FY 2013-2024



# Milestone Schedule

Milestone	Baseline Schedule due Date	Planned Completion Date
<b><u>General Project</u></b>		
Compliance with the TSO <sup>(1)</sup>	November 11, 2021	July 05, 2022
<b><u>Water Reclamation Facility</u></b>		
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
<b><u>Conveyance Facilities</u></b>		
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	March 11, 2022 ←
Final Completion	November 19, 2021	April 25, 2022 ←
<b><u>Recycled Water Facilities</u></b>		
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

# Potential Bridge Financing Needs

- State delays in processing State Revolving Fund loan agreement, and reimbursement schedule may impact City cash flow in short term (reimbursement sched. estimated 90 days or more lag time)

# Potential Bridge Financing Needs

- City staff and Carollo are currently analyzing timing and magnitude of potential shortfalls
  - Reviewing and revising monthly outlay projections based on the most current construction schedules for all project elements
  - Working closely with funding agencies to develop the optimal cost reimbursement strategy based on the various nuances of each funding program (WIFIA and SRF)
- The results of this analysis will determine the scheduled borrowing needs which the City's financial advisor will use to select the optimal financing instrument(s)

# Tree Removal and Replacement

- The Coastal Development Permit (CDP) allows for the removal of up to 27 trees to allow construction of the conveyance system.
- To-date, 27 trees have been removed.
- The City arborist determined that up to an additional 36 trees may need to be removed to complete the conveyance project element.
- WRF Program contractors are currently reviewing the arborist's list to confirm.
- Once the final number of additional trees to be removed is established, the City will request an approval to amend the CDP.

# Tree Removal and Replacement

- Neither the CDP nor City code contains requirements to replace the 27 trees removed for the conveyance construction, however the California Coastal Commission (CCC) may require the planting of replacement trees for the additional trees removed.
- Regardless of CCC requirements, the City proposes to replace the trees removed on a one-to-one basis over a five-year period at a rate of up to 15 trees per year, likely beginning in the fall of 2022.
- The City will collaborate with various volunteer groups to implement the tree replacement efforts.

# Key feedback from CFAC 8/17/2021

- Request for confirmation that the costs of Amendment 6 to the Design-Build Agreement for the WRF (WWTP) and Amendment 2 to the Water Works Engineering agreement are included in the Q4 reconciled budget of \$144,674,877
- Expression of concerns regarding pending change orders for the Conveyance element and the amount of available WRF project contingency
- Discussion of the concerns regarding the schedule for completion of the Recycled Water Facilities and timeline for delivery of potable water

# Questions and Discussion

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AGENDA NO: C-2

MEETING DATE: August 24, 2021

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** August 17, 2021

**FROM:** Scott Collins, City Manager

**SUBJECT:** Consideration of a Free Public Concert at Cloisters Park on Trial Basis

### **RECOMMENDATION**

Staff recommends City Council discuss a proposed free public concert event at Cloisters Park and direct staff to move forward with the support and planning for such an event to take place on October 24, 2021.

### **FISCAL IMPACT**

The cost of this proposed one-time event is estimated between \$5,000 - \$10,000, not including City staff time. These costs are not currently budgeted in Fiscal Year (FY) 2021/22. If City Council approves this one-time event, staff will bring forward a budget adjustment at mid-year and use funds from the Economic Development Fund to support the event costs.

### **BACKGROUND**

At its June 22, 2021 meeting, City Council directed staff to work with a Cloisters resident group to evaluate and bring forward to Council a potential musical event series concept to take place in Cloisters Park this fall.

The group is proposing that the City host a series of free outdoor concerts at Cloisters Park, to enhance cultural offerings for the community. They envision the concerts include curated music offerings that typically cannot be found at surrounding music venues, to include jazz, world music and dance, etc. The goal is to expose the community to a diverse array of musical offerings at no charge, in a neighborhood-oriented outdoor setting that Cloisters Park provides.

Since the time Council provided direction, staff have met multiple times with a representative of the group to discuss event format, logistics, staffing, funding, and other key considerations for such a series.

### **DISCUSSION**

Following these discussions and considering the many unanswered questions about concert series, staff recommends that the City host on a trial basis a free public concert event to be held at Cloisters Park on Saturday, October 24, 2021. The proposed musical act is LP and the Vinyl, which includes legendary jazz, blues and gospel singer Leonard Patton and the acclaimed Danny Green Trio. The

Prepared By: SC

Dept Review: \_\_\_\_\_

City Manager Review: SC

City Attorney Review: CFN

group's repertoire is a blend of reimagined pop hits by artists including The Beatles, Stevie Wonder, and David Bowie, compelling originals, and funky explorations of jazz standard.

The Cloisters group has stated its willingness to provide volunteers ready to assist with their concept and have connections to secure musical talent for this trial event and future events. The group will also assist with event promotions. The group proposes the City provide the remaining coordination and event funding including parking/traffic management, signage, restrooms, food/beverage, permitting, insurance coverage, waste management, equipment costs for the stage and audio, and paying the musical talent. In total, costs are anticipated to be anywhere from \$5,000 to \$10,000, not including staff time (initial estimates could be up to \$5,000). The group has stated it is their intention, should the community show support for the event, to work with the City for a series in 2022 that would include sponsorships.

This trial approach will allow the City and Cloisters Group to assess community interest, concert successes and challenges, and determine if a concert series is viable, both from a financial and staffing standpoint. Staff would bring back to Council the assessment of the trial event. At that point in time, Council could decide to create a concert program for 2022, hold another trial event, make changes to the format, or choose to not host future concerts, among other options.

#### **CONCLUSION**

This music series was supported in concept by former Councilmember Red Davis, who was a member of the organizing group.

#### **ATTACHMENTS**

None.



AGENDA NO: C-3

MEETING DATE: August 24, 2021

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** August 18, 2021

**FROM:** Scott Collins, City Manager

**SUBJECT:** Receive Plans for a “Community Forum on Morro Bay Power Plant Stacks – Facts and Figures” and Authorize the City Manager to Execute an Agreement for Professional Services to Coordinate with Vistra Corp and Regulatory Agencies in Responding to Public Questions and Concerns Regarding the Stacks

## RECOMMENDATION

Staff recommends the City Council:

1. Receive the plans for a community forum to provide the public with facts and figures about the stacks so that interested persons can have an informed basis for developing their input to the Council about the future of the stacks.
2. Encourage broad public attendance in the Community Forum on the Stacks scheduled for 6:00-7:30 p.m., Wednesday, September 8, 2021, on the City’s Zoom link: <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcwTHlRTk9xaTlmWVNWRWFUQT09>, with password: 135692
3. Authorize the City Manager to execute an agreement with Don Maruska & Company, Inc., in a form approved by the City Attorney, to provide professional services to serve as project manager for the engagement efforts and work with Vistra Corp and regulatory agencies to be prepared to respond to public questions and concerns. The proposed agreement is for an initial fixed fee of \$24,000 with an option at the City Manager’s discretion to extend the agreement for up to an additional \$24,000 as determined based upon the needs for further public engagement to resolve the stacks issue.

## FISCAL IMPACT

The adopted Fiscal Year (FY) 2021/22 includes sufficient budget in the Economic Development Fund for this proposed consulting service. Approval of this recommendation will not result in a fiscal impact to the General Fund.

## BACKGROUND

In its approval of the Memorandum of Understanding with Vistra Corp (Vistra) on June 9, 2021, the Council specified the importance of meaningful public engagement, including the future of the former Morro Bay Power Plant (MBPP) exhaust stacks (stacks). In the agreement, if the MBPP is not demolished by January 1, 2028, the City will receive \$3,000,000 from Vistra (with no strings attached). The agreement requires that the City inform Vistra by December 31, 2022 if it chooses for the stacks to **not be** removed as part of Vistra’s demolition of the MBPP.

Prepared By: SC

Dept Review:

City Manager Review: \_\_\_\_\_

City Attorney Review: CFN

## **DISCUSSION**

The purpose of the first community forum is to provide available information from Vistra and regulatory agencies about the options of (a) retaining the stacks or (b) removing the stacks. This will help members of the public have a shared information base from which to develop their thoughts and input about the options. Subsequent community engagement opportunities will invite members of the public to offer their ideas and suggestions regarding the options.

The draft agenda for the September 8 community forum appears in Attachment 1. A list of questions that have been compiled from queries from the Council and the public appear in Attachment 2. If the public has additional questions, please send them to the City Manager [scollins@morrobayca.gov](mailto:scollins@morrobayca.gov) as soon as possible so that there is time for parties to prepare responses in advance of the forum.

Note: While the public may have questions about the overall future of the proposed Morro Bay Power Plant site, community engagement at this time focuses upon the issue of the stacks. As more information becomes available about Vistra's proposal(s) for other parts of its property, the City will create opportunities for the public to review and comment on those plans.

Since a community forum serving the public's needs requires both extensive preparation with Vistra and the participating regulatory agencies, as well as facilitation skills, staff recommends that the City secure professional services to manage and deliver the program. Don Maruska & Company, Inc. has delivered similar services very successfully for the City of Morro Bay on other topics and for local governments throughout California. Attachment 3 outlines the scope of work and fees for the proposed services agreement. If Council approves this recommendation, the City Manager will work with the City Attorney to execute an agreement with Don Maruska & Company, Inc. to include the scope of work attached as the basis for the agreement.

## **CONCLUSION**

Staff recommends the City Council approve and authorize the City Manager to execute a professional services agreement with Don Maruska & Company, Inc. in the amount of \$24,000 for the current scope of work with an option at the City Manager's discretion to extend the agreement for up to an additional \$24,000 as determined based upon the needs for further public engagement to resolve the stacks issue.

## **ATTACHMENTS**

1. Draft Agenda for September 8, 2021 Community Forum
2. Key Questions for September 8, 2021 Community Forum
3. Scope of Work of Proposed Professional Services Agreement

Attachment 1 *draft*

**Morro Bay Power Plant Stacks – facts and figures**

**Community Forum by the City of Morro Bay**

**Key objectives:**

- Provide timely information and opportunities for community members to gain insights from which to develop informed points of view about the future of the Stacks.
- Offer multiple ways for the public to participate.
- Enable thoughtful and timely consideration of the issue.

**Draft agenda** (subject to revision):

6:00-7:30 p.m., Wednesday, September 8, 2021

**Welcome** – City Vistra Subcommittee (Mayor Heading and Councilmember Addis)

**Origin and uses of the Stacks**—long-term City employee [3 mins.]

**Current condition of the Stacks** – DTSC, APCD, Vistra [20 mins.]

**Considerations for the future of the Stacks** – Vistra and Coastal Commission [20 minutes]

**Questions and answers** [20 minutes]

**Next steps**

**Format:** (a) facilitated Zoom session with Q&A, chat, and polls for organized discussion, broadcast on Facebook live, (b) digital copy of presentation and recording posted on website, (c) brief talking points for Council members to share with community organizations for continued dialogue, (d) expanded FAQs online to respond to public queries, and (e) use of POLCO tool to invite comments on choices.

**Attachment 2**  
**Key Questions for Presenters on Stacks**

Topic	Key questions
Origin and role of stacks (with photos)	<ol style="list-style-type: none"> <li>1. How did the stacks come about?</li> <li>2. How have they changed over time?</li> <li>3. What sources of information are available about them?</li> </ol>
Current condition of stacks (include video clips of site visits)	<ol style="list-style-type: none"> <li>1. Can the City enlist federal, state, or local agencies to require clean up of the site?</li> <li>2. Do the stacks serve any functional purpose at this time?</li> <li>3. What is the current condition of the stacks? Are there assessments on the condition and the hazardous materials within them?</li> <li>4. What are the annual costs to maintain the stacks? Is there a point in time when those costs will rise significantly, or are any major repairs planned in the near future to maintain them?</li> <li>5. What are estimates of the life of the stacks?</li> <li>6. What are estimates of the cost to remove the stacks?</li> <li>7. If the stacks were removed, how would it be done to protect public health and safety and minimize disruption to residents, businesses, visitors, etc.?</li> <li>8. What is the estimated cost of removing the stacks and (a) remediating to industrial use or (b) remediating to visitor-serving uses?</li> <li>9. What can we learn from where stacks were retained (e.g., Baltimore) or taken down (e.g., Carlsbad)?</li> <li>10. What opportunities does Vistra envision for that area if the stacks and generation building are removed? On the flip side, do you see any potential functional use of the stacks and/or generation building if they were to remain?</li> </ol>

Considerations for future of stacks

1. If the City asks that the stacks remain, what would Vistra do with them?
2. Are there other uses of the stacks consistent with current limitations on industrial uses of the land that would be possible and what would be needed to realize such potential?

**Attachment 3**  
**Supporting Meaningful Public Engagement**  
**in the Morro Bay – Vistra Planning Opportunities**

**Outline of Proposed Professional Services Agreement with Don Maruska & Company, Inc.**

*Scope of Work*

- A. Develop Communications to Inform Public about the Memorandum of Understanding
  1. Meeting with Council Vistra subcommittee to outline information needs
  2. Outline of approach to help inform public
  3. Preparation of communications materials
  4. Review results and identify next steps
  
- B. Serve as Project Manager for Community Forum on Stacks – Facts and Figures
  1. Confirm options for date and time
  2. Identify and secure presenters
  3. Secure support for collaborative engagement with Coastal Commission
  4. Work with presenters to create useful information on key questions
  5. Develop/update FAQs for project & stacks
  6. Pursue inquiry into history of the stacks
  7. Review forum plans and questions and invite public input (Council and Planning Commission)
  8. Capture video clips from Vistra tours of site
  9. Create messaging for session
  10. Solicit and receive public input on issues and questions for the forum
  11. Pre-record interviews with sources unable to attend live session (e.g., Baltimore, Carlsbad on decisions, results, reflections)
  12. Review what presenters are able to cover on key questions and their preparation of engaging graphics
  13. Coordinate session logistics (Zoom, FB live, etc.)
  14. Facilitate session
  15. Manage question flow and user needs during session
  16. Prepare updates to FAQs
  17. Prepare info kits for Council members and City staff to broaden outreach
  18. Follow up on unanswered questions from forum
  19. Review results
  20. Plan for next steps
  21. Coordinate with responsibilities that City staff are completing\*

\* Items City Staff will handle:

- a. Create/update website page
- b. Prepare press release, etc.
- c. Complete media outreach (Tribune, EBN, NT, KCBX, KSBY, etc.)
- d. Prepare recording
- e. Follow up posting of links to recording and materials

- C. Follow Up Forums and Communications for Public Engagement on Resolution of Stacks  
[to be determined by City Manager in consultation with Council Vistra Subcommittee]

***Time frame:***

March-December 2021

***Professional fees:***

A. \$5,000

B. \$19,000

C. Allocation for follow up forums and communications for public as approved by City Manager, not to exceed \$24,000.

***Payment terms:***

Payments for A. and B. due September 30, 2021. (The City will be responsible for providing meeting technology, materials, and supplies, logistical support, etc.)

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**AGENDA NO: C-4**

**MEETING DATE: August 24, 2021**

# Staff Report

**TO: Honorable Mayor and City Council**

**DATE: August 18, 2021**

**FROM: Rob Livick, PE/PLS/QSD**

**SUBJECT: Award City Wayfinding Signage Contract to Statewide Safety and Sign, Inc. for \$188,200; and, City Wayfinding Signage Program Informational Update**

## **RECOMMENDATION**

Staff recommends the City Council take the following actions:

1. Reject the bid from Dekan Construction Corporation as non-responsive;
2. Award a construction contract for the fabrication and installation of the City's Wayfinding Sign Program to Statewide Safety and Sign, Inc. for the base bid amount of one hundred eighty-eight thousand two hundred dollars and no cents (\$188,200.00), and authorize City Manager to execute said contract in a form approved by the City Attorney; and
3. Direct staff to return at Midyear with a budget amendment to increase the project budget in the Economic Development Fund by up to \$57,020.

## **ALTERNATIVE**

1. Reject all bids and take another action City Council deems appropriate consistent with requirements of law

## **FISCAL IMPACT**

The lowest responsive bid from Statewide Safety and Sign, Inc was \$38,200 higher than the \$150,000 in this year's budget for the Wayfinding Signage Program project. This will require the City to appropriate additional funding to fully fund the base bid for this installation of the wayfinding signage in City right of Way and City real property. Staff also recommend setting aside an additional ten-percent of the bid price (\$18,820) for project contingencies, including possible increase in quantities for miscellaneous concrete, paving and grading work necessary for the installation of the proposed signage. If approved by City Council, staff will return to Council at Midyear with a budget amendment to increase the project budget in the Economic Development Fund by \$57,020.

## **DISCUSSION**

Based on community input, the City's existing directional/wayfinding signage is outdated. The City initiated a process to update signage following the adoption of the Economic Development Strategic Plan, where the project was identified as a top priority. The City then developed the project concept in coordination with a design consultant who also assisted Paso Robles and the City of San Luis Obispo with their wayfinding programs. City staff took this concept and prepared the plans, specifications, and estimate required to bid the project. The fabrication and installation of signage will be performed by the contractor who is awarded the contract by City Council.

The funding source is the Economic Development Fund (Diablo Canyon Plant Closure Senate Bill 1090 funds). The City Council approved economic development funds to support this first phase of the project in the amount of \$150,000 in FY 2020/21, and those funds were carried forward into FY 2021/22. These funds must be used for Economic Development purposes. Having Morro Bay be

Prepared By: <u>  RL  </u>	Dept Review: <u>  GK  </u>
City Manager Review: <u>  SC  </u>	City Attorney Review: <u>  BWB  </u>

easy to navigate for residents, businesses, and visitors is a worthy economic development measure. This project is mentioned as a priority project in the adopted FY2020/21 Budget. Due to staff working on other higher priority projects, the project was carried over to the current fiscal year. The City Engineer's Opinion of Probable Costs to install some 51 wayfinding signs within the City controlled right of way was estimated to be \$140,000.

In July 2020, the City's Engineering Staff completed the final plans and specifications for the Wayfinding Signage Project. The project was advertised on July 12, 2021 and bids were opened and read aloud at 2:05 p.m. on August 12, 2021. The apparent low bidder, Dekan Construction Company, submitted a base bid of \$144,620; however, Dekan failed to acknowledge and agree to the addendum issued by the City on August 11, 2021, which modified the Project specifications. Consequently, Dekan's bid is non-responsive, since it does not agree to complete the Project in accordance with the full project specifications.

Therefore, staff recommends the Council reject Dekan's bid as non-responsive and award the contract to Statewide Safety and Sign, Inc. - the second lowest bidder - in the amount of \$188,200.00 as the lowest responsive bidder on this project.

The request for bids included two alternative items identified in the attached Bid Analysis for the installation of wayfinding signs within the State property. Staff does not recommend including these alternative items in the contract award due to the additional costs and lack of authorization from the State to install the additional signs. Staff will come back to City Council for direction if and when authorization has been received from the State (Parks and Department of Transportation). Additional phases of the project including signs within the State Right of Way (State Routes 1 and 41) and on Morro Bay State Park property may be brought back to City Council for prioritization and potential funding for the FY2022/2023 budget.

As discussed in the Fiscal Impact section above, staff recommends setting aside an additional ten-percent of the bid price (\$18,820) for project contingencies, including possible increase in quantities for miscellaneous concrete, paving and grading work necessary for the installation of the proposed signage. Consequently, if approved by City Council, staff will return to Council at Midyear with a recommended budget amendment to increase the project budget in the Economic Development Fund by up to \$57,200.

#### **ATTACHMENTS**

1. Bid Analysis
2. Project Plans

City of  
Morro Bay

Public Works Department

Contract Name: MB2020-ST03 Directional Signage

<b>Base Bid (Signs in City of Morro Bay Right of Way)</b>				Dekan Construction Corporation		Bay Area Sign DBA Aloha Electric Sign Company		Statewide Traffic Safety and Signs, Inc.		A Good Sign & Graphics Co.	
Item No.	Description	Units	Quantity	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Mobilization and Demobilization	1	LS	\$5,500.00	\$5,500.00	\$5,000.00	\$5,000.00	\$12,750.00	\$12,750.00	\$7,000.00	\$7,000.00
2	Bonds and Insurance	1	LS	\$3,900.00	\$3,900.00	\$6,500.00	\$6,500.00	\$7,500.00	\$7,500.00	\$4,000.00	\$4,000.00
3	Traffic Control	1	LS	\$5,600.00	\$5,600.00	\$1,500.00	\$1,500.00	\$23,750.00	\$23,750.00	\$9,500.00	\$9,500.00
4	Water Pollution Control Plan	1	LS	\$3,500.00	\$3,500.00	\$1,000.00	\$1,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00
5	Sign Submittal and Shop Drawings	1	LS	\$4,270.00	\$4,270.00	\$2,200.00	\$2,200.00	\$5,500.00	\$5,500.00	\$3,000.00	\$3,000.00
6	Remove Existing A sign and Pole	28	EA	\$100.00	\$2,800.00	\$200.00	\$5,600.00	\$225.00	\$6,300.00	\$500.00	\$14,000.00
7	Furnish & Install Type A Sign, Wood Posts & Brackets	1	EA	\$3,000.00	\$3,000.00	\$6,200.00	\$6,200.00	\$4,700.00	\$4,700.00	\$5,600.00	\$5,600.00
8	Furnish & Install Type B Sign & Brackets on New 4" OD Pole	21	EA	\$3,000.00	\$63,000.00	\$4,900.00	\$102,900.00	\$4,200.00	\$88,200.00	\$4,950.00	\$103,950.00
9	Furnish & Install Type B Sign & Brackets on Single 8"x8" Wood Post	3	EA	\$2,500.00	\$7,500.00	\$1,888.00	\$5,664.00	\$2,200.00	\$6,600.00	\$4,500.00	\$13,500.00
10	Furnish & Install Type C Sign & Brackets on New 4" OD Pole	3	EA	\$3,000.00	\$9,000.00	\$3,800.00	\$11,400.00	\$2,700.00	\$8,100.00	\$4,750.00	\$14,250.00
11	Furnish & Install Type C Sign & Brackets on Single 8"x8" Wood Post (Non paved/ concrete areas)	2	EA	\$2,000.00	\$4,000.00	\$1,800.00	\$3,600.00	\$1,450.00	\$2,900.00	\$4,200.00	\$8,400.00
12	Furnish & Install Type P Sign & Brackets on Black 2" Breakaway Pole	21	EA	\$1,000.00	\$21,000.00	\$1,153.00	\$24,213.00	\$600.00	\$12,600.00	\$300.00	\$6,300.00
13	Sidewalk Widening	210	SF	\$55.00	\$11,550.00	\$100.00	\$21,000.00	\$30.00	\$6,300.00	\$30.00	\$6,300.00
<b>Sub-Total:</b>				<b>\$144,620.00</b>		<b>\$196,777.00</b>		<b>\$188,200.00</b>		<b>\$198,800.00</b>	

**Additive Alternative A (Signs in State DOT Right of Way)**

Item No.	Description	Units	Quantity	Unit Cost	Total Cost						
A-1	Mobilization and Demobilization	1	LS	\$3,800.00	\$3,800.00	\$1,500.00	\$1,500.00	\$6,500.00	\$6,500.00	\$4,000.00	\$4,000.00
A-2	Bonds and Insurance	1	LS	\$900.00	\$900.00	\$2,200.00	\$2,200.00	\$1,500.00	\$1,500.00	\$1,800.00	\$1,800.00
A-3	Traffic Control	1	LS	\$3,600.00	\$3,600.00	\$1,500.00	\$1,500.00	\$7,000.00	\$7,000.00	\$1,500.00	\$1,500.00
A-4	Water Pollution Control Plan	1	LS	\$2,500.00	\$2,500.00	\$100.00	\$100.00	\$1,500.00	\$1,500.00	\$650.00	\$650.00
A-5	Sign Submittal and Shop Drawings	1	LS	\$1,270.00	\$1,270.00	\$500.00	\$500.00	\$3,000.00	\$3,000.00	\$2,050.00	\$2,050.00
A-6	Furnish & Install Type A Sign, Wood Posts & Brackets	10	EA	\$1,725.00	\$17,250.00	\$6,200.00	\$62,000.00	\$4,700.00	\$47,000.00	\$5,400.00	\$54,000.00
<b>Sub-Total:</b>				<b>\$29,320.00</b>		<b>\$67,800.00</b>		<b>\$66,500.00</b>		<b>\$64,000.00</b>	

**Additive Alternative B (Signs in State Parks Right of Way)**

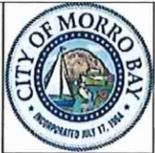
Item No.	Description	Units	Quantity	Unit Cost	Total Cost						
B-1	Mobilization and Demobilization	1	LS	\$2,500.00	\$2,500.00	\$1,500.00	\$1,500.00	\$6,000.00	\$6,000.00	\$600.00	\$600.00
B-2	Bonds and Insurance	1	LS	\$900.00	\$900.00	\$2,200.00	\$2,200.00	\$1,500.00	\$1,500.00	\$800.00	\$800.00
B-3	Traffic Control	1	LS	\$3,600.00	\$3,600.00	\$1,500.00	\$1,500.00	\$7,000.00	\$7,000.00	\$1,800.00	\$1,800.00

# City of Morro Bay

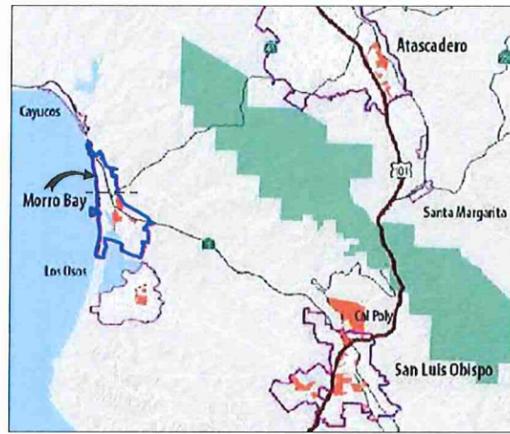
## Public Works Department

Contract Name: **MB2020-ST03 Directional Signage**

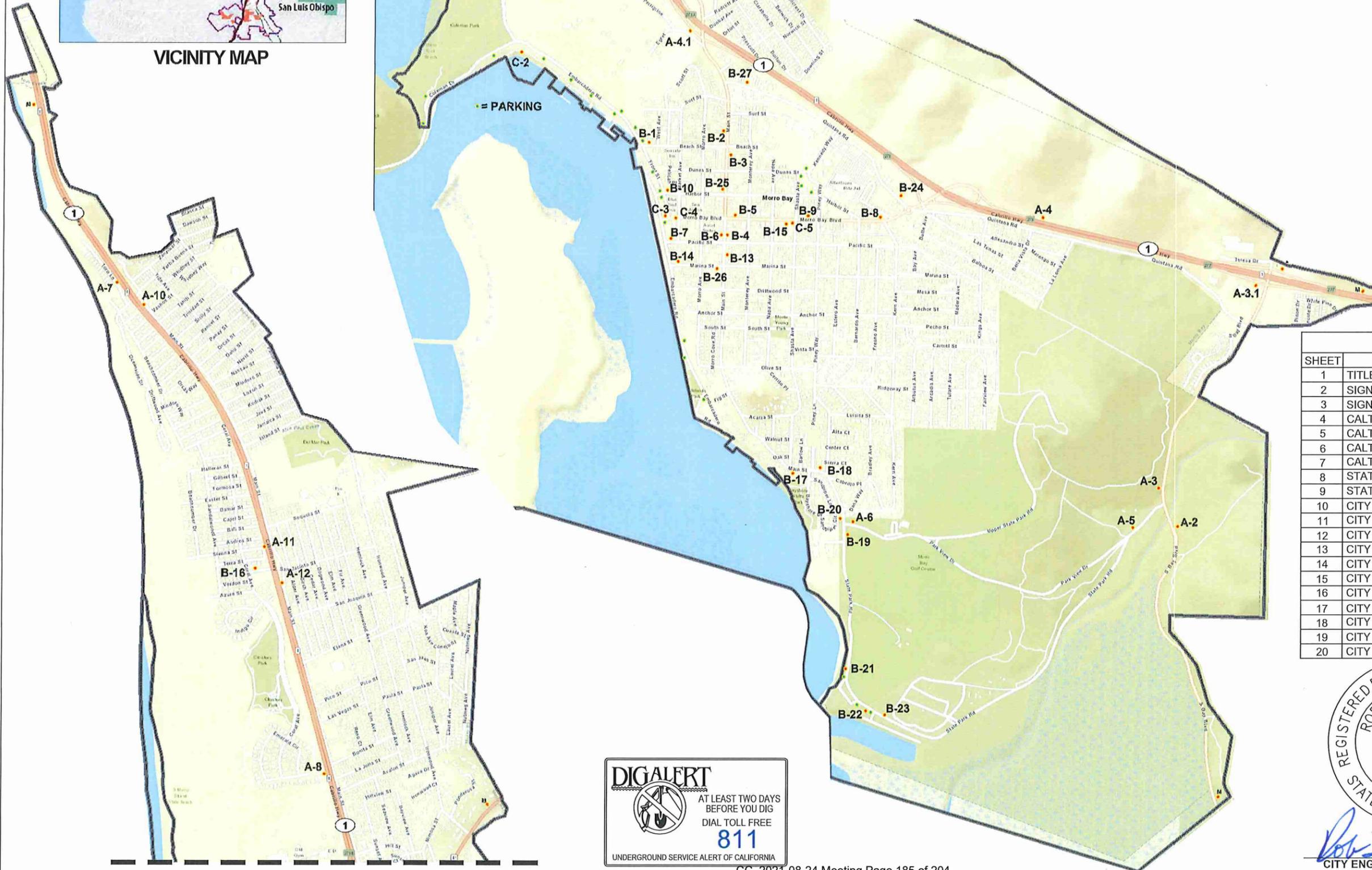
<b>Base Bid (Signs in City of Morro Bay Right of Way)</b>				Dekan Construction Corporation		Bay Area Sign DBA Aloha Electric Sign Company		Statewide Traffic Safety and Signs, Inc.		A Good Sign & Graphics Co.	
B-4	Water Pollution Control Plan	1	LS	\$2,000.00	\$2,000.00	\$100.00	\$100.00	\$1,500.00	\$1,500.00	\$800.00	\$800.00
B-5	Sign Submittal and Shop Drawings	1	LS	\$1,270.00	\$1,270.00	\$500.00	\$500.00	\$3,000.00	\$3,000.00	\$1,200.00	\$1,200.00
B-6	Furnish & Install Type A Sign, Wood Posts & Brackets	2	EA	\$3,000.00	\$6,000.00	\$6,200.00	\$12,400.00	\$4,700.00	\$9,400.00	\$4,725.00	\$9,450.00
B-7	Furnish & Install Type B Sign & Brackets on Single 8"x8" Wood Post	4	EA	\$2,000.00	\$8,000.00	\$1,888.00	\$7,552.00	\$2,200.00	\$8,800.00	\$4,860.00	\$19,440.00
B-8	Furnish & Install Type P Sign & Brackets on Black 2" Breakaway Pole	3	EA	\$1,000.00	\$3,000.00	\$1,153.00	\$3,459.00	\$600.00	\$1,800.00	\$300.00	\$900.00
<b>Sub-Total:</b>				<b>\$27,270.00</b>		<b>\$29,211.00</b>		<b>\$39,000.00</b>		<b>\$34,990.00</b>	



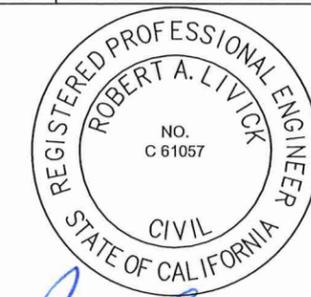
# CITY OF MORRO BAY WAYFINDING SIGNAGE PROGRAM BID SET



VICINITY MAP



SHEET LIST	
SHEET	DESCRIPTION
1	TITLE SHEET
2	SIGN TYPE DETAILS
3	SIGN INSTALLATION DETAILS
4	CALTRANS: SIGNS NO. A-1, A-3.1, A-4
5	CALTRANS: SIGNS NO. A-4.1, A-7, A-8
6	CALTRANS: SIGNS NO. A-9, A-10, A-11
7	CALTRANS: SIGNS NO. A-12
8	STATE PARK: SIGNS NO. A-5, A-6, B-19
9	STATE PARK: SIGNS NO. B-21, B-22, B-23
10	CITY OF MB: SIGNS NO. A-2, A-3, B-1
11	CITY OF MB: SIGNS NO. B-2, B-3, B-4
12	CITY OF MB: SIGNS NO. B-5, B-6, B-7
13	CITY OF MB: SIGNS NO. B-8, B-9, B-10
14	CITY OF MB: SIGNS NO. B-11, B-12, B-13
15	CITY OF MB: SIGNS NO. B-14, B-15, B-16
16	CITY OF MB: SIGNS NO. B-17, B-18, B-20
17	CITY OF MB: SIGNS NO. B-24, B-24.1, B-25
18	CITY OF MB: SIGNS NO. B-26, B-27, C-1
19	CITY OF MB: SIGNS NO. C-2, C-3, C-4
20	CITY OF MB: SIGNS NO. C-5, Parking



*Robert A. Livick*  
12 July 2021  
CITY ENGINEER DATE



MORRO BAY  
DIRECTIONAL SIGN PROGRAM  
MB2020-ST03

PROJ. NAME:

SIGN TYPE DETAILS

SHT. NAME:

CITY OF MORRO BAY  
PUBLIC WORKS DEPARTMENT  
955 SHASTA AVE., MORRO BAY, CA 93442  
1-805-772-6261 WWW.MORROBAYCA.GOV

DESIGN:  
DRAWN:  
CHECK:  
FILE:  
DATE: 7-8-21  
PRJ. NO: MB2020-ST03  
SHEET:



**VEHICULAR WAYFINDING SIGN (RURAL)**

For Speeds over 25 mph



**VEHICULAR WAYFINDING SIGN (URBAN)**

For Speeds over 25 mph

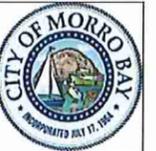
**PEDESTRIAN WAYFINDING SIGN**

**SUPPORTING DIRECTIONAL SIGN**

NOTE: If Vehicular Wayfinding Sign (B) is installed at non-paved surface, use single 8"x8" pressure treated fir post.

**NOTES:**

1. CITY TO APPROVE FINAL SIGN LOCATIONS PRIOR TO INSTALLATION. NOTIFY ENGINEER IN CASE OF CONFLICT WITH UNDERGROUND UTILITIES.
2. SIGN POST LOCATION INCLUDING POLE BASE CAP SHALL MAINTAIN 4' MINIMUM CLEAR WIDTH OF SIDEWALK.
3. WHERE REQUIRED, CONTRACTOR WILL FURNISH, ASSEMBLE, AND INSTALL BREAKAWAY ASSEMBLY AND FOUNDATION PER MANUFACTURER'S RECOMMENDATIONS AND THESE PLANS. CONTRACTOR TO PROVIDE SS SET SCREW FOR BASE. SET SCREWS SHALL BE FLUSH WITH SURFACE OR SLIGHTLY RECESSED.
4. SIGNS AND POSTS SHALL BE LEVEL AND PLUMB. CONTRACTOR WILL FURNISH AND ASSEMBLE SS BANDING MATERIALS.
5. "2-SIDED" SIGNS SHALL BE 2 SEPARATE SIGNS, ATTACHED ON OPPOSITE SIDES OF THE POLE.
6. GROUT ANY GAPS UNDER BASE PLATES.
7. CONTRACTOR MUST MAINTAIN ACCESSIBLE PEDESTRIAN ACCESS THROUGHOUT LOCATIONS OF WORK AT ALL TIMES.
8. EDGE OF SIGN PANEL MUST BE AT LEAST 18" FROM CURB FACE UNLESS OTHERWISE SHOWN ON PLAN OR AS APPROVED BY THE ENGINEER. IN CASES WHERE SIDEWALK CLEARANCE/ACCESS IS IMPEDED BY SIGN POLE, EDGE PANEL TO CURB FACE DISTANCE MAY BE REDUCED TO 6" OR AS DIRECTED BY THE ENGINEER.



BID SET ONLY  
NOT FOR  
CONSTRUCTION

MORRO BAY  
DIRECTIONAL SIGN PROGRAM  
MB2020-ST03

PROJ. NAME:

SIGN TYPE DETAILS

SHT. NAME:

CITY OF MORRO BAY  
PUBLIC WORKS DEPARTMENT  
955 SHASTA AVE., MORRO BAY, CA 93442  
1-805-772-6261 WWW.MORROBAYCA.GOV

DESIGN:

DRAWN:

CHECK:

FILE:

DATE: 7-8-21

PRJ. NO: MB2020-ST03

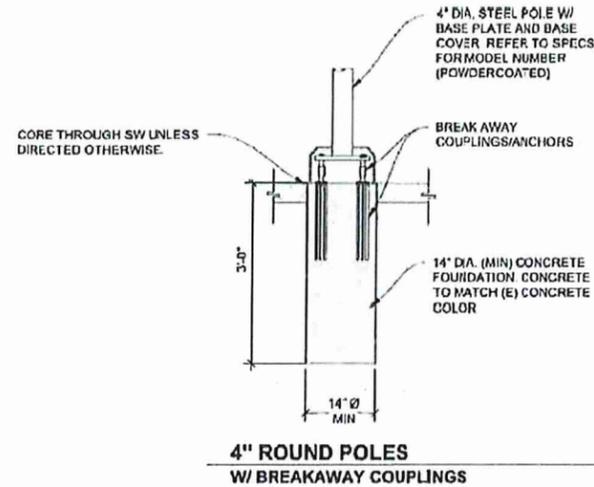
SHEET:

**CITY GENERAL NOTES**

- ANY DAMAGE, AS A RESULT OF CONSTRUCTION OPERATIONS FOR THIS PROJECT, TO CITY FACILITIES, I.E. CURB/BERM, STREET, SEWER LINE, WATER LINE, OR ANY PUBLIC IMPROVEMENTS SHALL BE REPAIRED AT NO COST TO THE CITY OF MORRO BAY.
- NO WORK SHALL OCCUR WITHIN (OR USE OF) THE CITY'S RIGHT OF WAY WITHOUT AN ENCROACHMENT PERMIT. ENCROACHMENT PERMITS ARE AVAILABLE AT THE CITY OF MORRO BAY PUBLIC WORKS OFFICE LOCATED AT 955 SHASTA AVE.
- ALL CONSTRUCTION WORK SHALL CONFORM TO THE MOST CURRENT CITY OF MORRO BAY STANDARDS AND SPECIFICATIONS OR CALTRANS STANDARD PLANS AND SPECIFICATIONS AS APPLICABLE. ALL WORK SHALL BE SUBJECT TO THE APPROVAL OF THE CITY ENGINEER.
- THE CONTRACTOR SHALL BE SOLELY AND COMPLETELY RESPONSIBLE FOR THE CONDITION OF THE JOB SITE DURING THE COURSE OF CONSTRUCTION FOR THIS PROJECT, INCLUDING THE SAFETY OF ALL PERSONS AND PROPERTY. THIS REQUIREMENT SHALL BE MADE TO APPLY CONTINUOUSLY AND IS NOT LIMITED TO NORMAL WORKING HOURS.
- THE CONTRACTOR SHALL ASSUME SOLE AND COMPLETE RESPONSIBILITY FOR PROTECTION OF PUBLIC AND PRIVATE PROPERTY ADJACENT TO THE SITE AND SHALL, AT HIS EXPENSE, REPAIR OR REPLACE TO ORIGINAL CONDITION OR BETTER, ALL EXISTING IMPROVEMENTS WITHIN OR ADJACENT TO THE JOB SITE WHICH ARE NOT DESIGNATED FOR REMOVAL AND WHICH ARE DAMAGED OR REMOVED AS A RESULT OF HIS OPERATIONS.
- THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROVIDING AND/OR MAINTAINING ALL-WEATHER ACCESS AT ALL TIME TO EXISTING PROPERTIES LOCATED IN THE VICINITY OF THE WORK AREA. ALL TEMPORARY ACCESS RESTRICTIONS SHALL BE APPROVED BY THE CITY PUBLIC WORKS DEPARTMENT PRIOR TO THE BEGINNING OF WORK.
- THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROVIDING AND MAINTAINING ALL EXISTING SERVICES (UTILITIES, GARBAGE COLLECTION, MAIL DELIVERY, ETC.), TO EXISTING PROPERTIES LOCATED IN THE VICINITY OF THE WORK AREA.
- THE CONTRACTOR SHALL PREPARE AND HAVE APPROVED BY THE CITY PUBLIC WORKS DEPARTMENT, A TRAFFIC CONTROL PLAN PRIOR TO THE BEGINNING OF CONSTRUCTION. THE TRAFFIC CONTROL PLAN SHALL BE IN ACCORDANCE WITH THE CURRENT CALIFORNIA MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES (CA-MUTCD). NO STREET OR LANE CLOSURE SHALL BE PERMITTED UNLESS PREVIOUSLY ARRANGED FOR AND GRANTED BY THE CITY PUBLIC WORKS DEPARTMENT.
- AN EFFORT HAS BEEN MADE TO DETERMINE THE LOCATION OF UNDERGROUND FACILITIES WITHIN THE PROJECT AREA. HOWEVER, ALL EXISTING UTILITIES AND OTHER UNDERGROUND STRUCTURES ARE TO BE REGARDED AS
- APPROXIMATE ONLY. THE CONTRACTOR SHALL ASSUME SOLE AND COMPLETE RESPONSIBILITY FOR LOCATING ALL UNDERGROUND UTILITIES AND OTHER FACILITIES AND FOR PROTECTING THE SAME DURING THE COURSE OF CONSTRUCTION.
- THE CONTRACTOR SHALL CONTACT UNDERGROUND SERVICE ALERT (U.S.A.) AT 811 TWO TO TEN DAYS PRIOR TO THE START OF EXCAVATION TO REQUEST THE LOCATION OF EXISTING UNDERGROUND UTILITIES WITHIN THE PROJECT AREA. THE CONTRACTOR SHALL VERIFY WHETHER A REPRESENTATIVE OF EACH COMPANY WILL BE REQUIRED TO BE PRESENT DURING EXCAVATION. THE CONTRACTOR IS RESPONSIBLE TO NOTIFY ANY UTILITIES WHICH ARE NOT MEMBERS OF U.S.A. DURING THE SAME TIME PERIOD.
- THE CONTRACTOR IS RESPONSIBLE TO REPORT DISCREPANCIES, IF ANY, BETWEEN THE PLANS AND/OR FIELD CONDITIONS IMMEDIATELY TO THE PUBLIC WORKS DEPARTMENT FOR RESOLUTION PRIOR TO CONSTRUCTION, AND SHALL BE RESPONSIBLE FOR DISCREPANCIES NOT SO REPORTED AND RESOLVED.
- THE CONTRACTOR IS RESPONSIBLE FOR PROTECTING AND PERPETUATING ALL EXISTING SURVEY MONUMENTS WITHIN THE CONSTRUCTION AREA IN ACCORDANCE WITH SECTION 8771 OF THE LAND SURVEYORS ACT.
- NO TREES SHALL BE REMOVED WITHOUT PERMISSION FROM THE CITY.
- THE CITY ENGINEER, OR THEIR DESIGNATED REPRESENTATIVE, MAY REQUEST REVISIONS IN THE PLANS TO RESOLVE UNFORSEEN PROBLEMS THAT MAY ARISE IN THE FIELD. REVISIONS SHALL BE REVIEWED BY THE DESIGN ENGINEER AND THE CITY PUBLIC WORKS DEPARTMENT PRIOR TO IMPLEMENTATION. ADDITIONALLY, THE INSPECTOR MAY ALERT THE CONTRACTOR TO DEVIATIONS IN THE WORK FROM THE PLANS. THE CONTRACTOR SHALL REMEDY THE WORK TO COMPLY WITH THE PLANS TO THE SATISFACTION OF THE CITY ENGINEER.
- THE CONTRACTOR SHALL MAINTAIN A CURRENT, COMPLETE, AND ACCURATE RECORD OF ALL CHANGES WHICH DEVIATE FROM THE APPROVED PLANS AND SPECIFICATIONS IN ORDER TO PROVIDE THE PUBLIC WORKS DEPARTMENT WITH A BASIS FOR RECORD DRAWINGS. NO CHANGES SHALL BE MADE WITHOUT PRIOR APPROVAL OF THE CITY ENGINEER.
- THE CONTRACTOR IS RESPONSIBLE FOR THE PROTECTION OF PUBLIC AND PRIVATE PROPERTY ADJACENT TO WORK AREAS AND MUST EXERCISE DUE TO CAUTION TO AVOID DAMAGE TO SUCH PROPERTY. THE CONTRACTOR MUST REPLACE AND REPAIR TO THEIR ORIGINAL CONDITION ALL EXISTING IMPROVEMENTS WITHIN OR ADJACENT TO THE WORK AREA WHICH ARE NOT DESIGNATED FOR REMOVAL, AND ARE DAMAGED OR REMOVED AS A RESULT OF THEIR OPERATIONS, AND BE REQUIRED TO REPAIR OR REPLACE IN KIND TO THE SATISFACTION OF AND AS DIRECTED BY THE CITY INSPECTOR OR UTILITY COMPANY.

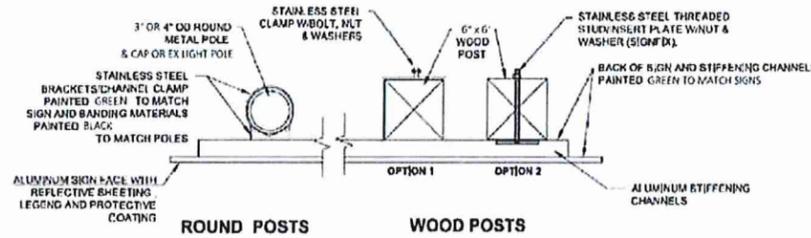
**NOTES:**

- CITY TO APPROVE FINAL SIGN LOCATIONS PRIOR TO INSTALLATION. NOTIFY ENGINEER IN CASE OF CONFLICT WITH UNDERGROUND UTILITIES.
- SIGN POST LOCATION INCLUDING POLE BASE CAP SHALL MAINTAIN 4" MINIMUM CLEAR WIDTH OF SIDEWALK.
- WHERE REQUIRED, CONTRACTOR WILL FURNISH, ASSEMBLE, AND INSTALL BREAKAWAY ASSEMBLY AND FOUNDATION PER MANUFACTURER'S RECOMMENDATIONS AND THESE PLANS. CONTRACTOR TO PROVIDE SS SET SCREW FOR BASE. SET SCREWS SHALL BE FLUSH WITH SURFACE OR SLIGHTLY RECESSED.
- SIGNS AND POSTS SHALL BE LEVEL AND PLUMB. CONTRACTOR WILL FURNISH AND ASSEMBLE SS BANDING MATERIALS.
- "2-SIDED" SIGNS SHALL BE 2 SEPARATE SIGNS, ATTACHED ON OPPOSITE SIDES OF THE POLE.
- GROUT ANY GAPS UNDER BASE PLATES.
- CONTRACTOR MUST MAINTAIN ACCESSIBLE PEDESTRIAN ACCESS THROUGHOUT LOCATIONS OF WORK AT ALL TIMES.
- EDGE OF SIGN PANEL MUST BE AT LEAST 18" FROM CURB FACE UNLESS OTHERWISE SHOWN ON PLAN OR AS APPROVED BY THE ENGINEER. IN CASES WHERE SIDEWALK CLEARANCE/ACCESS IS IMPEDED BY SIGN POLE, EDGE PANEL TO CURB FACE DISTANCE MAY BE REDUCED TO 6" OR AS DIRECTED BY THE ENGINEER.
- WOOD POST SHALL BE INSTALLED PER CALTRANS STANDARD PLAN (2018) RS2.



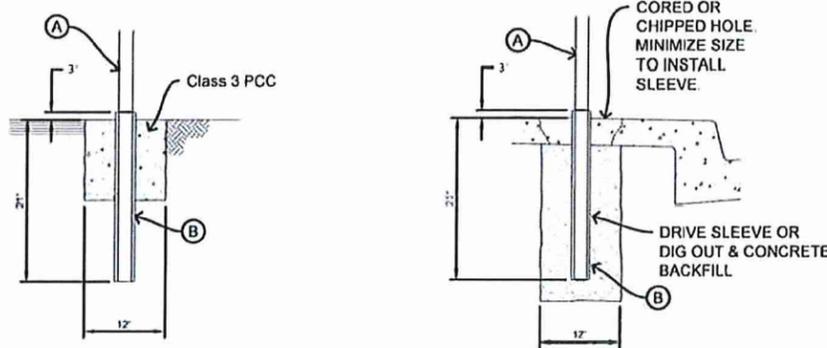
**DETAIL A - FOUNDATION DETAIL**

NTS



**DETAIL C - SIGN PANEL/POLE ATTACHMENTS**

NTS

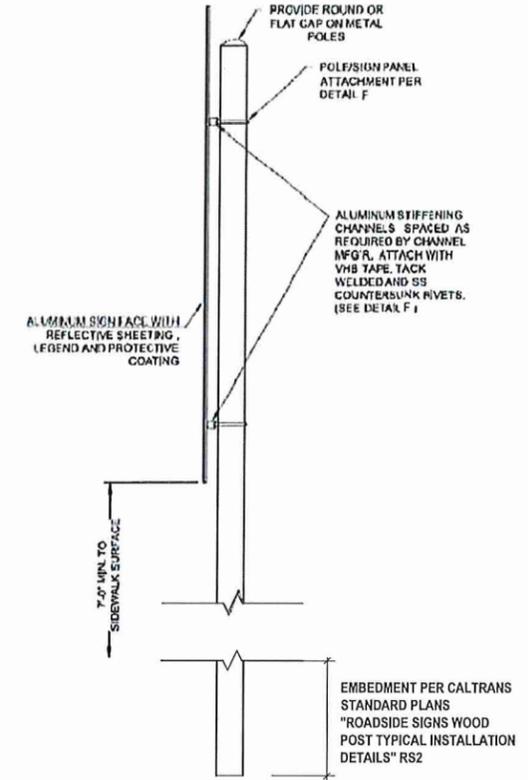


**INSTALLATION NOTES**

- 2" GALVANIZED METAL POST, F11WA BREAKAWAY APPROVED SUCH AS 14 ga QWIK-PUNCH OR EQUAL. POSTS SHALL BE INDUSTRIAL POWDER COATED BLACK.
- HEAVY DUTY GALVANIZED STEEL SLEEVE SUCH AS PACIFIC PRODUCTS OR APPROVED EQUAL.
  - STEEL: ASTM A500 GRADE B
  - GALVANIZING: ASTM 123
  - 2 1/2" X 2 1/4" X 24" ONE-PIECE POINTED END, 1/16" MINIMUM WALL THICKNESS.
  - 1/8" HOLES, ALL 4 SIDES AT 1" BELOW TOP. NO HOLES ARE ALLOWED IN THE UNDERGROUND PORTION OF THE SLEEVE.
  - ATTACH SIGN POST TO SLEEVE WITH A 3/8" DRIVE RIVET WITH A 1" WASHER, OR APPROVED EQUAL.

**DETAIL D - 2" SIGN POST IN EXISTING SIDEWALK OR PLANTER**

NTS



**DETAIL B - TYPICAL SIGN SECTION**

NTS



BID SET ONLY  
NOT FOR  
CONSTRUCTION

MORRO BAY  
DIRECTIONAL SIGN PROGRAM  
MB2020-ST03

PROJ. NAME:

SIGN INSTALLATION  
DETAILS

SHT. NAME:

CITY OF MORRO BAY  
PUBLIC WORKS DEPARTMENT  
955 SHASTA AVE., MORRO BAY, CA 93442  
1-805-772-6261 WWW.MORROBAYCA.GOV

DESIGN:

DRAWN:

CHECK:

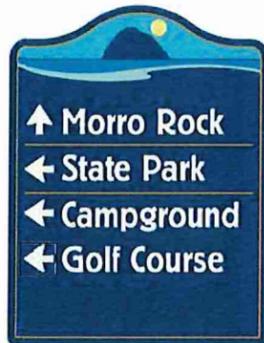
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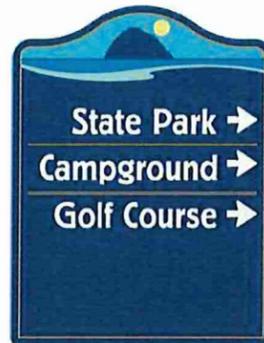
PRJ. NO: MB2020-ST03

SHEET:

3 OF 20



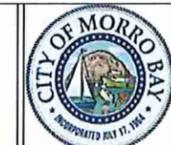
A-1 : HWY 1 NORTH EXIT AT SOUTH BAY BLVD.



A-3.1 : HWY 1 SOUTH EXIT AT SOUTH BAY BLVD.



A-4 : HWY 1 NORTH EXIT AT MORRO BAY BLVD.



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MORRO BAY  
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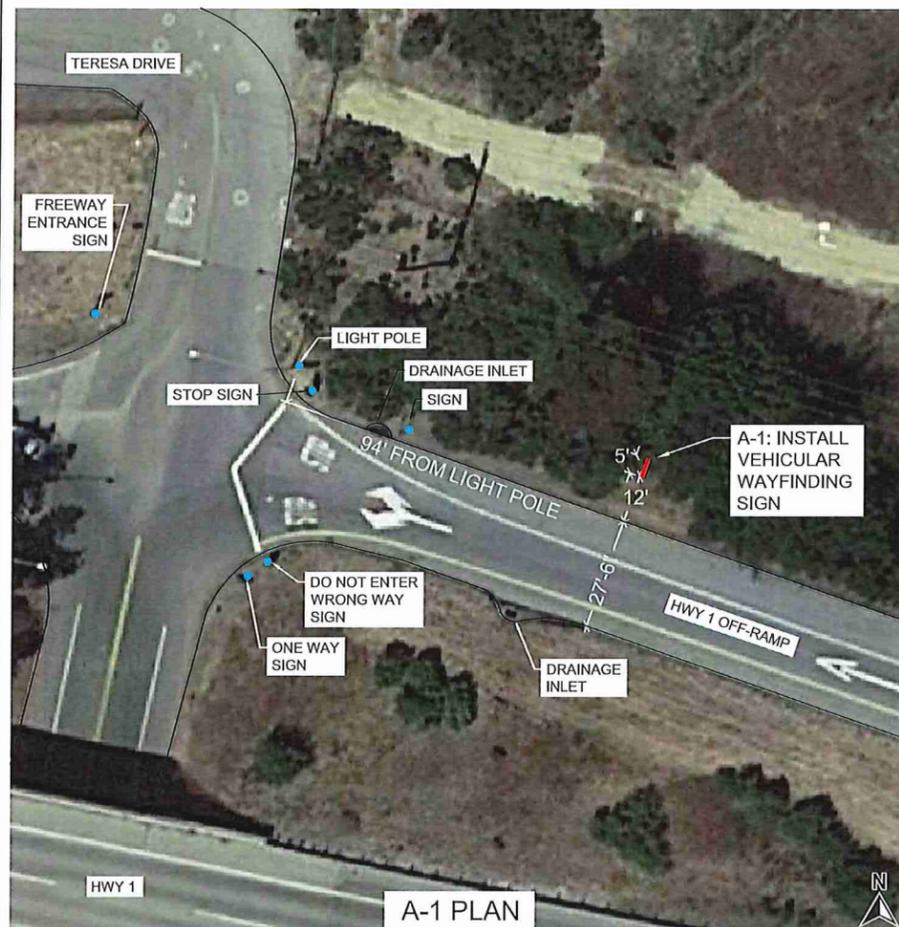
PROJ. NAME:

CALTRANS RIGHT-OF-WAY  
LOCATION FOR SIGNS A-1, A-3.1, A-4

SHT. NAME:

CITY OF MORRO BAY  
PUBLIC WORKS DEPARTMENT  
955 SHASTA AVE., MORRO BAY, CA 93442  
1-805-772-6261 WWW.MORROBAYCA.GOV

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FILE:  
DATE: 7-8-21  
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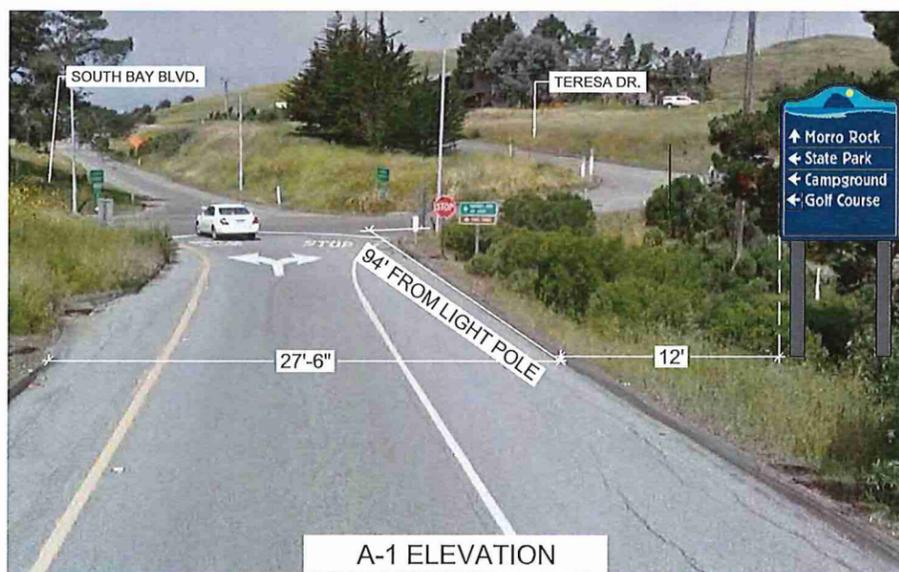
A-1 PLAN



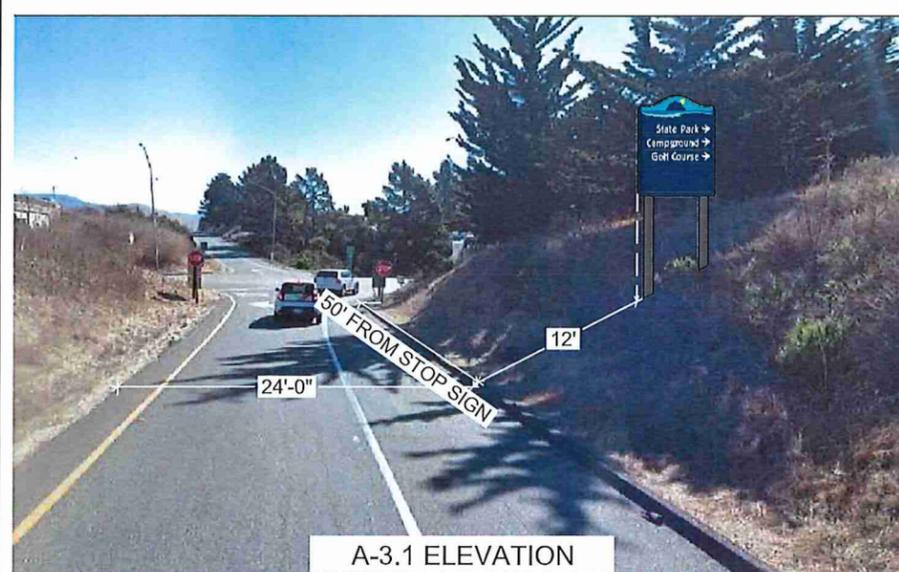
A-3.1 PLAN



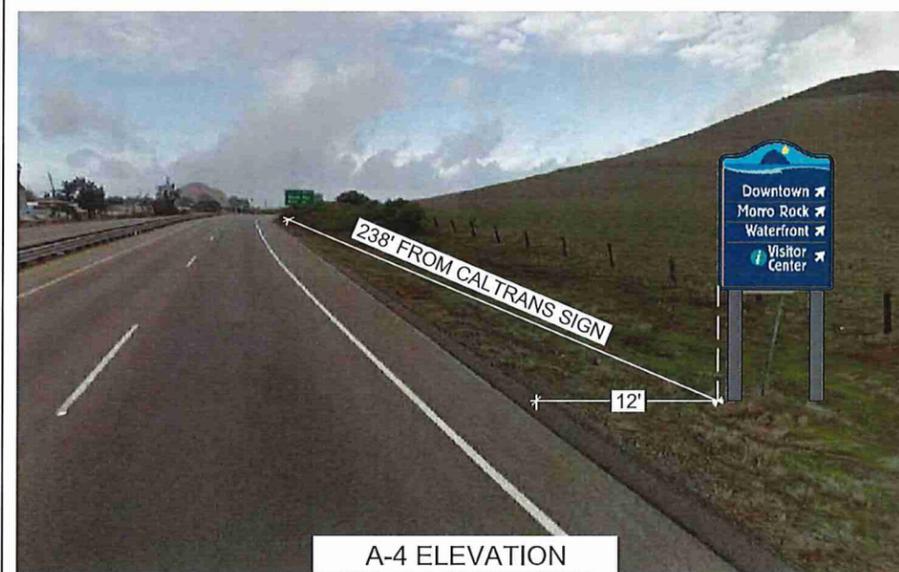
A-4 PLAN



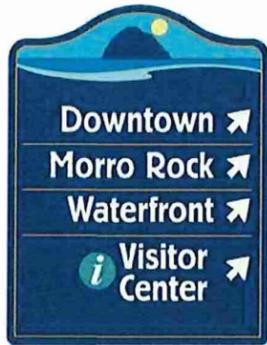
A-1 ELEVATION



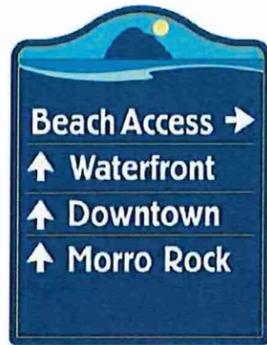
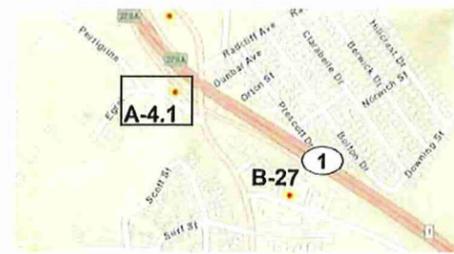
A-3.1 ELEVATION



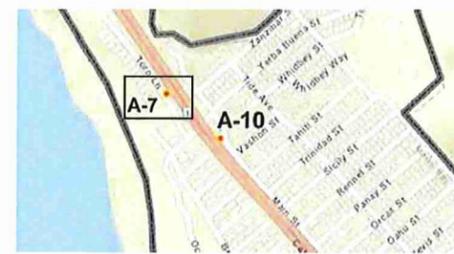
A-4 ELEVATION



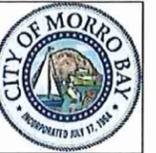
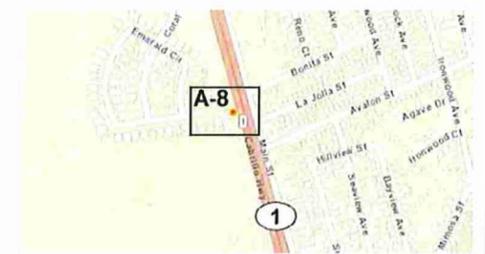
A-4.1 : HWY 1 NORTH EXIT AT MORRO BAY BLVD.



A-7 : HWY 1 SOUTH AT YERBA BUENA STREET



A-8 : HWY 1 SOUTH AT ATASCADERO ROAD EXIT



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PROJ. NAME:

CALTRANS RIGHT-OF-WAY  
LOCATION FOR SIGNS A-4.1, A-7, A-8

SHT. NAME:

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PUBLIC WORKS DEPARTMENT  
955 SHASTA AVE., MORRO BAY, CA 93442  
1-805-772-6261 WWW.MORROBAYCA.GOV

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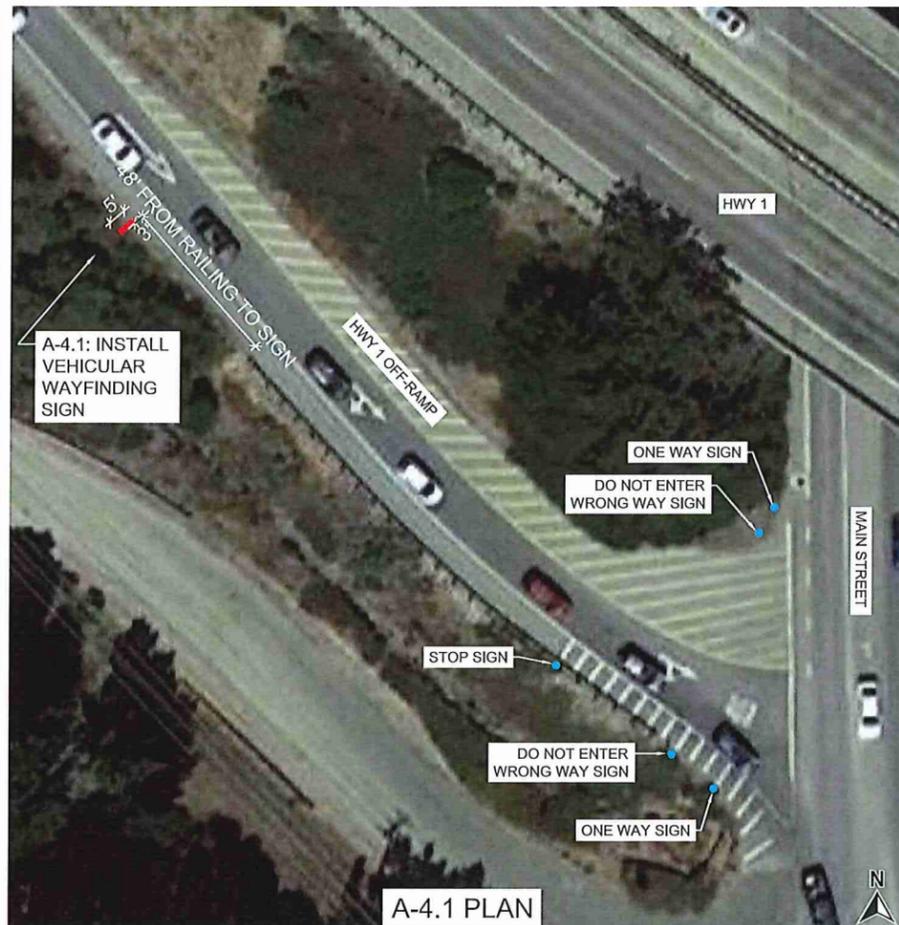
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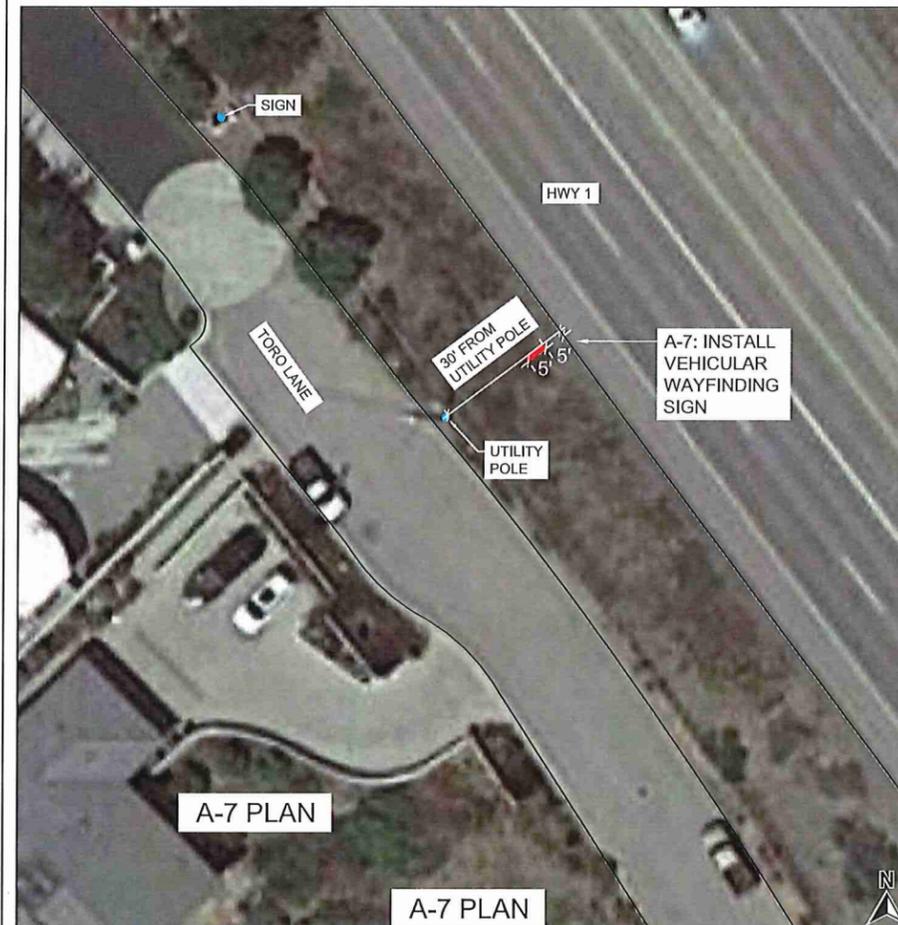
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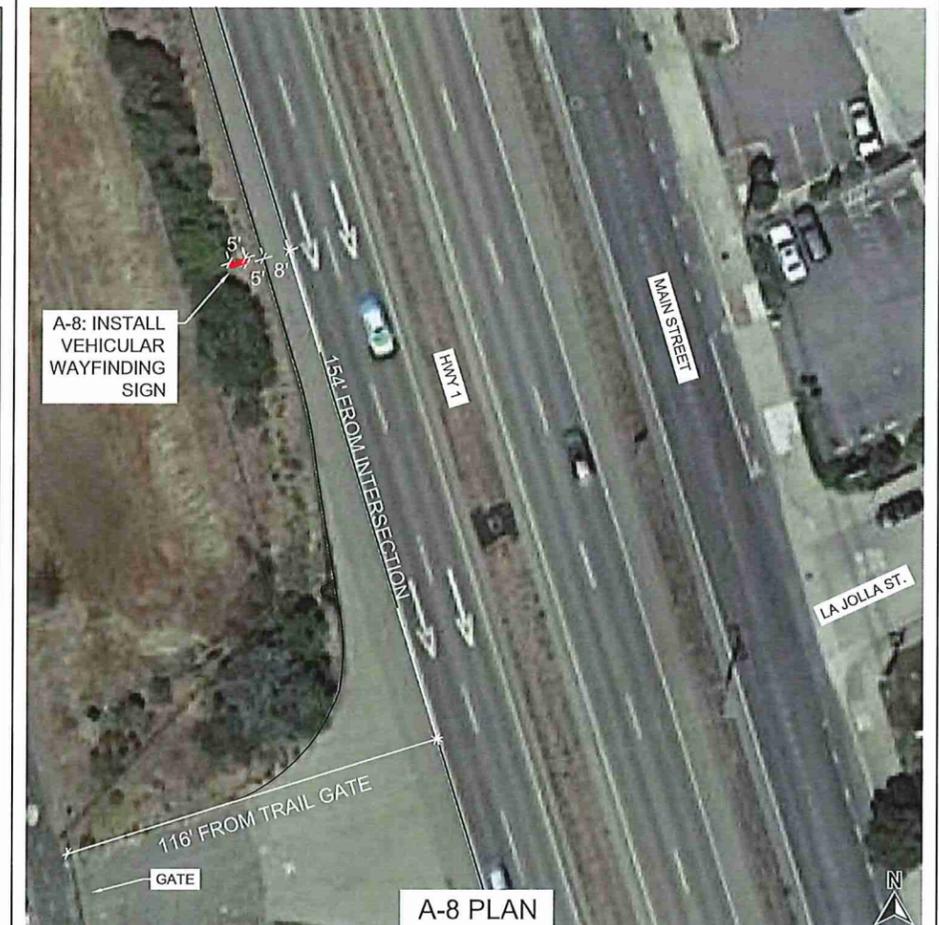
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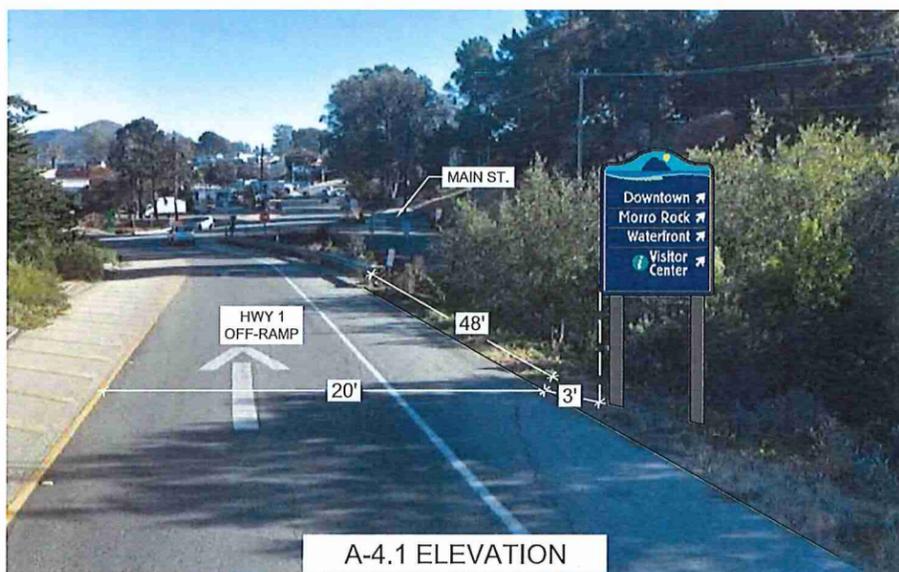
A-4.1 PLAN



A-7 PLAN



A-8 PLAN



A-4.1 ELEVATION



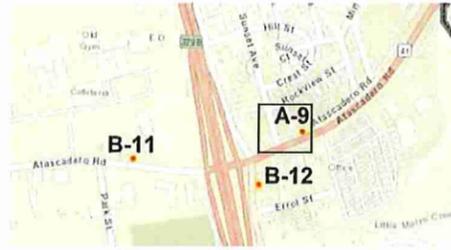
A-7 ELEVATION



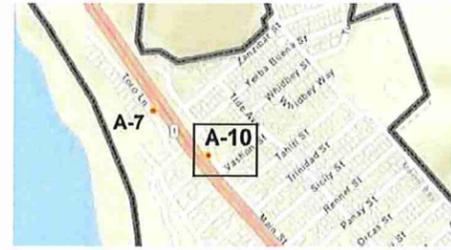
A-8 ELEVATION



A-9 : HWY 41 WEST AT SUNSET AVENUE



A-10 : HWY 1 NORTH AT YERBA BUENA STREET



A-11 : HWY 1 SOUTH AT SAN JACINTO STREET



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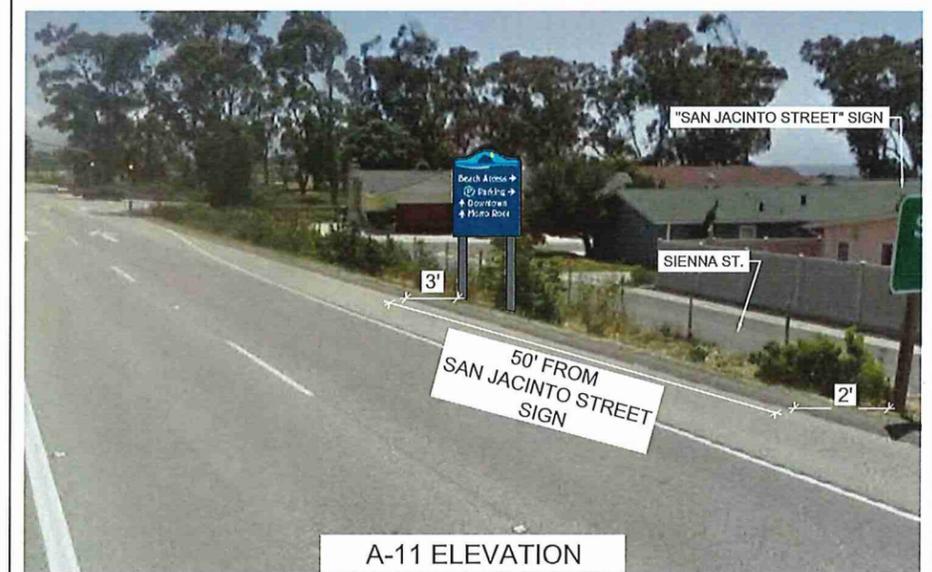
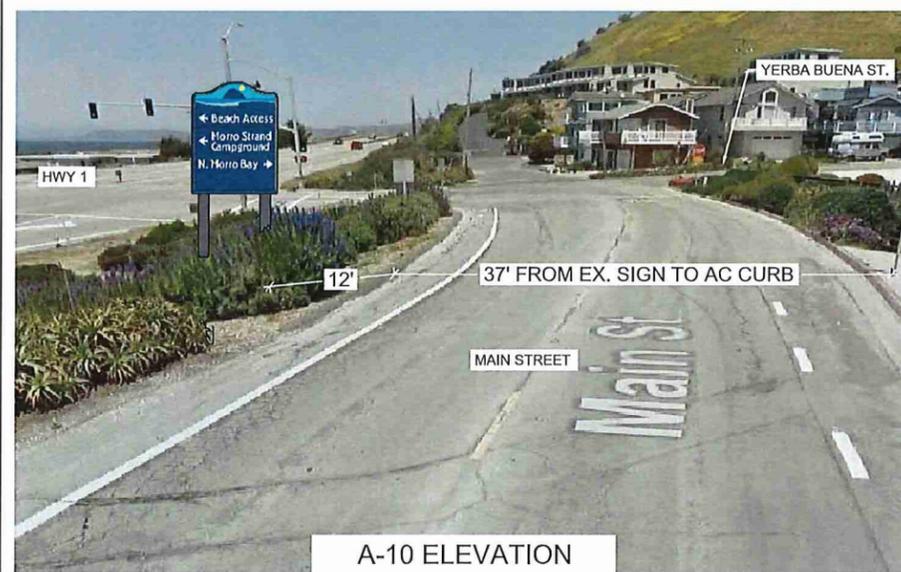
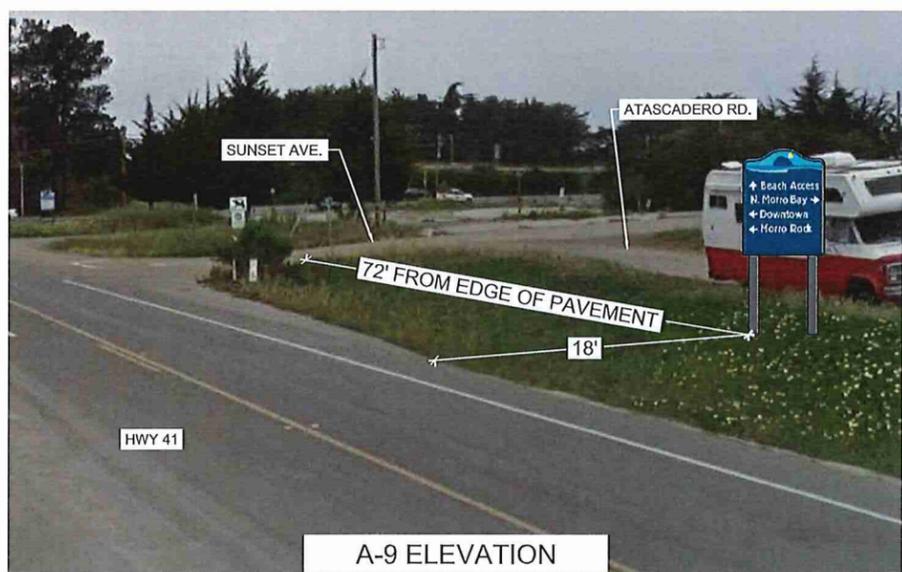
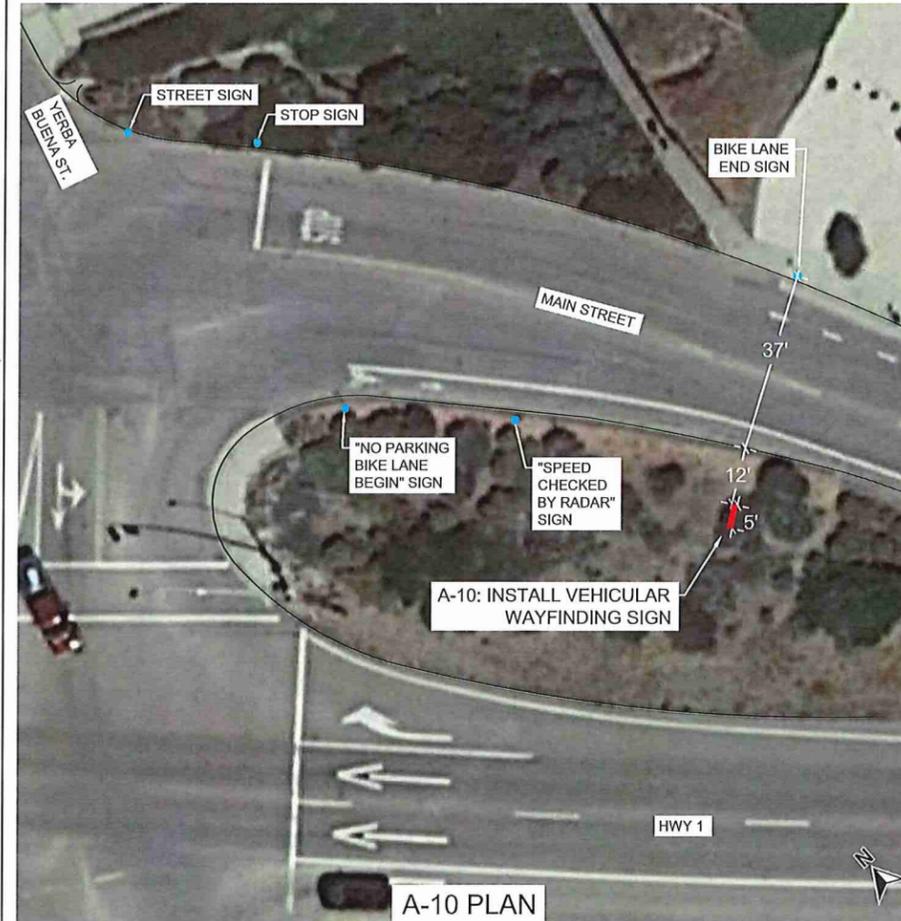
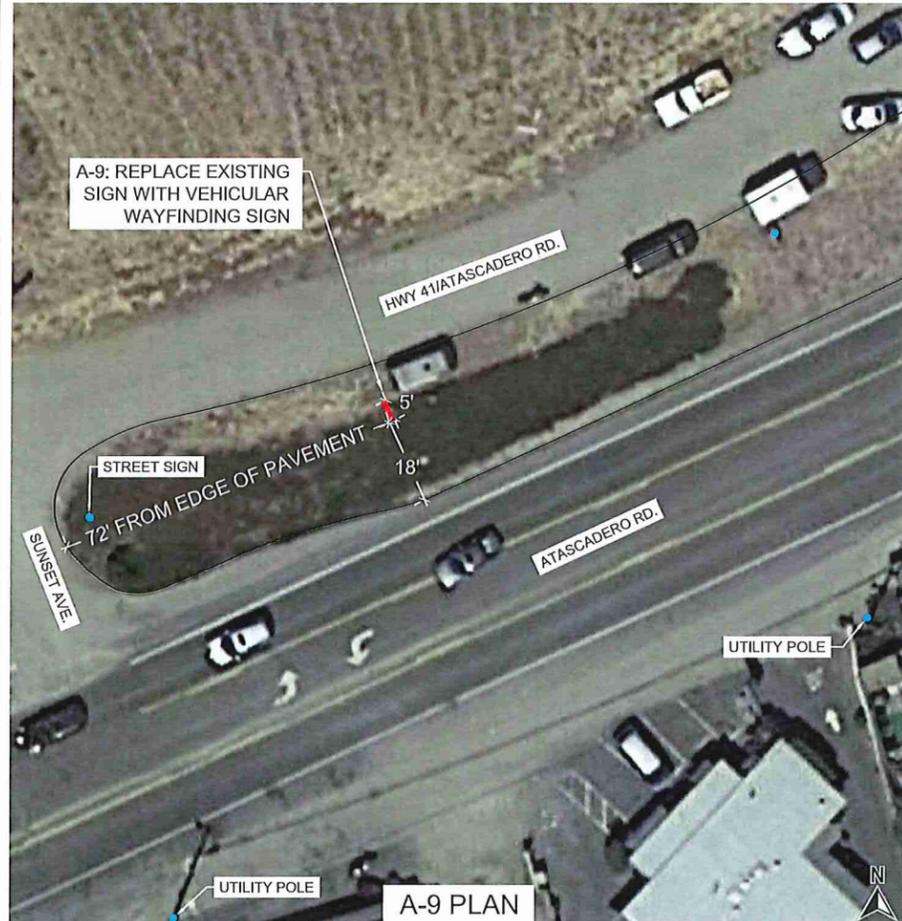
CALTRANS RIGHT-OF-WAY  
LOCATION FOR SIGNS A-9, A-10, A-11

SHT. NAME:

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955 SHASTA AVE., MORRO BAY, CA 93442  
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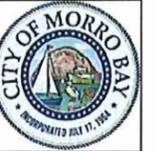


A-12 : HWY 1 NORTH AT SAN JACINTO STREET



NOT USED

NOT USED



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PROJ. NAME:

CALTRANS RIGHT-OF-WAY  
LOCATION FOR SIGNS A-12

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955 SHASTA AVE., MORRO BAY, CA 93442  
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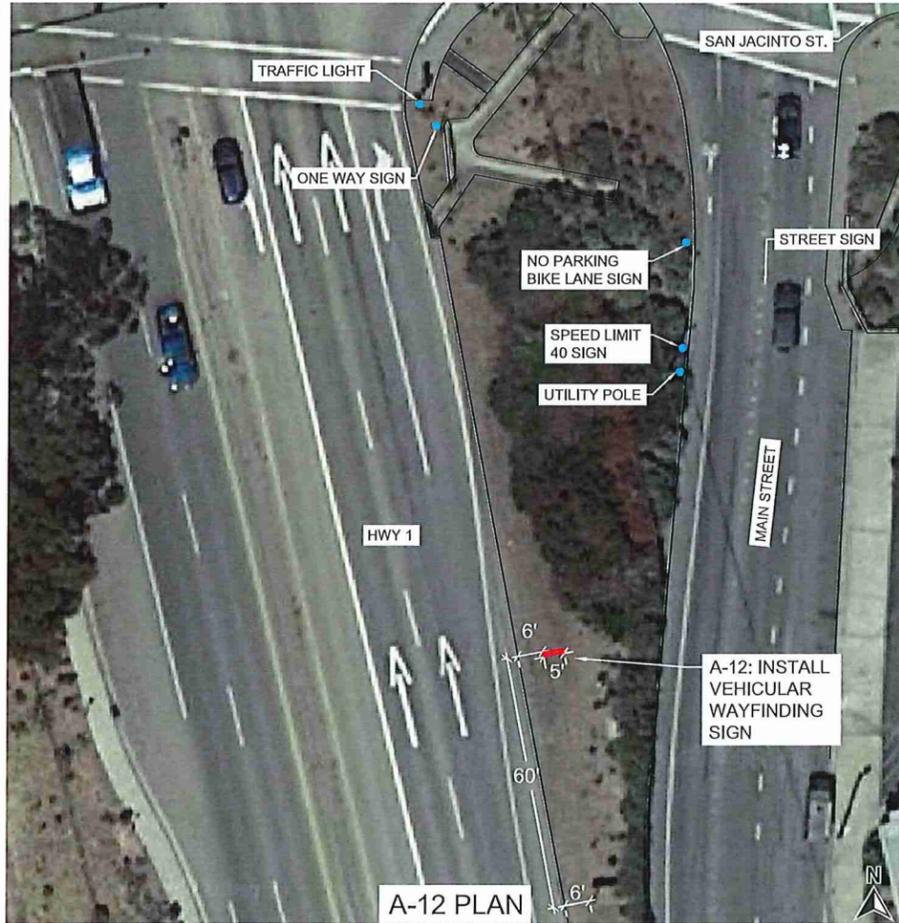
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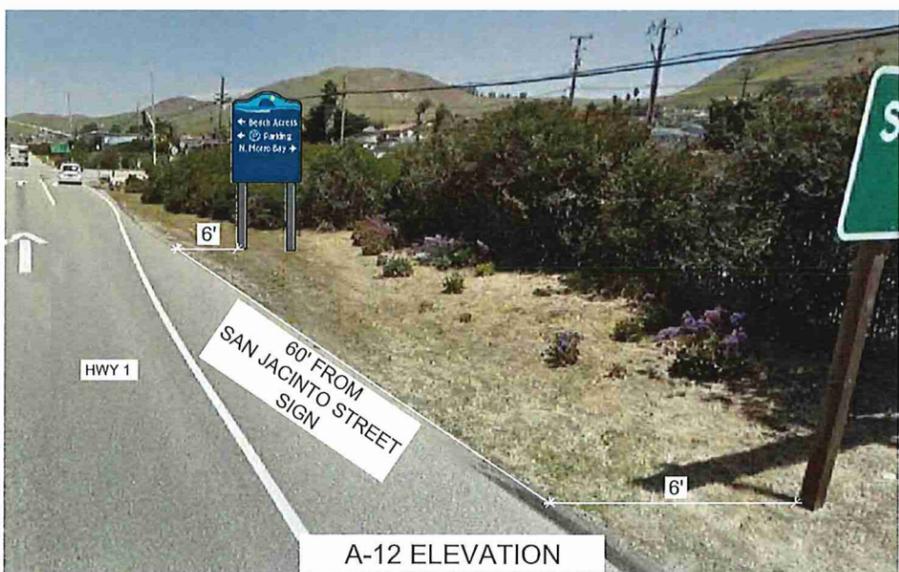
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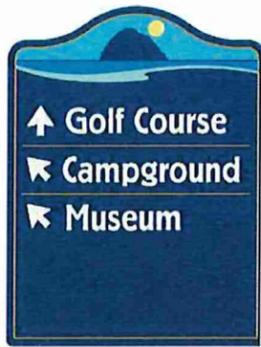
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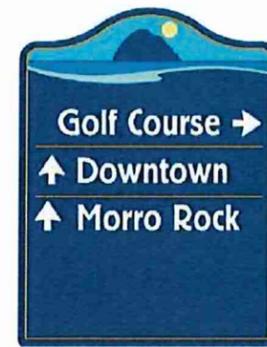
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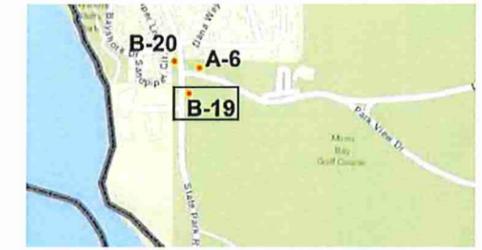
A-5 : STATE PARK DRIVE AT PARK VIEW DRIVE



A-6 : WESTBOUND PARK VIEW DRIVE AT STATE PARK ROAD



B-19 : STATE PARK ROAD NORTH AT PARK VIEW DRIVE



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PROJ. NAME:

STATE PARK RIGHT-OF-WAY  
LOCATION FOR SIGNS A-5, A-6, B-19

SHT. NAME:

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955 SHASTA AVE., MORRO BAY, CA 93442  
1-805-772-6281 WWW.MORROBAYCA.GOV

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A-5 PLAN



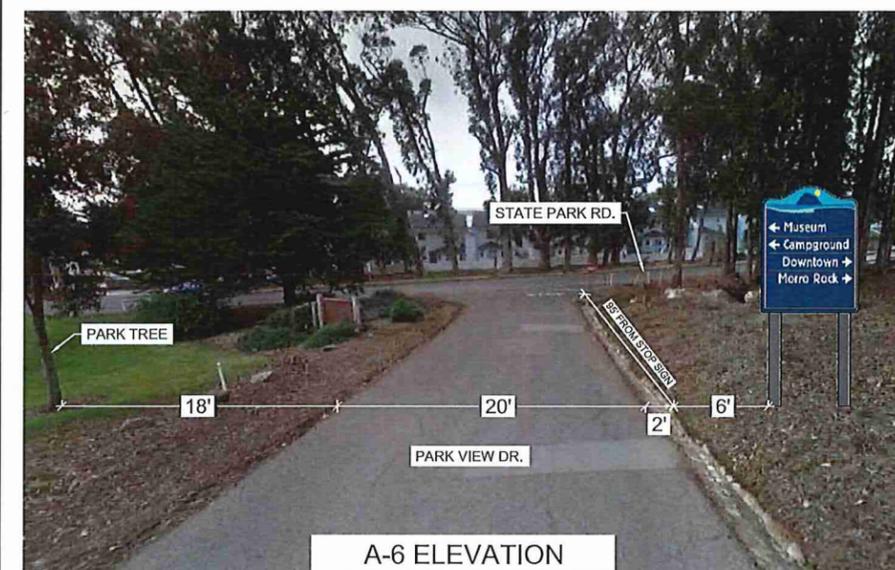
A-6 PLAN



B-19 PLAN



A-5 ELEVATION



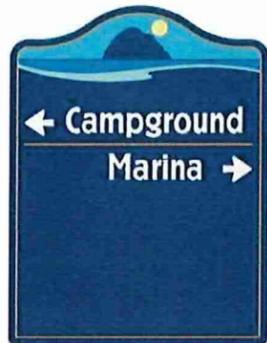
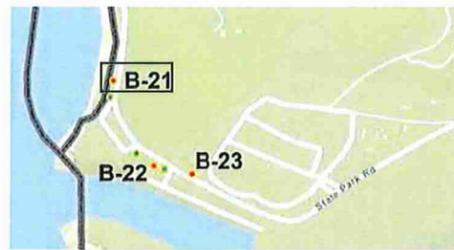
A-6 ELEVATION



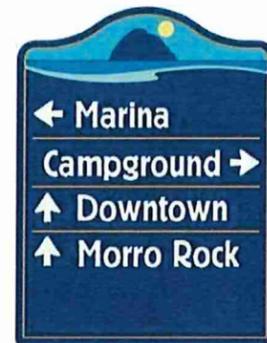
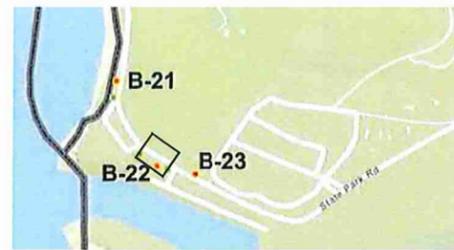
B-19 ELEVATION



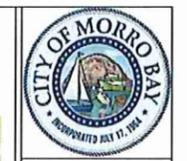
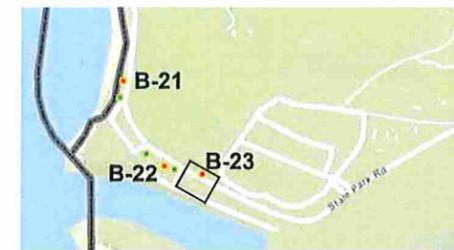
B-21 : STATE PARK ROAD AT MUSEUM



B-22 : STATE PARK ROAD AT CAMPGROUND



B-23 : STATE PARK ROAD NORTH AT CAMPGROUND



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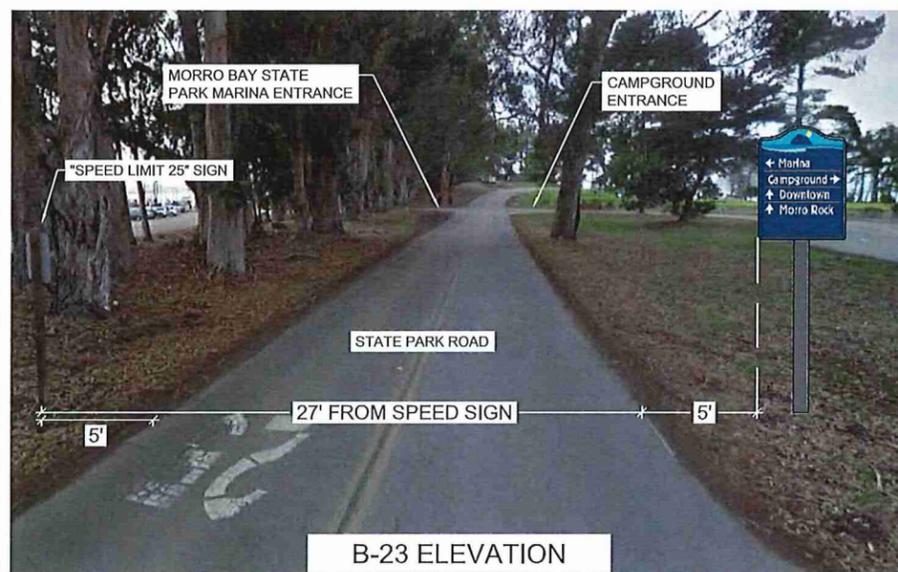
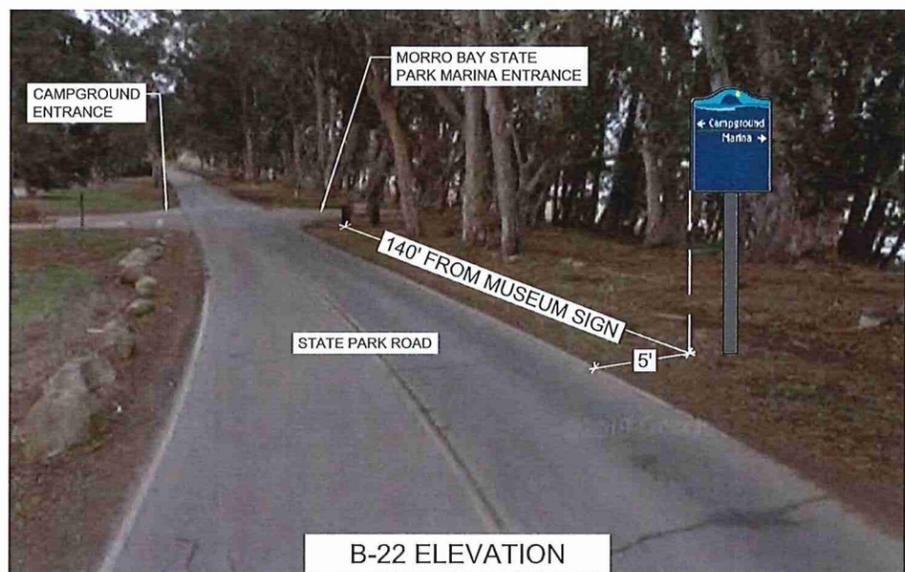
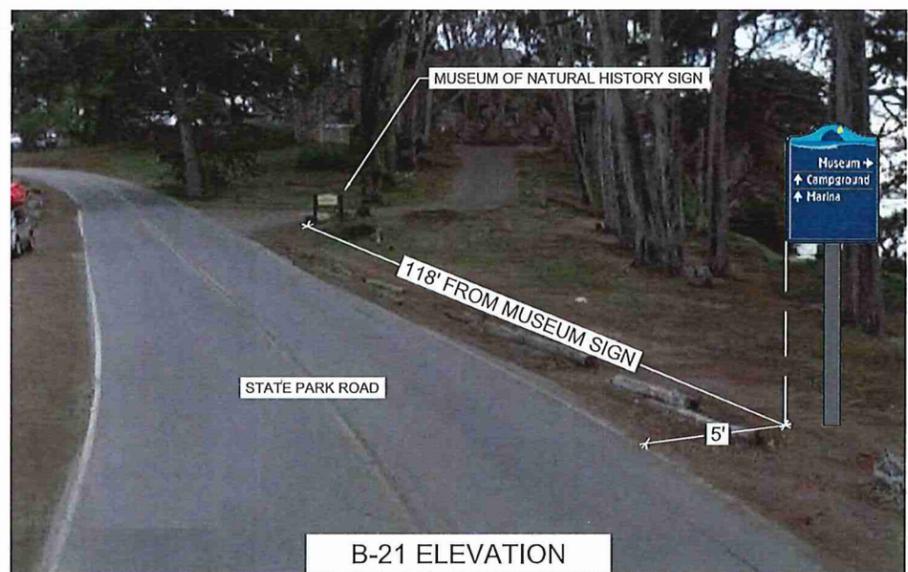
MORRO BAY  
DIRECTIONAL SIGN PROGRAM  
MB2020-ST03

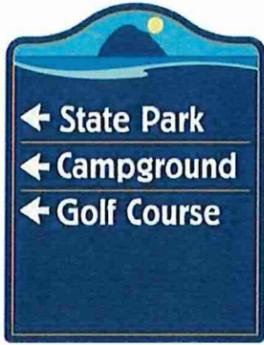
PROJ. NAME:

STATE PARK RIGHT-OF-WAY  
LOCATION FOR SIGNS B-21, B-22, B-23

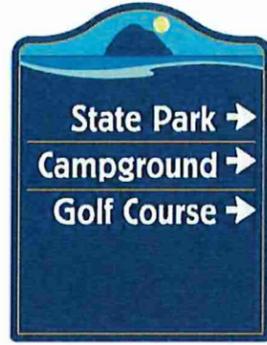
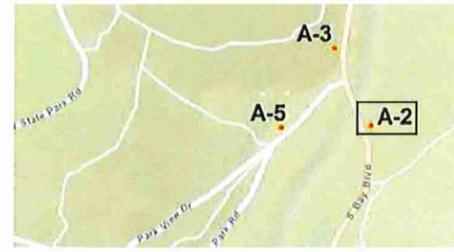
CITY OF MORRO BAY  
PUBLIC WORKS DEPARTMENT  
955 SHASTA AVE., MORRO BAY, CA 93442  
1-805-772-6261 WWW.MORROBAYCA.GOV

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DATE: 7-8-21  
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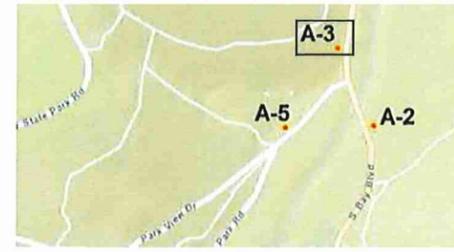




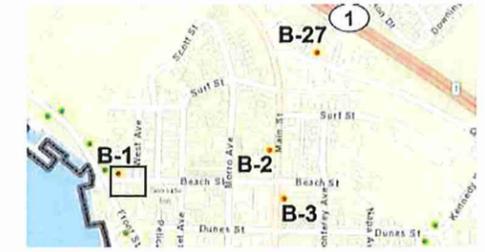
A-2 : SOUTH BAY BLVD. EAST SIDE AT STATE PARK ROAD



A-3 : HWY 1 SOUTH EXIT AT SOUTH BAY BLVD.



B-1 : BEACH STREET WEST AT FRONT STREET



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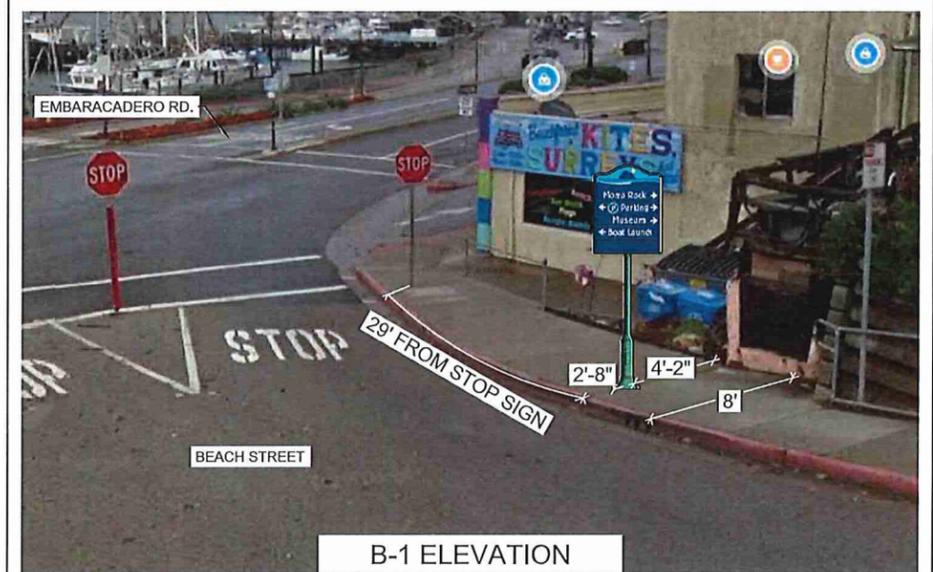
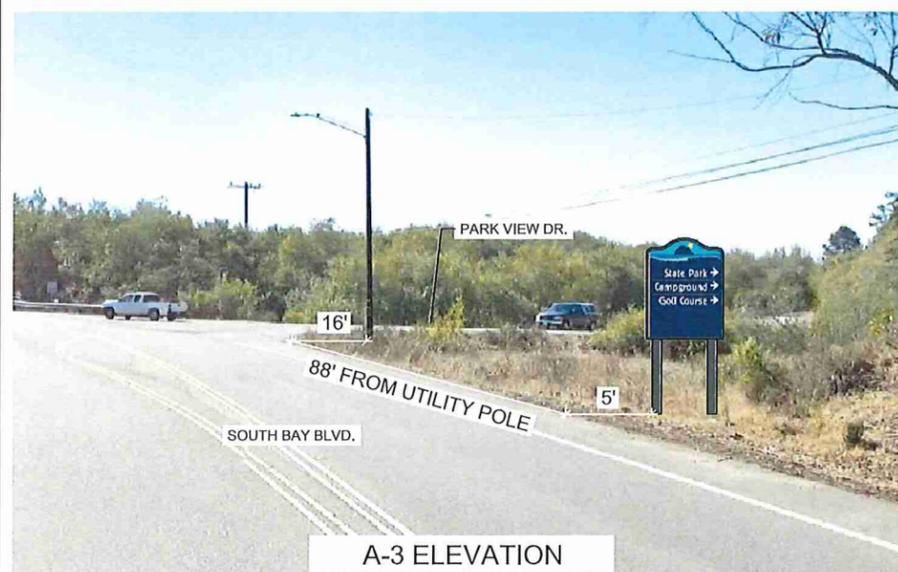
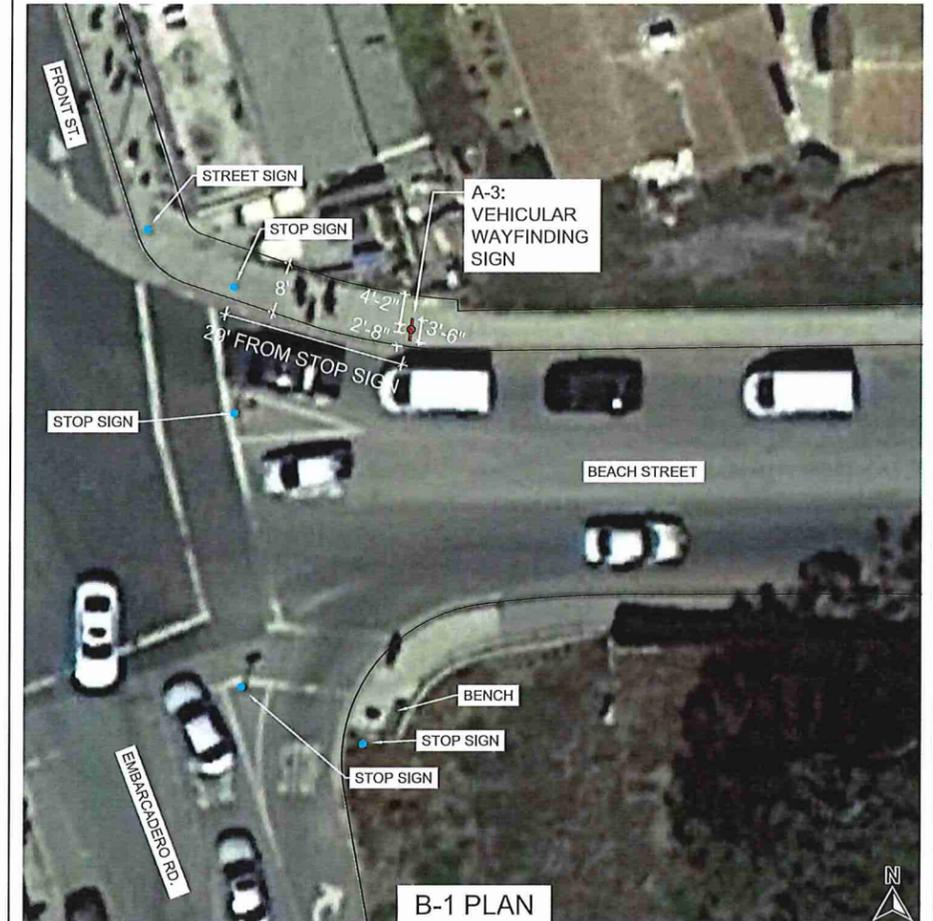
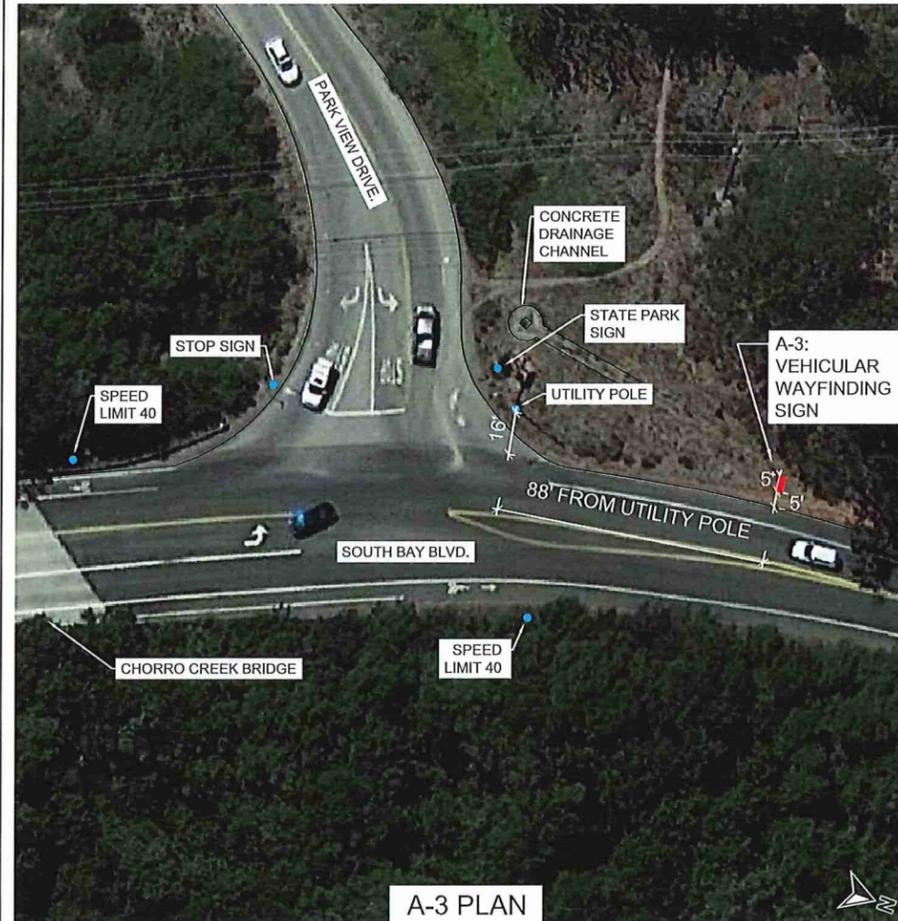
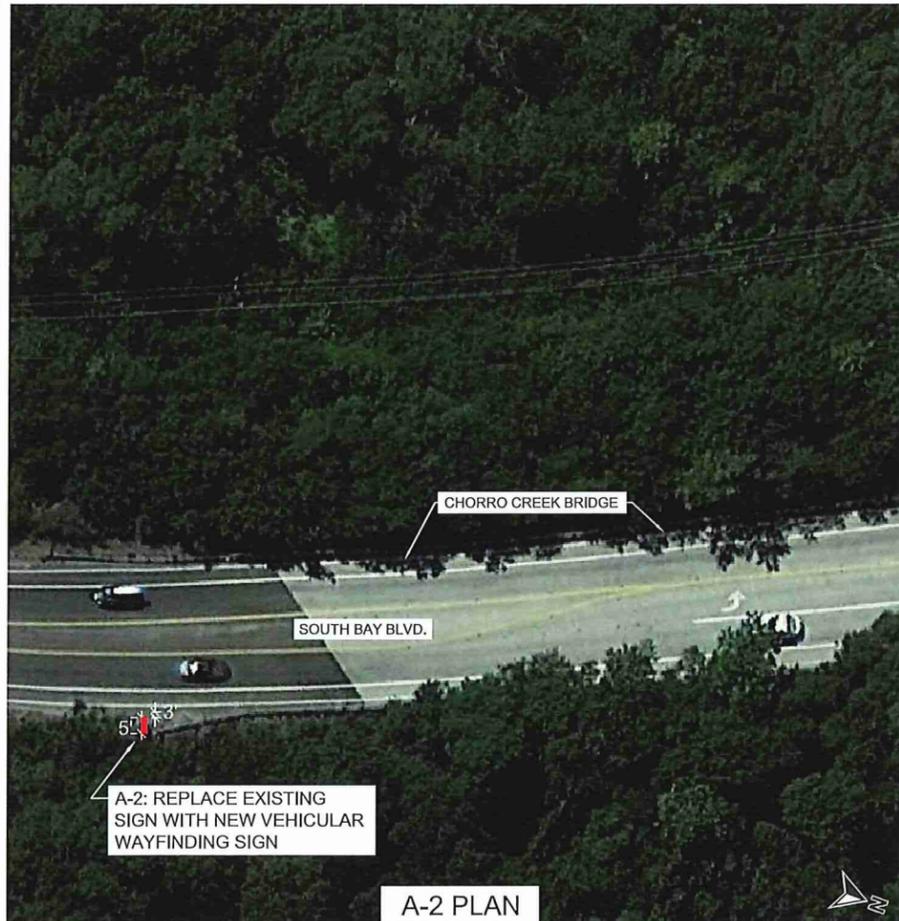
CITY RIGHT-OF-WAY  
LOCATION FOR SIGNS A-2, A-3, B-1

SHT. NAME:

CITY OF MORRO BAY  
PUBLIC WORKS DEPARTMENT  
955 SHASTA AVE., MORRO BAY, CA 93442  
1-805-772-6261 WWW.MORROBAYCA.GOV

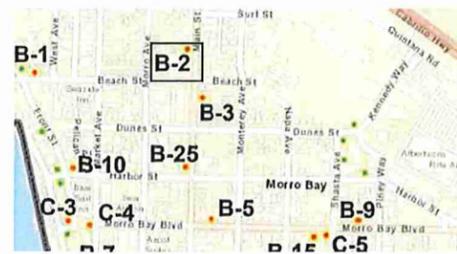
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B-2 : MAIN STREET SOUTH AT BEACH STREET



B-3 : MAIN STREET NORTH AT BEACH STREET



B-4 : MAIN STREET NORTH AT MORRO BAY BLVD.



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MB2020-ST03

PROJ. NAME:

CITY RIGHT-OF-WAY  
LOCATION FOR SIGNS B-2, B-3, B-4

SHT. NAME:

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PUBLIC WORKS DEPARTMENT  
955 SHASTA AVE., MORRO BAY, CA 93442  
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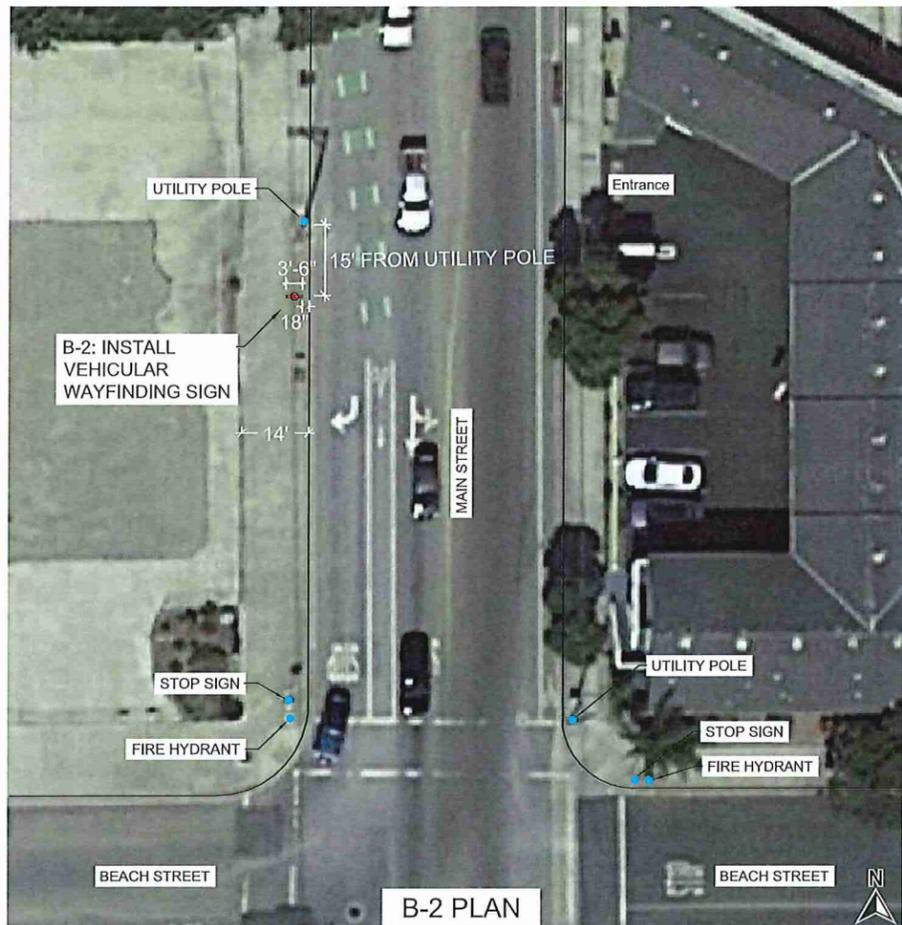
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B-2 PLAN



B-3 PLAN



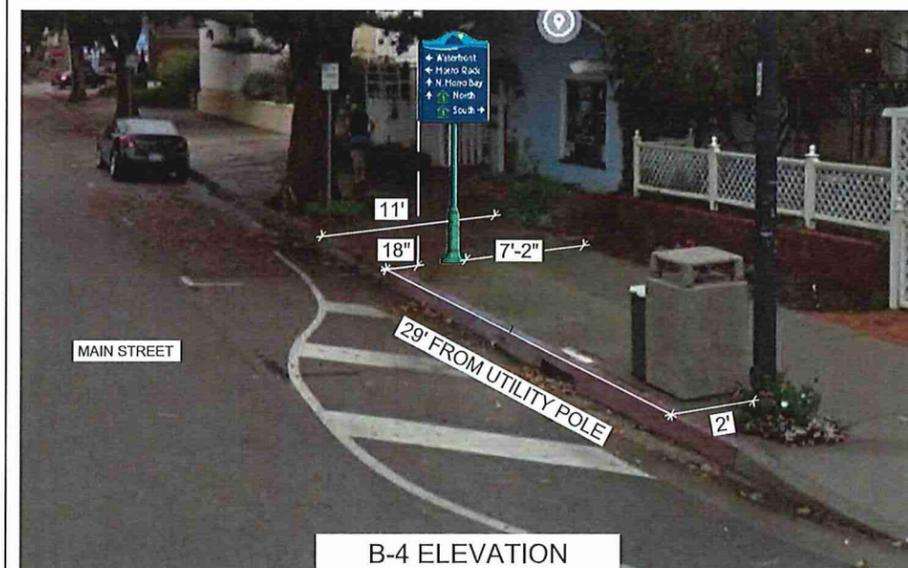
B-4 PLAN



B-2 ELEVATION



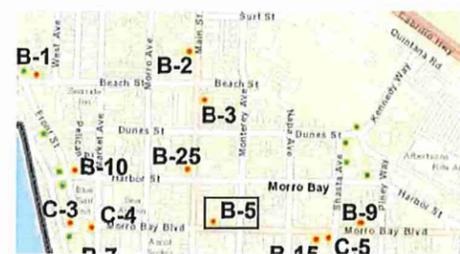
B-3 ELEVATION



B-4 ELEVATION



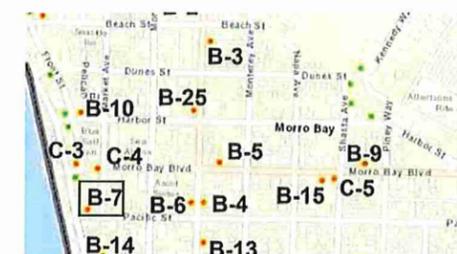
B-5 : MORRO BAY BLVD. WEST AT MAIN STREET



B-6 : MAIN STREET NORTH AT MORRO BAY BLVD.



B-7 : PACIFIC STREET WEST AT EMBARCADERO ROAD



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MORRO BAY  
DIRECTIONAL SIGN PROGRAM  
MB2020-ST03

PROJ. NAME:

CITY RIGHT-OF-WAY  
LOCATION FOR SIGNS B-5, B-6, B-7

SHT. NAME:

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PUBLIC WORKS DEPARTMENT  
955 SHASTA AVE., MORRO BAY, CA 93442  
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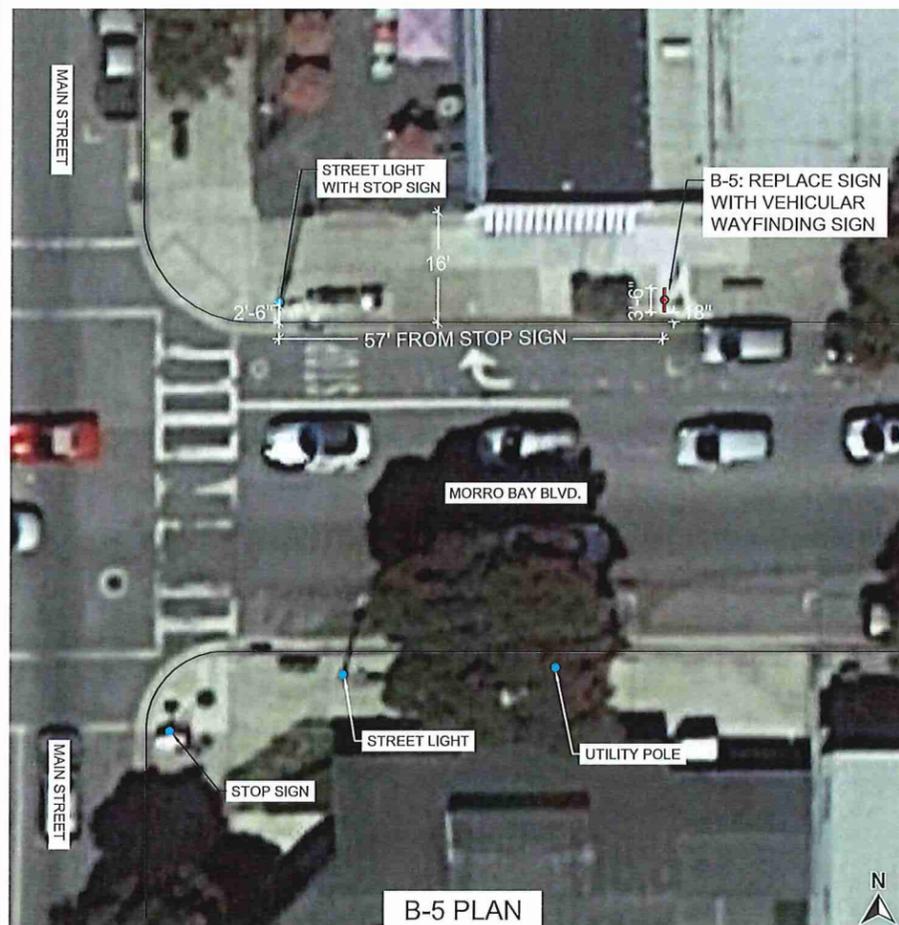
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DATE: 7-8-21

PRJ. NO: MB2020-ST03

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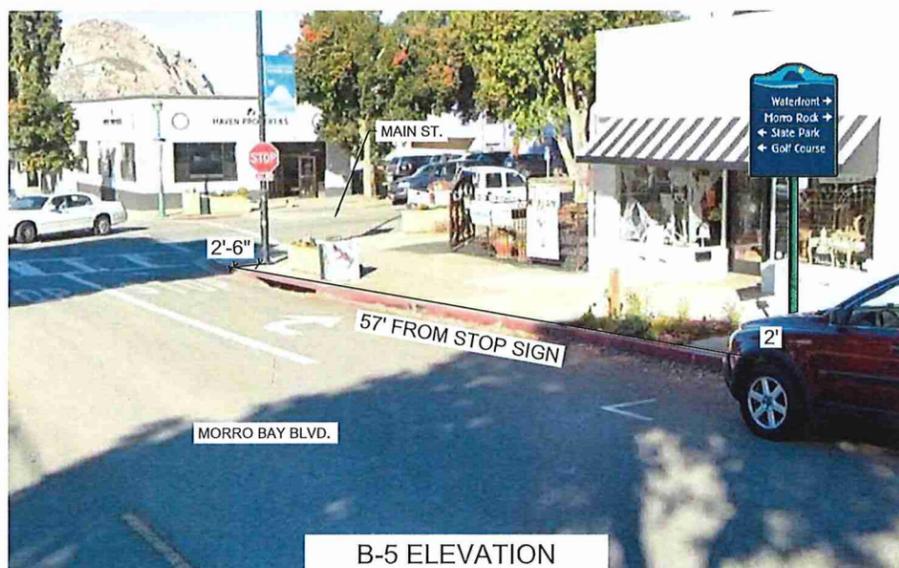
B-5 PLAN



B-6 PLAN



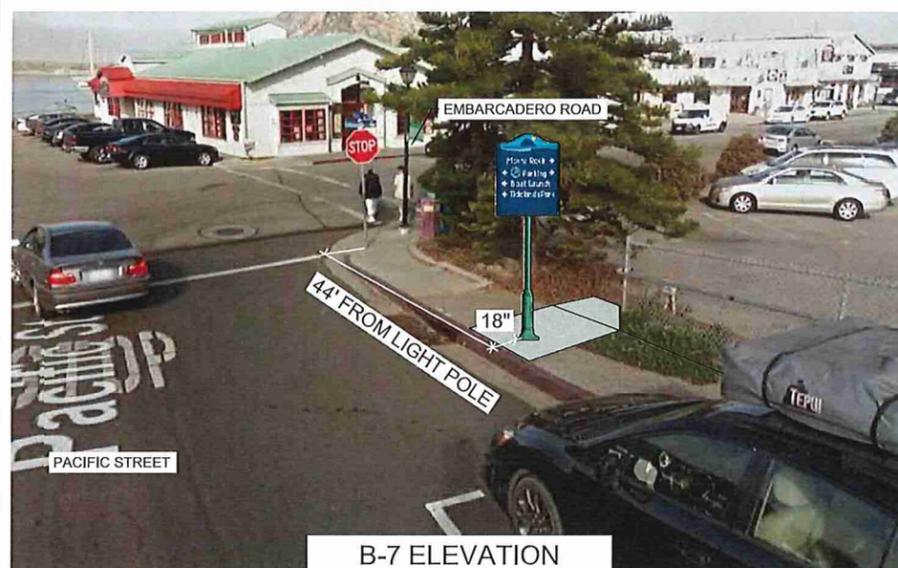
B-7 PLAN



B-5 ELEVATION



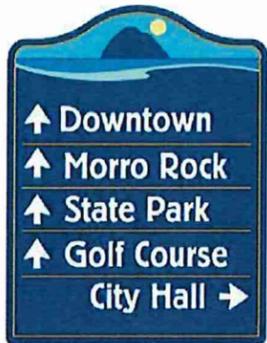
B-6 ELEVATION



B-7 ELEVATION



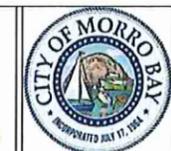
B-8 : MORRO BAY BLVD. WEST AT HARBOR STREET



B-9 : MORRO BAY BLVD. WEST AT SHASTA AVE.



B-10 : HARBOR STREET WEST AT FRONT STREET



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MB2020-ST03

PROJ. NAME:

CITY RIGHT-OF-WAY  
LOCATION FOR SIGNS B-8, B-9, B-10

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955 SHASTA AVE., MORRO BAY, CA 93442  
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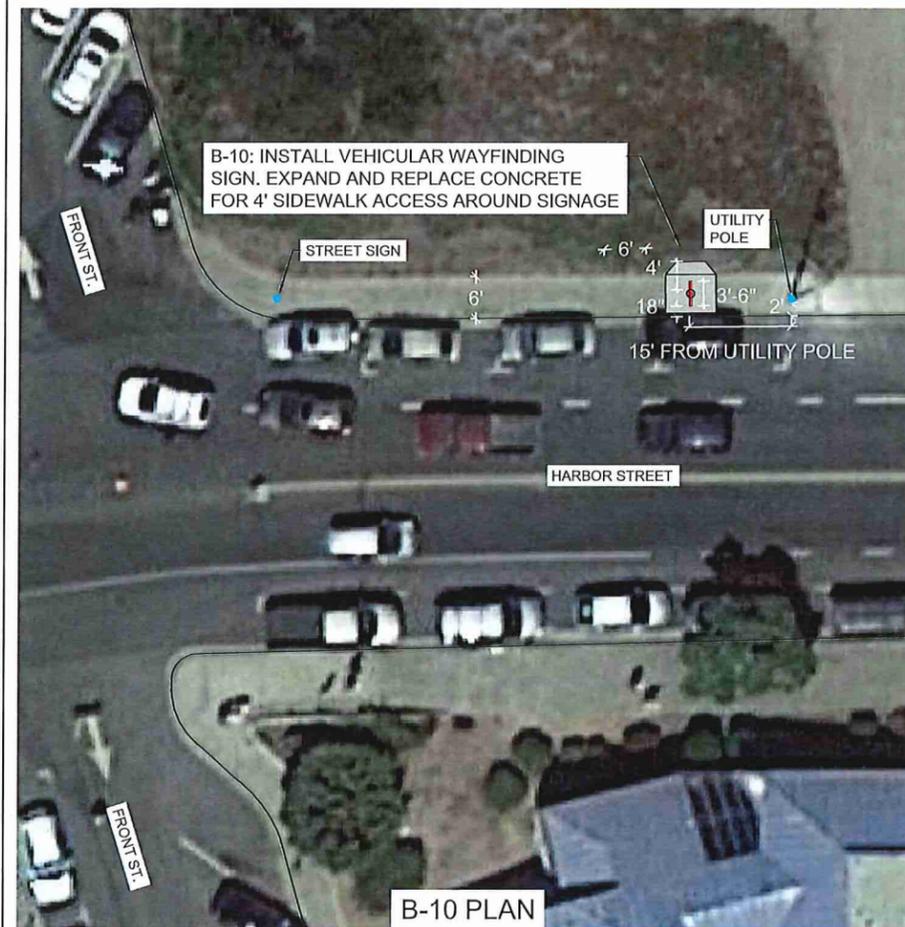
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DATE: 7-8-21  
PRJ. NO: MB2020-ST03  
SHEET:



B-8 PLAN



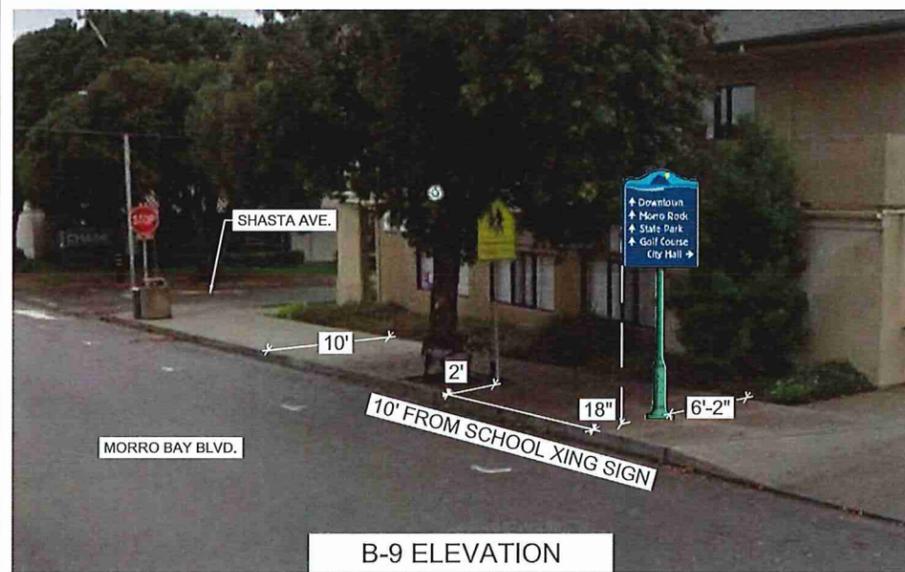
B-9 PLAN



B-10 PLAN



B-8 ELEVATION



B-9 ELEVATION



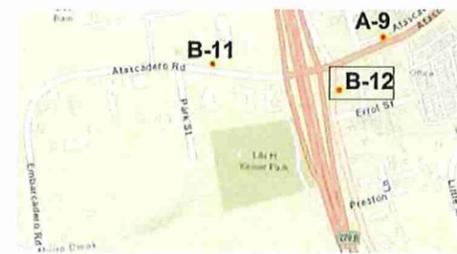
B-10 ELEVATION



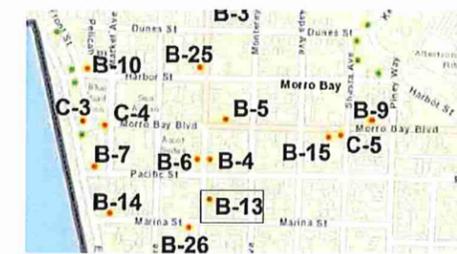
B-11 : ATASCADERO ROAD WEST AT PARK STREET



B-12 : MAIN STREET NORTH AT ATASCADERO ROAD



B-13 : MAIN STREET NORTH AT PACIFIC STREET



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CONSTRUCTION

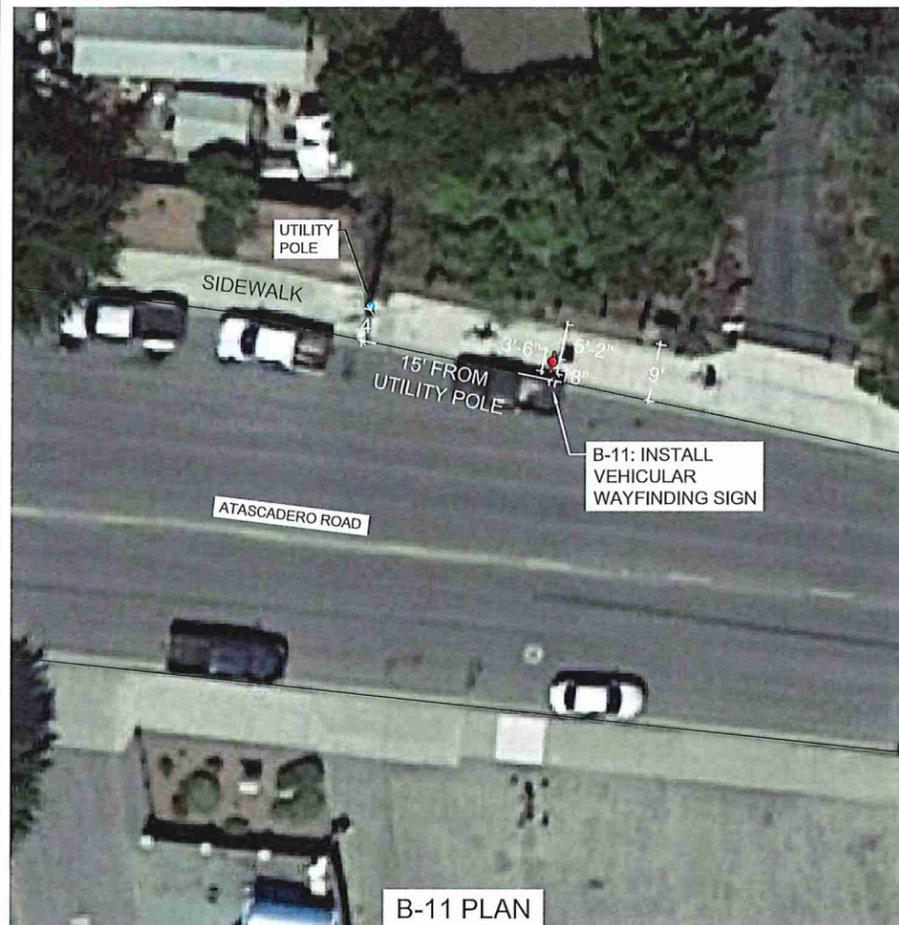
MORRO BAY  
DIRECTIONAL SIGN PROGRAM  
MB2020-ST03

PROJ. NAME:

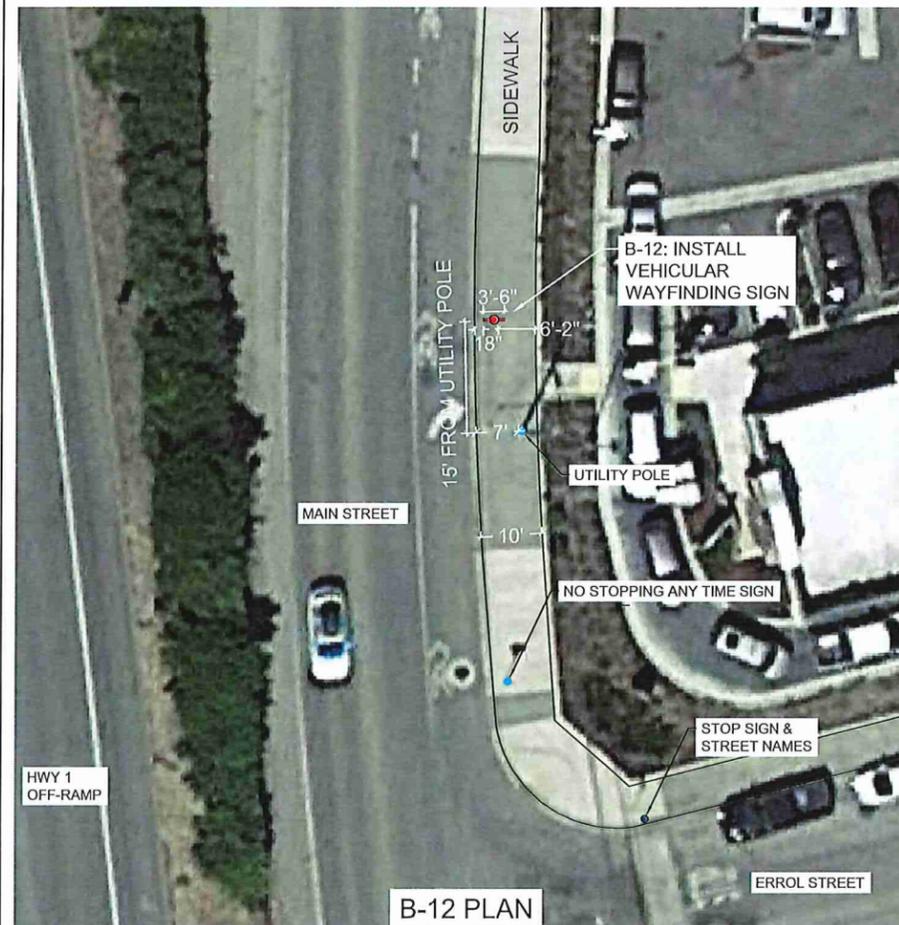
SHT. NAME:

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PUBLIC WORKS DEPARTMENT  
955 SHASTA AVE., MORRO BAY, CA 93442  
1-805-772-6261 WWW.MORROBAYCA.GOV

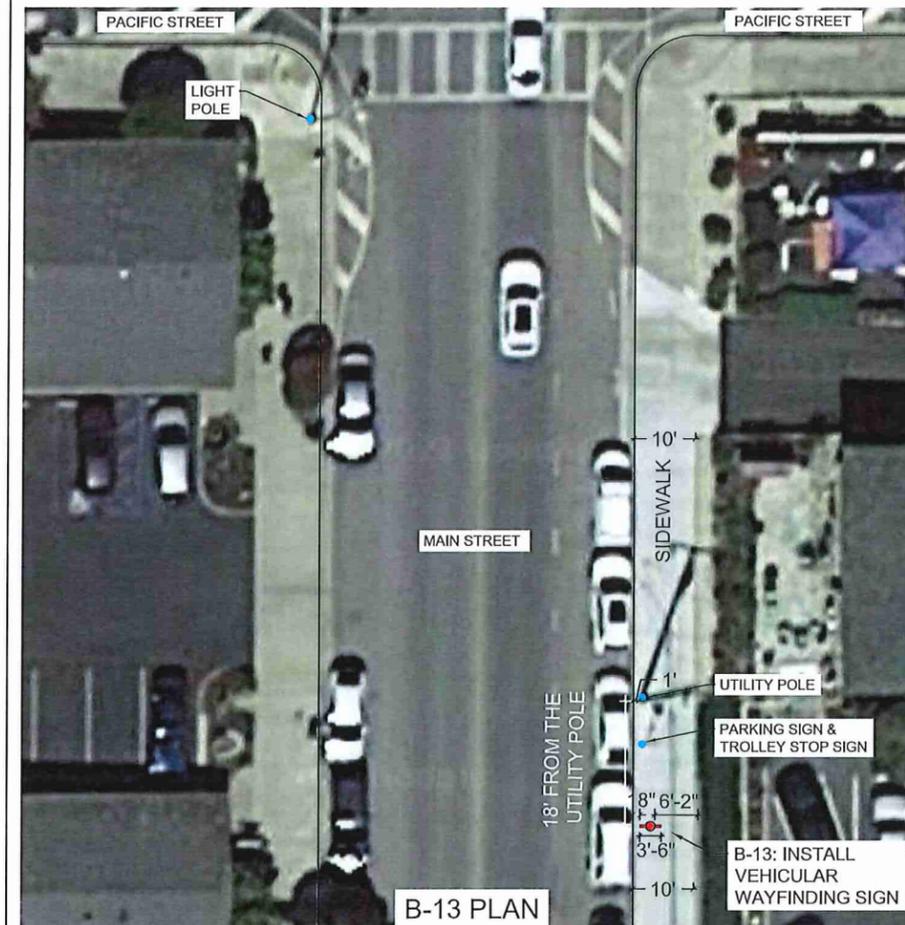
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FILE:  
DATE: 7-8-21  
PRJ. NO: MB2020-ST03  
SHEET:



B-11 PLAN



B-12 PLAN



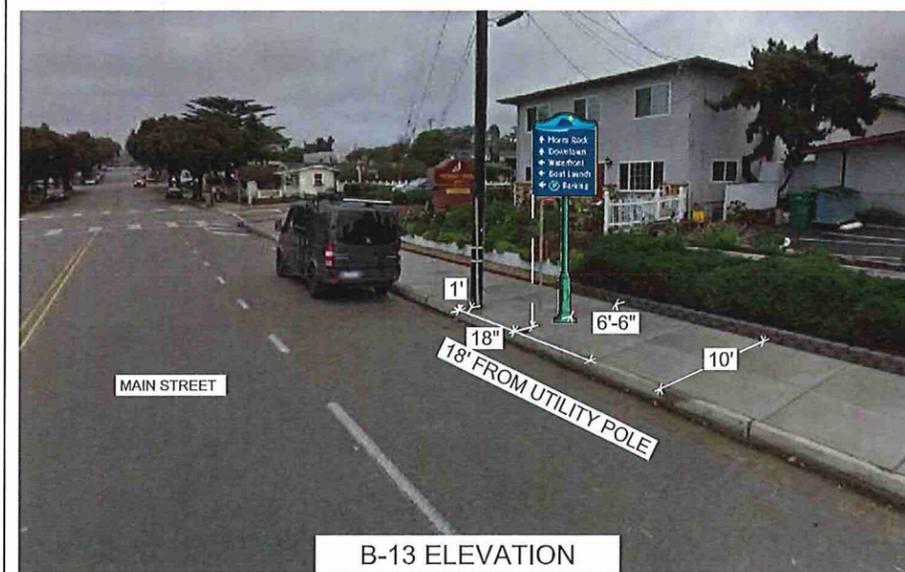
B-13 PLAN



B-11 ELEVATION



B-12 ELEVATION



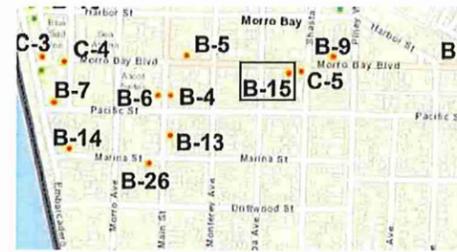
B-13 ELEVATION



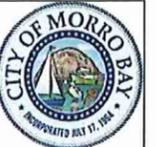
**B-14 : MARINA STREET WEST AT EMBARCADERO ROAD**



**B-15 : MORRO BAY BLVD. EAST AT SHASTA AVENUE**



**B-16 : SAN JACINTO STREET WEST AT CORAL AVENUE**



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MORRO BAY  
DIRECTIONAL SIGN PROGRAM  
MB2020-ST03

PROJ. NAME:

CITY RIGHT-OF-WAY  
LOCATION FOR SIGNS B-14, B-15, B-16

SHT. NAME:

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PUBLIC WORKS DEPARTMENT  
955 SHASTA AVE., MORRO BAY, CA 93442  
1-805-772-6261 WWW.MORROBAYCA.GOV

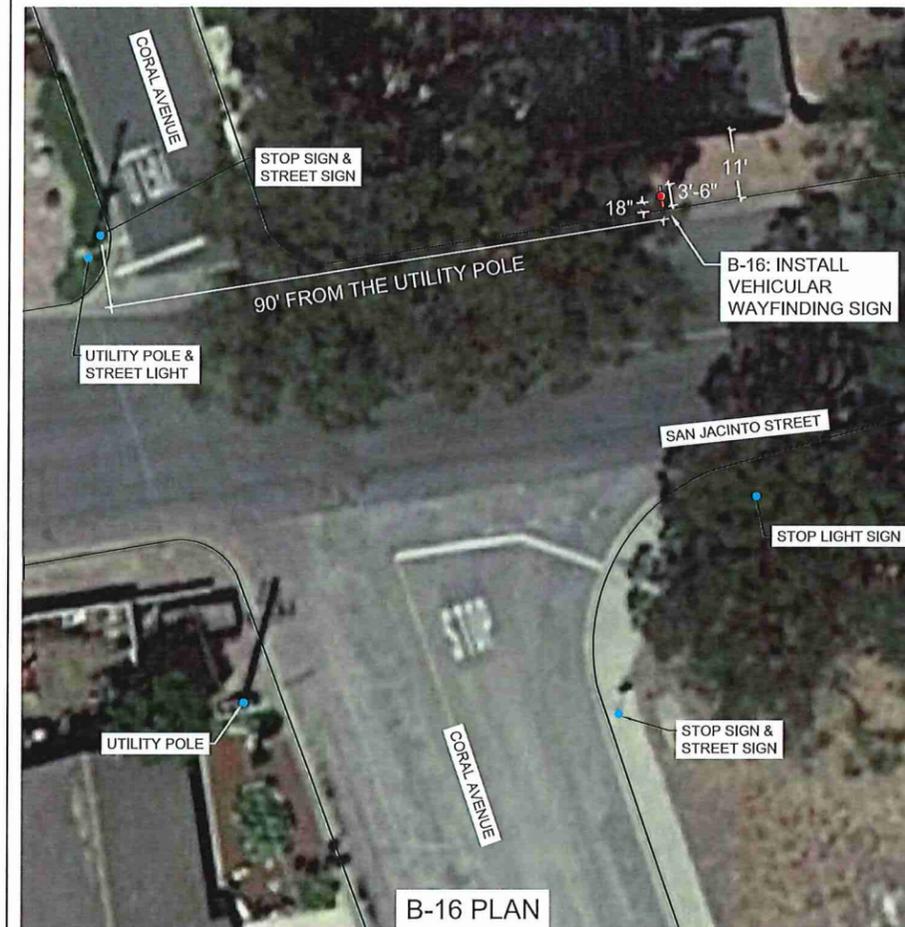
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CHECK:  
FILE:  
DATE: 7-8-21  
PRJ. NO: MB2020-ST03  
SHEET:



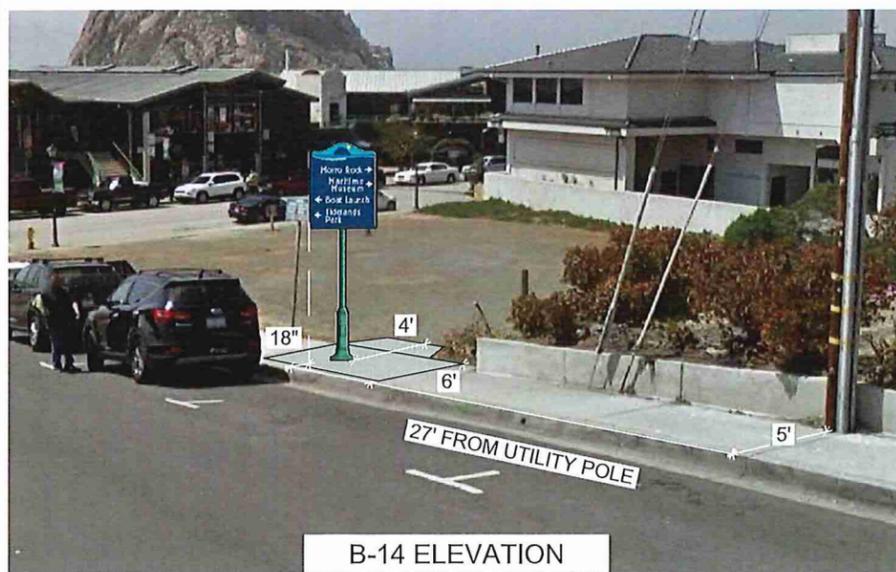
**B-14 PLAN**



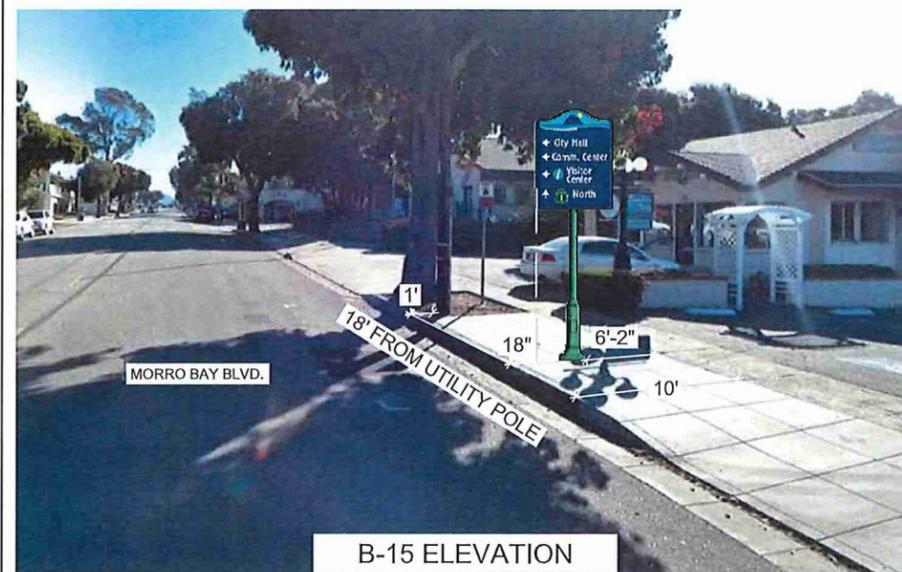
**B-15 PLAN**



**B-16 PLAN**



**B-14 ELEVATION**



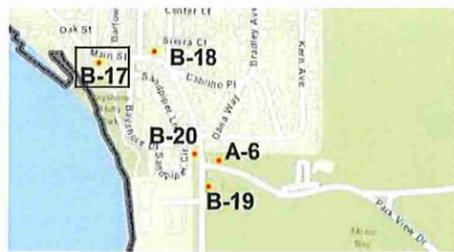
**B-15 ELEVATION**



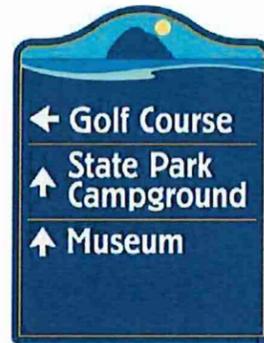
**B-16 ELEVATION**



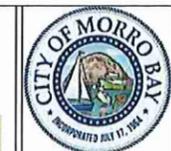
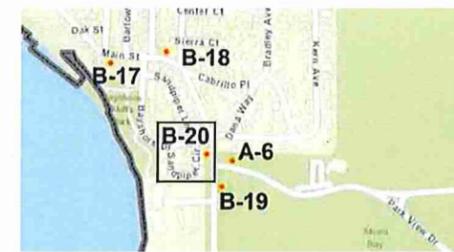
B-17 : MAIN STREET SOUTH AT BAY SHORE DRIVE



B-18 : MAIN STREET SOUTH AT BAY SHORE DRIVE



B-20 : MAIN STREET NORTH AT BAY SHORE DRIVE



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MORRO BAY  
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MB2020-ST03

PROJ. NAME:

CITY RIGHT-OF-WAY  
LOCATION FOR SIGNS B-17, B-18, B-20

SHT. NAME:

CITY OF MORRO BAY  
PUBLIC WORKS DEPARTMENT  
955 SHASTA AVE., MORRO BAY, CA 93442  
1-805-772-6261 WWW.MORROBAYCA.GOV

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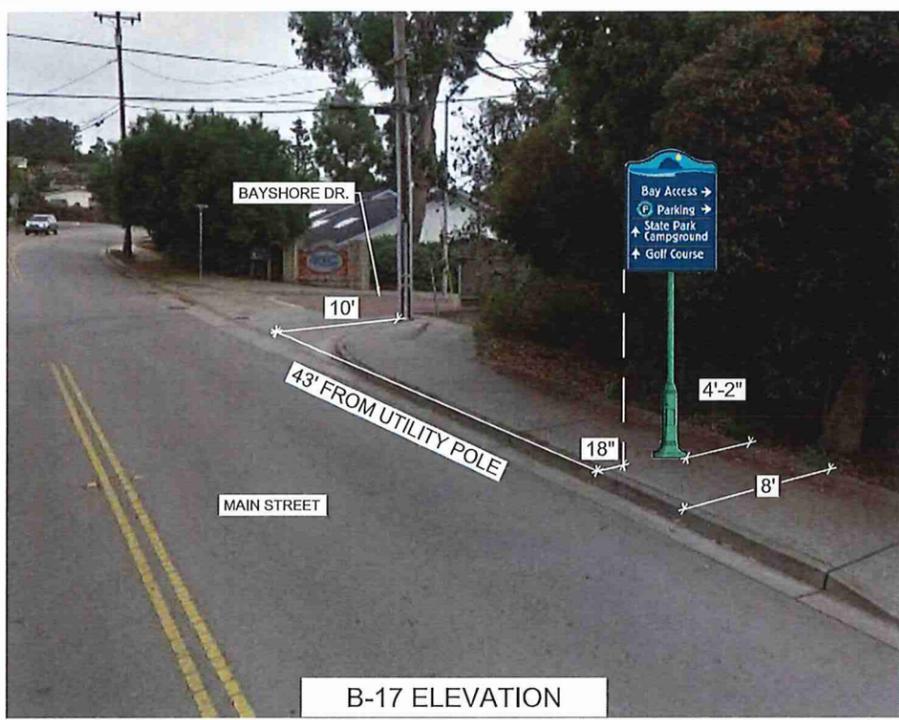
B-17 PLAN



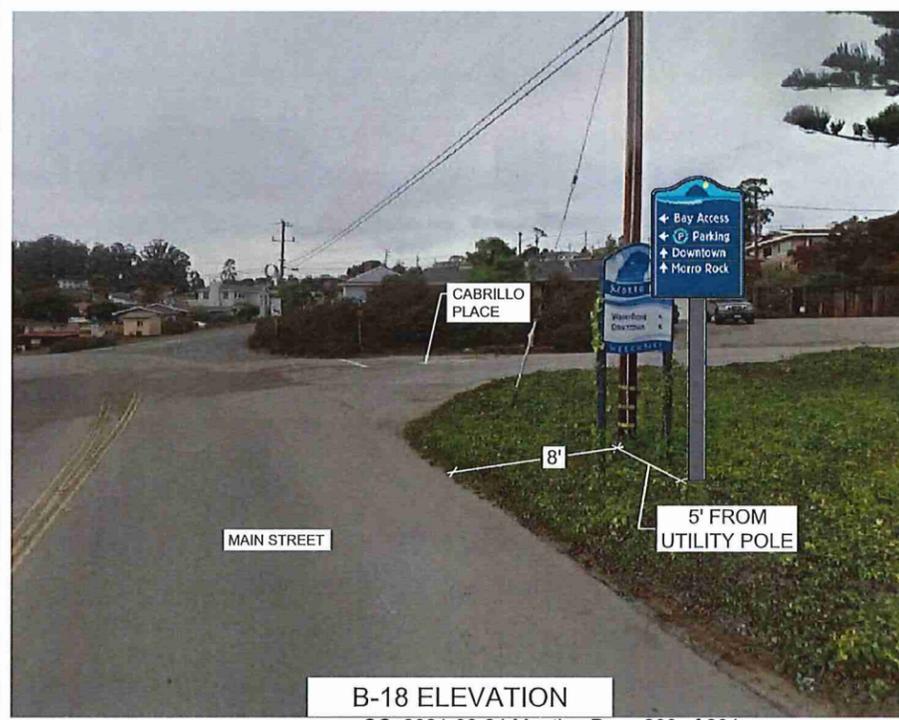
B-18 PLAN



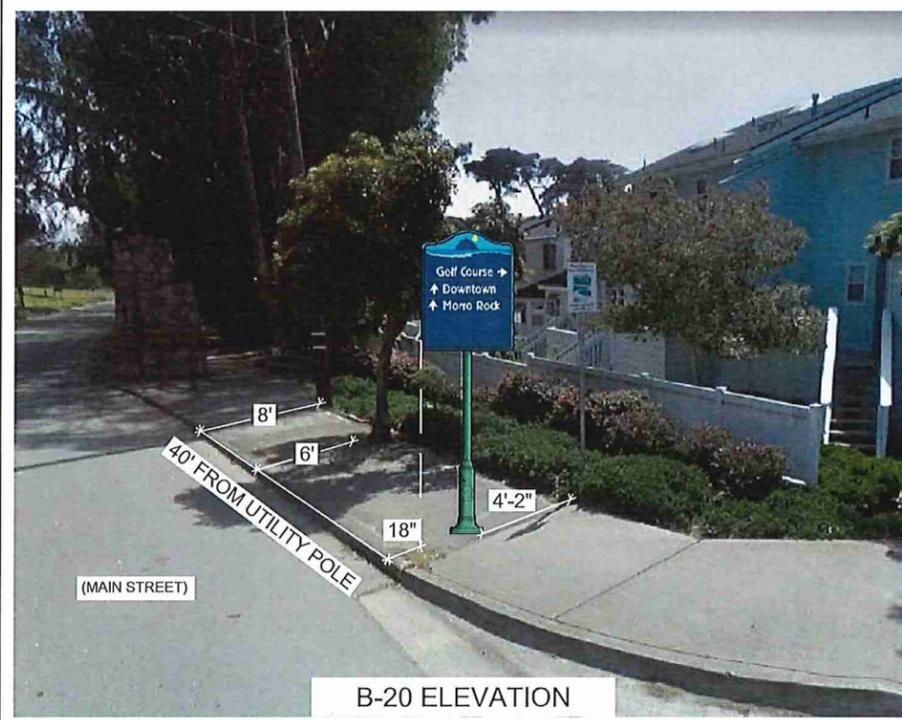
B-20 PLAN



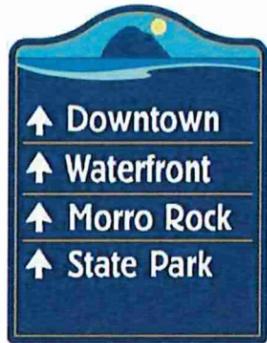
B-17 ELEVATION



B-18 ELEVATION



B-20 ELEVATION



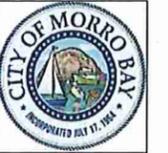
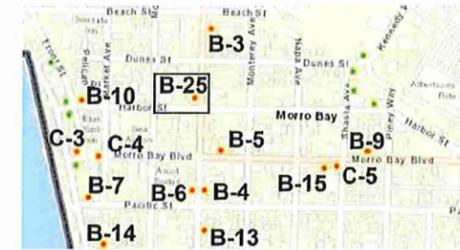
B-24 : MORRO BAY BLVD. WEST AT ROUNDABOUT



B-24.1 : MAIN STREET SOUTH AT PRESTON LANE



B-25 : MAIN STREET SOUTH AT HARBOR STREET



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MORRO BAY  
DIRECTIONAL SIGN PROGRAM  
MB2020-ST03

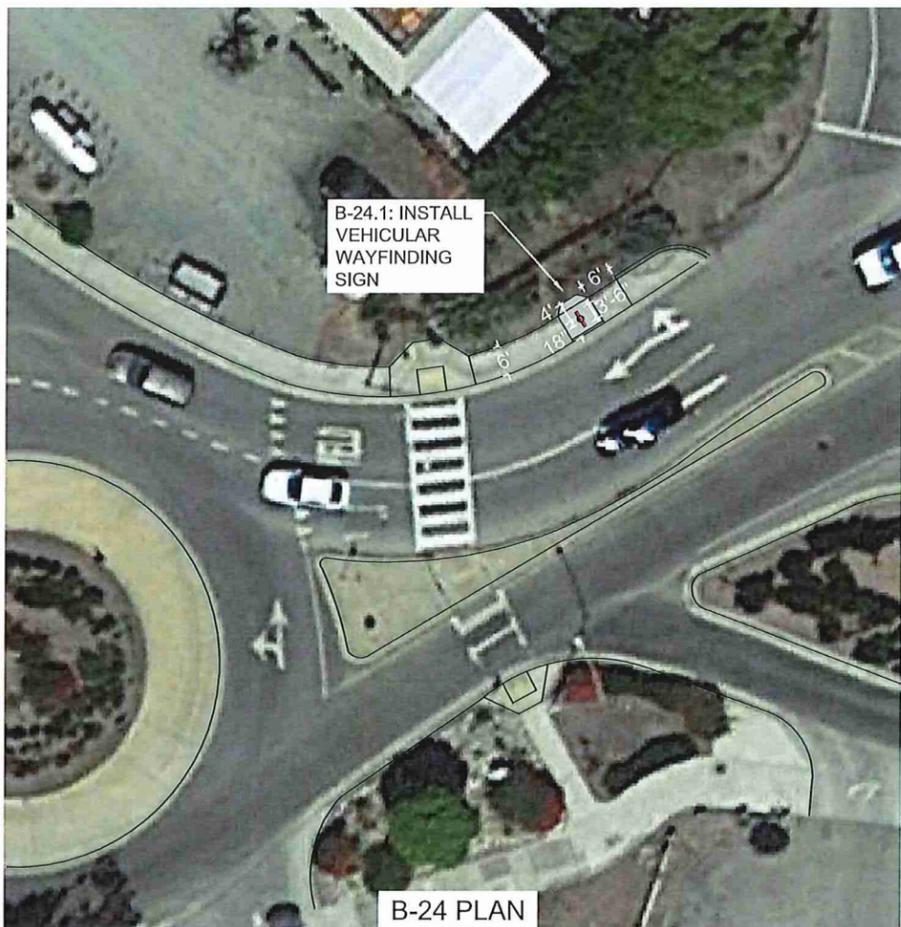
PROJ. NAME:

CITY RIGHT-OF-WAY  
LOCATION FOR SIGNS B-24, B-24.1, B-25

SHT. NAME:

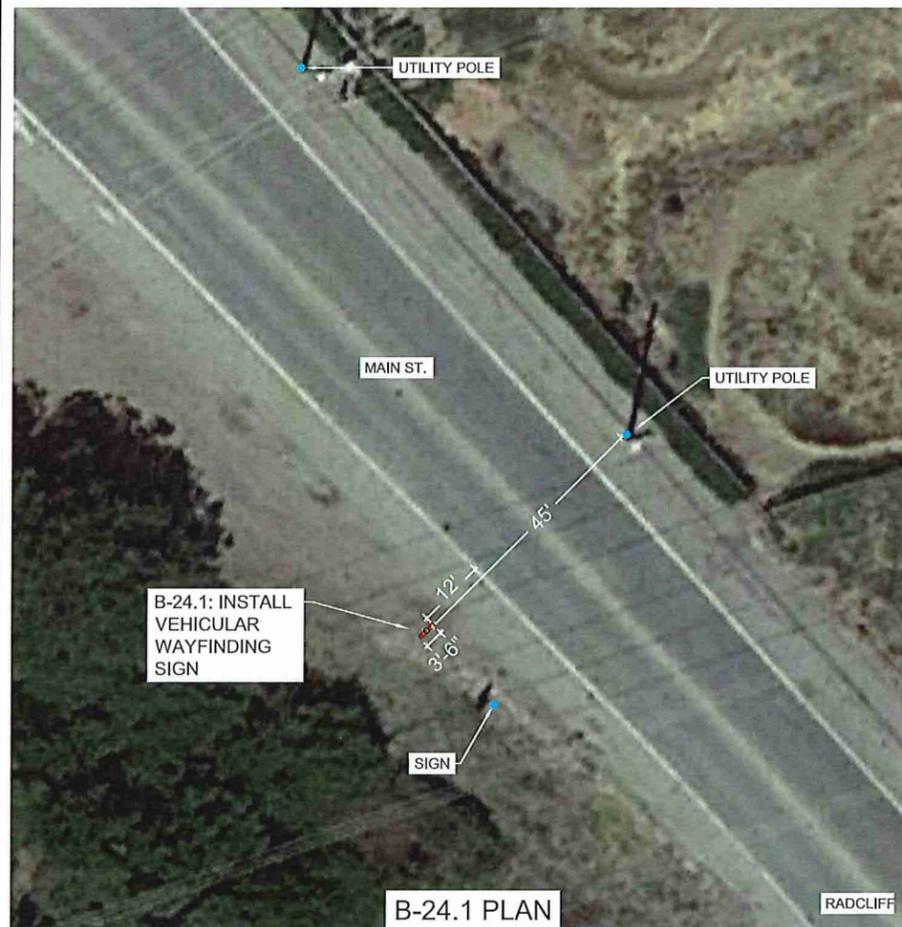
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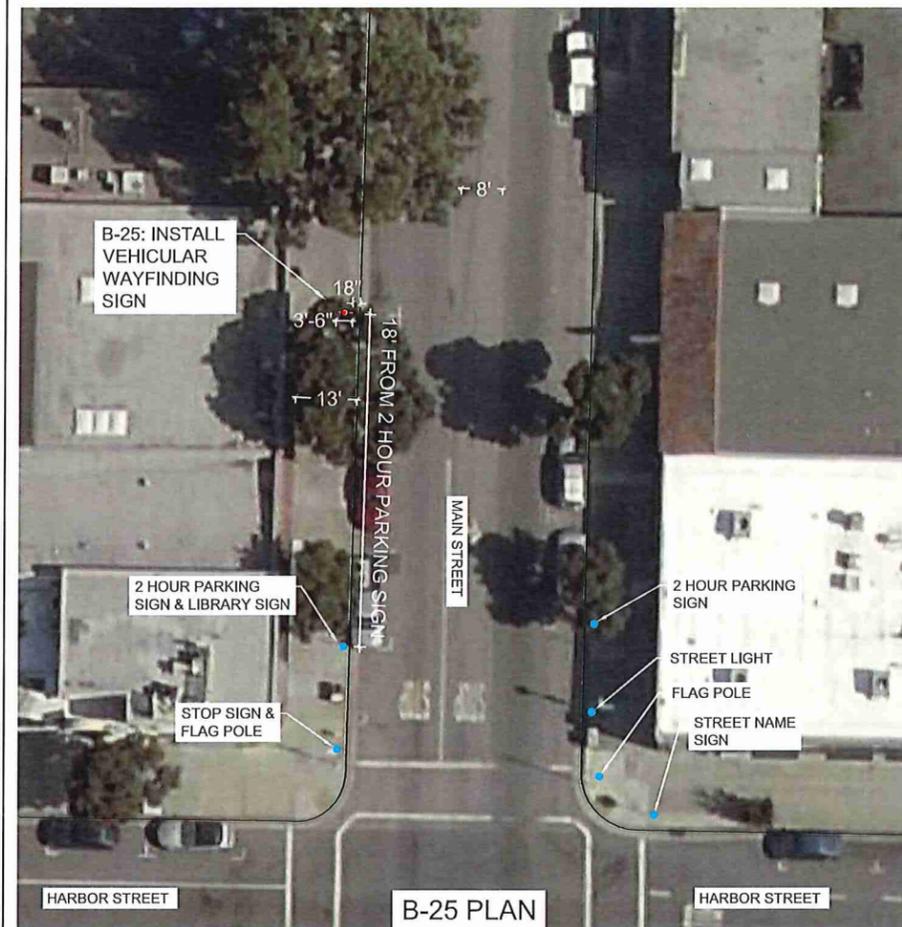
B-24.1: INSTALL  
VEHICULAR  
WAYFINDING  
SIGN

B-24 PLAN



B-24.1: INSTALL  
VEHICULAR  
WAYFINDING  
SIGN

B-24.1 PLAN

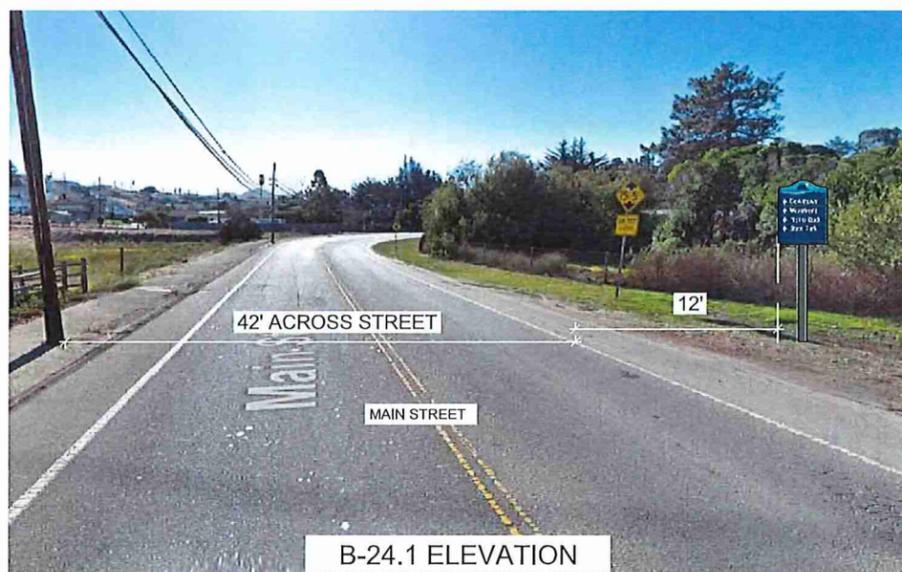


B-25: INSTALL  
VEHICULAR  
WAYFINDING  
SIGN

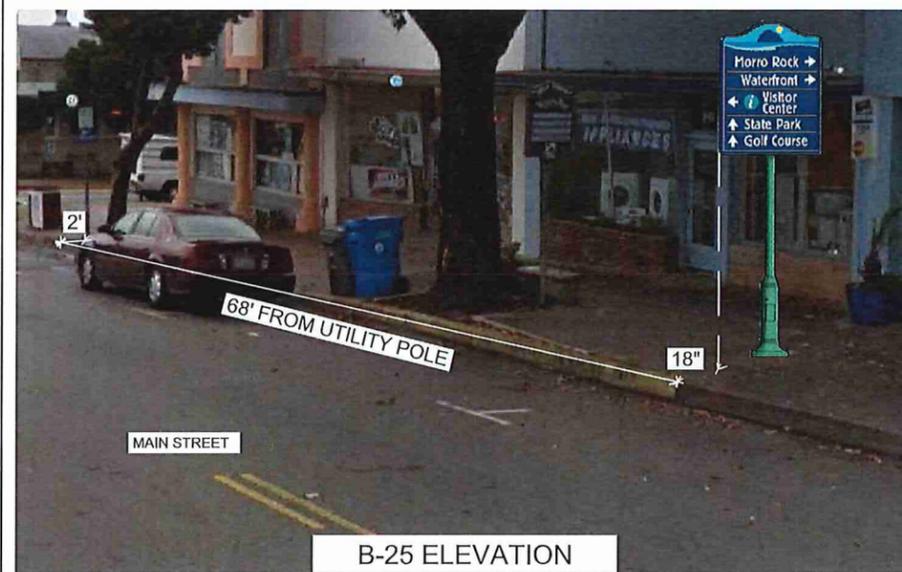
B-25 PLAN



B-24 ELEVATION



B-24.1 ELEVATION



B-25 ELEVATION



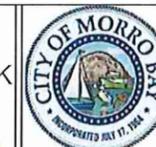
B-26 : MARINA STREET EAST AT MAIN STREET



B-27 : QUINTANA ROAD WEST AT MAIN STREET



C-1 : EMBARCADERO ROAD SOUTH, NORTH OF MORRO CREEK



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DIRECTIONAL SIGN PROGRAM  
MB2020-ST03

PROJ. NAME:

CITY RIGHT-OF-WAY  
LOCATION FOR SIGNS B-26, B-27, C-1

SHT. NAME:

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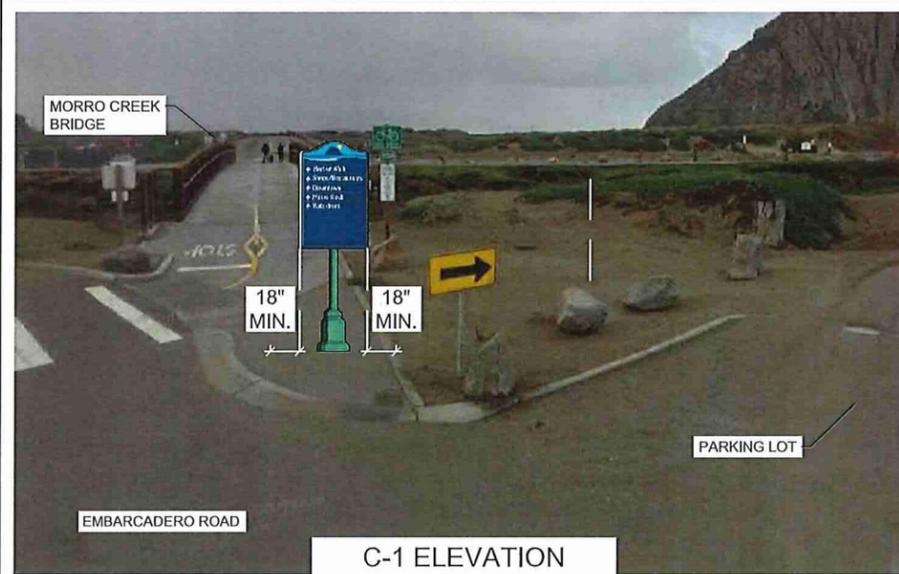
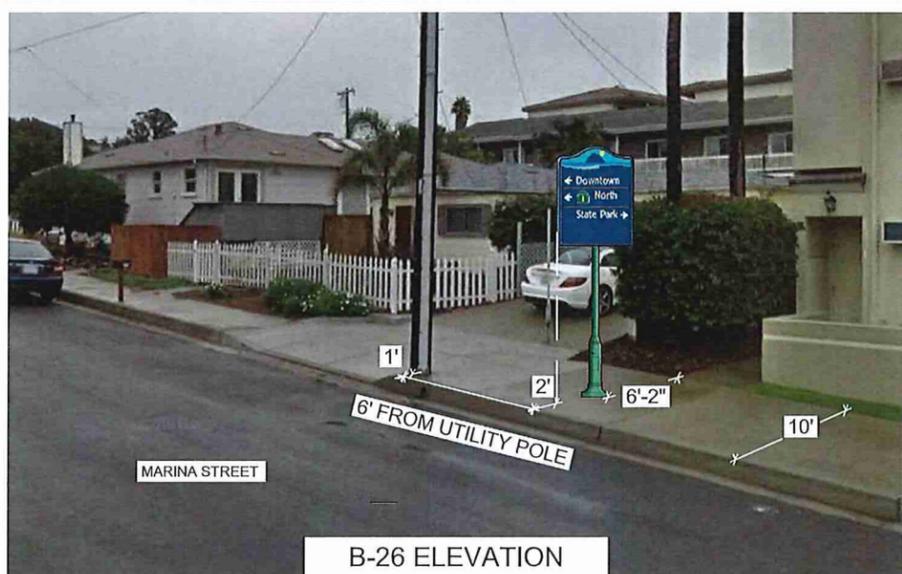
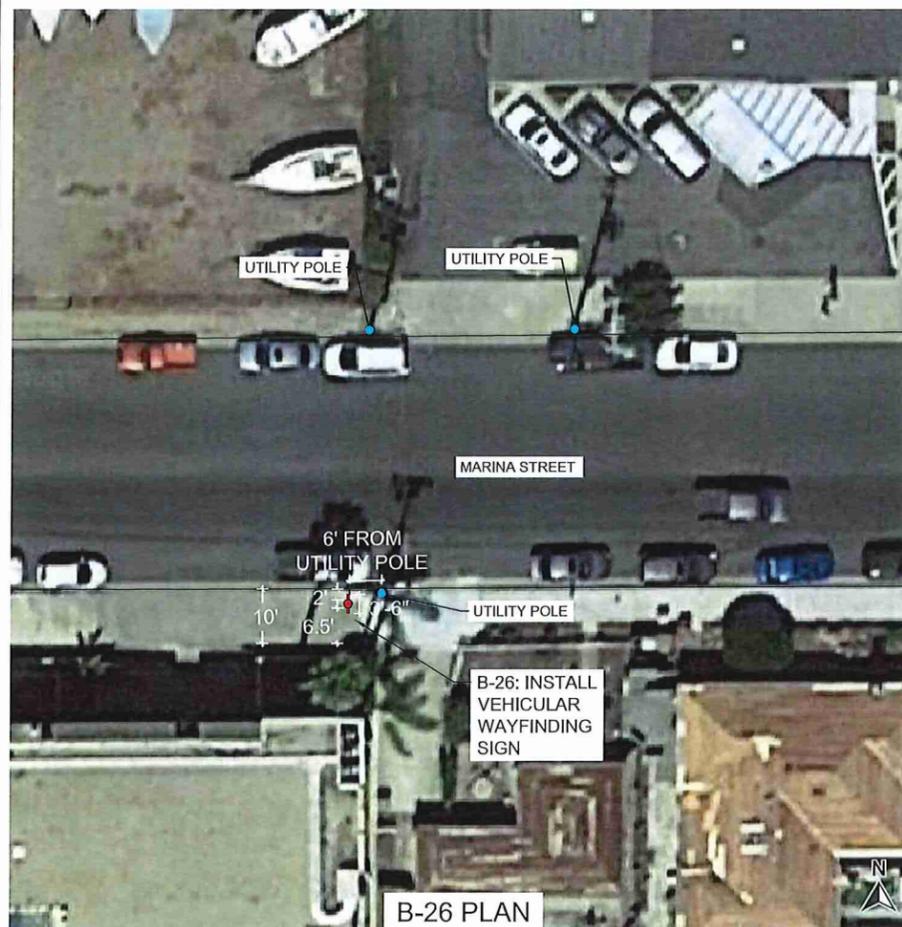
FILE:

DATE: 7-8-21

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18 of 20



**C-2 : ON HARBOR WALK @ CIRCULAR VIEWING AREA**

FRONT BACK

- ↑ Harbor Walk
- ↑ Shops/Restaurants
- ↑ Downtown

- Morro Creek Bridge
- High School
- ↑ Morro Rock

**C-3 : AT BASE OF CENTENNIAL STAIR**

FRONT BACK

- ↑ Harbor Walk
- ↑ Waterfront
- Morro Rock
- ← Tidelands Park
- ← Boat Launch

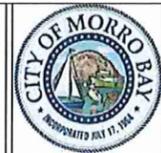
- ↑ Downtown
- ↑ Visitor Center
- ↑ City Hall
- ↑ Community Center

**C-4 : AT TOP OF CENTENNIAL STAIR**

FRONT BACK

- ↑ Waterfront
- ↑ Morro Rock
- ↑ Harbor Walk
- ↑ Tidelands Park
- ↑ Boat Launch

- ↑ Downtown
- ↑ Visitor Center
- ↑ City Hall
- ↑ Community Center
- ↑ Library



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PROJ. NAME:

CITY RIGHT-OF-WAY  
LOCATION FOR SIGNS C-2, C-3, C-4

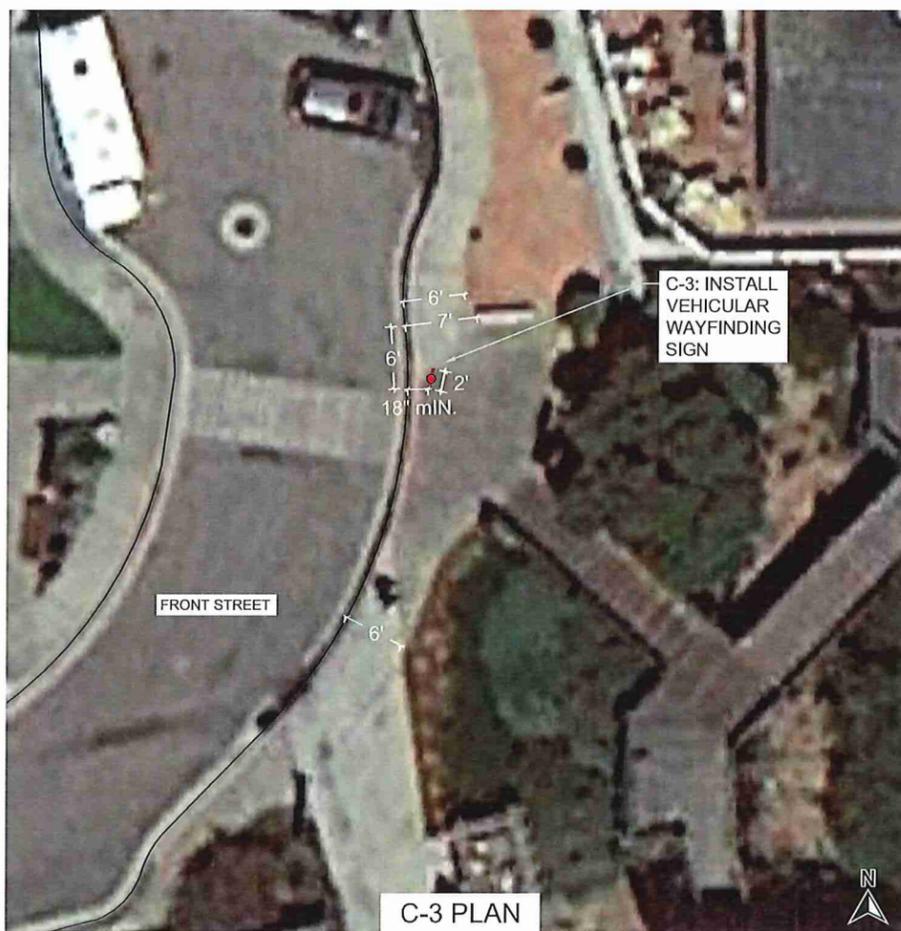
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C-2 PLAN



C-3 PLAN



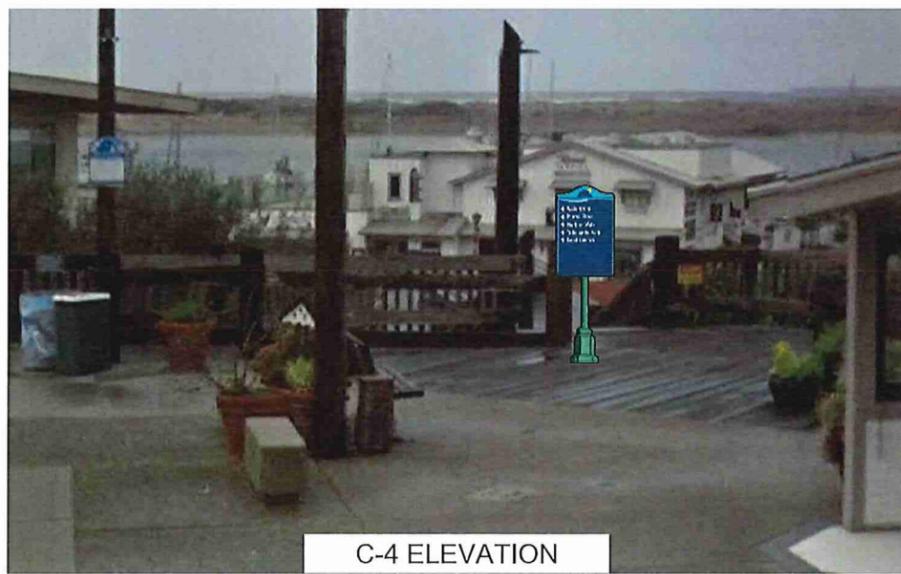
C-4 PLAN



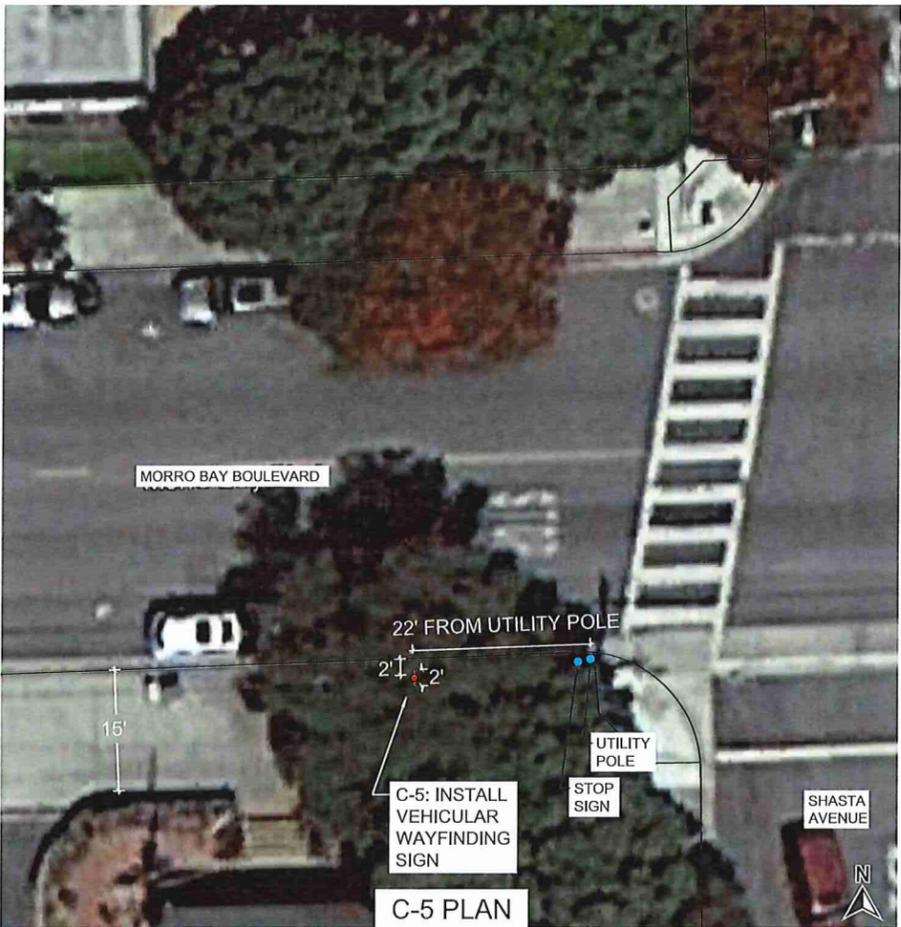
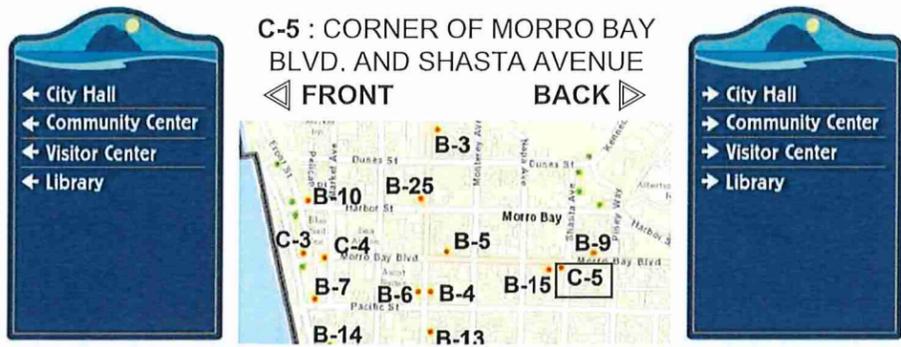
C-2 ELEVATION



C-3 ELEVATION



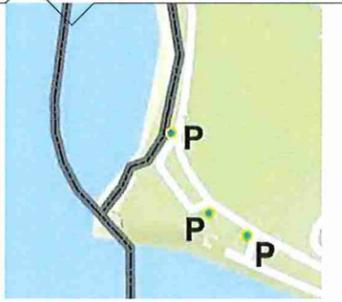
C-4 ELEVATION



P = PARKING



**NOTE : LOCATION OF P-SIGNS TO BE MARKED BY THE ENGINEER PRIOR TO INSTALLATION.**



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DIRECTIONAL SIGN PROGRAM  
MB2020-ST03

PROJ. NAME:

CITY RIGHT-OF-WAY  
LOCATION FOR SIGNS C-5 & PARKING

SHT. NAME:

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