



CITY OF MORRO BAY CITY COUNCIL AGENDA

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

Regular Meeting Tuesday, February 22, 2022 – 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

PRESENTATION - NONE

PUBLIC COMMENT

Pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953 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 Assembly Bill 361 (2021-22) and Government Code section 54953, 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:

Remote public participation is allowed in the following ways:

- **Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the City Council at council@morrobayca.gov prior to the meeting.**
- *Agenda Correspondence received by 10 a.m. on the meeting day will be posted on the City website.*
- *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 JANUARY 11, 2022, CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-2 APPROVAL OF MINUTES FOR THE JANUARY 25, 2022, CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-3 SECOND QUARTER INVESTMENT REPORT (PERIOD ENDING DECEMBER 31, 2021) FOR FISCAL YEAR (FY) 2021-22; (ADMINISTRATIVE SERVICES DEPARTMENT)

RECOMMENDATION: Receive the Second Quarter Investment Report (period ending December 31, 2021) for FY 2021-22.

- A-4 ADOPTION OF RESOLUTION NO. 14-22 AUTHORIZING SUBMISSION OF RURAL TRANSIT FUND (RTF) GRANT APPLICATION AND EXECUTION OF RELATED DOCUMENTS UPON AWARD; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 14-22 authorizing submission of Rural Transit Fund (RTF) Grant Application and execution of related documents upon award.

- A-5 ADOPTION OF RESOLUTION NO. 15-22 AUTHORIZING THE CITY MANAGER TO FILE AN APPLICATION AND EXECUTE A GRANT AGREEMENT, IF AWARDED, WITH THE UNITED STATES BUREAU OF RECLAMATION FOR A WATERSMART: TITLE XVI WIIN WATER RECLAMATION AND REUSE PROGRAM GRANT OF UP TO \$30 MILLION, AS AUTHORIZED UNDER SECTION 4009(C) OF THE WIIN ACT AND FUNDING PURSUANT TO THE BIPARTISAN INFRASTRUCTURE LAW (BIL), P.L. 117-58, FOR THE WATER RECLAMATION FACILITY PROJECT; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends City Council adopt Resolution No. 15-22 entitled “A Resolution of the City Council of City of Morro Bay, California, authorizing the City Manager to file an application and execute a grant agreement, if awarded, with the United States Bureau of Reclamation for a WaterSMART: Title XVI WIIN Water Reclamation and Reuse Program grant of up to \$30 million, as authorized under Section 4009(C) of the WIIN Act and funding pursuant to the Bipartisan Infrastructure Law (BIL), P.L. 117-58, for the Water Reclamation Facility Project.”

Specifically, Resolution No. 15-22 authorizes the following action: 1) Authorizes the City Manager to File the Application to the U.S. Bureau of Reclamation for a Title XVI Water Reclamation and Reuse Program grant, as authorized under section 4009(c) of the WIIN Act and funding pursuant to the Bipartisan Infrastructure Law (BIL), P.L. 117-58 for the Water Reclamation Facility Project; 2) Authorizes the City Manager to negotiate and sign the Grant Agreement and related documents including required reports, disbursement requests and certifications; and 3)

Represents that the City has sufficient funds of its own to provide for the required non-Federal cost share, in addition to the Grant.

- A-6 RESOLUTION MAKING FINDINGS RELATED TO THE CONTINUED EXISTENCE OF A STATE OF EMERGENCY DUE TO COVID-19 AND RE-AUTHORIZING FOR PUBLIC HEALTH AND SAFETY THE CONDUCT OF PUBLIC MEETINGS OF THE LEGISLATIVE BODIES OF THE CITY VIA REMOTE TELECONFERENCING FOR A CONTINUED 30-DAY PERIOD PURSUANT TO THE RALPH M. BROWN ACT AS AMENDED BY ASSEMBLY BILL NO. 361; (CITY ATTORNEY)

RECOMMENDATION: Staff recommends Council consider adoption of Resolution No. 16-22 reauthorizing for public health and safety the conduct of public meetings of the legislative bodies of the City via remote teleconferencing.

- B. PUBLIC HEARINGS - NONE

- C. BUSINESS ITEMS

- C-1 REVIEW WATER RECLAMATION FACILITY (WRF) QUARTERLY REPORT; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Receive the Quarter 2 2022 WRF Quarterly Report and provide input.

- C-2 REVIEW OF FISCAL YEAR 2021-22 MIDYEAR BUDGET REPORT AND GENERAL FUND FORECAST, APPROVAL OF NEW JOB CLASSIFICATIONS AND AMENDED SALARY SCHEDULE; (CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENT/CITY CLERK/HR MANAGER)

RECOMMENDATION: Staff recommends that the City Council: 1) Receive the Fiscal Year (FY) 2021-22 Midyear Budget Report; 2) Adopt Resolution No. 17-22 authorizing the attached Budget Amendments; 3) Adopt Resolution No. 18-22 approving new classifications and job descriptions; 4) Adopt Resolution No. 19-22 approving the revised salary schedule and authorized Full-Time Equivalent (FTE) staffing list; and 5) Receive the annual General Fund forecast and provide input as appropriate.

- C-3 ADOPTION OF RESOLUTION NO. 20-22 DECLARING A CLIMATE EMERGENCY IN MORRO BAY; (CITY MANAGER)

RECOMMENDATION: Staff recommends the Council adopt Resolution No. 20-22, declaring a climate emergency.

- D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

- E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, March 8, 2022 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.

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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
	Jennifer Ford	Council Member
	Jeff Heller	Council Member
ABSENT:	None	
STAFF:	Scott Collins	City Manager
	Chris Neumeyer	City Attorney
	Dana Swanson	City Clerk
	Sarah Johnson-Rios	Assistant City Manager/Admin Services Dir.
	Greg Kwolek	Public Works Director
	Scot Graham	Community Development Director
	Daniel McCrain	Fire Chief
	Jody Cox	Police Chief
	Eric Endersby	Harbor Director

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 5:30 p.m., with all but Council Member Barton present. Council Member Barton joined the meeting at 5:38 p.m.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION – None

CLOSED SESSION REPORT – City Attorney Neumeyer stated no reportable action was taken by the City Council in accordance with the Brown Act.

MAYOR & COUNCILMEMBERS’ REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/EzJjeGjbB98?t=179>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/EzJjeGjbB98?t=881>

PRESENTATIONS

<https://youtu.be/EzJjeGjbB98?t=976>

- Proclamation presented to Barbara Spagnola expressing appreciation for her dedication and public service
- Presentation of Tidelands Pocket Park Stormwater Award

PUBLIC COMMENT

<https://youtu.be/EzJjeGjbB98?t=1652>

Betty Winholtz, Morro Bay, asked when the City would resume publishing agenda correspondence on the City website and offered clarification on comments made at a previous meeting regarding closed session items.

Mayor Heading closed public comment.

The Council and staff responded to issues raised during public comment.

A. CONSENT AGENDA
<https://youtu.be/EzJjeGjbB98?t=1810>

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 OCTOBER 26, 2021, CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE NOVEMBER 9, 2021, CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE NOVEMBER 10, 2021, CITY COUNCIL SPECIAL
MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 APPOINTMENT OF MAYOR PRO TEMPORE; APPOINTMENT OF
REPRESENTATIVES ON DISCRETIONARY BOARDS, COUNCIL LIAISON
ASSIGNMENTS AND COUNCIL SUB-COMMITTEES; REMOVE
COMPLETED/DISBANDED COUNCIL LIAISON ASSIGNMENTS; (CITY CLERK)

RECOMMENDATION: Appoint Council Member Laurel Barton as Mayor Pro Tempore; appoint representatives to serve on the various County or Regional Discretionary Boards, Council Liaison Assignments and Sub-Committees for calendar year 2022 as shown on the attached appointment list; and remove Council Liaison assignments that are no longer needed.

A-5 ADOPTION OF RESOLUTIONS FOR THE JUNE 7, 2022 SPECIAL MUNICIPAL
ELECTION TO FILL A COUNCIL SEAT; (CITY CLERK)

RECOMMENDATION: Staff recommends Council adopt Resolution No. 01-22 calling a special municipal election for June 7, 2022 to fill a vacant City Council seat for the remainder of a term ending December 2024, and requesting consolidation of the election with the County, and adopt Resolution No. 02-22 adopting regulations for candidate statements.

A-6 CONSIDERATION OF LICENSE AGREEMENT WITH SISU COLLECTIVE LLC FOR THE
CITY'S TEMPORARY USE OF SCOUT COFFEE'S PARKING LOT AT 390 MORRO BAY
AVENUE, AS A PUBLIC PARKING LOT; (CITY MANAGER)

RECOMMENDATION: City Council authorize staff to execute a license agreement with SISU Collective LLC (Scout Coffee) for the City's temporary use of Scout Coffee's parking lot, located at 390 Morro Bay Avenue, as a public parking lot.

- A-7 SECOND READING AND ADOPTION OF ORDINANCE NO. 646, UPDATES TO CHAPTER 3.08 OF THE CITY'S MUNICIPAL CODE, PURCHASING SYSTEM; (ADMINISTRATIVE SERVICES DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt, by second reading and by title only with further reading waived, Ordinance No. 646: "An Ordinance of the City Council of the City of Morro Bay, California, Amending Morro Bay Municipal Code Chapter 3.08 of Title 3 to Update the City's Purchasing System."

- A-8 RESOLUTION MAKING FINDINGS RELATED TO THE CONTINUED EXISTENCE OF A STATE OF EMERGENCY DUE TO COVID-19 AND RE-AUTHORIZING FOR PUBLIC HEALTH AND SAFETY THE CONDUCT OF PUBLIC MEETINGS OF THE LEGISLATIVE BODIES OF THE CITY VIA REMOTE TELECONFERENCING FOR A CONTINUED 30-DAY PERIOD PURSUANT TO THE RALPH M. BROWN ACT AS AMENDED BY ASSEMBLY BILL NO. 361; (CITY ATTORNEY)

RECOMMENDATION: Staff recommends Council consider adoption of Resolution No. 03-22 reauthorizing for public health and safety the conduct of public meetings of the legislative bodies of the City via remote conferencing.

- A-9 PROCLAMATION EXPRESSING APPRECIATION FOR THE DEDICATION AND PUBLIC SERVICE OF BARBARA SPAGNOLA; (ADMINISTRATION)

RECOMMENDATION: Approved as submitted

Mayor Heading opened public comment for the Consent Agenda.

<https://youtu.be/EzJjeGjbB98?t=1822>

Betty Winholtz, Morro Bay, commented on Item A-4 suggesting the assignments should be more balanced and not delegated to staff.

The public comment period was closed.

Council Member Ford pulled Item A-5 and announced she would recuse herself as that decision directly affected her.

Council Member Addis pulled Item A-9 to share her comments and gratitude.

MOTION: Council Member Addis moved approval of Items A-1 through A-4 and A-6 through A-8. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

- A-5 ADOPTION OF RESOLUTIONS FOR THE JUNE 7, 2022 SPECIAL MUNICIPAL ELECTION TO FILL A COUNCIL SEAT; (CITY CLERK)
<https://youtu.be/EzJjeGjbB98?t=2059>

MOTION: Council Member Addis moved approval of Item A-5. The motion was seconded by Council Member Heller and carried 4-0-1 with Council Member Ford having abstained.

- A-9 PROCLAMATION EXPRESSING APPRECIATION FOR THE DEDICATION AND PUBLIC SERVICE OF BARBARA SPAGNOLA; (ADMINISTRATION)
<https://youtu.be/EzJjeGjbB98?t=2107>

MOTION: Council Member Addis moved approval of Item A-9. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

- B. PUBLIC HEARINGS - NONE

- C. BUSINESS ITEMS
<https://youtu.be/EzJjeGjbB98?t=2388>

- C-1 DISCUSSION OF, AND CONSIDER ACTIONS TO ADDRESS, PENSION LIABILITIES AND OTHER POST-EMPLOYMENT BENEFIT UNFUNDED LIABILITIES; (ADMINISTRATIVE SERVICES DEPARTMENT)
<https://youtu.be/EzJjeGjbB98?t=2393>

Assistant City Manager/Administrative Services Director Johnson-Rios introduced Craig Hill and Mike Meyer of NHA Advisors who provided the report and responded to Council inquires.

The public comment period for Item C-1 was opened.

Betty Winholtz, Morro Bay, raised several points of concern.

The public comment period for Item C-1 was closed.

MOTION: Mayor Headding moved to: 1) Receive and file the informational presentation on CalPERS and the City's unfunded liability and options to address and provide input and feedback; 2) Direct staff to establish a Pension Reserve and, through the FY 2022-23 budget process, set aside a one-time lump sum contribution from FY 2020-21 operating surplus, and to budget annual contributions to the Pension Reserve going forward; 3) Direct staff to establish a Section 115 Trust as the vehicle for the Pension Reserve, and to include one member of the Citizens Finance Advisory Committee (CFAC) on the selection committee to establish the Trust, if there is interest; and 4) Direct staff to continue the current practice of contributing to a restricted trust annually for Other Post-Employment Benefit (OPEB) unfunded liabilities and evaluate whether the current trust is sufficient or whether an alternative trust should be established as part of the Section 115 CalPERS trust establishment, and 5) Establish a pension funding policy that is integrated into a comprehensive financial reserves policy and bring back to council for approval prior to implementing 2, 3 & 4 above. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

- C-2 1) APPROVAL OF AMENDMENT NO. 3 TO CONTRACT WITH WATER WORKS ENGINEERS, LLC FOR ENGINEERING DESIGN SERVICES DURING CONSTRUCTION FOR THE WATER RECLAMATION FACILITY LIFT STATION AND OFFSITE PIPELINES; AND 2) APPROVAL OF AMENDMENT NO. 2 TO CONTRACT WITH ANVIL BUILDERS, INC., FOR CONSTRUCTION SERVICES FOR THE WATER RECLAMATION FACILITY (WRF) LIFT STATION AND OFFSITE PIPELINES; (PUBLIC WORKS DEPARTMENT)
<https://youtu.be/EzJjeGjbB98?t=5803>

Public Works Director Kwolek and Paul Amico of Carollo Engineering provided the report and responded to Council inquires.

The public comment period for Item C-2 was opened.

Betty Winholtz, Morro Bay, commented on the increasing cost of project and requested clarification regarding tree removal and the Morro Creek bridge crossing.

Sean Green, Morro Bay, offered comments regarding bike path improvements and asked for clarification regarding the required retrofitting of the generators for the lift stations.

The public comment period for Item C-2 was closed.

MOTION: Mayor Heading moved to authorize the City Manager to execute the following:
1) Amendment No. 3 to the agreement with Water Works Engineers, LLC (WWE) for Engineering Design Services during Construction and optional tasks for the Water Reclamation Facility (WRF) Lift Station and Offsite Pipelines for the amount of \$132,239 with an additional \$84,857 for optional additional services for a grand total of \$217,096; and 2) Amendment No. 2 to the agreement with Anvil Builders, Inc., for construction of the WRF Conveyance Facilities for the amount of \$587,502. The motion was seconded by Council Member Ford and carried 5-0 by roll call vote.

- C-3 DISCUSS COUNCILMEMBER COMPENSATION AND CONSIDER INTRODUCTION OF ORDINANCE NO. 647 TO INCREASE CONSISTENT WITH STATE LAW AND CFAC RECOMMENDATION THE SALARIES OF CITY COUNCILMEMBERS AND THE MAYOR; (CITY MANAGER/CITY ATTORNEY/CITY CLERK/ADMINISTRATIVE SERVICES DEPARTMENT)
<https://youtu.be/EzJjeGibB98?t=7854>

City Manager Collins, City Attorney Neumeyer, City Clerk Swanson, and Assistant City Manager/Administrative Services Director Johnson-Rios provided the report and responded to Council inquires.

The public comment period for Item C-3 was opened.

Betty Winholtz, Morro Bay, offered her historic perspective and spoke in opposition to the proposed stipend increase.

The public comment period for Item C-3 was closed.

MOTION: Council Member Barton moved to 1) Accept Citizen Finance Advisory Committee's recommendation to adjust Councilmember compensation by ordinance by \$500/month per Councilmember and an additional \$200/month for the Mayor, by introducing, for first reading by title only and with further reading waived, Ordinance No. 647, "An Ordinance of the City Council of the City of Morro Bay, California, Amending Chapter 2.20 (Officers' Salaries) of Title 2 (Administration and Personnel) of the Morro Bay Municipal Code, to Increase Consistent with State Law and CFAC Recommendation the Salaries of City Councilmembers and the Mayor." 2) Accept CFAC's recommendation to make no adjustments to current Councilmember health benefits. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

- C-4 ADOPT RESOLUTION NO. 04-22 AUTHORIZING THE SUBMISSION OF A GRANT APPLICATION FOR STATE RURAL RECREATION AND TOURISM GRANT PROGRAM

FOR COLEMAN PARK IMPROVEMENTS AND PROVIDE INPUT ON COLEMAN PARK CONCEPTUAL PLAN; (PUBLIC WORKS DEPARTMENT)

<https://youtu.be/EzJjeGjbB98?t=9244>

Public Works Director Kwolek provided the report and responded to Council inquires.

The public comment period for Item C-4 was opened.

Betty Winholtz, Morro Bay, shared her preference for maintaining the basketball court in and parking in their current locations. She opposed having a stage in this area and favored more passive recreation with children's play equipment.

Sean Green, Morro Bay, appreciated the level of public outreach, shared his preferred amenities, and urged the city to consider the entire concept plan rather than a piecemeal approach.

Erica Crawford, Morro Bay Chamber of Commerce, spoke in support of staff recommendation and stated the Chamber submitted analysis and comment in September based on extensive outreach to its members. The primary concerns related to cleanliness, maintenance, and aesthetics.

The public comment period for Item C-4 was closed.

There was Council consensus and support for the following: consolidated, accessible parking and parking along Coleman Drive provided it can be done safely; removal or relocation of basketball court; a plaza or stage for small events; continued access for kayakers and stand-up paddleboarders; additional lighting, tables and BBQ's; dune landscaping; new cultural resources and preserving current monuments at same or different location; addition of a 2nd public restroom.

MOTION: Council Member Addis moved to 1) adopt Resolution No. 04-22 authorizing the submission of a grant application for the State Rural Recreation and Tourism Program (RRT) for the Coleman Park Improvements project and 2) provide input to staff on the Coleman Park conceptual plan and recreational and cultural amenities for the park. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/EzJjeGjbB98?t=11953>

Council Member Addis requested discussion of a policy related to the timing and frequency of council compensation review. Mayor Headding suggested appointing a subcommittee for routine review of the advisory board handbook with this being one of the items considered. There was full support for this item.

E. ADJOURNMENT

The meeting adjourned at 8:51 p.m.

Recorded by:

Dana Swanson
City Clerk

City Council conducted this meeting in accordance with Assembly Bill 361 (2021-22) and Government Code section 54953 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
	Jennifer Ford	Council Member
	Jeff Heller	Council Member
ABSENT:	None	
STAFF:	Scott Collins	City Manager
	Chris Neumeyer	City Attorney
	Dana Swanson	City Clerk
	Sarah Johnson-Rios	Assistant City Manager/Admin Services Dir.
	Greg Kwolek	Public Works Director
	Scot Graham	Community Development Director
	Daniel McCrain	Fire Chief
	Jody Cox	Police Chief
	Eric Endersby	Harbor Director
	Bonnie Johnson	Support Services Manager

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 5:30 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION – None

CLOSED SESSION REPORT – City Attorney Neumeyer stated no reportable action was taken by the City Council in accordance with the Brown Act.

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/-8lhT80nka8?t=189>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS - None

PRESENTATIONS

<https://youtu.be/-8lhT80nka8?t=451>

- Appreciation of Eric Dowdle & Morro Bay Beautiful
- Measure Q/E Report by CFAC Chair John Martin

PUBLIC COMMENT

<https://youtu.be/-8lhT80nka8?t=2251>

Carole Truesdale, Morro Bay, shared appreciation for staff activities related to a citizens initiative petition.

Aaron Ochs, Morro Bay, requested Council discussion on homelessness; spoke in support of Agenda Item A-9; stated his support for AB 1400, a Medicare type program for all; and commented on increased number of COVID cases.

Betty Winholtz, Morro Bay, requested clarification regarding publishing of agenda correspondence and asked if there had been another slide at the WRF site.

Linda Winters, Morro Bay, announced the passing of George Oberlin, a 40-year resident and thanked the city for continuing to protect mobile home park residents.

Melanie Mahan, Morro Bay, spoke in opposition to items A-3 and A-9.

Andrea Chmelik spoke in favor of Item A-9.

Mayor Heading closed public comment.

The Council and staff responded to issues raised during public comment.

A. CONSENT AGENDA
<https://youtu.be/-8lhT80nka8?t=3358>

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 JANUARY 11, 2022, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 FISCAL YEAR (FY) 2020-21 STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES; (ADMINISTRATIVE SERVICES DEPARTMENT)

RECOMMENDATION: Staff recommends the Council Accept Fiscal Year (FY) 2020-21 status report on receipt and use of Development Impact Fees.

A-3 SECOND READING AND ADOPTION OF ORDINANCE NO. 647 TO INCREASE CONSISTENT WITH STATE LAW AND CFAC RECOMMENDATION THE SALARIES OF CITY COUNCILMEMBERS AND THE MAYOR; (CITY MANAGER, CITY ATTORNEY, ADMINISTRATIVE SERVICES DEPARTMENT, CITY CLERK)

RECOMMENDATION: Staff recommends the City Council adopt, by second reading and by title only with further reading waived, Ordinance No. 647: "An Ordinance of the City Council of the City of Morro Bay, California, Amending Chapter 2.20 (Officers' Salaries) of Title 2 (Administration and Personnel) of the Morro Bay Municipal Code, to Increase Consistent with State Law and CFAC Recommendation the Salaries of City Councilmembers and the Mayor." This ordinance will take effect after the November 2022 election.

A-4 ADOPTION OF RESOLUTION NO. 05-22 ESTABLISHING THE 2022 CITY COUNCIL MEETING CALENDAR AND BUDGET DEVELOPMENT SCHEDULE; (CITY MANAGER)

RECOMMENDATION: Staff recommends the City Council review the proposed Council meeting calendar and adopt Resolution No. 05-22 approving the 2022 City Council Meeting Calendar and Budget Development Schedule.

- A-5 ADOPTION OF RESOLUTION NO. 06-22 CONDITIONALLY AUTHORIZING THE MAYOR TO EXECUTE DOCUMENTS NECESSARY FOR A NEW LOAN AND ACCEPTING A DEED OF TRUST RELATED THERETO FOR LEASE SITE 87-88/87W-88W (TLC FAMILY ENTERPRISES, 833 EMBARCADERO ROAD); (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommend the City Council adopt Resolution No. 06-22 authorizing the Mayor to execute documents necessary for a new loan and accepting a deed of trust related thereto regarding the leasehold interest at Lease Site 87-88/87W-88W, with documents subject to approval of the City Attorney.

- A-6 MEMORANDUM OF UNDERSTANDING WITH CALIFORNIA HIGHWAY PATROL AND AFFILIATED AGENCIES OF SLO COUNTY FIRE CHIEFS ASSOCIATION FOR HELICOPTER RESCUE OPERATIONS; (FIRE DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council to authorize the Fire Chief to sign an operational Memorandum of Understanding with the California Highway Patrol and affiliated agencies of SLO County Fire Chiefs Association, substantively in the form of the attached draft, for helicopter rescue operations.

- A-7 STAFFING FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER) GRANT; (FIRE DEPARTMENT)

RECOMMENDATION: Authorize the Fire Department to apply for, execute necessary documents for such application for, and accept if awarded, a grant from the Department of Homeland Security and Federal Emergency Management Agency for funding under the Staffing for Adequate Fire and Emergency Response (SAFER) Grant for the hiring of limited term firefighters.

- A-8 RESOLUTION MAKING FINDINGS RELATED TO THE CONTINUED EXISTENCE OF A STATE OF EMERGENCY DUE TO COVID-19 AND RE-AUTHORIZING FOR PUBLIC HEALTH AND SAFETY THE CONDUCT OF PUBLIC MEETINGS OF THE LEGISLATIVE BODIES OF THE CITY VIA REMOTE TELECONFERENCING FOR A CONTINUED 30-DAY PERIOD PURSUANT TO THE RALPH M. BROWN ACT AS AMENDED BY ASSEMBLY BILL NO. 361; (CITY ATTORNEY)

RECOMMENDATION: Staff recommends Council consider adoption of Resolution No. 07-22 reauthorizing for public health and safety the conduct of public meetings of the legislative bodies of the City via remote teleconferencing.

- A-9 RESOLUTION AFFIRMING THE CITY OF MORRO BAY'S SUPPORT OF REPRODUCTIVE FREEDOM;(CITY MANAGER)

RECOMMENDATION: Consider adoption of Resolution No. 08-22, entitled "A Resolution of the City Council of the City of Morro Bay, California, Affirming Support of Reproductive Freedom."

- A-10 AUTHORIZATION TO ADD ONE FULL-TIME EQUIVALENT IT SYSTEMS ANALYST TO THE ADMINISTRATIVE SERVICES DEPARTMENT; (ADMINISTRATIVE SERVICES DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council take the following action: 1) Authorize the City Manager to increase the Administrative Services Department by one Full-Time Equivalent (FTE) for an Information Technology Systems Analyst position; 2) Adopt Resolution No. 09-22 approving the creation of the Information Technology Systems Analyst classification and job description, subject to any meet and confer requirements; and 3) Adopt Resolution No. 10-22 approving the revised Combined Master Salary Schedule

A-11 PRESENTATION TO THE CITY COUNCIL REGARDING CFAC'S REVIEW OF FY 2020-21 UNAUDITED TRANSACTIONS FROM THE COLLECTION OF THE GENERAL PURPOSE LOCAL SALES TAX, COMMONLY KNOWN AS "MEASURE Q AND E"; (CFAC CHAIRMAN JOHN MARTIN)

RECOMMENDATION: Receive and file.

Mayor Heading opened public comment for the Consent Agenda.

<https://youtu.be/-8lhT80nka8?t=3371>

Betty Winholtz, Morro Bay, commented on Items A-2, A-3, A-7, A-10 and A-11.

Christian Alonso, Director of Public Affairs for Planned Parenthood, spoke in favor of Item A-9.

The public comment period was closed.

Council Member Heller pulled Item A-9 and A-10.

MOTION: Council Member Heller moved approval of Items A-1 through A-8 and A-11. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

A-9 RESOLUTION AFFIRMING THE CITY OF MORRO BAY'S SUPPORT OF REPRODUCTIVE FREEDOM;(CITY MANAGER)

<https://youtu.be/-8lhT80nka8?t=3769>

Council Member Heller asked about the process that led to this item being on the consent agenda. Referring to public comment and agenda correspondence, he stated it was inappropriate for the Council to address controversial issues over which the Council has no authority.

MOTION: Council Member Addis moved approval of Item A-9. The motion was seconded by Council Member Barton and carried 4-1 with Council Member Heller opposed.

A-10 AUTHORIZATION TO ADD ONE FULL-TIME EQUIVALENT IT SYSTEMS ANALYST TO THE ADMINISTRATIVE SERVICES DEPARTMENT; (ADMINISTRATIVE SERVICES DEPARTMENT)

<https://youtu.be/-8lhT80nka8?t=4142>

Staff responded to Council inquiries.

MOTION: Mayor Heading moved approval of Item A-10. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

<https://youtu.be/-8lhT80nka8?t=4599>

C-1 POLICE RECORDS MANAGEMENT SYSTEM AGREEMENT WITH MARK43, INC;
(POLICE DEPARTMENT)

<https://youtu.be/-8lhT80nka8?t=4602>

Police Chief Cox and Support Services Manager Johnson provided the report and responded to Council inquires.

The public comment period for Item C-1 was opened.

Carole Truesdale, Morro Bay, spoke in favor of the item.

Mistiza Colebank, Mark43, provided comments and shared her appreciation for the opportunity to serve the community.

The public comment period for Item C-1 was closed.

MOTION: Mayor Headding moved to direct the City Manager to: 1) Execute a 5-year agreement with Mark43, Inc. to implement a new Police Records Management System in an amount not to exceed \$279,500; and 2) Return with a budget amendment at Midyear to appropriate \$64,050 in additional Measure Q & E funds to fully fund implementation in FY 2021-22. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

C-2 ADOPTION OF RESOLUTION NO. 11-22 AUTHORIZING THE CITY MANAGER TO EXECUTE GRANT AGREEMENTS, IF AWARDED, WITH THE CALIFORNIA DEPARTMENT OF WATER RESOURCES FOR 1) WATER WELL INFRASTRUCTURE REHABILITATION AND INSTALLATION PROJECT; AND 2) RECYCLED WATER FACILITIES PROJECT, PURSUANT TO THE 2021 URBAN AND MULTIBENEFIT DROUGHT RELIEF PROGRAM; (PUBLIC WORKS DEPARTMENT)

<https://youtu.be/-8lhT80nka8?t=6409>

Public Works Director Kwolek and Consulting Engineer Dan Heimel provided the report and responded to Council inquires.

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

MOTION: Council Member Barton moved to adopt Resolution No. 11-22 entitled "A Resolution of the City Council of City of Morro Bay, California, authorizing the City Manager to apply for, accept and execute a Grant Agreement, if awarded, with the California Department of Water Resources for 1) Water Well Infrastructure Rehabilitation and Installation Project; and 2) Recycled Water Facilities Project, pursuant to the 2021 Urban and Multibenefit Drought Relief Program." Specifically, Resolution No. 11-22 authorizes the following actions: 1) Authorizes the City Manager to negotiate with the Department of Water Resources and sign the Grant Agreements and related documents; and 2) Represents that the City has sufficient funds for its own contributions to the Grants. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

- C-3 ESTABLISH A CITY COUNCIL SUBCOMMITTEE TO REVIEW AND MAKE RECOMMENDATIONS FOR UPDATES AND REVISIONS TO THE ADVISORY BODY HANDBOOK AND BY-LAWS; (CITY CLERK)
<https://youtu.be/-8lhT80nka8?t=7345>

City Clerk Swanson provided introduced the item.

Council Member Addis nominated Mayor Headding and Council Member Barton to participate on the sub-committee.

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

MOTION: Council Member Addis moved to appoint Mayor Headding and Council Member Barton as the sub-committee that will conduct the biennial review of the Advisory Body Handbook and By-laws and bring recommended revisions back to the full Council for discussion and re-adoption. The motion was seconded by Council Member Ford and carried 5-0 by roll call vote.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/-8lhT80nka8?t=7746>

Council Member Heller requested but did not receive support for discussion of a policy clarifying content appropriate for the Consent Agenda.

Council Member Heller requested a report back from Council Members visiting the Kansas Avenue homeless encampment. It was agreed they would report out during announcements at the next meeting.

Council Member Heller requested but did not receive support for an agenda item clarifying the roles and responsibilities of the Coast Guard, Harbor, Police and Fire Departments. The point was raised this information is provided in the Emergency Response Plan.

Council Member Barton requested and received majority support for discussion of Assembly Bill (AB) 1400 be brought forward for discussion and consideration of support at the next meeting.

E. ADJOURNMENT

The meeting adjourned at 7:46 p.m.

Recorded by:

Dana Swanson
City Clerk



AGENDA NO: A-3

MEETING DATE: February 22, 2022

Staff Report

TO: Honorable Mayor and Councilmembers **DATE:** February 12, 2022
FROM: Sarah Johnson-Rios, Asst City Manager/Admin Services Director
SUBJECT: Second Quarter Investment Report (period ending December 31, 2021) for Fiscal Year (FY) 2021-22

RECOMMENDATION

Receive the attached Second Quarter Investment Report (period ending December 31, 2021) for FY 2021-22.

FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

DISCUSSION

Attached for your consideration is the Second Quarter Investment Report for FY 2021-22. As of December 31, 2021, the City's weighted portfolio yield of 0.29% was slightly above the Local Agency Investment Fund (LAIF) yield of 0.22%. Yields remain low, reflecting the uncertainty of the economic climate, but are climbing gradually. As of December 31, 2021, the City had recorded \$53,074 in interest earnings for the fiscal year.

Staff continues to keep significant cash in the City's LAIF account to ensure cash flow for the ongoing Water Reclamation Facility (WRF) project. Staff recommends that no immediate investment actions be taken at this time.

As a result of the ongoing liquidity needs for the WRF project, staff plans to more comprehensively evaluate investment options when the WRF project is complete or nearing completion. At that time, staff will focus on renewed assessment of cash flow 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.

CONCLUSION

Staff recommends that the Committee receive the Second Quarter Investment Report (period ending December 31, 2021) for Fiscal Year 2021-22.

ATTACHMENT

1. Second Quarter Investment Report for FY 2021-22 (period ending December 31, 2021)

Prepared By: SJR

Dept Review: SJR

City Manager Review: SC

City Attorney Review: CFN

**CITY OF MORRO BAY
 QUARTERLY PORTFOLIO PERFORMANCE
 12/31/2021**

INVESTMENT OR CUSIP NUMBER	INSTITUTION	PURCHASE PRICE	INTEREST RATE	PURCHASE DATE	MATURITY DATE	DAYS TO MATURITY
LAIF	LOCAL AGENCY INVESTMENT FUND	\$ 35,797,875	0.22%	DAILY	DAILY	1
MONEY MARKET ACCOUNT:						
MM	MECHANICS BANK - MONEY MARKET	1,945,843	0.04%	DAILY	DAILY	1
SWEEP	MECHANICS BANK - SWEEP	5,257,311	0.01%	DAILY	DAILY	1
CERTIFICATES OF DEPOSIT:						
02007GHD8	ZION BANK - Ally Bank UT	246,000	2.900%	1/24/2019	1/24/2022	24
949763XU5	ZION BANK - Wells Fargo	249,000	2.800%	2/27/2019	2/28/2022	59
1404202A7	ZION BANK - Capital One	250,005	2.400%	4/12/2017	4/12/2022	102
61760AUU1	ZION BANK - Morgan Stanley	246,000	3.000%	1/24/2019	1/24/2023	389
61690UDL1	ZION BANK - Morgan Stanley	246,000	3.100%	1/24/2019	1/24/2024	754
1731202F5	ZION BANK - Citibank	246,000	3.200%	1/25/2019	1/25/2024	755
3090683803	US BANK (FORMERLY STATE FARM BANK)	250,435	3.050%	10/21/2013	10/24/2023	662
		<u>\$ 44,734,469</u>				
			RECORDED INTEREST AS OF 12/31/2021	% OF LIQUID PORTFOLIO HOLDINGS	WEIGHTED AVERAGE RATE OF EARNINGS	WEIGHTED AVERAGE MATURITY
			<u>\$53,074.02</u>	<u>96.125%</u>	<u>0.292%</u>	<u>16</u>

Portfolio holdings as of the quarter ended December 31, 2021, are in compliance with the current Investment Policy. With 96.125% of the portfolio held in liquid instruments, allowing the City to meet cash flow needs for at least six months, in compliance with the investment policy approved by the City Council in June 2021.



AGENDA NO: A-4
MEETING DATE: February 22, 2022

Staff Report

TO: Honorable Mayor and City Council **DATE:** February 14, 2022
FROM: Janeen Burlingame, Management Analyst
SUBJECT: Adoption of Resolution No. 14-22 Authorizing Submission of Rural Transit Fund (RTF) Grant Application and Execution of Related Documents Upon Award

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 14-22 authorizing submission of Rural Transit Fund (RTF) Grant Application and execution of related documents upon award.

FISCAL IMPACT

There will be no fiscal impact to the City’s general fund as the cost for the vehicle procurement would be funded with RTF and the City’s Transportation Development Act (TDA) Local Transportation Fund (LTF). Should the City not be awarded an RTF grant, any planned purchase will be on hold until full grant funding can be secured for the project.

SUMMARY

On December 5, 2002 the San Luis Obispo Council of Governments (SLOCOG) adopted Resolution No. 02-16 to create a RTF program designed to streamline the lengthy federal process of applying for, receiving and using Federal Transportation Administration Section 5311 funds for rural transit agency projects by programming the region’s share of Section 5311 funds to the Regional Transit Authority (RTA) for operations and exchanging it with a like amount of State TDA funds, programmed through SLOCOG.

Program policies and procedures that would govern the RTF program were developed to preserve the intent of the Section 5311 program in terms of who and what projects would be eligible for funds. The SLOCOG Board adopted the policies and procedures in October 2003.

The City of Morro Bay is an eligible recipient to apply for these funds. Approximately \$565,000 is available for competitive distribution for the FY22/23 cycle.

DISCUSSION

The City requests authorization to apply for an RTF FY22/23 cycle grant for the purchase of a transit bus to replace an existing bus that is beyond the Federal Transit Administration useful life criteria. The estimated project cost is \$110,000, of which \$96,800 will be requested from the RTF FY22/23 funding cycle and the remaining \$13,200 for the City’s local match will come from City TDA LTF funds.

CONCLUSION

Staff recommends the City Council adopt Resolution No. 14-22 authorizing submission of Rural Transit Fund (RTF) Grant Application and execution of related documents upon award.

Prepared By: J Burlingame Dept Review: GK
City Manager Review: SC City Attorney Review: CFN

ATTACHMENT

1. Resolution No. 14-22

RESOLUTION NO. 14-22

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
AUTHORIZING SUBMISSION OF APPLICATION TO THE
RURAL TRANSIT FUND GRANT PROGRAM AND EXECUTION
OF RELATED DOCUMENTS UPON AWARD**

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

WHEREAS, the San Luis Obispo Council of Governments (SLOCOG) annually adopts the Federal Transit Administration (FTA) Section 5311 formula funds Program of Projects (POP); and

WHEREAS, SLOCOG began the Rural Transit Fund (RTF) program with Resolution 02-16 on December 5, 2002 by programming FTA Section 5311 funds to the San Luis Obispo Regional Transit Authority (RTA); and

WHEREAS, RTA has agreed to use these Federal funds for operating support and SLOCOG has agreed to exchange a similar amount of Transportation Development Act (TDA) funds for use in the RTF program; and

WHEREAS, SLOCOG, RTA, and other rural transit operators worked together to develop a process to exchange FTA Section 5311 formula funds with TDA funds to create the RTF, including Policies and Procedures to govern the RTF program; and

WHEREAS, the Policies and Procedures developed ensure that all funds will be used solely for rural transit projects consistent with the original intent of the FTA Section 5311 program; and

WHEREAS, there is \$565,000 available for competitive distribution with project applications for the FY22/23 RTF cycle.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the City Manager, or his duly appointed representative, is authorized to submit applications to the Rural Transit Fund for a transit bus replacement vehicle project, and to execute all related documents for, and upon, award for the two projects.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 22nd day of February 2022 on the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

John Headding, Mayor

ATTEST:

Dana Swanson, City Clerk

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AGENDA NO: A-5

MEETING DATE: February 22, 2022

Staff Report

TO: Honorable Mayor and City Council

DATE: February 16, 2022

FROM: Greg Kwolek, Public Works Director

SUBJECT: Adoption of Resolution No. 15-22 Authorizing the City Manager to file an Application and execute a Grant Agreement, if awarded, with the United States Bureau of Reclamation for a WaterSMART: Title XVI WIIN Water Reclamation and Reuse Program grant of up to \$30 million, as authorized under section 4009(c) of the WIIN Act and funding pursuant to the Bipartisan Infrastructure Law (BIL), P.L. 117-58, for the Water Reclamation Facility Project.

RECOMMENDATION

Staff recommends City Council adopt Resolution No. 15-22 entitled “A Resolution of the City Council of City of Morro Bay, California, authorizing the City Manager to file an application and execute a grant agreement, if awarded, with the United States Bureau of Reclamation for a WaterSMART: Title XVI WIIN Water Reclamation and Reuse Program grant of up to \$30 million, as authorized under Section 4009(C) of the WIIN Act and funding pursuant to the Bipartisan Infrastructure Law (BIL), P.L. 117-58, for the Water Reclamation Facility Project.”

Specifically, Resolution No. 15-22 authorizes the following action:

1. Authorizes the City Manager to File the Application to the U.S. Bureau of Reclamation for a Title XVI Water Reclamation and Reuse Program grant, as authorized under section 4009(c) of the WIIN Act and funding pursuant to the Bipartisan Infrastructure Law (BIL), P.L. 117-58 for the Water Reclamation Facility Project.
2. Authorizes the City Manager to negotiate and sign the Grant Agreement and related documents including required reports, disbursement requests and certifications.
3. Represents that the City has sufficient funds of its own to provide for the required non-Federal cost share, in addition to the Grant.

ALTERNATIVES

The City Council may choose to not authorize City Staff to apply for a Title XVI Water Reclamation and Reuse Program grant.

FISCAL IMPACT

The City has secured sufficient funding for the Water Reclamation Facility Project (WRF Project) planning, design and implementation through its own funds, the Water Infrastructure Finance and Innovation Act (WIFIA) loan, and California State Revolving Fund (SRF) construction and planning loans. Receipt of US Bureau of Reclamation WaterSMART: Title XVI WIIN Water Reclamation and Reuse (Title XVI) grant funding may decrease the City’s own expenditures and/or potentially decrease the loan disbursement expenditures a commensurate amount. Securing the Title XVI grant would

Prepared By: <u> DH </u>	Dept Review: <u> GK </u>
City Manager Review: <u> SC </u>	City Attorney Review: <u> CFN </u>

help reduce the debt payments on the WRF Project for the City. The City would achieve the required match for the Title XVI grant through those aforementioned sources of existing funding (i.e. City Funds, SRF, portions of WIFIA).

BACKGROUND

The City has commenced construction of its WRF Project, which includes a new water reclamation facility and associated conveyance and recycled water facilities. The City has secured funding in the form of two loans (an Environmental Protection Agency WIFIA loan and a State of California SRF loan), a State of California Recycled Water Grant, and City cash funding (Water and Sewer Fund).

The U.S. Department of the Interior's (Department) WaterSMART (Sustain and Manage America's Resources for Tomorrow) Program provides a framework for federal assistance to stretch and secure water supplies for future generations in support of the Department's priorities. Through WaterSMART, the Bureau of Reclamation (Reclamation) leverages Federal and non-Federal funding to support stakeholder efforts to stretch scarce water supplies and avoid conflicts over water. Through the Title XVI Water Reclamation and Reuse Program (Title XVI), authorized by Public Law (P.L.) 102-575 in 1992, Reclamation provides financial and technical assistance to local water agencies for the planning, design, and construction of water reclamation and reuse projects. Water recycling is a tool in stretching the limited water supplies in the Western United States. Title XVI projects develop and supplement urban and irrigation water supplies through water reuse—thereby improving efficiency, providing flexibility during water shortages, and diversifying the water supply. These projects provide growing communities with new sources of clean water which increases water management flexibility and makes the water supply more reliable and increases resilience to climate change.

The Water Infrastructure Improvements for the Nation Act (WIIN), P.L. 114-322, was enacted in December 2016 to address water resources infrastructure that is critical to the Nation's economic growth, health, and competitiveness. Section 4009(c) of Subtitle J of WIIN includes amendments to Reclamation's Title XVI Program. Prior to the enactment of WIIN, funding for water recycling project construction could only be provided for congressionally authorized Title XVI projects. The WIIN amendments allow new water recycling projects to be eligible to receive Federal funding.

This grant funding opportunity will be available for fiscal year (FY) 2022 enacted appropriations for Title XVI projects authorized under section 4009(c) of the WIIN Act. Applications submitted may also be considered if additional funding becomes available in FY 2022 or thereafter.

In May 2020, the City sent a Title XVI Feasibility Study to Reclamation and it was approved by Reclamation on July 22, 2020. Therefore, the City is now eligible to pursue grant funding up to \$30 Million for the WRF Project. This will be over a period of a few application rounds.

There are certain significant limitations related to the funding. Listed below are the major limitations:

1. Federal Funding shall not exceed 25% of the Project Cost to a maximum of \$30 million. The City would meet this requirement for up to \$30,000,000.
2. Funding must be based on expenditures incurred or planned since July 22, 2020 and up through September 30, 2025. The City meets this requirement.
3. U.S. Congressional legislation listing of the project will be needed in Federal Appropriation Legislation.
4. City has cost share requirement 75%. This will be met with the SRF funding, the WIFIA funding and any city contributed funds.
5. National Environmental Policy Act (NEPA) compliance is required to receive Title XVI Funding. However, the City has already achieved NEPA Compliance.

The City is able to meet all the limitations within its control, including the cost share component. However, if the City is selected for an award, it would still need to achieve Congressional approval before funds would be extended to the City. The application and award process may take up to a year or more, but current expenses on the WRF would be eligible for grant reimbursement.

ATTACHMENT

1. Resolution No. 15-22

RESOLUTION NO. 15-22

**A RESOLUTION OF THE CITY COUNCIL
OF CITY OF MORRO BAY, CALIFORNIA
AUTHORIZING THE CITY MANAGER TO FILE AN APPLICATION
AND EXECUTE A GRANT AGREEMENT, IF AWARDED, WITH THE UNITED STATES
BUREAU OF RECLAMATION FOR A WATERSMART: TITLE XVI WIIN WATER
RECLAMATION AND REUSE PROGRAM GRANT OF UP TO \$30 MILLION, AS
AUTHORIZED UNDER SECTION 4009(C) OF THE WIIN ACT AND FUNDING PURSUANT
TO THE BIPARTISAN INFRASTRUCTURE LAW (BIL), P.L. 117-58,
FOR THE WATER RECLAMATION FACILITY PROJECT**

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

WHEREAS, the United States Bureau of Reclamation (“USBR”) is accepting applications for water recycling projects under Title XVI Water Infrastructure Improvements for the Nation (WIIN) Act (P.L. 102-575) (“Act”), for eligible Title XVI Projects; and

WHEREAS, the City of Morro Bay’s (“City’s”) water reclamation facility project (“Project”) is eligible for the USBR grant funding pursuant to the Act’s guidelines and published eligibility guidelines; and

WHEREAS, this City Council (“Council”) wishes to authorize and ratify an application pursuant to the Act for the Project for fiscal year 2021-22; and

WHEREAS, the USBR requires a grant applicant to provide a resolution adopted by applicant’s governing body designating an authorized representative to submit a funding application and execute an agreement with the USBR for a grant (the “Grant Agreement”); and

WHEREAS, this Council wishes to authorize the City Manager of the City to file the application with the USBR and to negotiate and sign such Grant Agreement, and any amendment thereto and other required documents, on behalf of the City; and

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

Section 1. The City Council of the City of Morro Bay hereby authorizes submittal by City of Morro Bay to USBR of a grant application for the Recycled Water Facilities Components of the Water Reclamation Facility project (“Project”) for an amount up to \$30 million. The Council has reviewed and supports the application. Any action previously taken by the City staff or City manager in connection with support of the grant application is hereby approved, ratified and confirmed.

Section 2. The City Manager of the City of Morro Bay is hereby authorized and empowered to prepare the necessary data, conduct investigations, file such applications, and, if awarded, conduct all negotiations and execute in the name of the City of Morro Bay (“City”), the application, the Grant Agreement, amendments thereto, and all other required documents, if any, necessary for the funding of the Project with the grant, provided that the City is able to satisfy grant terms, conditions, and requirements, and comply with all applicable state and federal laws and regulations, including without limitation the California Environmental Quality Act, the National Environmental Policy Act and other environmental laws, as applicable.

Section 3. Funds are available in City's budget and/or funding plan for the Project to provide the City's required match funds and/or in-kind contributions, if the grant is awarded. The City has the capability to complete the Project.

Section 4. The City Manager is directed to work with the USBR to meet established deadlines for entering into a USBR grant, the Grant Agreement or cooperative agreement pursuant to the Act.

Section 5. The City Manager is authorized and directed, if the grant is awarded, to execute the Grant Agreement, and apply the grant monies to the project for which the award is made.

Section 6. This Resolution shall take effect both from as well as after its adoption.

Section 7. The City Clerk is hereby authorized and directed to certify the adoption of this resolution.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 22nd day of February, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

CERTIFICATE OF ATTESTATION AND ORIGINALITY

I, _____, City Clerk of the City of Morro Bay, hereby attest to and certify that the foregoing resolution is the original resolution adopted by the Morro Bay City Council at its regular meeting held on the ____ day of _____, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dana Swanson, City Clerk



AGENDA NO: A-6

MEETING DATE: February 22, 2022

Staff Report

TO: Honorable Mayor and City Council

DATE: February 15, 2022

FROM: Chris F. Neumeyer, City Attorney

SUBJECT: Resolution Making Findings Related to the Continued Existence of a State of Emergency Due to COVID-19 and Re-Authorizing for Public Health and Safety the Conduct of Public Meetings of the Legislative Bodies of the City via Remote Teleconferencing for a Continued 30-Day Period Pursuant to the Ralph M. Brown Act as Amended by Assembly Bill No. 361

RECOMMENDATION

Staff recommends Council consider adoption of attached Resolution No. 16-22 reauthorizing for public health and safety the conduct of public meetings of the legislative bodies of the City via remote teleconferencing.

ALTERNATIVES

Do not consider adoption of the attached resolution and/or provide further direction to staff.

FISCAL IMPACT

No immediate fiscal impact.

BACKGROUND

On March 4, 2020, the Governor proclaimed a State of Emergency to exist in California because of the spread of COVID-19. Beginning in March, 2020 the Governor also issued a number of Executive Orders (e.g., N-25-20, N-29-20, N-35-20) (the "Brown Act Orders") for the public health and safety that waived requirements in the Brown Act that expressly or impliedly required the physical presence of City Councilmembers, staff, or the public at meetings of the City Council, Planning Commission and other City boards, commissions and committees ("legislative bodies") that are subject to the Brown Act. The Brown Act Orders allowed City legislative bodies that are subject to the Brown Act to modify how meetings were conducted to protect the health and safety of staff and the public while ensuring transparency and accessibility for open and public meetings. The most recent Brown Act Order expired on September 30, 2021.

On September 16, 2021, Governor Newsom signed Assembly Bill 361 ("AB 361") into law. AB 361 was made effective on October 1, 2021, on an urgency basis, to correspond to the timing of expiration of the Brown Act Orders. AB 361 provides for the ability to continue teleconferencing Brown Act meetings of City legislative bodies for public health and safety reasons under certain conditions, akin to the authority to do so under the Brown Act Orders.

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

DISCUSSION

Assembly Bill 361 allows City legislative bodies to continue to utilize remote/virtual platforms for public meetings (consistent with certain statutory requirements) during a state of emergency proclaimed by the Governor that includes the City if certain conditions are met.

On October 26, 2021, the City Council adopted Resolution No. 70-21 making findings related to the continued existence of a state of emergency due to COVID-19 and re-authorizing for public health and safety the conduct of public meetings of City's legislative bodies via remote teleconferencing for an initial 30-day period pursuant to the Ralph M. Brown Act as amended by Assembly Bill No. 361. On November 9 and 18, 2021, December 14, 2021, January 11, 2022 and January 25, 2022, the City Council reviewed the need for continuing the conduct of public meetings of City's legislative bodies via remote teleconferencing for public health and safety as authorized by AB 361, and upon making necessary findings, adopted Resolution No. 78-21, 81-21, 84-21, 03-22 and 07-22, respectively, authorizing such meetings for an additional thirty days.

As part of the City's response to the COVID-19 pandemic, the Veterans Hall, where in-person City Council meetings are held, has been made available as a COVID-19 test site. It's anticipated San Luis Obispo County Department of Health will continue to offer testing at this location through the end of March. If the positive test rate continues trending downward, the test site is no longer needed, and conditions warrant such, the City may transition to hybrid public meetings (both in-person and virtual) in April 2022.

If a state of emergency remains active, or State or local officials have imposed or recommended measures to promote social distancing, AB 361 imposes certain requirements to continue use of its provisions after the initial 30-day period, or a 30-day period thereafter, has elapsed.

Government Code section 54953(e)(3) provides that "not later than 30 days after teleconferencing for the first time pursuant" to AB 361, "and every 30 days thereafter," the City Council shall make the following findings by majority vote for the City to continue using the teleconferencing provisions of AB 361:

1. The City Council has reconsidered the circumstances of the state of emergency; **and**
2. Either of the following circumstances exist:
 - a. The state of emergency continues to directly impact the ability of the members to meet safely in person, **or**
 - b. State or local officials continue to impose or recommend measures to promote social distancing.

CONCLUSION

Staff recommends Council consider adoption of the proposed Resolution No. 16-22 making the findings required to re-authorize use of AB 361. Doing so will allow meetings of the City Council, City boards and City commissions to continue to occur by teleconference for the public health and safety. Continued reliance on AB 361 will require adoption of a new resolution making the required findings every 30 days thereafter.

ATTACHMENT

1. Resolution No. 16-22

RESOLUTION NO. 16-22

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
MAKING FINDINGS RELATED TO THE CONTINUED EXISTENCE OF A STATE OF
EMERGENCY DUE TO COVID-19 AND RE-AUTHORIZING FOR PUBLIC HEALTH AND
SAFETY THE CONDUCT OF PUBLIC MEETINGS OF THE LEGISLATIVE BODIES OF THE
CITY VIA REMOTE TELECONFERENCING FOR A CONTINUED
30-DAY PERIOD PURSUANT TO THE RALPH M. BROWN ACT
AS AMENDED BY ASSEMBLY BILL NO. 361**

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

WHEREAS, the City Council of the City of Morro Bay (“City”) is committed to preserving and nurturing public access and participation in meetings of the Legislative Bodies (as that term is defined in Government Code §54952, including the City Council, commissions, boards and committees subject to the Brown Act) of the City; and

WHEREAS, all meetings of the Legislative Bodies are open and public as required by the Ralph M. Brown Act, codified as Government Code §§ 54950 *et seq.*, so that any member of the public may attend, participate, and observe the Legislative Bodies conduct their business; and

WHEREAS, the Brown Act, at Government Code § 54953(e), as amended by Assembly Bill (AB) 361 effective October 1, 2021, makes provision for remote teleconferencing participation in public meetings by members of a Legislative Body without compliance with the provisions of Government Code § 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition under Government Code § 54953(e) for its initial use is that the meeting is held during a state of emergency that has been declared by the Governor pursuant to Government Code § 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code § 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the City’s boundaries, caused by natural, technological, or human-caused disasters

WHEREAS, a required condition under Government Code § 54953(e) for its initial use is that state or local officials have imposed or recommended measures to promote social distancing, or that the legislative body is meeting to determine or has previously determined that meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, starting in March 2020, in response to the spread of COVID-19 in the State of California, the Governor proclaimed a state of emergency for the State of California and thereafter issued a number of executive orders aimed at containing COVID-19; and

WHEREAS, on March 19, 2020, the City Council adopted Resolution No. 23-20, proclaiming and affirming the existence of a local emergency, and confirming and ratifying proclamation by City's Director of Emergency Services of Existence of a Local Emergency, in response to COVID-19 (Coronavirus). The Legislative Bodies have since conducted meetings via remote teleconferencing consistent with the declaration of local emergency and executive orders issued by the Governor; and

WHEREAS, the executive orders issued by the Governor, among other things, for the public health and safety waived requirements of the Brown Act expressly or impliedly requiring the physical presence of members of the legislative body, the clerk or other personnel of the body, or of the public as a condition of participation in or for the purpose of establishing a quorum for a public meeting; and

WHEREAS, on June 11, 2021, the Governor issued Executive Order N-08-21, which rescinded the modifications made by the aforementioned executive orders, effective September 30, 2021. On September 16, 2021, the Governor signed AB 361, creating a modified set of provisions for local agencies for compliance with the Brown Act relative to remote meetings. AB 361 was made effective on October 1, 2021; and

WHEREAS, on October 26, 2021, the City Council adopted Resolution No. 70-21 making findings related to the continued existence of a state of emergency due to COVID-19 and re-authorizing for public health and safety the conduct of public meetings of City's legislative bodies via remote teleconferencing for an initial 30-day period pursuant to the Ralph M. Brown Act as amended by Assembly Bill No. 361; and

WHEREAS, On November 9, 2021, the City Council reviewed the need for continuing the conduct of public meetings of City's legislative bodies via remote teleconferencing for public health and safety as authorized by AB 361, and upon making necessary findings, adopted Resolution No. 78-21 authorizing such meetings for an additional thirty days; and

WHEREAS, On November 18, 2021, the City Council reviewed the need for continuing the conduct of public meetings of City's legislative bodies via remote teleconferencing for public health and safety as authorized by AB 361, and upon making necessary findings, adopted Resolution No. 81-21 authorizing such meetings for an additional thirty days; and

WHEREAS, On December 14, 2021, the City Council reviewed the need for continuing the conduct of public meetings of City's legislative bodies via remote teleconferencing for public health and safety as authorized by AB 361, and upon making necessary findings, adopted Resolution No. 84-21 authorizing such meetings for an additional thirty days; and

WHEREAS, On January 11, 2022, the City Council reviewed the need for continuing the conduct of public meetings of City's legislative bodies via remote teleconferencing for public health and safety as authorized by AB 361, and upon making necessary findings, adopted Resolution No. 03-22 authorizing such meetings for an additional thirty days; and

WHEREAS, On January 25, 2022, the City Council reviewed the need for continuing the conduct of public meetings of City's legislative bodies via remote teleconferencing for public health and safety as authorized by AB 361, and upon making necessary findings, adopted Resolution No. 07-22 authorizing such meetings for an additional thirty days; and

WHEREAS, the Governor's proclaimed state of emergency and the City's proclaimed local emergency related to COVID-19 remain in effect and encompass the jurisdictional boundaries of the City; and

WHEREAS, the California Department of Public Health and the San Luis Obispo County Health Officer continue to impose or recommend measures to promote social distancing, and the Centers for Disease Control and Prevention ("CDC") continue to recommend physical distancing; and

WHEREAS, Government Code Section 54953(e)(3) requires that the City Council review the need and make findings for continuing the conduct of public meetings of City's legislative bodies via remote teleconferencing as authorized by AB 361 at least once every thirty days until the Governor terminates the state of emergency; and

WHEREAS, for the public health and safety the Council wishes to affirm the need and findings necessary for continuing the conduct of public meetings of City's legislative bodies via remote teleconferencing as authorized by AB 361; and

WHEREAS, the City Council does hereby intend that, as a consequence of the persisting state of emergency and the imposed or recommended social distancing measures, the Legislative Bodies shall be authorized to continue to conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code § 54953, as authorized by subdivision (e) of Government Code § 54953, and that the Legislative Bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of Government Code § 54953; and

WHEREAS, consistent with AB 361, during the effectiveness of this Resolution, the Legislative Bodies meeting pursuant to the requirements of Government Code § 54953(e)(2) and their staff will give notice of the manner by which members of the public may access the Legislative Bodies' meetings and offer public comment; identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option; and allow members of the public to access the meeting, and the agenda shall include an opportunity for members of the public to address the Legislative Body directly.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct and are incorporated herein by reference.

SECTION 2. The City Council hereby acknowledges and affirms the continued effectiveness of the Governor's proclaimed state of emergency and the City's proclaimed local emergency (as may have been amended since their initial proclamation) which encompass their jurisdictional boundaries.

SECTION 3. The City Council finds as follows: 1) they have reconsidered the circumstances of the state of emergency; 2) the state of emergency remains active within their jurisdictional boundaries; 3) the state of emergency continues to directly impact the ability of the City Council, the City's Legislative Bodies, City staff and the public to meet safely in person; and 4) State and local officials continue to impose or recommend measures to promote social distancing.

SECTION 4. The Legislative Bodies and staff are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting all open and public meetings of the Legislative Bodies in accordance with Government Code § 54953(e) and other applicable provisions of the Brown Act.

SECTION 5. This Resolution shall take effect immediately upon its adoption by the City Council and shall be effective for until the earlier of (i) March 24, 2022, or (ii) such time as the City Council adopts a subsequent resolution in accordance with Government Code § 54953(e)(3) to extend the time during which the Legislative Bodies may continue to teleconference without compliance with paragraph (3) of subdivision (b) of Government Code § 54953.

SECTION 6. Should any provision, section, paragraph, sentence or word of this Resolution be rendered or declared invalid by any final court action in a court of competent jurisdiction or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences or words of this Resolution as hereby adopted shall remain in full force and effect.

SECTION 7. The City Clerk shall certify to the adoption of this Resolution and enter it into the book of original Resolutions.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 22nd day of February 2022 by the following vote:

AYES:
NOES:
ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk



AGENDA NO: C-1

MEETING DATE: February 22, 2022

Staff Report

TO: Honorable Mayor and Council Members **DATE:** February 17, 2022

FROM: Kyle Rhorer – WRF Program Manager, Carollo Engineers
Greg Kwolek – Public Works Director

SUBJECT: Review Water Reclamation Facility (WRF) Quarterly Report

RECOMMENDATION

Receive the Quarter 2 2022 WRF Quarterly Report and provide input.

DISCUSSION

Provided as Attachment 1 is the Quarterly Water Reclamation Facility (WRF) Project Report. This report was presented to the Citizens Finance Advisory Committee (CFAC) for review in advance at their February 15, 2022 meeting.

Budget Summary

The Q2 2021/2022 Quarterly Water Reclamation Facility Project Report provides a summary of WRF program activities and financial metrics for the period of October 1, 2021 through December 31, 2021.

The table on the following page shows the status of the overall WRF Project budget as of the end of Q2 2022.

The table below shows the status of the overall WRF Project budget as of the end of Q2 2022.

<i>Project Component</i>	<i>Quarterly Budget Reconciliation Q1 FY 21/22</i>	<i>Quarterly Budget Reconciliation Q2 FY 21/22</i>
Water Reclamation Facility	\$74,697,995	\$74,697,995
Conveyance Facilities	\$34,214,311	\$36,319,667
Recycled Water Facilities	\$6,668,000	\$6,668,000
General Project	\$25,589,712	\$25,362,730
Construction Contingency	\$3,504,859	\$1,626,485
TOTAL	\$144,674,877	\$144,674,877

Prepared By: KR/GK

Dept Review: GK

City Manager Review: SC

City Attorney Review: CFN

While the overall WRF Project budget did not change during Q2, the allocation of budget across the Project components was adjusted due to 1) contract amendments for the Conveyance Facilities component, and 2) reallocation of the Construction Contingency and General Project components to the Conveyance Facilities component.

The table below shows the Q2 2022 WRF Project expenditures by project component.

<i>Project Component</i>	<i>Expenditures Q2 FY 21/22</i>
Water Reclamation Facility	\$9,353,006
Conveyance Facilities	\$1,831,284
Recycled Water Facilities	\$49,383
General Project	\$1,592,748
TOTAL	\$12,826,421

Schedule Summary

While the WRF Project schedule as of the close of Q2 2022 (December 31, 2021) remained unchanged from that presented in the Q1 2022 WRF Quarterly Report, the schedules for the Conveyance Facilities and Recycled Water Facilities have been delayed. The revised schedules will be presented in the Q3 2022 WRF Quarterly Report.

Delays to the Conveyance Facilities schedule are due to 1) Environmental Protection Agency (EPA)/State Historic Preservation Office (SHPO) coordination and approval delays related to the monitoring program for cultural resources, and 2) reduced construction productivity by the contractor.

Delays to the Recycled Water Facilities schedule are due to 1) procurement delays for the initial construction work, 2) additional permitting/regulatory requirements, and 3) anticipated reductions in construction productivity due to regulatory constraints.

For each of the WRF program components, the Program Management team continues to work closely with the contractors, consultants, and permitting/regulatory agencies to mitigate the schedule delays, and the Program Management team will provide timely updates as the component schedules evolve.

ATTACHMENTS

1. City of Morro Bay Water Reclamation Facility Quarterly Report
2. February 22, 2022 City Council presentation slides



City of Morro Bay
Water Reclamation Facility Project

QUARTERLY REPORT
ENDING DECEMBER 2021

FINAL | February 2022





City of Morro Bay
Water Reclamation Facility Project

QUARTERLY REPORT ENDING DECEMBER 2021

FINAL | February 2022

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Abbreviations

Anvil	Anvil Builders, Inc.
BMP	Best Management Practices
BNR	Biological Nutrient Removal
BOD	Biochemical Oxygen Demand
BR	brine
CA	California
Carollo	Carollo Engineers, Inc.
CDFW	California Department of Fish and Wildlife
CFAC	Citizens Finance Advisory Committee
CO	Change Order
CPM	critical path method
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
FO	fiber optic
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
lf	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

Q1	Quarter No. 1
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
VDC	volts direct current
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. 2 (Q2) of Fiscal Year 2021-2022, from October 1, 2021 to December 31, 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 major earthwork
- Remediation of the second soil slip
- Continued installation of major and minor yard piping systems
- Pressure testing of installed underground piping
- 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)/Ultraviolet (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 October 1, 2021 and December 31, 2021. The contractor continued to maintain general and administrative tasks such as project Stormwater Pollution Prevention Plan (SWPPP), traffic control plans, archeological mitigation and monitoring, and public outreach efforts. Additionally, four construction crews worked at the separate locations at both pump station A, pump station B, South Bay Boulevard and Main Street. A detailed description of the work within these areas is included in Section 8.

1.1.3 Recycled Water Facilities

1.1.3.1 Design

In Q2, the program team continued to make progress towards developing the bid package of the pilot injection well for the recycled water facilities portion of the project. The majority of the non-construction activities included procurement of a well driller for the pilot injection well. Section 8 outlines the recycled water facilities pre-design and design activities in more detail.

1.1.3.2 Construction

Construction of the recycled water facilities included the installation of a monitoring well that will be used to monitor the groundwater level during the pilot injection well study.

1.1.4 Accomplishments and Challenges

Table 1 summarizes some of the key accomplishments and critical challenges identified for the Project through December 31, 2021.

Table 1 Project Accomplishments and Challenges that occurred in Q2

Project Component	Key Accomplishments	Critical Challenges	Actions to Overcome Challenges	Likely Outcomes
General Project	Assembled and submitted disbursement request packages No. 2 and 3 to SRF Construction Loan and No. 4 to SRF Planning Loan.	Project team continues to coordinate and prepare reimbursement packages from FBV and Anvil construction progress payments to submit to SRF for reimbursement on behalf of the City.	No actions required.	Construction progress payments for the Water Reclamation Facility and the Conveyance Facilities will continue to be sent to SRF for reimbursement.
Water Reclamation Facility	Continued planning for facility commissioning, start-up and testing activities and coordination with Conveyance Facilities completion schedule.	Current schedule for treatment plant testing and start-up could result in extended overhead charges due to contractor downtime while awaiting sewage influent from the Conveyance Facilities project component.	Program Management team facilitated two workshops with WRF treatment plant contractor team to develop a strategy that will mitigate the misalignment between their schedule and the Conveyance Facilities schedule.	Minimization or avoidance of additional contract charges associated with schedule misalignment.
	Implemented Storm Water Pollution Prevention Plan (SWPPP) for upcoming winter storms.	The DB team has received two notice of violations of SWPPP measures from the Regional Water Quality Control Board on 11/8/21 and 12/20/21.	The DB team has implemented a robust series of SWPPP best management practices (BMPs) to address the notice of violations for upcoming winter storms. The DB team has also encouraged Regional Water Quality Control Board (RWQCB) staff to inspect SWPPP BMPs to ensure they are compliant with RWQCB standards.	The implementation of the SWPPP BMPs will improve stormwater discharge quality to meet RWQCB standards. The City will receive correspondence from RWQCB staff in January 2022 that the installed BMPs comply with SWPPP standards and that the City has addressed the issues identified in the notice of violations.
Conveyance Facilities	Successfully coordinated with SHPO to finalize Phase 2B monitoring and mitigation requirements for working between Stations 27+00 and 37+00.	On December 7 th , the Construction Management Team, EPA, SHPO, and Far Western met virtually to discuss the Phase 2B monitoring plan for the Conveyance Facilities Project. SHPO was not in acceptance of Far Western's original plan and this meeting was to come to a resolution in order to move forward between Stations 27+00 and 37+00.	Far Western and the EPA developed a monitoring strategy, which includes their original monitoring plan, with additional reporting to SHPO during construction that would be acceptable to SHPO.	This plan will be officially submitted to SHPO early January 2022 and will result in clearance of Anvil to begin construction on the Morro Creek utility bridge abutments with archeological oversight by Far Western.
	Obtained Caltrans Encroachment Permit approval for Traffic Control Plan Stage 19 and detours around South Bay Boulevard.	Construction Management Team required approval of conveyance facilities traffic control plan stage 19 from Caltrans in order to perform construction near the intersection of South Bay Boulevard and Highway 1.	Construction Management Team and Anvil Builders coordinated with Caltrans to revise the traffic control plan to meet Caltrans traffic handling standards as well as queuing along Morro Bay Boulevard off-ramp.	Caltrans approved the traffic control plan. Anvil installed prenotification signs on Highway 1 and implemented TCP stage 19 on December 27 th .
	Completed Jack and Bore trenchless installation across Willow Camp Creek.	Work crossing the Willow Camp Creek by jack and bore construction needed to be complete by November 19 th . During construction, the contractor encountered a large concrete block which dramatically slowed construction.	Contractor had to work longer back to back shifts to remove concrete debris by hand as well as increase production rate in order to make the November 19 th deadline.	Contractor successfully removed the concrete blockage, met the November 19 th schedule and installed the steel casing beneath Willow Camp Creek.
	The City and Program Team has a plan in place for additional tree required to be removed or protected in place.	The Coastal Commission has initially denied the request of the Conveyance Facilities Construction Management team to remove additional trees along the bike path to 1) allow for a safe construction corridor, 2) spread out the pipes in the joint trench to meet DDW separation standards, 3) revitalize the bike with native vegetation, and 4) utilize the newly acquired easement width from Vistra Energy.	The construction management team must provide Coastal Commission justification for the additional tree removal. The team is in process of producing a project memo that addresses these justifications to the Coastal Commission. Additional trees required to be removed will be identified and a request to revise the CDP special conditions report for the Conveyance Facilities will be sent to the Coastal Commission. Additionally, the trees to be protected in place and/or removed will be included in a change order to Anvil for the work outside of their original scope.	The construction management team and the City are anticipating to meet with Coastal Commission to discuss these justifications in early 2022. The City is currently developing a landscaping plan to replace trees removed due to Conveyance Facilities construction.

Table 1 Project Accomplishments and Challenges (continued)

Project Component	Key Accomplishments	Critical Challenges	Actions to Overcome Challenges	Likely Outcomes
Recycled Water Facilities	2-inch Monitoring Well for pilot injection well was installed.	The proposed location of the 2-inch monitoring well required vegetation removal and was not an appropriate site for construction.	GSI Water Solutions (GSI) and the Program Management Team relocated the monitoring well approximately 10 feet to the south of its proposed location.	The monitoring well was successfully installed.
	Pilot Injection Well Bid Opening was on December 9 th , 2021.	No contractor bids were received for the pilot injection well.	The Program Management team revised the bidding documents to allow for a less strict schedule for procurement in order to allow for prospective bidders to procure drilling equipment prior to commencing work. The Pilot Injection Well package will be rebid in January with additional virtual, non-mandatory meetings.	The pilot injection well will be re-bid in late January with a bid opening schedule in mid-March. It is anticipated that a well drilling contractor will be procured for the installation of the pilot injection well and perform the injection testing.

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.

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

Table 3 shows the latest estimate at completion (EAC) for each project component. The EAC considers the City's fiscal year budget and adjusts for City contract amendments, new City consultant contracts, City costs such as labor and administrative expenses, as-needed reallocation from contingency, and other information gathered by the Program Management Team as the project progresses.

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) ⁽³⁾	Quarterly Reconciliation (Q1 FY 20/21)	Quarterly Reconciliation (Q2 FY 20/21) ⁽¹⁾	Quarterly Reconciliation (Q3 FY 20/21) ⁽¹⁾	Fiscal Year 21/22 (Q4 FY 20/21) ⁽²⁾	Quarterly Reconciliation (Q1 FY 21/22)	Quarterly Reconciliation (Q2 FY 21/22) ⁽⁶⁾
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	\$74,697,995	\$74,697,995
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	\$34,214,311	\$36,319,667
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	\$6,668,000	\$6,668,000
General Project ⁽⁴⁾⁽⁵⁾	\$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	\$25,589,712	\$25,362,730
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	\$3,504,859	\$1,626,485
Total	\$125,941,000	124,597,000	\$125,938,000	\$125,090,000	\$125,873,000	\$130,599,000	\$130,661,000	\$138,682,000	\$138,591,000	\$138,591,000	\$144,674,877	\$144,674,877	\$144,674,877

Notes:

- (1) The Project budget is estimated on a quarterly basis (i.e. September 30th, December 31st, and March 31st) and compared to the adopted fiscal year budget by June 30th. Costs shown through Q2 FY 20/21 include the design-build agreement with Filanc and /Black & Veatch (Overland), Carollo Program Management Contract (including subcontracting consultants), and other City consultants. Beginning Q3 FY20/21 this table reflects updated contract amendments and new adopted budgets.
- (2) As presented to City Council on May 25, 2021 for the WRF Q3 2021 Update Report.
- (3) 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.
- (4) 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.
- (5) Starting in Q1 FY 21/22, General Project includes all associated City Costs (e.g. staff salaries and benefits, legal services, land acquisition, supplies, equipment, etc.), and City Contracts for active consultants including construction permitting compliance activities and Program Management costs.
- (6) Breakdown of the Q2 FY 21/22 contingency of \$1,626,485 is as follows: WRF = \$304,859; Conveyance Facilities = \$821,626; and Recycled Water Facilities = \$500,000.

Table 3 Estimates at Completion as of Q2 FY 21/22

Project Component	Original Estimate	Initial Contract Value	Current Contract Value	Expenditures to Date	Estimate at Completion ⁽¹⁾
Design/Build WRF	\$62,414,000	\$67,234,512	\$76,697,995	\$49,221,493	\$74,697,995
Design/Build (FBV/Overland)	--	\$67,234,512	\$76,697,995	\$49,221,493	\$74,697,995
Conveyance Facilities	\$21,087,000	\$32,854,240	\$36,319,667	\$15,673,323	\$36,319,667
Permitting (Cogstone, Far Western, KMA)	--	--	\$1,937,196	\$660,478	\$1,937,196
Design (Water Works Engineers)	--	\$1,360,565	\$2,214,311	\$2,177,773	\$2,214,311
Construction (Anvil Builders)	--	\$31,493,675	\$32,168,160	\$12,835,073	\$32,168,160
Recycled Water Facilities	\$8,593,000	\$351,000	\$944,040	\$599,350	\$6,668,000
Design (GSI)	--	\$351,000	\$933,650	\$588,960	\$933,650
Construction (ABC Liovin)	--	--	\$10,390	\$10,390	\$5,734,350
General Project	\$24,403,000	\$293,000	\$12,105,701	\$17,349,233	\$25,362,730
City Costs ⁽²⁾	--	--	--	\$9,483,492	\$11,889,712
Program Management (Carollo) ⁽³⁾	--	\$293,000	\$11,808,401	\$7,164,399	\$12,200,000
City Contracts ⁽⁴⁾	--	--	\$297,300	\$701,342	\$1,273,018
Contingency	\$9,444,000	--	--	--	\$1,626,485
Water Reclamation Facility	--	--	--	--	\$304,859
Conveyance Facilities	--	--	--	--	\$821,626
Recycled Water Facilities	--	--	--	--	\$500,000

Notes:

- (1) Beginning with the Q4 Fiscal Year 2020/2021 report, the EAC reflects the June 2021 adopted City budget for Fiscal Year 2021/2022 and updated contract amendments.
- (2) City costs include staff salaries and benefits, legal services, land acquisition, supplies, equipment, etc.
- (3) Program management costs include permitting, public outreach, funding support, and construction oversight/management.
- (4) Expenditures to date shown for General Project City Contracts include inactive consultants (such as MKN, Black & Veatch, ESA, and Kestrel) and currently active consultants including Bartle Wells Associates and JSP. Current General Project City Contracts are shown only for currently active consultants.

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 December 2021)

Performance Measure	Data	Baseline (Q4 FY 19/20)	Current (Q2 FY 21/22)	Delta	Status
1: Total Project Costs	Total Project Projected Cost at Completion versus the Baseline Budget	\$130.7 M	\$144.7M	\$14.0M	Ⓜ
1.1: WRF Costs	On Site WRF Projected Cost at Completion versus the Baseline Budget	\$77.8 M	\$74.7 M	\$(3.1) M	Ⓜ
1.2: Conveyance Facilities Costs	Conveyance Facilities Projected Cost at Completion versus the Baseline Budget	\$29.8 M	\$36.3 M	\$6.5 M	Ⓜ
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	Ⓜ
1.4: General Project Costs	General Project Projected Cost at Completion versus the Baseline Budget	\$13.3 M	\$25.4 M	\$12.1 M	Ⓜ
2: Program Manager Earned Value	Ratio of Program Manager Earned Value to Actual Invoiced Cost-to-Date	1.00	1.00	0	Ⓜ
3: Schedule Performance Index	Ratio of Planned Percent Complete to Actual Percent Complete	1.00	1.00	0	Ⓜ
4: TSO Compliance Date Countdown	Days Remaining to time schedule order (TSO) Compliance Date of February 28, 2023	789	424	365	Ⓜ

LEGEND

Ⓜ	GREEN: Estimated cost within 5% of target budget, Ratio and Schedule Performance Index >=1.00, TSO Compliance Date Countdown <= 365 days
Ⓜ	YELLOW: Estimated cost > 5% above target budget, Ratio = 0.99 to 0.90 for Program Manager Earned Value and 0.99 to 0.80 for Schedule Performance Index, TSO Compliance Date Countdown between 180 and 364 days
Ⓜ	RED: Estimated cost > 10% above target budget, Ratio <0.90 for Program Manager Earned Value and < 0.80 for Schedule Performance Index, TSO Compliance Date Countdown > 179 days

Section 3

PROJECT COSTS

3.1 Project Budget

The overall budget status for the Project is summarized in Table 5.

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

Summary of Total WRF Project Cost	
Original Baseline WRF Project Budget ⁽¹⁾	\$125,941,000
Adopted FY 20/21 WRF Project Budget ⁽²⁾	\$130,596,361
Adopted FY 21/22 WRF Project Budget ⁽²⁾	\$144,674,877
Adopted Budget Percent Change (FY 20/21 to FY 21/22)	10.8%
Total Expenditures for FY 21/22 Q2 (10/01/21 to 12/31/21)	\$12,826,421
Total Expenditures to Date (thru 12/31/21 invoices)	\$82,843,400
Percent of FY 21/22 WRF Project Budget Expended to Date	57.3%

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 adopted by City Council in June prior to each 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 in Table 6, and expressed by Project component in Table 7.

Table 6 Quarterly Expenditures by Budget Code

City Budget Code ⁽¹⁾	Fund Name	Total Q2 FY21/22 Expenditures ⁽³⁾	Vendor Name	Project Component
4120	Overtime Pay			
4310	Part-Time Pay			
4910	Employer Paid Benefits			Summarized in Total Personnel Services below
4911	Pension Normal Cost			
4999	Labor Costs Applied			
Total Personnel Services		\$34,124.18	City of Morro Bay	
5114	Laboratory Testing Supplies			Summarized in Total Supplies below
5115	Water Distribution System Supplies			
5116	Wastewater Collection System Supplies			
5199	Miscellaneous Operating Supplies			
Total Supplies		\$8,457.20	Various	General Project
6101	Legal Services – General	\$21,449.09	Aleshire & Wynder	General Project
6103	Financial Audits	-	-	General Project
6107	Advertising	-	-	-
5307	Blueprint/Copy Charges	-	-	-
6220	Postage (Included in 6710)	\$474.05	Perry's Mail Center	General Project
6301	Electricity	-	-	-
6303	Water	\$123.50	City of Morro Bay	General Project
6510	Meetings & Conferences	-	-	-
6513	Meals & Lodging	-	-	-
6514	Travel Expense	\$1,047.49	Mechanics Bank, Grant Chase	General Project
6640	Maintenance Contracts	-	-	-
6710	Notices & Publications	-	-	-
Total Services		\$23,094.13		
6104	Engineering Services	\$38,993.23	GSI Water Solutions	Recycled Water Facilities
6105	Consultation Services	\$44,894.39	Cogstone, KMA	Conveyance Facilities
6152	Outside Lab Testing	\$3,710.00	Abalone Coast	General Project
6161	Licenses & Permits	\$26,904.50	North County Backflow, State Water Resources Control Board	General Project
6162	Mandated Fees/Inspections	\$10,600.00	US EPA	General Project
6196	Program Management & DB Procurement	\$1,425,718.07	Carollo Engineers and Subconsultants ⁽²⁾	General Project
6197	Grant Support	-	-	-
6198	Government Relations	-	-	-
6640	Maintenance Contracts	-	-	-
7101	Land Acquisition	-	-	-
Total Project Soft Costs		\$1,550,820.19		
6106	Contractual Services	\$1,709,779.54	Anvil Builders, JSP Automation	Conveyance Facilities, General Project
7103	Design/Build-On-Site Improvement Design Phase	-	-	-
7104	Design-Lift Station/Force Main	\$118,837.56	Water Works Engineers	Conveyance Facilities
7105	Planning & Permitting	\$17,911.94	Far Western	Conveyance Facilities
7106	Design-Injection Wells & Recycled Water Pipeline	-	-	-
7107	Design/Build-On-Site Improvement Build Phase	\$9,353,006.30	FBV Overland	Water Reclamation Facility
7108	Injection Well Construction	-	-	-
7109	Lift Station/FM Construction Phase	-	-	-
7110	Pilot Well Construction	\$10,390.00	ABC Liovin	Recycled Water Facilities
Total Construction Costs		\$11,209,925.34		
Total Quarterly Expenditures		\$12,826,421.04		

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), Filippin Engineering (Conveyance Facilities construction inspection), Guida (surveying), JFR Consulting (CEQA support), 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 quarterly expenditures shown only include invoices paid by the City in this quarter and are derived from a cash basis of accounting using the Accounts Payable reports provided by the City approximately one week after the end of the quarter. Total quarterly expenditures shown may differ from City fiscal year-end budget performance reports that are based on a modified accrual basis of accounting, which reallocates current quarter expenditures for services rendered in prior fiscal year back to June 30, 2021.

Table 7 Quarterly Expenditures by Project Component

Project Component	Expenditures (Q2 FY 21/22)
Water Reclamation Facility	\$9,353,006
Conveyance Facilities	\$1,831,284
Recycled Water Facilities	\$49,383
General Project	\$1,592,748
Total	\$12,826,421

3.3 Project Cash Flow

Figure 1 presents the projected and actual expenditures for the Project through December 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 components of the project by February 2023, which coincides with the City being in compliance with the Time Schedule Order (TSO) issued by the RWQCB in June 2018.

A breakdown of the current Q2 Fiscal Year 2021/2022 budget projection by fiscal year compared with total project expenditures to date is included in Table 8.

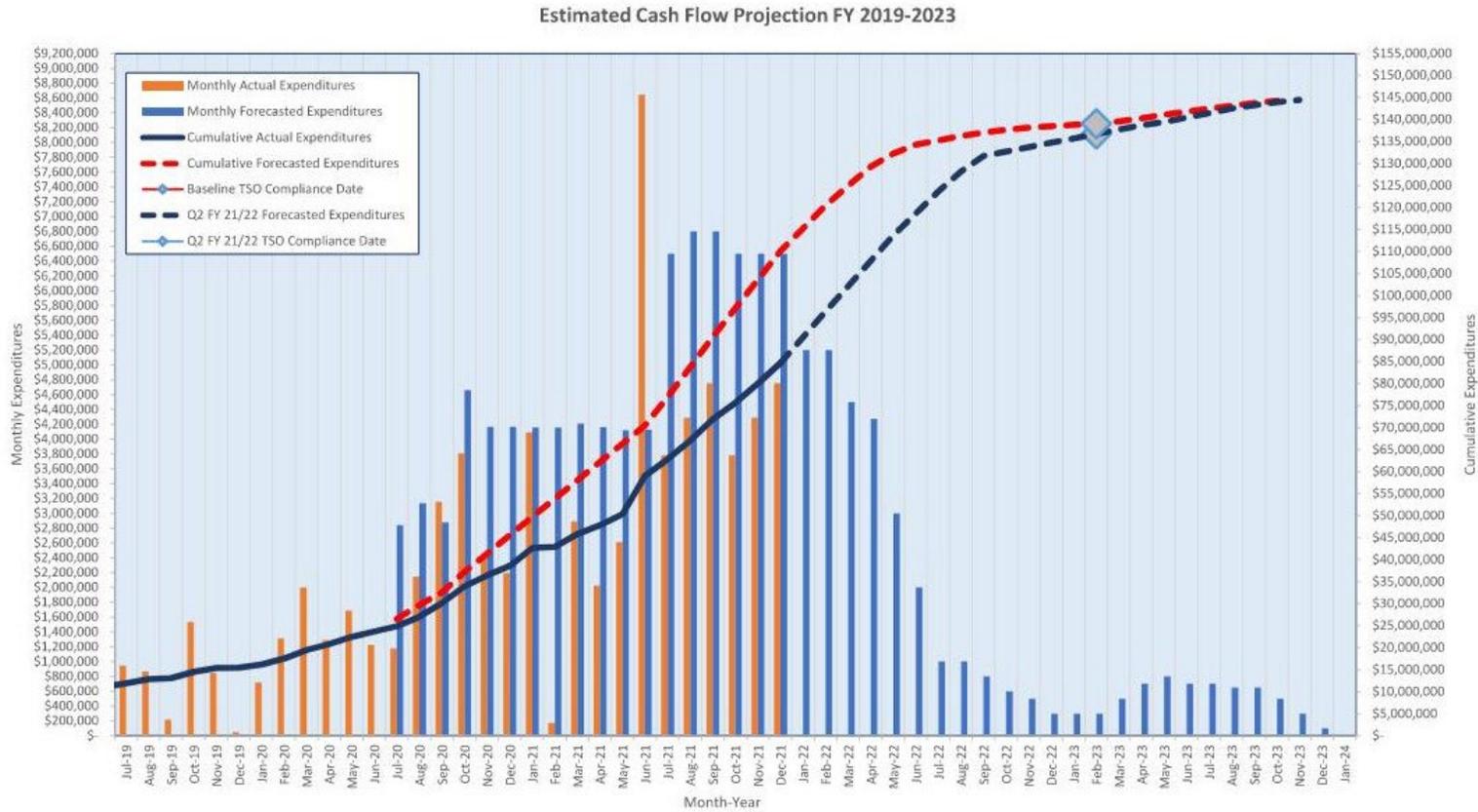


Figure 1 Project Cash Flow Projections and Actual Expenditures

Table 8 WRF Project Expenditures and City Fiscal Year Budgets

Project Component	Total Project Expenditures to Date as of FY 21/22 Q2 ⁽¹⁾	FY 21/22 Budget ^{(2) (8)}	FY 22/23 Budget ⁽²⁾	FY 23/24 Budget ⁽²⁾	Total Project Budget as of FY 21/22 ⁽²⁾
WRF	\$49,221,493	\$33,609,031	\$700,000	\$-	\$73,677,796 ⁽³⁾
Conveyance Facilities	\$15,673,323	\$22,289,569	\$-	\$-	\$38,802,964 ⁽⁴⁾
Recycled Water Facilities	\$599,350	\$2,025,000	\$3,000,000	\$3,000,000	\$8,280,570 ⁽⁵⁾
General Project	\$17,349,233	\$7,748,516	\$1,181,402	\$283,750	\$23,913,546 ⁽⁶⁾
Subtotal	\$82,843,400	\$65,672,116	\$4,881,402	\$3,283,750	\$144,674,877
Contingency	\$-	\$-	Note ⁽⁷⁾	Note ⁽⁷⁾	Note ⁽⁷⁾
Total	\$82,843,400	\$65,672,116	\$4,881,902	\$3,283,750	\$144,674,877

Notes:

- (1) This column reflects activity through the end of the quarter using the quarterly expenditures by project component allocations shown in Table 6. Beginning in Q2 of FY 21/22, some of the consultant expenditures previously allocated to General Project were moved to Conveyance Facilities (Cogstone, Far Western, and KMA), and hence expenditures-to-date shown may differ when compared with the same column from prior quarters.
- (2) This quarterly report Total Project Budget projection reflects the new FY 21/22 WRF Project budget as adopted by City Council in June 2021 as well as future fiscal year City budget projections.
- (3) Breakdown of the Water Reclamation Facility budget by codes from the 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 by codes from the 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 by codes from 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 includes the remaining codes from the 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 in the amounts shown in Table 3, Estimates at Completion.
- (8) FY 21/22 Budget amounts exclude carryforward from FY 20/21.

3.4 Project Cost Summary

Table 9 summarizes the cost-to-date and contracted amounts for each of the components of the Project. This table also provides the current cost estimate for each project. Detailed information on the individual components of the Project is provided in Section 7 of this Report.

Table 9 WRF Project Cost Summary (through December 2021)

Project Component	Total Project Expenditures to Date as of FY 21/22 Q2 ⁽³⁾	Contracted Amount to Date	Contracted Amount Expended to Date (%)	Anticipated Total Project Cost ⁽²⁾	Anticipated Total Project Cost Expended to Date (%)
WRF	\$49,221,493	\$76,697,995	64.2	\$75,002,854	65.6
Conveyance Facilities	\$15,673,323	\$36,319,667	43.2	\$37,141,293	42.2
Recycled Water Facilities	\$599,350	\$944,040	63.5	\$7,168,000	8.4
General Project ⁽¹⁾	\$17,349,233	\$12,105,701	Note 4	\$25,362,730	68.4
Total	\$82,843,400	\$126,067,404	65.7	\$144,674,877	57.3

Notes:

- (1) General Project's total project expenditures to date include prior contracts from previous program consultants that are no longer active. General Project's contracted amount to date shows active contracts only, and hence is less than total project expenditures to date.
- (2) Current quarter Estimate at Completion with contingencies included in each project component.
- (3) This column reflects activity through the end of the quarter using the quarterly expenditures by project component allocations shown in Table 6. Beginning in Q2 of FY 21/22, some of the consultant expenditures previously allocated to General Project were moved to Conveyance Facilities (Cogstone, Far Western, and KMA), and hence expenditures-to-date shown may differ when compared with prior quarters.
- (4) The latest contracted amount expended to date of active contracts under General Project is shown in Table 10, General Project Contracts Cost Summary.

3.5 Detailed Project Costs

Tables 10 through 13 present the detailed costs to date for active contracts for each element of the Project.

Table 10 General Project Contracts Cost Summary (through December 2021)

Consultant/Contractor	Actual Expenditures to Date ⁽¹⁾	Total Contracted Cost	Contract Expended to Date (%)
Bartle Wells Associates	\$45,100	\$64,000	70.5
Carollo Engineers, Inc. ⁽²⁾	\$7,164,399	\$11,808,401	60.7
JSP Automation	\$103,590	\$233,300	44.4
Total	\$7,313,089	\$12,105,701	60.4

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 Contract Cost Summary (through December 2021)

Consultant/Contractor	Actual Expenditures to Date	Total Contracted Cost ⁽¹⁾	Contract Expended to Date (%)
Overland Contracting	\$49,221,493	\$76,697,995	64.2
Total	\$49,221,493	\$76,697,995	64.2

Notes:

(1) Total Contracted Cost includes final value for Amendment No. 1 through No. 6 of \$1,636,060, \$63,937, \$5,992,218, \$835,097, \$(195,946), and \$1,132,117 respectively and the original contract value of \$67,234,512.

Table 12 Conveyance Facilities Contracts Cost Summary (through December 2021)

Consultant/Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
Anvil Builders	\$12,835,073	\$32,168,160	39.9
Cogstone	\$279,356	\$1,005,721	27.8
Far Western	\$354,012	\$860,165	41.2
Kevin Merk & Associates	\$27,110	\$71,310	38.0
Water Works Engineers	\$2,177,773	\$2,214,311	98.3
Total	\$15,673,323	\$36,319,667	43.2

Table 13 Recycled Water Facilities Contracts Cost Summary (through December 2021)

Consultant/Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
ABC Liovin	\$10,390	\$10,390	100.0
GSI	\$588,960	\$933,650	63.1
Total	\$599,350	\$944,040	63.5

3.6 Change Orders

This section presents change orders executed for the WRF and Conveyance Facilities construction activities.

3.6.1 WRF Project Change Orders

The following Amendments have been approved by City Council and have been incorporated into the WRF design-build team's contract, resulting in revisions of the Guaranteed Maximum Price (GMP). Tables 14 through 19 lists the change orders associated with each Amendment.

- Amendment No. 1 – May 2019 (GMP increased by \$1,636,060)
- Amendment No. 2 – March 2020 (GMP increased by \$63,937)
- Amendment No. 3 – May 2020 (GMP increased by \$5,992,218)
- Amendment No. 4 – November 2020 (GMP increased by \$835,097)
- Amendment No. 5 – March 2021 (GMP reduced by \$195,946)
- Amendment No. 6 – September 2021 (GMP increased by \$1,132,117)

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)
Total			\$1,636,060

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

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

Table 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
Total			\$5,992,218

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
Total			\$835,097

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
Total			\$(195,946)

Table 19 Summary of Approved Change Orders (Amendment No. 6)

Contract	Change Order No.	Description	Value
WRF	77	Covid-19 impacts	\$125,000
WRF	88	Dead-front control panels	\$37,774
WRF	90	24 volts direct current (VDC) digital output circuits	\$25,689
WRF	91	Equipment color (Tnemec 32 light gray)	\$12,500
WRF	92	West cut-slope soil slip reactivation (2021)	\$825,300
WRF	93	NEMA 4x electrical enclosures	\$40,000
WRF	94	Security system revisions	\$25,659
WRF	95	January 2021 storm event (1-26 thru 1-29)	\$40,195
Total			\$1,132,117

3.6.2 Conveyance Facilities Change Orders

The following Amendments have been approved by City Council and have been incorporated into the Conveyance Facilities contractor's contract, resulting in revisions of the total contract price. Tables 20 lists the change orders associated with Amendment No. 1.

- Amendment No. 1 – October 2021 (Contract increased by \$674,485)

Table 20 Summary of Approved Change Orders (Amendment No. 1)

Contract	Change Order No.	Description	Value
Conveyance	1	SHPO Delay (35 days no dig moratorium)	\$443,000
Conveyance	2	Add 2 each 10-inch valves and 10-inch tee	\$23,498
Conveyance	3	PS-B MAS-Relay Pump Protection Module per DC-01	\$13,477
Conveyance	4	PS-A & PS-B Conduit Changes per DC-02	\$6,436
Conveyance	7	Extend waterline relocation from Sta 71+00 and Sta 77+43	\$131,096
Conveyance	12	CA-SLO-2232H Work Interruptions from Sta. 147+00 to 150+00	\$56,978
Total			\$674,485

3.7 Reimbursement from Funding Agencies

In 2017, the City was awarded a \$10.3 million planning loan from the Clean Water State Revolving Fund (CWSRF) program. To date, the City has made four reimbursement requests for the planning loan.

In February 2020, the City executed a \$61.7 million loan with the Environmental Protection Agency’s (EPA’s) Water Infrastructure and Innovation Act (WIFIA) program. To date, a total of 18 WIFIA reimbursement requests have been made.

In July 2021, the City executed a \$66.6 million construction loan with the CWSRF program. To date, the City has submitted three reimbursement request for the construction loan. A summary of these requests is presented in Table 21.

Table 21 Summary of Reimbursement Requests

Agency	Description	N o.	Date Submitted	Requested	Approved	Received?
				Amount	Amount	
SWRCB	CWSRF Planning Loan	1	Dec-18	\$289,595	\$217,441	Yes
SWRCB	CWSRF Planning Loan	2	Nov-19	\$6,431,295	\$5,312,748	Yes
SWRCB	CWSRF Planning Loan	3	Oct 2020 ⁽¹⁾	\$4,783,797	\$2,415,669	Yes
SWRCB	CWSRF Planning Loan	4	Oct-21	\$930,385	Pending	No
SWRCB	CWSRF Construction Loan	1	Sep-21	\$11,185,434	\$11,185,434	Yes
SWRCB	CWSRF Construction Loan	2	Nov-21	\$10,866,581	Pending	No
SWRCB	CWSRF Construction Loan	3	Dec-21	\$5,463,514	Pending	No
EPA	WIFIA Loan	1	May-20	\$1,100,944	\$1,100,944	Yes
EPA	WIFIA Loan	2	Jun-20	\$61,014	\$50,486	Yes
EPA	WIFIA Loan	3	Jul-20	\$3,489,409	\$3,489,409	Yes
EPA	WIFIA Loan	4	Jul-20	\$2,461,121	\$2,461,121	Yes
EPA	WIFIA Loan	5	Aug-20	\$142,863	\$142,863	Yes
EPA	WIFIA Loan	6	Oct-20	\$1,635,106	\$1,635,106	Yes
EPA	WIFIA Loan	7	Dec-20	\$3,008,572	\$3,008,572	Yes
EPA	WIFIA Loan	8	Dec-20	\$3,671,499	\$3,671,499	Yes
EPA	WIFIA Loan	9	Jan-21	\$5,553,851	\$5,553,851	Yes
EPA	WIFIA Loan	10	Mar-21	\$2,440,399	\$2,440,399	Yes
EPA	WIFIA Loan	11	Apr-21	\$1,621,783	\$1,621,783	Yes
EPA	WIFIA Loan	12	May-21	\$2,988,342	\$2,988,342	Yes
EPA	WIFIA Loan	13	Jun-21	\$3,544,987	\$3,544,987	Yes
EPA	WIFIA Loan	14	Jul-21	\$2,692,977	\$2,692,977	Yes
EPA	WIFIA Loan	15	Sep-21	\$1,328,552	\$1,328,552	Yes
EPA	WIFIA Loan	16	Oct-21	\$488,601.54	\$488,601.54	Yes
EPA	WIFIA Loan	17	Nov-21	\$321,117.49	\$321,117.49	Yes
EPA	WIFIA Loan	18	Dec-21	\$346,278.65	\$346,278.65	Yes
Total				\$76,848,018	\$56,018,181	

Notes:

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

Section 4

PROJECT SCHEDULE

A summary of the Project schedule is presented in Figure 2. Updates to the individual schedules for each Project component are developed by or provided to the Program Management Team on a regular basis. The light blue bars for each major task represent the planned progress based on the baseline schedule. The dark blue bars represent the current actual progress through December 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 the most current schedule and a SPI of less than 1.00 indicates the Project is running behind the most current planned schedule.



Morro Bay WRF Project
Roll-Up Schedule Summary

Printed Date: 2/8/2022
Status Date: 12/31/2021

Task Name	SPI	% Complete	2017												2018												2019												2020												2021												2022												2023												2024																																																											
			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	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	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																																				
Program Planning	1.00	100%	[Actual Progress-To-Date]																																																																																																																																															
Project Controls	1.00	66%	[Actual Progress-To-Date]																																																																																																																																															
Hydrogeological Support	1.00	63%	[Actual Progress-To-Date]																																																																																																																																															
Environmental Documentation	1.00	100%	[Actual Progress-To-Date]																																																																																																																																															
General Permitting	1.00	69%	[Actual Progress-To-Date]																																																																																																																																															
Potable Reuse Permitting	1.00	59%	[Actual Progress-To-Date]																																																																																																																																															
Funding	1.00	81%	[Actual Progress-To-Date]																																																																																																																																															
WRF Onsite Improvements	1.00	92%	[Actual Progress-To-Date]																																																																																																																																															
Conveyance Facilities Project	0.99	95%	[Actual Progress-To-Date]																																																																																																																																															
Recycled Water Facilities	1.00	27%	[Actual Progress-To-Date]																																																																																																																																															
Conformance with Time Schedule Order	N/A	0%	[Actual Progress-To-Date]																																																																																																																																															

Project SPI: 1.00
Program % Complete: 71%

Baseline Schedule
Actual Progress-To-Date

Figure 2 Project Summary 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 22 are the milestones in the TSO.

Table 22 Time Schedule Order Milestone Summary

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

Table 23 lists an expanded milestone schedule. It has also been developed for outstanding Project activities.

Table 23 Expanded Milestone Schedule

Milestone	Original Date	Current Date
<u>General Project</u>		
Compliance with the TSO ⁽¹⁾	November 11, 2021	July 05, 2022
<u>Water Reclamation Facility</u>		
Begin Construction	April 29, 2019	March 20, 2020 (Actual)
Deliver 90 Percent Design	October 24, 2019	March 31, 2020 (Actual)
Substantial Completion	August 5, 2021	July 12, 2022
Final Completion	October 1, 2021	September 7, 2022
<u>Conveyance Facilities</u>		
Deliver 90 Percent Design	October 15, 2019	February 10, 2020 (Actual)
Deliver 100 Percent Design	December 17, 2019	June 15, 2020 (Actual)
Bid Advertisement	February 21, 2020	June 16, 2020 (Actual)
Award Construction Contract	May 08, 2020	November 10, 2020 (Actual)
Substantial Completion	September 17, 2021	March 11, 2022
Final Completion	November 19, 2021	April 25, 2022
<u>Recycled Water Facilities</u>		
Select Preferred Injection Area	May 28, 2019	June 17, 2020 (Actual)
Deliver 30 Percent Design	August 04, 2020	December 22, 2021
Deliver 60 Percent Design	November 10, 2020	March 30, 2022
Deliver 90 Percent Design	February 16, 2021	June 15, 2022
Deliver 100 Percent Design	April 27, 2021	September 14, 2022
Award Construction Contract	July 21, 2021	December 07, 2022
Substantial Completion	April 21, 2022	November 11, 2023
Final Completion	June 21, 2022	December 06, 2023

Notes:

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

Section 5

DESIGN AND PROCUREMENT

5.1 Design Status

No new design contracts for the Project were executed in Q2 Fiscal Year 2021/2022. A summary of the existing design contracts is included in Table 24 below.

Table 24 Design Status (through December 2021)

Project Component	Current Contract Amount	Amount Expended	Percent				Final
			30	60	90	100	
WRF (Design-Build)	\$76,697,995	\$39,868,487	✓	✓	✓	✓	NA
Conveyance Facilities ⁽¹⁾	\$2,214,311	\$2,058,935	✓	✓	✓	✓	✓
Recycled Water Facilities	\$933,650	\$549,967	-	-	-	-	-

Notes:

(1) The Water Works Engineers contract amount included in this table is for both Conveyance Facilities design and Engineering Services During Construction. This contract is excluded from the Project Construction Costs table below.

5.2 Procurement

No design or design-build contract procurements were performed in Q2 FY 2021/2022. Table 25 presents a summary of the procurement activity for the Project.

Table 25 Procurement Status (through December 2021)

Project Component	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 Q2 Fiscal Year 2021/2022, construction continued for the WRF and the Conveyance Facilities. Table 26 presents a summary of project construction progress and costs through December 31, 2021.

Table 26 Project Construction Costs (through December 2021)

Project Name	Amount Expended	Initial Contract Amount	Current Contract Amount	% Change in Contract Amount
WRF	\$53,767,175	\$67,234,512	\$76,697,995	14.1
Conveyance Facilities	\$17,150,442	\$31,493,675	\$32,168,160	2.1
Recycled Water Facilities	\$-	\$-	\$-	0
Construction Total	\$70,917,617	\$98,728,187	\$108,866,155	10.3

6.2 Upcoming Traffic Control

6.2.1 Planned Impacted Areas

Construction activities for the Conveyance Facilities continued in several work zones:

- 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.
- Utility bridge installation at Morro Creek.
- South Bay Boulevard between Atascadero Road and Highway 1 on-ramp/off-ramp.

6.2.2 Hours of Planned Lane/Road Closures

The City approves traffic control plans for the 21 designated traffic areas that are outlined in the Project plans. Throughout Q2, 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 traffic control measures on Quintana Road between South Bay Boulevard and La Loma. As Anvil progresses 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) 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 Management Team and both FBV and Anvil to discuss safety topics encountered in the field. There were no construction related incidents reported between October 1, 2021 and December 31, 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. The following activities occurred during Q2:

- 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.
- 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.
- 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 2021 and provided additional data in November 2021, 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 Program Management Team met with DDW during Q1 FY 21/22 to discuss the various treatment equipment processes proposed to be installed at the WRF site.

- 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. The City, the Construction Management Team, and the Waterworks Engineers has addressed all of DDW's comments and submitted their response to DDW in at the end of December 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 Construction Management Team received approval from Caltrans on Traffic Control Stage 19 at South Bay Boulevard and Highway 1 in addition to the traffic routing patterns for detoured traffic at Morro Bay Boulevard and the City roundabout. The Construction Management team also received approval from Caltrans to display pre-notification signage on December 13 for South Bay Boulevard traffic to expect to be detoured starting on December 27, 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.
 - There was no activity for CDFW in Q2 2021.
- 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. Far Western completed their Phase 2 Monitoring and Mitigation

plan and transmitted to the EPA for transmittal to SHPO on September 23, 2021. City staff and the Program Management Team received correspondence from SHPO on November 2, 2021 that they did not completely agree and approve the monitoring and mitigation plan for Phase 2B of the conveyance facilities project. The program management team, EPA, Far Western, and SHPO met virtually on December 7, 2021 to further discuss and come to an agreement on monitoring and reporting requirements for Phase 2B. The conveyance facilities contractor is expected to begin work on Phase 2B in late January 2022.

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. City staff and the Program Management Team continue to develop final disbursement documents, including costs incurred by both Anvil Builders and FBV to request reimbursement from SRF. The City sent its second and third construction loan disbursement request to SRF in November and December 2021 respectively.
- In 2017, the City received a \$10.3 million planning loan from the SWRCB. As of Q2 FY 21/22, the City has submitted four (4) disbursement requests to SWRCB. All four disbursement results result in a total disbursement to the City of \$8.88 million therefore approximately \$1.42 million remains. City staff and the Program Management Team are currently preparing a fifth disbursement request to the State that is expected to be sent in Q3 FY21/22. The City and Program team will continue to utilize the planning loan as much as possible to cover design and planning costs to take full advantage of this funding opportunity.
- 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 and received notification on July 30, 2021 that they were not selected to receive the grant. The City and Program Management Team met with USBR funding staff on September 1, 2021 to debrief on the grant application and scoring metrics.

7.4 City Operations Activity

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. On March 20, 2020, the City issued the construction NTP to the DB team for the WRF. For Q2 of FY 2021-2022, the following activities were completed between October 1, 2021 and December 31, 2021:

General and Administrative

- Contractor continues to maintain SWPPP Best Management Practices (BMPs).
 - The State Waterboards issued two separate Notice of Violation (NOV) pursuant to BMP use.
 - NOV dated 11/8/2021 was responded to by DB Team and City on 12/17/2021.
 - NOV dated 12/20/2021 is pending and response will be submitted by 1/7/2022 deadline.
 - Both notices allege failure to implement soil cover and erosion control BMPs in inactive areas.
 - The DB team has implemented extensive additional BMPs in response to the Notices.
- Contractor continues to adhere to pertinent mitigation measures stipulations.
- Contractor/subcontractors continue to comply with Davis-Bacon Act requirements.
- Several requests for public information were responded to during the reporting period.
- Contractor continues equipment submittals, procurements, subcontract administration, etc.:
 - Submittal processing is on-going - 495 items submitted and/or approved to date.
 - DB Team has processed 253 requests for information (RFIs) and 32 Design Clarifications to date.

- Contractor continues to prepare and submit critical path method (CPM) schedule updates monthly:
 - Contractor’s December 2021 CPM schedule update indicates 32 days late in achieving both substantial completion and final acceptance, based on current contractual completion dates.
 - Carollo and the DB Team met in December 2021 to discuss current schedule for WRF process commissioning, and coordination with the Conveyance Facility project completion. It is currently estimated that the Conveyance facilities will not be completed in time to facilitate the DB Team’s current commissioning schedule. A second meeting is scheduled in January 2022 to further discuss impacts and potential workarounds.

Sitework

- Contractor has completed major earthwork operations including filling, compacting, and grading.
- Contractor has installed class 2 aggregate base at all areas to receive asphalt paving.
- Landslide remediation:
 - On January 28, 2021, a cut-slope landslide area reactivated. The DB Team performed site investigations and developed remediation plans. The remediation work was completed during the reporting period. The City will provide on-going inclinometer monitoring.
- Contractor has completed yard piping and continues pressure testing underground piping systems.
- Contractor continues work on minor service piping, equipment drains, etc.
- Electrical subcontractor completed street lights, started pulling power cables and control wires through underground duct banks and vaults, and completed all PG&E service connection facilities.

Headworks

- Continued installation of process piping, valves, supports, appurtenances, handrails, etc., associated with the headworks equipment including the course screens, grit removal equipment, fine screens, odor control, and SAFE diversion box.
- Completed concrete drain slabs for dumpsters at course screens, grit classifiers, and fine screens.

BNR/MBR Treatment

- Installing MBR equipment (Suez) including pumps, blowers, compressors, instruments, panels, etc.
- Continued installation of process piping, valves, supports, appurtenances, stairs and platforms, handrails, etc., associated with the BNR Basins, MBR equipment, WAS/scum pump station, etc.
- Installing stainless steel process air piping for the BNR basins and MBR equipment.
- Installing slide gates, propeller mixer equipment, etc., in the BNR basins.

RO/UV-AOP

- Electrical subcontractor continued installing panels, conduits, boxes, etc. in the electrical room.
- Electrical subcontractor started pulling/terminating power conductors and control wires in panels.
- Continued installing reverse osmosis (RO) equipment (H2O Innovation) including three RO skids.
- Started installation of Trojan UV Flex (AOP) equipment.
- Continued installing process piping, pipe support racks, HVAC equipment, building amenities, etc.

Product Water Facilities

- Continued installing Calcite Facility equipment including 2 each calcite filter tanks, flush pumps and backwash supply tank, and connecting process piping, valves, supports, etc.
- Continued installation of IPR/Outfall pump station equipment including pumps, piping, valves, etc.

Residuals/Sludge Processing

- Installing residuals area (dewatering) equipment including the belt filter press (Charter), sludge pumps, polymer mixing and feed system, process piping, valves, supports, appurtenances, etc.
- Installing SAFE Filter area equipment including the cloth disk filter (Aqua-Aerobics), sludge pumps, backwash pumps, process piping, valves, supports, appurtenances, etc.
- Installing sludge holding tank equipment including blowers (Aerzen), stainless steel Process Air piping, propeller mixer equipment, sludge piping, pipe supports, appurtenances, etc.

Electrical and Controls

- Electrical subcontractor continued major panel installations in the building including the main switchgear SWB-1, Motor Control Centers 1 & 2, and the main PLC panel.
- Electrical subcontractor continued installing other smaller panels, conduits, boxes, etc.
- Electrical subcontractor started pulling/terminating power conductors and control wires in panels.
- SWB-1 has been inspected/approved by an ICC certified electrical inspector and the City's building and safety office has issued the "green-tag" sticker allowing PG&E to connect power.
- Electrical subcontractor has initiated the PG&E service connection and it is anticipated that the site will be powered by late January or early February 2022. This is a major project milestone.

Chemical Storage and Feed

- Contractor coating containment areas and installing chemical feed pump skids and storage tanks.
- Electrical subcontractor installing power distribution panels/equipment, and installing PLC panels.

Operations Building

- Building interior work continued including Break Room and Copy Room cabinets, Control Room console, 54-inch monitors (multiple), locker room and bathroom fixtures, HVAC equipment, etc.
- Electrical subcontractor installing SCADA server rack, panels, conduits, boxes, etc. in electrical room.
- Electrical subcontractor pulling and terminating cable and wire throughout the building.

Maintenance Building

- Building interior work continued including laboratory casework, appliances, doors, bathroom fixtures, HVAC equipment, lighting, electrical, storage racks, fire protection systems, etc.

City Yard Facilities

- Completed remaining building erections of roofing and paneling (materials were backordered).
- Installing roll-up doors, pedestrian doors, building amenities, etc., at the Storage Shed building.

8.1.4 Project Challenges

- West Cut Slope Soil Slip (Re-Activation):
 - The DB Team's landslide remediation work is completed including installation and baseline readings for the added slope inclinometers. This item has been resolved
- PG&E Easement Concerns:
 - PG&E and the City have resolved issues and signed a letter agreement regarding utility easement rights on Teresa Road and the WRF Access Road. This item has been resolved.
- SoCal Gas Easement Concerns:
 - SoCal Gas and the City have tentatively resolved existing utility easement rights on Teresa Road and the WRF Access Road. The City is pursuing a grant deed from the easement property owner on behalf of, and as required by, SoCal Gas. This item is not resolved.
- Covid-19 Material Shortages and Equipment Delivery Delays:
 - The DB Team continues to track cost and schedule impacts caused by COVID-19 supply chain disruptions. This item is not resolved
- Potential Delays due to Conveyance Facilities estimated late completion:
 - The City and DB Team are currently tracking the estimated late completion of Conveyance Facilities by Anvil. The City and DB team are coordinating to mitigate potential delay impacts. This item is not resolved.
- State Waterboards SWPPP Notice(s) of Violations:
 - The State Waterboards has now issued two separate Notice of Violation (NOV) documents pursuant to WRF site BMP implementation. The first NOV was issued 11/8/2021, and City response was submitted 12/17/2021. The second NOV was issued 12/20/2021 and the City's response is due to the State by 1/7/2022. Both NOV(s) allege failure to implement soil cover and erosion control BMPs in inactive areas. The DB Team continues to implement additional BMPs in response to the

NOVs, including adding over 13,000 feet of straw waddle and silt fences, and adding extensive permanent and temporary aggregate base and gravel surfacing. The DB team will issue 2nd NOV response by 1/7/2021 deadline. This item is not resolved.

Table 27 WRF Performance Measures

Performance Measures	Target	Current
Construction Cost ⁽¹⁾	\$67.2M	\$76.7M
Construction Contingency ⁽²⁾	\$9.1M	\$0.3M

Notes:

- (1) The GMP includes costs for both design and construction of the WRF (through Amendment No. 6)
- (2) For Q2 of FY 21/22, the total contingency remaining for all components is approximately \$1.6M. Approximately \$0.3M is allocated to the WRF.

Table 28 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, 2022	
Original Duration (Calendar Days)	886	
Days Changed by Change Order	15	
Actual Final Completion Date (including Calendar Days)	September 7, 2022	
Schedule Percent Complete	72.3% (651 days / 901 days)	
Budget		
Engineer's Estimate (Construction Cost + 10% Construction Contingency)	\$73,475,845	
Award Amount (including Design Cost)	\$67,234,512	
Change Order Total	\$9,463,482	
Current Contract Value	\$76,697,994	
Percent Change	14.1%	
Work Completed		
Actual Cost -to-Date	\$53,767,175	
Percent Complete (Percent Expended)	70.1%	
Construction Oversight Statistics		
	PCOs	COs
Total Received	105	N/A
Total Approved	N/A	66 ⁽¹⁾
Total Pending	8	0
Average Turnaround (calendar days)	N/A	N/A

Acronym List: PCO – Proposed Change Order; CO – Change Order

- (1) 66 PCOs have been approved and are reflected in Amendment No. 1, 2, 3, 4, 5, and 6 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 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

- Anvil continues to maintain their project field office at 853 Quintana Road (near Roundabout).
- Contractor continues to maintain SWPPP BMPs and adhere to pertinent mitigation measures.
- Contractor/subcontractors continue to comply with Davis-Bacon Act requirements.
- The City responded to requests for public information pursuant to bike path tree removals.
- Contractor continues equipment submittals and procurement activities.
 - Submittal processing is on-going - 252 items submitted and/or approved to date.
 - RFI processing is on-going - 112 items submitted and/or resolved to date.
- Contractor's submission of CPM schedule updates is on-going. Contractor's Oct/Nov CPM schedule update has been submitted and is under review by the construction manager.
 - City/Contractor have executed a 40 calendar day time extension for the PCO #1 SHPO delay.
 - The current contractual Final Acceptance Date is April 3, 2022.
 - Contractor's Oct/Nov CPM schedule update indicates project commissioning in June/July 2022. The WRF DB Team's current schedule updates indicate plant commissioning in April/May 2022.
 - Contractor and City continue to evaluate impacts of various pending change orders, and are also coordinating to mitigate potential impacts from the current estimated project completion.
- The City continued its public relations/outreach effort as described in previous quarterly reports.

Pump Station A

- Contractor corrected dewatering systems and achieved geotechnical approval of structure subgrade.
- Contractor set forms, installed rebar, and placed concrete for the wet well slab-on-grade.
- Contractor set forms, installed rebar, and placed concrete for the wet well walls.
- Contractor removed wet well forms, leak tested wet well, and began wet well structure backfill.
- Contractor prepared subgrade and set the 3 each 96" diameter (precast concrete) underground influent storage tanks including backfilling below spring-line with CLSM and above with import select fill. Installing tank manhole access shafts (there are 2 ea. precast concrete shafts per tank).
- Installing main influent sewer manhole and sanitary sewer yard piping between each tank and the wet well.

Pump Station B

- Contractor continued installing yard piping including force main (FM) 1, FM2, indirect potable reuse (IPR) pipeline, 24" sanitary sewer, 8" sanitary sewer, etc.
- Electricians installed electrical building under slab conduits and stub-ups, and backfilled with red CLSM.

Pipeline

The contractor is currently working at two different locations within the City for the pipeline installation of the Conveyance facilities. Note: Throughout this report "Joint Trench" refers to FM1 & FM2 (wastewater force mains), BR (brine/outfall line), FO (fiber optic conduit), and in some locations IPR (purified water) in casing. Work was performed at each of the different segments listed below:

- Segment 1 - Atascadero Road (Existing City Wastewater Treatment Plant to Bike Path).
- Segment 2 – Bike Path (Atascadero Road to Morro Creek Foot Bridge)
- Segment 3 – Bike Path (Morro Creek Foot Bridge to Main Street).
- Segment 4 – Main Street (Bike Path to Quintana Road)
- Segment 5 – Quintana Road (Main Street to Morro Bay Blvd).
- Segment 6 – Quintana Road (Morro Bay Blvd to La Loma Avenue).
- Segment 7 – Quintana Road (La Loma Avenue to South Bay Blvd).
- Segment 8 – South Bay Blvd (Quintana Road to New MB WRF)
- Segment 9 – Vistra Property (Bike Path to Existing Lift Station 2)

The following items were completed along Segment 1:

- Pump Station A is located along this segment; there was no trenching work in street this period.
- Contractor continues to stage equipment and materials on City property along Atascadero Road.

The following items were completed along Segment 2:

- Contractor has closed the Bike Path in this segment; there was no trenching activity this period.

The following items were completed along Segment 3:

- Contractor has closed the bike path in this segment; there was no trenching activity this period.
- Contractor began clearing and grubbing, and installing temporary fencing, for the 70 foot wide construction easement provided in this segment. Clearing and grubbing was stopped due to Coastal Commission's tentative denial of the City's request to remove additional trees as necessary to complete the joint trench installation.
- Subcontractor (Pacific Boring) completed the jack & bore casing installation for the trenchless crossing of Willow Camp Creek (Jurisdictional Wetlands). Pacific Boring encountered a concrete obstruction during the work causing approximately a one-week delay while crews removed concrete by hand from within the 60-inch casing pipe. Jack & Bore work was completed on Friday, Nov. 19, 2021.
- Contractor continues using assigned staging area on Vistra property (using bike path for access).

The following items were completed along Segment 4:

- Pump Station B is located along this segment. Contractor connected pump station yard piping to pipelines in the street right-of-way, including the 24-inch gravity sewer (influent), and FM1/FM2 (effluent).
- Completed joint trench installations, backfill, paving, etc., from approximately station 58+00 to Sta 64+00
- Completed separate IPR pipeline installation, backfill, paving, etc. from approximately stations 58+00 to Sta 64+00.
- Contractor implemented partial road closures in this segment during the reporting period.

The following items were completed along Segment 5:

- Completed joint trench from Sta 64+28 (angle point) toward Segment 4 (Main St). This work included the joint trench penetrating an existing retaining wall at Quintana and Main Street.
- Contractor previously completed the 60-inch microtunnel boring machine casing pipe below the Morro Bay Boulevard Roundabout. This period, the Contractor inserted multiple joint trench carrier pipelines into the 60-inch casing pipe.
- Contractor implemented partial road closures in this segment during the reporting period.

The following items were completed along Segment 6:

- Continued Joint Trench installation, backfill, partial paving, etc. from approximately Sta. 101+00 to Sta 113+00.
- Contractor implemented partial road closures in this segment during the reporting period.
- Contractor maintaining temporary above-grade sewer by-pass pipe along this segment.

The following items were completed along Segment 7:

- Completed IPR pipeline installation, backfill, paving, etc. from approximately Sta 126+00 to Sta 144+00.
- Contractor implemented partial road closures in this segment during the reporting period.
- Contractor maintaining temporary above-grade sewer by-pass pipe along this segment.

The following items were completed along Segment 8:

- On December 27th, after significant planning and coordination, South Bay Blvd was closed to all traffic between Quintana and Caltrans R/W (at CA Route-1). Caltrans has approved the closure and all ramps at the Route-1 interchange remain open. South Bay Blvd traffic between Morro Bay and Los Osos is being detoured along Quintana to Morro Bay Blvd.
- Contractor began potholing existing utilities on South Bay Blvd during the last week of the period (no joint trench work occurred).

The following items were completed along Segment 9:

- No trenching or potholing activities.

Existing Lift Station 2

- No activities.

Existing Lift Station 3

- Contractor maintaining temporary above-grade sewer by-pass pipe from Lift Station 3.

8.2.5 Upcoming Activities

Anvil is scheduled to complete the following activities during Q3 FY 21/22:

- Preparation and excavation of Morro Creek utility bridge abutments.
- Preparation and installation of pipelines between stations 27+00 to 37+00.
- Installation of pipeline along bike path.
- Assisting Far Westerns archaeological monitoring and mitigation at cultural resources site between stations 27+00 and 37+00.
- Installation of pipelines in South Bay Boulevard between Quintana Road and HWY 1 on-ramp/off-ramps.
- Installation of carrier pipes within 60-inch steel casing beneath roundabout.
- Installation of carrier pipes within Willow Camp Creek steel casing.
- Above ground mechanical and electrical at Pump Station A.
- Above ground mechanical and electrical at Pump Station B.

8.2.6 Project Challenges

- Atascadero Gravity Sewer Pipeline Addition – PCO #6:
 - Contractor submitted a quote to perform the associated work in excess of City's budgeted amount. The City has decided to bid the work as a separate project (part of a separate City capital improvements budget). This item is not resolved.

- Archaeological Site between stations 27+00 and 37+00 Work Revisions and SHPO Delays – PCO #13:
 - Caltrans has approved work revisions at CA-SLO-16 to partially mitigate ground disturbance. However, the City continues to petition SHPO for resolution of remaining items. Currently SHPO is requiring additional field investigations and submissions of information to proceed. This item is not resolved.
- SLO County APCD Determination – PCO #28:
 - The City has received APCD notice of non-compliance for Pump Station A and Pump Station B emergency standby generators. The City is currently (1) performing Health Risk Assessments at both pump stations, and (2) procuring the additional required Best Available Control Technology (BACT) to achieve the mandated Tier 4 compliance level. This item is not resolved.
- Microtunnel Boring Machine Obstruction Claim – PCO #14 and PCO #27:
 - The City and Anvil have tentatively resolved the MTBM subcontractor (Vadnais) claims. A settlement amount is included in pending Amendment No. 2. The MTBM casing installation is also completed. This item is resolved.
- Bike Path Joint Trench and Waterline Re-Design – PCO #30:
 - The City is currently working on Joint Trench alignment revisions along the Bike Path to better utilize the 70-ft wide utility easements obtained from Vistra and PG&E, between Morro Creek and Camp Willow Creek. City will provide authorization to proceed with revisions once realignments are finalized. This item is not resolved.
- Bike Path Tree Removal Concerns:
 - Contractor began clearing/grubbing, and installing temporary fencing, for the 70-ft wide utility easement along the Bike Path. However, clearing/grubbing work was stopped due Coastal Commission’s preliminary denial of a City request to remove additional trees as necessary to complete the project work. The Program team is currently working on a follow up request to Coastal with justifications of the needed tree removals, which state the removals are absolutely necessary to safely complete the project work and the City has begun developing landscaping plans to restore, replace, and improve Bike Path vegetation after the work. This item is not resolved.

Table 29 Conveyance Facilities Performance Measures

Performance Measures	Target	Current
Construction Cost	\$24.2M	\$32.2M
Construction Contingency ⁽¹⁾	\$2.5M	\$0.8M
Number of Feet of Pipelines Constructed	37,089 lf	22,459 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 Q2 of FY 21/22, the total contingency remaining for all components is approximately \$1.6M. Approximately \$0.8M is allocated to the Conveyance Facilities.

Table 30 Conveyance Facilities Summary

Schedule				
Request for Bid / Bid Advertisement	June 16, 2020			
Bid Opening Date	August 12, 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	40			
Actual Final Completion Date	April 22, 2022			
Schedule Percent Complete	87.8% (382 days / 435 days)			
Budget				
Engineer's Estimate (Construction Cost + 10% Construction Contingency)	\$26,657,000			
Award Amount	\$31,493,675			
Change Order Total	\$674,485			
Current Contract Value	\$32,168,160			
Percent Change	2.10%			
Work Completed				
Actual Cost -to-Date	\$17,150,442			
Percent Complete (Percent Expended)	53.3%			
Length of Pipe Installed (Actual to Date/Planned Total)	22,459 lf / 37,089 lf			
Construction Management Statistics				
	RFIs	Submittals	PCOs	COs
Total Received	107	245	39	1
Total Responded To	85	229	11	1
Total Pending	22	16	28	1

8.3 Recycled Water Facilities

8.3.1 Designer

Procurement activities for the final design of the Recycled Water Facilities have not yet begun. Phase 1 and Phase 2 or the hydrogeological work has been completed by GSI and work on Phase 3 (i.e., pilot injection testing) will be completed in Spring 2022. The Program Manager also anticipates the injection well final design to begin in Fall 2022.

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 or 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. It is anticipated that the scope of work for the final injection well field design will include, but is not limited to, the following:

- Alternatives analysis and preliminary design report
- Injection well design
- Electrical and instrumentation design and integration
- On-site linear infrastructure
- Above and below-ground mechanical piping and supporting infrastructure
- Injection well back-wash facilities and supporting infrastructure
- Facility and infrastructure flood proofing
- Engineer's estimate of potential cost
- Regulatory permitting

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 Q2, the following preliminary design and construction items were progressed for the Recycled Water Facilities by the Program Management Team:

- GSI continued to develop and refine their groundwater injection and extraction model of the Morro groundwater basin and the City's existing well infrastructure.
- The City, Carollo, and GSI continued to make progress toward bidding the Pilot Inject Well Project. Bidding Documents for the project were finalized by the City on November 2nd, 2021.
- The pilot injection well went out to bid on November 2, 2021.
- A pre-bid conference was held onsite on November 18, 2021 with 4 prospective bidders in attendance.
- Bid opening was scheduled for December 9, 2021 at 10:00 AM. The City received no bids for this contract.
- Photo below shows the staked pilot injection well. It was decided that the pilot injection well would be shifted 10 feet north in order to accommodate constructability within the easement.
- ABC Livoin, the selected contractor to install the monitoring well, completed the installation of the pilot injection well monitoring well.
- With the installation of the monitoring well, GSI Water Solutions, extracted intact soil samples to be used for a geochemical analysis. Results of the geochemical analysis are expected in early 2022.

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 November 2021).
- Construction of the pilot injection well monitoring well (April/May 2022)
- Conducting pilot testing (Anticipated May to June 2022).

8.3.6 Project Challenges

The pilot injection well bid opening was scheduled for December 9th, 2021. The City did not receive any bids at bid opening, therefore the procurement of a well driller is postponed until another bid package can be advertised. The Program team anticipates that the pilot injection well will go to bid in early 2022 with revised procurement requirements attracting more prospective bidders. The Recycled Water Facilities pilot injection well installation and injection testing plan are the critical path items to the begin the Recycled Water Final design.

Table 31 and 32 show anticipated construction information for the Recycled Water Facilities component of the WRF Project.

Table 31 Recycled Water Facilities Performance Measures

Performance Measures	Target	Current
Construction Cost	\$5.7M	\$0.0M
Construction Contingency Available	\$0.5M	\$0.5M

Notes:

- (1) For Q2 of FY 21/22, the total contingency remaining for all components is approximately \$1.6M. Approximately \$0.5M is allocated to the Recycled Water Facilities.

Table 32 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)	\$6,307,785			
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 – Q2 2022

February 22, 2022

MORRO BAY

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Recommendation

- Receive the WRF Quarterly Update Report for Q2 2022 and provide input.

Quarterly Report Overview – Q2 2022

Summary of WRF Project Status

Budget

- Current project estimate exceeds the baseline budget
 - \$144,674,877 vs. \$125,941,000
- Q2 2022 budget reconciliation total unchanged
- Budget reconciliation Project component allocation adjusted

Summary of WRF Project Status

Schedule

- RWQCB Time Schedule Order Compliance Remains on Schedule
 - TSO Compliance Deadline – February 28, 2023
 - Substantial Completion – July 5, 2022 (238 days prior to deadline)

Q2 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)	Quarterly Reconciliation (Q1 FY 21/22)	Quarterly Reconciliation (Q2 FY 21/22)
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	\$74,697,995	\$74,697,995
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	\$34,214,311	\$36,319,667
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	\$6,668,000	\$6,668,000
General Project ⁽⁴⁾⁽⁵⁾	\$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	\$25,589,712	\$25,362,730
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	\$3,504,859	\$1,626,485
Total	\$125,941,000	124,597,000	\$125,938,000	\$125,090,000	\$125,873,000	\$130,599,000	\$130,661,000	\$138,682,000	\$138,591,000	\$138,591,000	\$144,674,877	\$144,674,877	\$144,674,877

Q2 Budget Revision Summary

Program Component Allocation Revisions

Project Component	Quarterly Reconciliation (Q1 FY 21/22)	Quarterly Reconciliation (Q2 FY 21/22)	
Water Reclamation Facility	\$74,697,995	\$74,697,995	<i>No change</i>
Conveyance Facilities	\$34,214,311	\$36,319,667	<i>Adjusted to reflect contract amendments and reallocation of contingency and general project costs</i>
Recycled Water Facilities	\$6,668,000	\$6,668,000	<i>No change</i>
General Project ⁽⁴⁾⁽⁵⁾	\$25,589,712	\$25,362,730	<i>Adjusted to reflect reallocation to Conveyance Facilities component</i>
Construction Contingency	\$3,504,859	\$1,626,485	<i>Adjusted to reflect reallocation to Conveyance Facilities component</i>
Total	\$144,674,877	\$144,674,877	

Q2 Project Expenditures by Component

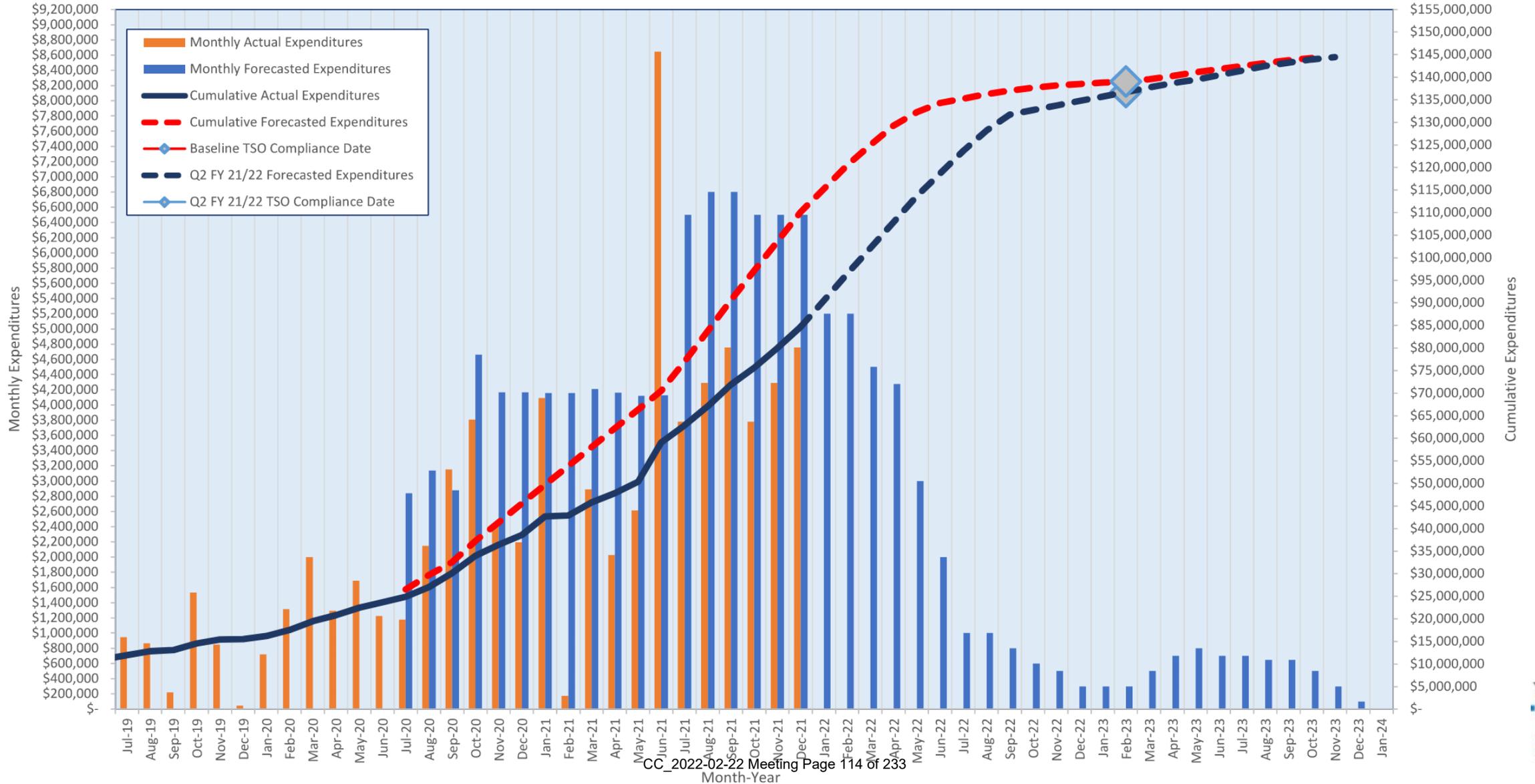
Project Component	Expenditures (Q2 FY 21/22)
Water Reclamation Facility	\$9,353,006
Conveyance Facilities	\$1,831,284
Recycled Water Facilities	\$49,383
General Project	\$1,592,748
Total	\$12,826,421

Project Expenditures To Date

Project Component	Total Project Expenditures to Date as of FY 21/22 Q1	Total Project Expenditures to Date as of FY 21/22 Q2
WRF	\$39,868,487	\$49,221,493
Conveyance Facilities	\$13,244,368	\$15,673,323
Recycled Water Facilities	\$549,967	\$599,350
General Project	\$16,354,157	\$17,349,233
Total	\$70,016,979	\$82,843,400

Current vs. Planned Expenditures

Estimated Cash Flow Projection FY 2019-2023



Milestone Schedule (as of 12/31/2021)

Milestone	Original Date	Current Date
<u>General Project</u>		
Compliance with the TSO ⁽¹⁾	November 11, 2021	July 05, 2022
<u>Water Reclamation Facility</u>		
Begin Construction	April 29, 2019	March 20, 2020 (Actual)
Deliver 90 Percent Design	October 24, 2019	March 31, 2020 (Actual)
Substantial Completion	August 5, 2021	July 12, 2022
Final Completion	October 1, 2021	September 7, 2022
<u>Conveyance Facilities</u>		
Deliver 90 Percent Design	October 15, 2019	February 10, 2020 (Actual)
Deliver 100 Percent Design	December 17, 2019	June 15, 2020 (Actual)
Bid Advertisement	February 21, 2020	June 16, 2020 (Actual)
Award Construction Contract	May 08, 2020	November 10, 2020 (Actual)
Substantial Completion	September 17, 2021	March 11, 2022
Final Completion	November 19, 2021	April 25, 2022
<u>Recycled Water Facilities</u>		
Select Preferred Injection Area	May 28, 2019	June 17, 2020 (Actual)
Deliver 30 Percent Design	August 04, 2020	December 22, 2021
Deliver 60 Percent Design	November 10, 2020	March 30, 2022
Deliver 90 Percent Design	February 16, 2021	June 15, 2022
Deliver 100 Percent Design	April 27, 2021	September 14, 2022
Award Construction Contract	July 21, 2021	December 07, 2022
Substantial Completion	April 21, 2022	November 11, 2023
Final Completion	June 21, 2022	December 06, 2023

Notes:

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

Looking Ahead to Q3

- Conveyance Facilities construction schedule delays due to:
 - EPA/SHPO coordination and approval delays
 - Reduced construction productivity by contractor

Mitigation Measures:

- Utilization of more efficient approaches for cultural resource monitoring
- Adjustments to WRF commissioning and start-up activities to better align with Conveyance Facilities schedule

Looking Ahead to Q3

- Recycled Water Facilities (wells) construction schedule delays due to:
 - Procurement delays due to tight construction market
 - Additional permitting/regulatory requirements (EPA/SHPO, USFW, USACE)
 - Anticipated reductions in construction productivity due to cultural resource presence and construction requirements levied by permitting/regulatory agencies

Mitigation Measures:

- Regular review and adjustment of task sequencing as work progresses
- Alternative procurement approaches to expedite contracting
- Constant and proactive communication with regulators to encourage more efficient approaches to permitting

Looking Ahead to Q3

- Budget need for SLO APCD compliance reduced by \$300K
 - Contract amendment amount will be returned to contingency
- New Grant Funding Opportunities:
 - CA Department of Water Resources Urban and Multi-benefit Drought Relief Grant Program
 - Application Submitted
 - Project 1: Recycled Water Facilities - \$10.75M
 - Project 2: Well Infrastructure Rehabilitation and Installation - \$10.36M
 - USBR Title XVI WIIN Water Reclamation and Reuse Program
 - Application under development for March submittal
 - Maximum grant amount \$30M

CFAC Committee Input 2/15/22

- New CFAC members requested summary of program funding approach
- Concern regarding cash flow projection trend (underspending)

Questions and Discussion

MORRO BAY
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AGENDA NO: C-2
MEETING DATE: February 22, 2022

Staff Report

TO: Honorable Mayor and City Council **DATE:** February 17, 2021

FROM: Scott Collins, City Manager
Sarah Johnson-Rios, Assistant City Manager/Admin Services Director
Dana Swanson, City Clerk/HR Manager

SUBJECT: Review of Fiscal Year 2021-22 Midyear Budget Report and General Fund Forecast, Approval of New Job Classifications and Amended Salary Schedule

RECOMMENDATION

Staff recommends that the City Council:

1. Receive the Fiscal Year (FY) 2021-22 Midyear Budget Report;
2. Adopt Resolution No. 17-22 authorizing the attached Budget Amendments;
3. Adopt Resolution No. 18-22 approving new classifications and job descriptions;
4. Adopt Resolution No. 19-22 approving the revised salary schedule and authorized Full-Time Equivalent (FTE) staffing list; and
5. Receive the annual General Fund forecast and provide input as appropriate.

FISCAL IMPACT

Citywide, across all funds, the proposed midyear changes represent approximately \$1.8 million in net revenue budget increases, excluding transfers in, and approximately \$4.0 million in next expenditure budget increases, excluding transfers out. The detailed changes and the interfund transfers are listed in Attachments 1 and 2. The funds where revenue increases do not fully offset expenditure increases do have the fund balance to accommodate the recommended changes, largely in the Water and Sewer Funds for current year CIP budget increases for One Water projects. Implementing the recommended changes will also result in an additional \$0.4 million approximately to the General Fund Emergency Reserve, gradually working toward Council's update General Fund Emergency Reserve policy of a 33% minimum and a 50% target reserve.

Budget for new positions recommended as part of the staffing changes has been included in the midyear budget amendments list. Reclassifications will be covered with existing budget. Funding for both types of staffing changes, new positions and reclassifications, has been incorporated into the General Fund forecast for general fund positions.

There is no immediate fiscal impact associated with receiving the General Fund forecast. Any input will be incorporated into the FY 2022-23 budget development process and brought back to Council for approval.

Prepared By: SJR/DS Dept Review: SJR
City Manager Review: SC City Attorney Review: MH

BACKGROUND

The City traditionally evaluates its primary revenues and expenditures in its major funds at the middle of the fiscal year and recommends any necessary budget amendments. The attached Midyear Budget Report (Attachment 1) covers the first six months of the fiscal year beginning July 1, 2021 and ending December 31, 2021. The report presents analysis related to the key General Fund revenues and expenditures by category as well as an analysis of the City's other major funds.

This year, there are several staffing changes recommended as part of the midyear budget adjustments due to the City's continued economic recovery from the fiscal impacts of the pandemic, and due to capacity evaluations relative to the City Council's goals which were updated in November 2021.

The Midyear Budget Report was presented to the Citizens Finance Advisory Committee (CFAC) on February 15, 2022 along with a semi-annual report on Measure Q & E Fund expenditures. CFAC received the report, provided input to staff, and did not recommend any changes.

Staff has traditionally presented the City Council with a General Fund forecast at or around midyear as well, which also serves as the precursor to the subsequent fiscal year budget development cycle.

DISCUSSION

Midyear Budget Report - Overall, this year's midyear report is a positive one, with the economic recovery continuing and City's most economically sensitive revenues, sales tax and Transient Occupancy Tax (TOT), exceeding anticipated budgeted amounts. Measure E-20, which was approved by voters in November 2020, took effect in April 2021 and is generating more revenue than estimated at budget time. Overall expenditures for mid-year are tracking well, though several budget adjustments are needed to reflect the economic recovery and to adequately resource core services and Council and community priorities. Adjustments are being recommended in the areas where meeting the City's priorities call for such changes. In the General Fund and Measure Q & E Fund, revenue budget increases based on positive revenue growth fully offset expenditure budget increases.

The City's enterprise funds are tracking well with no major operating budget changes recommended. There are several CIP budget changes recommended to increase CIP budgets in FY 2021-22, reflecting a return to CIP activity that was paused in many cases due to the pandemic. Funding and staff capacity to implement the full range of the City's CIP needs remains a longer-term challenge to address.

The fiscal year to date revenue and expenditure highlights, status updates, and budget amendment recommendations are outlined in detail in the Midyear Budget Report (Attachment 1).

Recommended Staffing Adjustments – As members of Council acknowledged in the Goals Workshop and was further discussed during the February 8, 2022 Goals Update, the City has limited staffing and very ambitious goals and workplans. Based on a careful analysis of the current service gaps that limit the City's ability to meet community needs and fulfill Council goals and priorities, staff has recommended the following incremental changes to new and/or restored job classifications and will continue to assess staffing, training and equipment needs to ensure these goals can be achieved and workplans completed.

Public Works

- Restore Maintenance Superintendent position defunded due to COVID-19

- Approve job classification and promote existing employee to WRF Operations Technology Specialist. This FTE was approved as part of the FY 21-22 Budget.
- Approve new job classification and re-class existing employee to Utility Support Coordinator.
- Approve new temporary WRF Operations Interface Manager job classification and reassign current Utilities Division Manager to manage and coordinate various WRF start-up activities.

Administration/Finance

- Restore prior Finance staffing levels by approving a new job classification for Fiscal Analyst
- Bifurcate the City Clerk and Human Resources responsibilities by approving new job descriptions for both classifications and authorizing the hiring of a City Clerk.

Recreation Services

- Restore prior staffing levels by increasing current Recreation Supervisor from .75 FTE to full-time

Council approval of the proposed enhanced staffing would result in an increase of 2.825 full-time equivalent employees (FTE's). Further details on each position are provided in the Mid-Year Budget Report (Attachment 1) and a revised combined salary schedule and full list of FTE's is provided as Exhibits to Resolution No. 19-22. In addition to the new classifications being proposed, the combined master salary schedule provides for the restoration of existing job classifications of Maintenance Leadworker and Maintenance Superintendent.

	FTE's
Authorized in FY 21/22 Budget	98.1
Council authorized Senior Civil Engineer 9/14/21	1
Council authorized IT Systems Analyst 1/25/22	1
Current authorized FTE's	100.1
 Mid-year Requests	
Restore Maintenance Superintendent position	1
Approve WRF Operations Technology Specialist classification	0
Approve Utility Support Coordinator classification	0
Approve Fiscal Analyst classification	1
Bifurcate current Clerk/HR Manager position and authorize hiring of City Clerk	1
Restore Recreation Supervisor from .75 FTE to full-time	0.25
Authorize temporary job classification WRF Operations Interface Manager	0.575
Eliminate Senior Civil Engineer FTE - unbudgeted and unfilled position	-1
Total authorized FTE upon Council approval of Mid-Year Budget Requests:	102.925

General Fund Fiscal Forecast – The updated General Fund fiscal forecast provides a broad overview of the financial projection for the City's largest and most flexible funding source over the coming five years. The forecast is important as the Council makes strategic decisions on the City's future fiscal priorities and upcoming budget. However, the forecast is only a snapshot in time and is only as accurate as the assumptions for future revenue or expenditure growth prove to be.

Using the key revenue and expenditure assumptions outline herein, the baseline forecast demonstrates that the General Fund revenues are projected to cover operating expenditures and

potentially a small capital investment for the next five years. In doing so, it is projected that the City will be able to maintain a General Fund Emergency Reserve (GFER) balance (depicted below as the total of the General Fund and GFER Fund balances) at a level between 39% and 44% of General Fund and Measure Q & E Fund operating expenditures. This will meet and exceed the minimum target of 33% set by the City Council's GFER Policy adopted in June 2021 but does not meet the Council's target of 50% set by the updated policy.

This year's General Fund forecast is a significant improvement over last year's fiscal forecast, which included much lower revenue projections due to the pandemic and projected a structural deficit in the out years prior to the passage of Measure E. Morro Bay's revenue levels have returned to and in some cases exceeded pre-pandemic levels. While uncertainty remains both due to the ongoing pandemic and more recent inflationary concerns, the voters' passage of Measure E in November 2020 provides the City with much greater fiscal sustainability in combination with the improved General Fund forecast.

Challenges remain, however, and are discussed following the presentation of the forecast model below.

City of Morro Bay General Fund Forecast as of February 2022 (\$ in 000)

General Fund	FY 2021	FY 22 est.	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Balance	\$742	\$3,196	\$3,361	\$3,559	\$3,628	\$3,695	3,795
Revenues							
Property Tax	4,862	5,012	5,187	5,343	5,503	5,668	5,838
Sales Tax	2,400	2,460	2,529	2,605	2,683	2,737	2,792
TOT	3,826	3,928	4,006	4,127	4,250	4,420	4,597
Other Revenue	4,206	4,186	4,511	4,647	4,786	4,930	5,078
Transfers	1,222	1,245	1,282	1,320	1,360	1,401	1,443
Total Revenue	16,517	16,830	17,516	18,042	18,583	19,156	19,748
Expenditures							
Personnel*	10,186	11,486	12,272	12,683	12,972	13,244	13,546
Other O&M*	3,313	3,890	4,084	4,289	4,503	4,728	4,965
Transfers out	438	833	483	498	513	528	544
Total Operating Expenditures	13,937	16,209	16,839	17,469	17,988	18,501	19,055
Net Operating Surplus (Deficit)	2,580	621	677	572	595	655	693
Capital Projects (one-time)	125	457	479	503	528	555	583
Total General Fund Expenditures	14,062	16,666	17,319	17,973	18,516	19,056	19,637
Change in Fund Balance	2,455	165	198	69	67	101	110
Ending Balance	3,196	3,361	3,559	3,628	3,695	3,795	3,906

Emergency Reserve	FY 2021	FY 22 est.	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Balance	\$1,766	\$2,422	\$4,290	\$4,290	\$4,290	\$4,290	\$4,290
Revenue & Transfers in	657	1,888	0	0	0	0	0
Expenditures & Transfers Out	1	20	0	0	0	0	0
Net Annual	656	1,867	0	0	0	0	0
Ending Balance	2,422	4,290	4,290	4,290	4,290	4,290	4,290

Measure Q & E Ops Cost *	FY 2021	FY 22 est.	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	493	2,123	2,255	2,367	2,486	2,610	2,741

Total GF+ER Balance	5,619	7,651	7,849	7,918	7,984	8,085	8,195
% of GF + Measure Q&E Exp	40.2%	43.7%	42.2%	40.9%	40.0%	39.3%	38.6%

*Included in costs for purposes of calculating GFER percentage

General Fund Revenues

FY 202-21 ended the year with revenues having rebounded and exceeded prior year General Fund revenues due to a swift recovery from the initial impacts of the pandemic. Assumptions for General Fund revenue growth over the next five years are listed below. While positive, growth is projected to level off beginning in FY 2022-23 on the heels of the economic recovery from the pandemic.

Property tax, which is the General Fund's largest revenue source and comprises 32% of budgeted General Fund revenue in FY 2021-22, is projected to grow by 3.5-4% in the coming year based

on County projections, and stable growth is projected thereafter.

Transient Occupancy Tax (TOT) is the City's second largest revenue source, comprising 23% of the current year General Fund revenue budget. TOT tax has rebounded to and exceeded pre-pandemic levels. FY 2020-21 was Morro Bay's highest TOT-generating year with \$3.8 million generated. Visit Morro Bay provided the revenue projections outlined below, which depict a leveling off and then potential increased growth in the out years.

Sales tax is the third largest General Fund revenue source at 13% of budgeted revenue. While sales tax has rebounded and increased dramatically in recent years, the City's sales tax consultant HdL projects a return to a more normal level of growth in FY 2022-23 and beyond, in the 2-3% range for the forecast period.

An average factor of 3% growth annually was used for all other City revenues. Many of the other revenues are tied to the master fee schedule, which will increase by the Consumer Price Index in the near term.

Revenue Assumptions

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Property Tax	3.50%	3.00%	3.00%	3.00%	3.00%
Sales Tax	2.80%	3.00%	2.00%	2.00%	2.00%
Transient Occupancy Tax	2.00%	3.00%	3.00%	4.00%	4.00%
Other Revenues	3.00%	3.00%	3.00%	3.00%	3.00%

These assumptions result in total cumulative revenue growth of 17% over the next five years. While staff considers these numbers reasonable, revenues could certainly deviate from these assumptions based on changing economic conditions, and they will be updated annually in subsequent forecasts.

The General Fund forecast does not include projected Measure Q & E Fund revenues. The 1.5% local tax is projected to generate upwards of \$4 million annually in FY 2022-23 and beyond. This exceeds the projection at budget time last year and will provide some increased options for implementing Council and community priorities for Measure Q & E funds going forward.

General Fund Expenditures

The General Fund expenditure forecast is a *baseline* forecast. It does not yet build in potential employee compensation changes or staffing changes, as those would require Council action. The one exception is that a preliminary placeholder has been built in due to potential costs associated with changes to part-time employees that will be required by CalPERS starting in FY 2022-23. This may result in a need to convert a small number of part-time positions into full-time positions. Staff is working with CalPERS to evaluate and will return to Council when more information is available.

The baseline forecast assumes:

1. No Cost-of-Living Allowances for employees – only merit-based step increases.
2. No additional staff positions beyond what is recommended to be added at Midyear in FY 2021-22

The assumptions used for the baseline expenditure projection are listed below. All of the expenditure numbers include and build upon the budgetary impacts of the FY 2021-22 midyear budget changes recommended in this report.

Regular pay has been assumed to increase by 2% annually to account for merit or “step”

increases, not including any cost-of-living adjustments in the baseline forecast. Part-time and over-time wages are assumed to increase by the same amount. The City will need to keep pace with any changes to California minimum wage which impacts some part-time classifications. The overtime budget has not historically included estimated mutual aid overtime budget, which has been added in after a reimbursement amount is received by the City. Given the consistent and increasing needs for mutual aid, the forecast assumes approximately \$200,000 will be budgeted both for overtime expenditures and for mutual aid revenues each year; staff will evaluate that annually.

Employer-provided benefits are projected to increase by an average of 5% annually. This includes the City's contribution to employees' monthly health insurance premiums, which are provided at a flat monthly amount that is determined through labor negotiations. It also includes unemployment, workers compensation, and deferred compensation contributions.

"Normal" pension costs for CalPERS represent the City's ongoing annual contribution toward current employees' retirement costs to keep the City's plan fully funded going forward. These normal costs are tied to CalPERS's assumed rate of return, or discount rate. This year, CalPERS lowered its projected long-term rate of return further from 7% to 6.8%. This will take effect in FY 2023-24, resulting in a 12.5% increase in the City's projected normal retirement contributions to citywide. Employees who are in the PEPRA tier may also see a cost increase required by the pension reform law that governs their benefits. This has the potential to further widen the gap between total compensation for City employees in the "Classic" PERS tiers and the PEPRA pension reform tier, which is an unfortunate dynamic that management is assessing options to address. These assumptions are based on the CalPERS Pension Outlook Tool and prepared by NHA Advisors, who is assisting the City in continuing to address its unfunded pension liabilities.

The City's CalPERS unfunded actuarial liability (UAL) payment represents the payment that the City must make to make up the gap between past payments and the CalPERS assessment of the amount of funds that will be required to fully fund retiree benefits for both active and retired members. The UAL balance and minimum payments are reevaluated every year and are impacted by the CalPERS rates of return. For the upcoming actuarial report that will be released in August, increases in cost that are due to the reduction in the future assumed rate of return (decrease from 7.0 to 6.8%) will be offset by the CalPERS 21.5% actual returns in FY 2020-21. While the City's FY 22-23 UAL payment will increase by 11-12% Citywide before that benefit takes effect, minimum UAL payments projected to stabilize or decline slightly from there. These assumptions are based on the CalPERS Pension Outlook Tool and prepared by NHA Advisors.

Council recently directed staff to propose a pension reserve policy in concert with the existing reserve policies and then to fund a Section 115 trust as an additional tool to address pension liabilities. That would help enhance fiscal resilience for the City and create an interest-bearing savings account that the City could draw on if CalPERS continues to experience lower than expected rates of return that create volatility in City-required payments.

Supplies and expenses are escalated by 5% annually for the forecast period, in part in effort to restore and supplement the level of City service that can be provided and in part to address inflationary cost increases, which are currently in the 5-6% range in California regional indices.

Interfund transfers to other funds are forecasted to be relatively consistent with current year levels, with the exception of the one-time transfer to the General Fund Emergency Reserve has been eliminated in future years. These transfers will be evaluated in more detail in the budget cycle.

The baseline forecast assumes a need for the General Fund to contribute to capital improvement projects (CIPs) at the current level increased by 5% annually for the forecast period. That is a good start, but it is insufficient to address all capital needs on a pay-go basis. Pending a CIP needs assessment, which will be completed in FY 2022-23, staff will evaluate funding and

financing options to increase the City's investment in its capital infrastructure.

Expenditure Assumptions

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Regular Salaries & Other Pay	2.00%	2.00%	2.00%	2.00%	2.00%
Part-time Wages	2.00%	2.00%	2.00%	2.00%	2.00%
Overtime	2.00%	2.00%	2.00%	2.00%	2.00%
Employer Paid Benefits (health, unemp)	5.00%	5.00%	5.00%	5.00%	5.00%
Pension - Normal Cost	0.11%	12.50%	0.00%	0.79%	0.00%
Pension - Unfunded Liability (UAL)	12.41%	-0.43%	0.43%	-1.70%	0.00%
Supplies and Expenses	5.00%	5.00%	5.00%	5.00%	5.00%

These assumptions result in a 40% cumulative increase in total projected General Fund expenditures. This is much higher than the rate of projected revenue growth, reflecting the ongoing challenge cities face due to the cost of providing services increasing faster than revenues are increasing. Measure E was the voters' response to that challenge, urging the City to focus resulting tax revenues on public safety, safe and clean public spaces, and fiscal sustainability. Measure E funds will be critical to continuing to deliver those core city services into the future.

In an effort to constrain expenditures where possible, staff continues to seek out, evaluate, and implement process and service improvements that deliver high quality services and customer service as efficiently and effectively as possible. The CityWorks implementation continues in order to enable digital permit processing. Finance staff will be implementing a lockbox bill processing service for water and sewer bills in March, resulting in a reduction of over 3,000 monthly bills that staff currently handles and manually processes each month. Finance staff will be implementing a digital budget book platform for next year's budget, resulting in improved access to digestible City budget information, paper reduction, and enhanced reporting capabilities. These and other examples will combine to allow the City to focus limited resources to most effectively steward public funds.

Challenges Ahead: Balancing Key Priorities

In the FY 2022-23 budget cycle and beyond, Council will need to determine how to allocate General Fund resources to the three key expenditure areas below and will need to consider how and where Measure E revenues can most effectively be allocated to deliver the Measure's identified priorities.

Operating Expenditures	Capital Needs	Pension Liability
<ul style="list-style-type: none"> • Peer cities increasing wages • Inflation • Costs rising faster than revenues 	<ul style="list-style-type: none"> • Deferred backlog of needs • Specific needs still unknown • Staff capacity to manage projects 	<ul style="list-style-type: none"> • Significant impact over the next 15-20 years • Moving target; partially out of City's control • Intangible to community but legally required

Personnel costs represent the large majority of General Fund expenditures (68% in FY 2021-22), as core City services are delivered through people. As noted, the budget does not include any cost of living (COLA) increases for employees. The City's current labor agreements expire on June 30, 2022. While the City is beginning negotiations with the labor unions now, there are currently no COLA's included in the forecast. Ensuring competitive compensation is a critical issue and staff will be working diligently with Council and the bargaining groups to ensure this issue is resolved with equity, common sense and financial sustainability in mind.

In addition, staff capacity to address the Council's 5 goals and 35 action items over the next 12-

18 months remains constrained. While the recommended midyear budget adjustments continue the gradual restoration of positions lost in recent years, they do not address the full range of staffing needs in the organization. They do not include sufficient staff capacity to effectively meet all core City services and Council's additional goals. Staff will continue to evaluate staffing capacity during the FY 2022-23 budget cycle.

The City will need to balance staffing capacity and compensation with a need to address significant deferred capital improvements. The magnitude of necessary capital investment will take time to assess in detail, a process that has been delayed due to the transition of the Public Works Director and City Engineer. That process will continue in FY 2022-23 and General Fund contributions to capital needs must be built into future year budgets to ensure safe and sufficient infrastructure and to avoid further increasing costs with continued deferred maintenance.

Adequately resourcing General Fund operating and capital needs must also be balanced by a third priority, fiscal resiliency. Council will need to evaluate the importance of General Fund reserves relative to high-priority operating and capital needs.

Addressing the City's pension liabilities, as outlined in the General Fund expenditures section, must also remain a priority. Funds can be saved over time through tools such as the Section 115 trust that Council has directed staff to pursue pending a pension reserve policy. This type of a tool can also provide fiscal resiliency for the City during future uncertain economic times, including CalPERS not meeting projections for future returns.

CONCLUSION

The midyear budget report indicates that the economy is continuing to recover and that the City is able to proceed with gradually restoring budgets and staffing to pre-pandemic levels. Staff will continue to utilize conservative budgeting assumptions to position itself well moving into planning for the FY 2022-23 budget cycle.

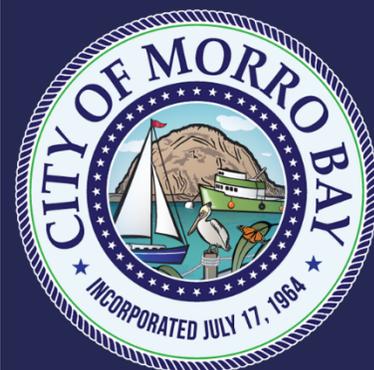
The General Fund forecast is significantly improved from last year's forecast and projects that the revenues can cover *baseline* operating expenditures for the five-year period. However, adjustments are likely needed to the baseline forecast, and this will lead to key decisions about how to balance operating expenditures, capital expenditures, and addressing unfunded liabilities (primarily pension). Measure E revenues will provide significant fiscal sustainability and will ensure that Council and community priorities for Measure E are addressed.

ATTACHMENTS

1. Midyear Budget Report for FY 2021-22
2. Resolution No. 17-22 authorizing the attached Budget Amendments
3. Resolution No. 18-22 approving new classifications and job descriptions
4. Resolution No. 19-22 approving the revised salary schedule and authorized Full-Time Equivalent (FTE) staffing list
5. Draft Slide Presentation

City of Morro Bay Midyear Budget Report FY 2021-22

This Report covers the six-month period ending December 31, 2021. It provides an update on the City's primary revenues and expenditures in its major funds, and outlines recommended budget adjustments.



Administrative
Services Department
February 2022

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Executive Summary

Overall, this year's midyear report is a positive one, with the economic recovery continuing and City's most economically sensitive revenues, sales tax and Transient Occupancy Tax (TOT), exceeding anticipated budgeted amounts. Measure E-20, which was approved by voters in November 2020 as a 1.5% local general-purpose sales tax (replacing Measure Q which was a 0.5% tax approved in 2006) began in April 2021 and is generating more revenue than estimated at budget time. Overall expenditures for mid-year are tracking well, though several budget adjustments are needed to reflect the economic recovery and to adequately resource core services and Council and community priorities. Adjustments are being recommended in the areas where meeting the City's priorities call for such changes. In the General Fund and Measure Q&E Fund, revenue budget increases based on positive revenue growth fully offset expenditure budget increases.

The City's enterprise funds are tracking well with no major operating budget changes recommended. There are several CIP budget changes recommended to increase CIP budgets in FY 2021-22, reflecting a return to CIP activity that was paused in many cases due to the pandemic. Funding and staff capacity to implement the full range of the City's CIP needs remains a longer-term challenge to address.

Citywide, across all funds, these changes represent approximately \$1.8 million in net revenue budget increases, excluding transfers in, and approximately \$4.0 million in net expenditure budget increases, excluding transfers out. The funds where revenue increases do not fully offset expenditure increases do have the fund balance to accommodate the recommended changes, largely in the Water and Sewer Funds for those CIP budget increases. Implementing the recommended changes will also result in an additional approximate \$0.4 million contribution to the General Fund Emergency Reserve, gradually working toward Council's update General Fund Emergency Reserve policy of a 33% minimum and a 50% target reserve.

Introduction

Purpose and Scope

This Midyear Budget Report for the Fiscal Year (FY) 2021-22 covers the six-month period ending December 31, 2021. It provides a status update on the City's primary revenue and expenditure sources in its major funds and provides a scheduled opportunity for the City to make budget amendments to respond to unanticipated changes or emerging trends.

Timeframe and Limitations

The information in this report is the most accurate and up-to-date information available at the time of publication. It represents a snapshot of City revenues and expenditures as of December 31, 2021. It may not represent pending payments or revenues, or irregularities in payment or revenue timing. As this is not an audited financial statement, the numbers are preliminary and subject to change as the year progresses. The City monitors and adjusts its revenue and expenditure projections based on fiscal-year-to-date performance and other developments to develop a more accurate picture of the City's anticipated year-end financial position. If no significant change is anticipated, no budget adjustment will be recommended.

General Fund

Key Revenue Analysis

The adopted General Fund Budget for FY 2021-22 is approximately \$15.7 million. As of December 31, 2021, the General Fund had received 41% of its revenues, or \$6.5 million. This is typical, as many of the revenues are received irregularly or have a lag time before the City receives them. Staff monitors each revenue source and is recommending a few revenue budget increases to reflect the continued economic recovery. The top four revenue sources are described below in detail, as they account for over three-quarters of budgeted General Fund revenues collectively.

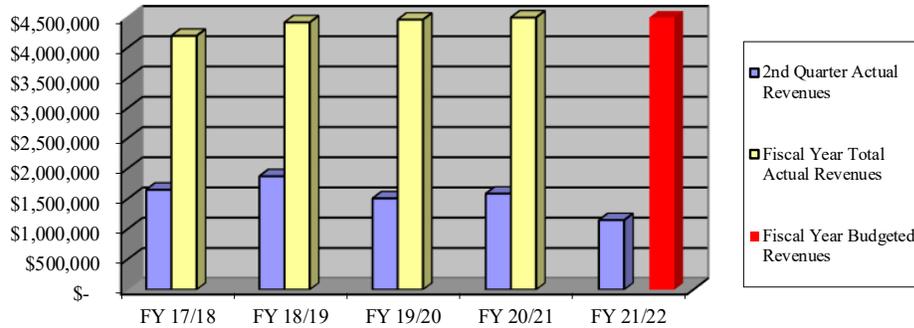
Property Tax

Property tax is the largest revenue category for the City’s General Fund, accounting for 32% of budgeted General Fund revenues in FY 2021-22. Property tax is levied by the San Luis Obispo County Assessor’s Office at 1% of a property’s assessed value, of which the City receives approximately 13.7 cents per dollar paid on property located within the municipal limits of Morro Bay.

Revenue for FY 2021-22 was budgeted higher than the prior fiscal year. Property tax distributions are largely received in the third and fourth quarters of the fiscal year. Given the timing of receipts, no budget adjustment is recommended. The County Assessor’s most recent annual report demonstrated assessed valuation growth of 3.95% for Morro Bay.

Property Tax

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



	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>
2nd Quarter Actual Revenues	\$ 1,651,301	\$ 1,875,035	\$ 1,508,448	\$ 1,585,876	\$ 1,148,825
Fiscal Year Total Actual Revenues	\$ 4,197,259	\$ 4,419,459	\$ 4,464,003	\$ 4,861,594	
Fiscal Year Budgeted Revenues					\$ 5,011,696
2nd Quarter Percent of T total	39.34%	42.43%	33.79%	32.62%	22.92%

Recommended Budget Revision	\$ -
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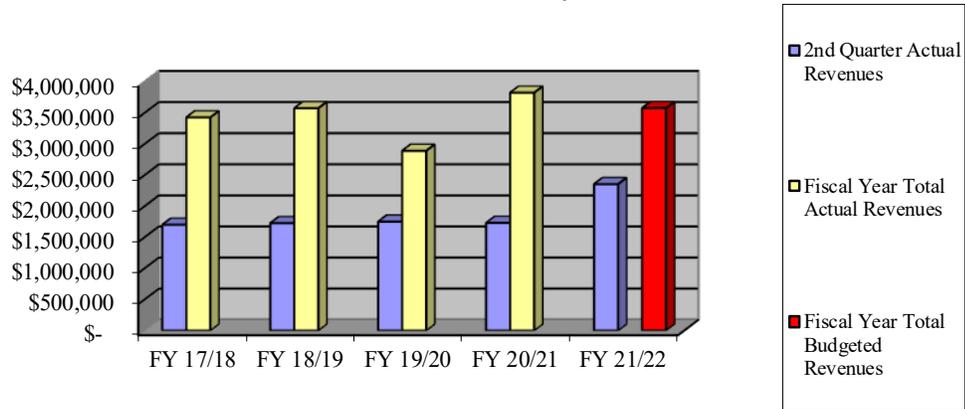
Transient Occupancy Tax

TOT is the General Fund’s second largest revenue source, accounting for 23% of the City’s budgeted General Fund revenues for FY 21-22. The City levies and retains a 10% transient occupancy tax (TOT) on all hotel, motel, vacation rentals and RV parks within the municipal limits of Morro Bay to fund City services provided to visitors to Morro Bay. In addition, the City collects and remits an additional 3% to Visit Morro Bay, the Morro Bay Tourism Business Improvement District (TBID), and an additional 1.5% for Visit SLOCAL, the Countywide Tourism program. As a highly economically sensitive revenue source, the City monitors TOT closely. Due to the pandemic, TOT revenues have been more difficult to predict in recent years. However, Morro Bay and the California Central Coast region have not seen the significant revenue reductions that larger cities have seen, and Morro Bay’s TOT revenues rebounded very quickly and remain high.

This year TOT receipts have tracked higher than budgeted through December. Morro Bay experienced a strong summer prior to the recent spike in COVID-19 cases. In coordination with Visit Morro Bay, staff recommends a somewhat conservative revenue budget increase of \$350,000. This recognizes the positive fiscal year-to-date actuals while taking a cautious approach to the uncertainty that exists in the winter and spring months of the current fiscal year.

Transient Occupancy Tax

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



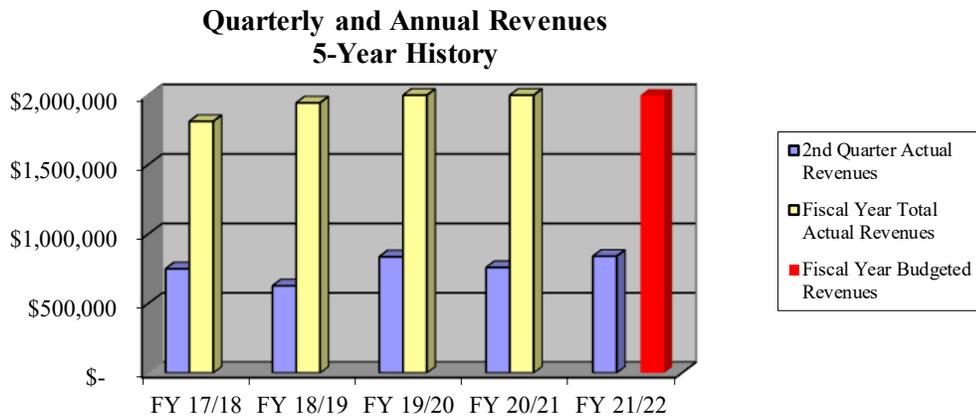
	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>
2nd Quarter Actual Revenues	\$ 1,702,037	\$ 1,727,757	\$ 1,753,005	\$ 1,732,432	\$ 2,356,349
Fiscal Year Total Actual Revenues	\$ 3,429,186	\$ 3,576,121	\$ 2,892,130	\$ 3,826,276	
Fiscal Year Total Budgeted Revenues					\$ 3,577,869
2nd Quarter Percent of Total	49.63%	48.31%	60.61%	45.28%	65.86%
Recommended Budget Revision					350,000

Sales Tax

Sales tax is the third largest budgeted revenue source for the City’s General Fund in FY 2021-22, budgeted to generate 13% of the Fund’s revenue for the year. The base statewide sales and use tax rate is 7.25 percent, and the City’s General Fund receives 1 cent of that base tax. This does not include the 1.5 cent local sales tax which is collected through voter-approved Measure E-20 and will be discussed under that Fund separately.

Sales Tax receipts are tracking somewhat higher than budgeted this fiscal year. This trend tracks with the increase in TOT tax and high occupancy rates at local hotels. The City contracts with industry expert HdL to analyze collections history, forecast sales tax revenues and pursue revenues on the City’s behalf that belong to the City. The proposed revenue budget increase of \$240,000 is approximately 50% of the forecasted amount that HdL is expecting the City to receive over the adopted budget. This is a conservative revenue budget increase that also accounts for the unpredictability in Morro Bay’s slower season in the second half of the fiscal year.

Sales Tax



	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>
2nd Quarter Actual Revenues	\$ 750,841	\$ 627,781	\$ 836,814	\$ 759,628	\$ 840,735
Fiscal Year Total Actual Revenues	\$ 1,811,884	\$ 1,945,359	\$ 2,186,074	\$ 2,230,182	
Fiscal Year Budgeted Revenues					\$ 2,053,926
2nd Quarter Percent of Total	41.44%	32.27%	38.28%	34.06%	40.93%

Recommended Budget Revision **240,000**

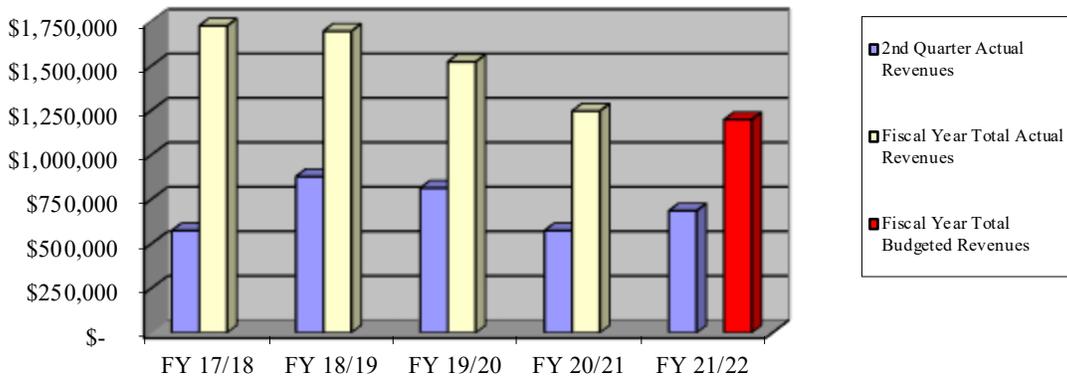
Charges for Service

City service revenues consist primarily of plan check fees, building inspection fees and recreation sports and youth services fees. These fees are assessed based on recovery formulas, which reflect approximate costs of providing these services and, as a total category, account for 8% of the City’s General Fund budget for FY 2021-22.

The Recreation Division programs’ revenues have not entirely recovered since COVID-19 and may come in slightly below budget. However, Community Development Charges for Services are likely to over-perform compared to budget for an overall projected year-end position consistent with the budget in this category. Staff will continue to monitor this revenue source; no budget revisions are recommended at this time.

Charges for Services

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



	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>
2nd Quarter Actual Revenues	\$ 574,312	\$ 878,281	\$ 813,701	\$ 574,464	685,897
Fiscal Year Total Actual Revenues	\$ 1,726,241	\$ 1,695,853	1,523,506	1,246,750	
Fiscal Year Total Budgeted Revenues					\$ 1,198,655
2nd Quarter Percent of Total	33.27%	51.79%	53.41%	46.08%	57.22%
Recommended Budget Revision					-

Other General Fund Revenues

All remaining General Fund revenues comprise approximately 24% of the Fund's budgeted revenues collectively. The status of the primary sources of other General Fund revenues are summarized below. No midyear budget changes are recommended for any of these revenues this fiscal year, with the exception of additional budget to recognize mutual aid reimbursements for the City's response to wildfire incidents and to recognize a one-time grant revenue.

- **Transfers In** – Transfers into the General Fund comprise approximately 8% of the General Fund budget for FY 2021-22 (\$1,225,000). Roughly two-thirds of that total is comprised of transfers in from enterprise funds to cover internal services costs for services such as financial administration, human resources, legal services, and City management and administration services that support enterprise fund operations and facilitate the provision of water, sewer, harbor and transit-related services. In addition, this total includes State gas tax revenue as well as a transfer in from Measure Q & E fund for a specified amount of Fire department overtime. No changes are recommended.
- **Franchise Fees** - Franchise fees are collected by the City from utilities operating in Morro Bay. Franchise fees are currently received for electricity, garbage, cable TV and natural gas. Franchise fees represent 4% of budgeted General Fund revenues in FY 2021-22 (\$572,000). Payments are not remitted equally throughout the year; therefore, midyear receipts are not necessarily predictive.
- **Cannabis City Tax** – Morro Bay residents approved a cannabis specific tax of up to 10% in 2018, for sale of cannabis within Morro Bay. Council set the tax rate of 5% for all retail sales locally. Revenues for the two permitted local retailers are budgeted at approximately 3% of General Fund revenue for FY 2021-22 (\$480,000), and revenues are on track at midyear with 44% received.
- **Business Tax** - The City requires all businesses located in or operating in Morro Bay to obtain a business tax certificate. Business taxes apply to businesses operating as a general or sub-contractor, as a home occupation, from a commercial or office space rental, or as a business conducting temporary activities within the City limits. The amount of business tax paid by each business is based on the type of business being operated and varies depending on that type. This accounts for approximately 2% of the FY 2021-22 General Fund operating budget (\$364,000). Revenues are on track for the current fiscal year with 92% received (most renew at the beginning of the fiscal year in July).
- **Rental Income** – Rental of City-owned property constitutes approximately 3% of the General Fund's FY 21-22 budget (\$409,000). Revenues fiscal year-to-date are tracking roughly comparably to prior fiscal years on a percentage basis but given the budget increase for FY 21-22 in this area, staff will continue to track and revise next year if necessary. The majority of the rental income in this account come from Morro Dunes RV Park.
- **Licenses and Permits** - Conditional use permits, coastal permits, and encroachment permits are the primary revenues sources in this category. These revenues sources account for a total of approximately 1% of the budgeted General Fund revenues for FY 2021-22. These revenues are performing very well at midyear, at approximately 100% of budgeted revenues received to date. Given the small scale of each line item in this category, staff is not recommending budget changes at this time but will incorporate updated projections into next year's budget.

- Mutual Aid Reimbursement** – The Morro Bay Fire Department anticipates receiving \$480,000 in FY 2021-22 as compensation for its response to mutual aid incidents, primarily wildfires. This revenue increase will be fully offset by a commensurate expenditure increase to cover associated response costs. Going forward, some moderate level of wildfire response costs and reimbursement will be assumed and planned for in future year budgets, given the significant volume that these costs and reimbursements represent as wildfire season continues to prolong and demand additional resources.
- Grant Revenues** – The City will receive a one-time REAP grant from the State in the amount of \$78,000 and will utilize these funds to facilitate electronic plan review.

Recommended General Fund Revenue Budget Amendments

Given the detailed discussion above, staff is recommending the following General Fund budget adjustments (all increases) at midyear. If approved, this would result in an amended General Fund revenue budget of \$16.8 million.

General Fund Revenue Budget Amendments

Department	Description	Increase (Decrease) Amount	Prior Council Approval	One-time/Ongoing
Admin Services	Increase Transit Occupancy Tax Revenue based on actuals to date	350,000	N/A	Ongoing
Admin Services	Increase Sales Tax Revenue based on updated HDL Estimates	240,000	N/A	Ongoing
Fire	Mutual aid reimbursements for wildfire response costs	480,000	N/A	One-time
Community Dev	Grant-funded electronic plan review software	78,000	N/A	One-time
		1,148,000		

Key Expenditure Analysis

The adopted General Fund expenditure budget for FY 2021-22 is approximately \$15.6 million. As of December 31, 2021, total General Fund expenditures totaled \$7.4 million, or 49% of budget. The following discussion provides a status of significant General Fund expenditures at midyear. Staff monitors expenditures closely and is recommending several expenditure adjustments. Many of these changes are to continue to gradually restore budget that was reduced in FY 2019-20 after the onset of COVID-19.

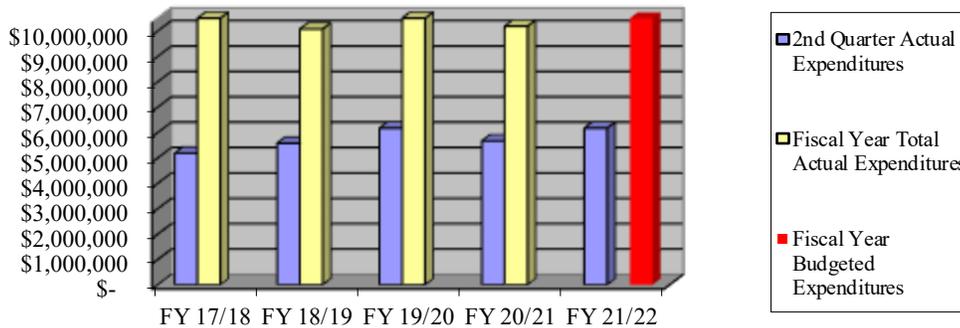
Personnel Costs

Personnel costs include salaries for full-time employees, elected officials’ stipends, temporary/relief employees, overtime, other benefits, pensions, and health care. Expenditures have tracked higher than 50% at midyear since the City began paying the annual CalPERS unfunded liability payment (UAL payment) in July to receive a small discount. In addition, the City supported many out of County fires this year and will received approximately \$480,000 as compensation for that staff time. As part of the midyear adjustments, staff is recommending all reimbursement revenue for mutual aid be budgeted in the Fire Department to offset costs of responding to the fires.

There was a 12.5% reduction in personnel expenditures from FY 2019-20 to FY 2020-21, largely due to reduced staffing levels in response to COVID-19. Given positive revenue recovery since the onset of COVID-19, staff is recommending continuing the gradual restoration of key positions at midyear this year. Proposed changes are outlined in the following section.

Personnel Costs

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



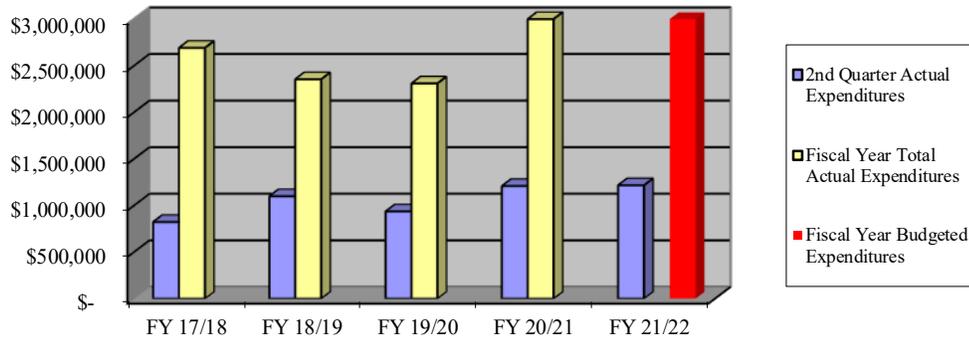
	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>
2nd Quarter Actual Expenditures	\$ 5,186,818	\$ 5,577,502	\$ 6,173,938	\$ 5,669,569	6,172,942
Fiscal Year Total Actual Expenditures	\$ 11,884,066	\$ 10,075,472	\$ 11,463,804	\$ 10,185,594	
Fiscal Year Budgeted Expenditures					\$ 10,565,122
2nd Quarter Percent of Total	43.65%	55.36%	53.86%	55.66%	58.43%

Supplies & Expenses

Operating expenditures consist of all General Fund costs to provide services other than personnel costs. These include supplies and materials, consulting services, and contract services. Consulting and contractual services may have various contract start dates and payments that may not be equally spread throughout the fiscal year and there may be some delay in invoices from consultants. Therefore, the midyear expenditures this year at 32% are likely to increase later in the fiscal year as invoices are received. There are a few budget changes recommended in this category, outlined in detail in the next section.

Supplies & Expenses

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



	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>
2nd Quarter Actual Expenditures	\$ 822,445	\$ 1,099,247	\$ 936,328	\$ 1,208,227	\$ 1,216,742
Fiscal Year Total Actual Expenditures	\$ 2,691,066	\$ 2,354,564	\$ 2,309,101	\$ 3,313,285	
Fiscal Year Budgeted Expenditures					\$ 3,742,431
2nd Quarter Percent of Total	30.56%	46.69%	40.55%	36.47%	32.51%

Recommended General Fund Expenditure Budget Amendments

Staff is recommending the following General Fund expenditure budget adjustments at midyear. If approved, this would result in an amended General Fund expenditure budget of approximately \$16.8 million. The proposed expenditure budget adjustments would be more than covered by the recommended revenue budget increases based on fiscal year performance to date, improving the projected year-end operating surplus by approximately \$0.1 million. The recommended changes are summarized by department or division as follows, with a consolidated table presented after the narrative:

Citywide –

- Increase benefits budgets in the General Fund to cover the increase in the monthly City contribution to employees’ health insurance premiums, per City Council direction on September 28, 2021 (\$37,746).

Police Department –

- Implement Council direction from the September 14, 2021 Council meeting regarding gun control measures. Budget increases are less than anticipated in the September staff report due to COVID-related delays in program implementation. This will fund POST trainings, one community training, off duty firearms training for officers, and supplemental ammunition (\$29,500).
- Correct the general liability insurance budget for FY 2021-22 based on current invoice (\$37,895).

Fire Department –

- Budget expenditures associated with mutual aid response to wildfires. These funds will largely reimburse overtime costs and associated benefits and travel costs for staff deployed to mutual aid incidents and are fully offset by a revenue budget increase for funds received (\$480,000).

Public Works –

- Maintenance Division – Increase consultant services budget for wildlife education and seagull management. In the summer of 2021 the City, Chamber of Commerce, and Pacific Wildlife Care held roundtable discussions on the seagull overpopulation and cleanliness issue, resulting in general consensus that a hybrid approach of educating residents and visitors about trash and hiring a consultant for seagull control would best solve the issue. The requested funds are to implement this approach and involve purchase and installation of signage to instruct residents and visitors about the importance of throwing away trash as well as partnering with a falconer to dissuade seagulls from settling in the City (\$40,000).
- Maintenance Division– Increase budget to account for ongoing portable restroom rentals along the waterfront for use by residents and visitors to the City. These portable facilities remain open overnight when the permanent restrooms close (\$12,000).
- Maintenance Division– Increase contractual services funding to allow for security fencing to be installed behind the Shasta Building and the Community Center. Currently, most outside areas around these two buildings have open access at all hours, which has attracted waste dumping and other nuisances. As a result, maintenance crews have become overwhelmed with requests to clean organic material, taking time away from other priorities. Fencing will prevent these nuisances from taking place at these two City facilities (\$11,000).
- Maintenance Division– Increase grounds maintenance supplies to fund fixes at the City’s pickleball courts at Del Mar Park as well as other small maintenance projects, including security projects. Based on feedback received by staff from pickleball players, staff became aware of concerns about expansion joints on the pickleball courts. The security changes include updates to lock mechanisms around the City (\$14,000).
- Street Trees – Increase budget for City arborist and tree trimming. The City is required to maintain the health and safety of trees within the right-of-way. Many of the City’s trees have not been maintained for many years and therefore pose potential health and safety risks. These funds would support a certified arborist and trimmer to assess trees performing trimming when needed or removal when hazardous (\$21,500).
- Morro Creek Revitalization - These funds are required for the City’s contracted biologist to perform site visits to Morro Creek to verify the City has achieved and maintained 70% plant survival in the creek. In addition, the biologist submits an annual report to California Fish and Wildlife confirming the City’s compliance with the terms of a Notice of Violation sent to the City in 2017. This is the final year of the City’s 5-year plan for Morro Creek restoration (\$3,500).

Recreation Services –

- Administration – Correct FY 2021-22 staffing budget errors to reflect current staffing (\$90,339).
- Sports – Increase Recreation Supervisor from 0.75 to 1.0 FTE to restore pre-pandemic staffing levels and increase part-time sports staffing to allow for increased service provision such as adult softball and girls' softball (\$25,342).
- Youth Services – Correct Recreation Youth Services staffing budget error and increase part-time staff due to increasing youth services activity (\$211,170).
- Teen Programs – Eliminate Part-Time budget for Teen Programs; currently closed (-\$20,009).
- Community Pool – Increase part-time staffing and training at the Community Pool to reflect increased use and hours (\$28,750).

Community Development –

- Software implementation to facilitate electronic plan review, funded by grant revenues (\$78,000).

Administrative Services –

- Restore prior Finance staffing by adding a Fiscal Analyst position. In 2016, the City had seven Finance staff members. Today, there are six positions assisted inconsistently by part time hours. Two of the six full-time positions are intended to take on duties beyond finance, including oversight and support of IT, City Manager and citywide support, and analytical support for other City functions. This is not possible due to workload, which has increased over the years to include strategic financial direction and oversight for the Water Reclamation Facility, administration of the new American Rescue Plan Act funds, addressing the City's unfunded pension liability, and growing internal customer service needs. In addition, Council's stated goals of fiscal sustainability and economic vitality, as well as the desire to develop a more robust capital budget and financing strategy, require additional allocation of staff resources to address. The current staffing level is insufficient to meet best practices in fiscal administration and Council goals. Adding a Fiscal Analyst may not fully close the gap between existing and needed finance staff resources, but it will restore the City to the level of staffing it had six years ago, prior to recent workload expansions. Staff is continuing to implement other operational efficiencies and will continually evaluate staff resource levels. The cost of the Fiscal Analyst position for the remainder of FY 2021-22 is estimated at approximately \$30,000. The ongoing annual costs with full benefits are estimated to be \$136,000 and would be budgeted in FY 2022-23; the full costs are built into the General Fund five-year forecast (\$30,000 midyear adjustment).

City Clerk –

- Fund the municipal election to be held in June 2022 as directed by Council (\$30,000).
- Add a City Clerk position, recognizing that that the current structure of combining the City Clerk and Human Resources Manager roles and responsibilities into one position is an unsustainable model that does not allow for sufficient capacity in either area. The addition of a City Clerk position would allow the City to keep pace with an increasing volume of Public Records Act requests, several City Advisory Boards, and Citywide records management duties, while allowing the City to properly address increasing HR needs including class and compensation analysis, succession planning, policy development and implementation, and employee training and development. The current joint position would be reclassified to a Human Resources/Risk Manager position after a new City Clerk can be brought on board. The current fiscal year costs of the City Clerk position are estimated to be approximately \$35,000. The ongoing annual costs will

full benefits are estimated to be \$159,000 and would be budgeted in FY 2022-23; the full costs are built into the General Fund five-year forecast (\$35,000 midyear adjustment).

City Manager –

- Host a facilitated regional coordination discussion with the other City Managers and regional partners; a portion of these costs will be reimbursed by participating agencies (\$10,000).
- Correct the general liability insurance budget for FY 2021-22 based on current invoice (\$12,546).

Contractual Services –

- Postpone the capital needs assessment work until FY 2022-23, given the retirement of the City Engineer and recruitment for his replacement in the latter part of FY 2021-22. This will be budgeted in FY 2022-23 (-\$200,000).
- Appropriate budget for the Townsend state lobbyist contract approved by Council in November 2021 (\$20,000).
- Appropriate funds for the beginning of a classification and compensation study to be completed in FY 2022-23 (\$30,000).

These changes are outlined in table form below. These expenditure increases and decreases result in a net General Fund budget increase of approximately \$1.1 million, which is offset by recommended General Fund revenue budget increases. If implemented, these would result in an amended General Fund budget of approximately \$16.8 million:

General Fund Expenditure Budget Amendments

Department	Description	Increase (Decrease) Amount	Prior Council Approval	One-time/Ongoing
All	Increased City Health Bank contributions	37,746	9/28/21	Ongoing
Police	Council-directed gun control measures - POST trainings, one community training, off duty firearms training for officers, and supplemental ammunition	29,500	9/14/21	Ongoing
Police	General liability insurance budget to correct error in FY 2021-22 budget	37,895	N/A	Ongoing
Fire	Overtime for mutual aid wildfire response; reimbursed	350,000	N/A	One-time
Fire	Employer Paid Benefits for mutual aid response; reimbursed	120,000	N/A	One-time
Fire	Meals and Lodging for mutual aid response; reimbursed	2,500	N/A	One-time
Fire	Rolling stock budget increase offset by mutual aid reimbursement	7,500	N/A	One-time
Public Works	Maintenance - Wildlife education and seagull management	40,000	N/A	Ongoing
Public Works	Maintenance - portable restroom rentals along the waterfront/rock	12,000	N/A	Ongoing

Public Works	Maintenance - contractual services - security fencing for facilities	11,000	N/A	One-time
Public Works	Maintenance - grounds maintenance supplies – security updates and increased needs	14,000	N/A	Ongoing
Public Works	Street Trees – City arborist funding increase	6,000	N/A	Ongoing
Public Works	Street Trees - Tree trimming funding increase	15,500	N/A	Ongoing
Public Works	Morro Creek Revitalization	3,500	N/A	One-time
Recreation	Correct Recreation Administration staffing budget errors	90,339	N/A	Ongoing
Recreation	Increase Recreation Supervisor from 0.75 to 1.0 FTE and increase Sports part-time hours due to increasing activity	25,342	N/A	Ongoing
Recreation	Correct Recreation Youth Services staffing budget errors and increase part-time staff due to increasing youth services activity	211,170	N/A	Ongoing
Recreation	Eliminate Part-Time budget for Teen Programs; currently closed	(20,009)	N/A	Ongoing
Recreation	Increase Recreation Community Pool part-time hours due to increased activity	28,750	N/A	Ongoing
Admin Services	Restore Finance staffing by adding a Fiscal Analyst	30,000	N/A	Ongoing
Community Dev	Grant-funded electronic plan review software	78,000	N/A	One-time
City Clerk	Special Municipal Election for single Council Member (June 7, 2022)	30,000	N/A	One-time
City Clerk	Add a City Clerk position (separate from Human Resources Mgr)	35,000	N/A	Ongoing
City Manager	Regional coordination and facilitation	10,000	N/A	One-time
City Manager	General liability insurance budget to correct error in FY 2021-22 budget	12,546	N/A	Ongoing
Contract Svcs	Delay CIP Needs Assessment until FY 22-23	(200,000)	N/A	One-time
Contract Svcs	Townsend Lobbyist contract	20,000	11/10/21	Ongoing
Contract Svcs	Begin classification and compensation study (Finish in FY 22-23)	30,000	N/A	One-time
	Total General Fund Budget Amendment	1,068,279		

The net impact of the General Fund revenue and expenditure budget amendments would be an improvement of approximately \$0.1 million in the projected year-end fund balance, resulting in a total projected operating surplus of approximately \$0.2 million for FY 2021-22.

Measure Q & E Fund

Measure E was approved by the voters in November 2020 and replaced Measure Q, which was approved by the voters in 2006. Measure Q was a one-half percent local transaction and use tax, and Measure E added one percent to that, for total Measure E tax of one and a half percent. This is codified and explained in detail in Chapter 3.26 of Morro Bay’s Municipal Code. While Measure E is a General Tax, the City Council has identified areas of priority spending consistent with the ballot measure language in 2020, and consistent with the prior 2006 ballot language used when Measure Q was approved. As directed by City Council on April 13, 2021, the four priority areas of spending include:

- Maintain public safety services by funding staff positions that are most closely aligned with the purposes of the Measures Q and E. Expenses include costs associated with Morro Bay Fire Department, Morro Bay Police Department and Morro Bay Harbor personnel and equipment, in addition to the Fire Headquarter Debt service and the Fire Engine loan repayment;
- Maintain or enhances cleanliness and safety of public space such as parks, waterfront and the beach by funding personnel, supplies, expenses and equipment to support City operations in departments including Public Works Consolidated Maintenance and Harbor Department;
- Invest in infrastructure and equipment such as street paving, storm drains, and vehicle replacements that support City services. This priority may include increasing capacity to implement the backlog of unfunded capital projects; and
- Ensure financial health of the City by maintaining appropriate reserves to protect against economic downturns, natural/health emergencies and other unforeseen challenges or opportunities.

Measure E (like Measure Q before it) requires an independent annual financial audit and the establishment of an independent citizens' advisory committee to review annual expenditures. The Citizens’ Finance Advisory Committee (CFAC) serves as that oversight committee and is to receive annual and semi-annual reporting on expenditures from Measure revenues. This Midyear report serves as that semi-annual report.

As of December 31, 2021, the Measure Q & E Fund (fund 003) had received 43% of budgeted revenues and expended 18% of budgeted expenditures (excluding encumbrances).

FY 2021-22 Measure Q & E Total Revenues and Expenditures

	Adopted Budget	12/31/21 Actuals	% Rec'd/ Used	Prior Yr Actual
Total Revenues	3,438,184	1,490,341	43%	2,067,450
Total Expenditures	4,072,558	740,873	18%	1,318,910
GRAND TOTALS	(634,374)*	749,468		748,540

* Expenditure budget exceeds revenue budget due to intended use of fund balance from prior years.

Measure Q & E Fund Revenues

The Fund’s revenue budget is comprised of Measure Q revenues and Measure E revenues. At the time that the FY 2021-22 budget was prepared, staff lacked clarity about how the funds would be received from the state. Therefore, the Adopted Budget included roughly one-third of the funds for Measure Q revenues and two-thirds for Measure E revenues. In fact, since Measure E replaced Measure Q under the ordinance, all funds will be received as Measure E funds from the state. The City will continue to receive very small amounts of Measure Q revenue as late sales tax receipts are remitted to the State and passed along to the City. In future fiscal years, all revenue budgeted and received will be Measure E revenue. This year, \$1,479,581 of the revenues received as of December 31, 2021 were Measure E and the remaining \$10,760 were Measure Q. The fact that 43% of budgeted revenues have been received at midyear is very positive, since these represent only sales taxes remitted through October; there is a delay in the City’s receipt of the funds.

Measure Q & E Fund Expenditures

At midyear, the Measure Q & E Fund had expended 20% of budgeted revenues. The primary reason that figure is lower than would be expected is that the interfund transfer entries had not yet been made.

Department	Adopted Budget	Actuals	% Used	Prior Yr Actual
Non-Departmental	0	2,914		0
Police	600,451	190,104	32	132,127
Fire	744,405	453,313	61	350,633
Public Works	469,577	31,358	11	10,400
Harbor	201,000	63,184	31	0
Interfund Transfers	2,057,126	0	0	1,318,910
Total Expenditures	4,072,558	740,873	20%	1,318,910

Interfund transfers will be made as budgeted: \$50,000 to the Harbor Fund for a new patrol vessel, \$625,000 to the General Fund Emergency Reserve, \$350,000 to the General Government CIP Fund for the Pavement Management project, \$314,000 to the General Government CIP Fund for Storm Drain projects, and \$600,000 to the General Government CIP Fund for the Highway 1/41 Interchange. Work is resuming on capital projects after a pause during the pandemic due to fiscal uncertainty. Restarting this work has been somewhat slowed due to the retirement of the City Engineer and a recruitment for a Senior Civil Engineer that did not result in a hire. However, staff has procured consultant services and has hired a new City Engineer to continue forward progress on these projects.

In addition to the inter-fund transfers not having been made yet at midyear, there will also be some personnel entries that will be charged to the fund in the second half of the fiscal year, such as the CalPERS unfunded liability payments that have not yet been charged to the fund.

Expenditures in Public Works are particularly low at midyear given that the \$175,000 budgeted for CIP implementation had not yet begun to be expended. There are recommended budget amendments associated with this item below.

Recommended Measure Q & E Fund Budget Amendments

Revenues. Due to a strong economic recovery, the City's sale tax consultants HdL are projecting strong increases to Measure E revenues for FY 2021-22. Given the volatility of the portion of sales taxes related to tourism in Morro Bay, staff recommends taking a conservative approach and budgeting just over half of the amount of revenue increase that HdL projects for the remainder of the fiscal year, as outlined in the section below. The recommended increase of \$500,000 for FY 2021-22 would result in an amended revenue budget of approximately \$3.9 million for Measure Q & E and would more than cover all recommended expenditure budget amendments, resulting in a net positive change to the projected year-end fiscal position.

Expenditures. Staff is recommending the following Measure Q & E Fund expenditure budget adjustments at midyear. All of the proposed expenditure budget adjustments would be more than covered by the recommended revenue budget increase, improving the projected year-end fund status. The recommended changes are summarized by department or division as follows, with a consolidated table presented after the narrative:

Police –

- Allocate budget to support the costs of body-worn cameras for police officers (\$28,000).
- Appropriate annual payment to the San Luis Obispo County Sheriff's Department for Morro Bay's contribution to the County Bomb/Drug/Gang task force. This funds staff and required equipment to respond to situations involving bombs, drugs, or gangs. This was previously budgeted in Measure Q & E but inadvertently omitted for FY 2021-22 (\$15,000).
- Appropriate funds for the annual regional SWAT team contribution. These funds go to the City of San Luis Obispo for staff and equipment that the SWAT team uses. Each agency has staff that are members of the SWAT team. The contribution amount is based on the number of SWAT members from each agency. Morro Bay has two SWAT team members. This was previously budgeted in Measure Q & E but inadvertently omitted for FY 2021-22 (\$6,000).
- Appropriate funds for the annual payment for CLETS/Data lines to the San Luis Obispo Sheriff's Department. This is for access to CLETS and Data lines that the Sheriff's department is the custodian of for the Department of Justice. This was previously budgeted in Measure Q & E budget inadvertently omitted for FY 2021-22 (\$15,000).
- Increase the budget for the Police Department's Records Management System (RMS) based on Council approval. This project was already budgeted in Measure Q & E, and after competing an RFP process, staff determined that additional one-time funding is required to obtain a satisfactory vendor and product (\$65,000).

Public Works –

- Reduce contractual services budget for CIP Implementation – The FY 2021-22 budget included \$175,000 for "Public Works Engineering CIP Implementation Resources". This pool of funding was to restore capacity in Public Works Engineering to achieve implementation of CIPs. The approach to pursue, such as staffing or consultant support or some combination thereof, was to be considered by the incoming Public Works Director. While a portion of these funds will be utilized, the full amount will not be. Staff recommends reducing contract services budget and reallocating to fund an Associate Engineer position for CIP implementation, explained below (-\$100,000).

- Increase capacity to deliver capital projects by funding an Associate Engineer for CIP Implementation - At the meeting on September 14, 2021, City Council approved an increase of one Full Time Equivalent (FTE) position for a Senior Civil Engineer in order to assist with capital project implementation. Subsequently, staff opened a recruitment for the position for approximately two months but only received one application from a viable candidate who ultimately was not interested in the job. In conversations with hiring managers from other public agencies, staff learned that all agencies currently attempting to hire engineers are facing similar recruitment challenges. However, an opportunity to promote a qualified staff person to an Associate Engineer position arose when an employee's previous duties were transferred to a new Engineering Tech successfully hired in January. The Associate Engineer will largely be focused on capital projects implementation in line with the stated goals of City Council and Measure Q & E funding. The costs for this position for the remainder of the fiscal year are approximately \$44,000. On an ongoing basis, this position will cost approximately \$143,000 fully burdened (\$44,000).
- Increase capacity to enhance cleanliness and safety of public spaces by funding a Maintenance Superintendent position. This position was defunded in FY 2020-21 in response to the pandemic, and the move has impacted the City's ability to effectively manage the maintenance function. Reinstating this position will allow Public Works to streamline the development, organization, and distribution of critical maintenance operations tasks related to the City Council Goal of improving infrastructure by addressing cleanliness (while maintaining sensitivity to wildlife) and safety issues. These operations include the upkeep of several City assets, including storm drains, sidewalks, streets, street trees, open space areas, parks, public restrooms, City facilities, City vehicles, and other assets. The addition of a Maintenance Superintendent will make the City's maintenance operations more efficient and will enhance responsiveness to requests made by residents, businesses, regulatory agencies, and other City departments. The costs for this position for the remainder of the fiscal year are approximately \$35,000 maximum, as it will take some time to recruit. On an ongoing basis, this position will cost approximately \$159,000 fully burdened (\$35,000).

Interfund Transfers –

- Make the final payment to the General Fund Emergency Reserve (GFER) for the Fire apparatus one year early. The four-year payment schedule for Measure Q & E Fund to repay the General Fund Emergency Reserve for the \$225,000 loan to purchase a portion of the fire apparatus will end in FY 2022-23. Due to the positive revenue growth in Measure E, the Fund has the capacity to repay this now. This will free up \$56,250 for appropriation in the FY 2022-23 Measure Q & E Fund budget and will contribute to restoring the General Fund Emergency Reserve consistent with Council's GFER policy (\$56,250).
- Increase the budgeted transfer to the General Fund Emergency Reserve consistent with Council GFER policy setting the minimum reserved balance at 33% and the target at 50%. The projected GFER balance at the end of FY 2021-22 is \$3.9 million, short of the minimum 33% level. This additional transfer would take the GFER closer to the required minimum (\$300,000).

If the recommended budget amendments to the Measure Q & E Fund are implemented, the amended revenue budget would be approximately \$3.9 million and the amended expenditure budget would be approximately \$4.5 million. This would spend down slightly less of the remaining FY 2020-21 fund balance than anticipated, leaving additional fund balance to appropriate in FY 2022-23.

The recommended changes are outlined in tabular form below:

Recommended Measure Q & E Fund Budget Amendments

Measure Q & E Fund Revenues	Budget Increase
Increase Measure E Sales Tax Revenue Budget	500,000

Measure Q & E Fund Expenditures	Budget Increase (Decrease)	Prior Council Approval	One-time / Ongoing
Police - Body-Worn Camera Support	28,000	Prior years	Ongoing
Police - Bomb/Drug/Gang task force payment to Sheriff	15,000	Prior years	Ongoing
Police - SWAT Team contribution to the Regional SWAT	6,000	Prior years	Ongoing
Police - Data and CLETS lines	15,000	Prior years	Ongoing
Police - Records Management System (RMS) Costs	65,000	1/25/2022	One-time
Public Works - Reduce Contract Services budget for CIP Implementation (will perform primarily with staff)	(100,000)	N/A	One-time
Public Works - Associate Engineer for Capital Projects (remainder of FY)	44,000	Sr. Engineer 9/14/21	Ongoing
Public Works - Consolidated Maintenance Superintendent (remainder of FY)	35,000	N/A	Ongoing
Transfers - Pay off remainder of Fire Apparatus Early	56,250	N/A	One-time
Transfers - Increase to General Fund Emergency Reserve	300,000	N/A	One-time
Total	464,250		

Enterprise Funds

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

Harbor Funds

The Harbor Enterprise Fund accounts for revenues received from harbor leases, slips, moorings, and other sources, which are expended for maintenance, operation, patrolling, and improvements of the harbor. The Harbor Department recently implemented an RV parking program that has begun to generate some new revenue for these activities. As of December 31, 2021, the Harbor Operating Fund had expended approximately 39% of its budget, or \$0.8 million of \$2.1 million. Last fiscal year, the Harbor Fund had an operating surplus of \$0.6 million, but the fund balance remains negative due in large part to long-term liabilities such as the pension liability. Work on Harbor Department capital projects was put on hold after the onset of the pandemic and has since partially resumed. Significant unfunded capital improvement needs associated with Harbor Fund activities remain.

Recommended Harbor Funds Budget Amendments

There are several budget amendments in Harbor Funds recommended at midyear to reflect updated capital project activity, an increased donation from Friends of the Harbor for the patrol vessel and evolving operational needs. The recommended changes are outlined in narrative form followed by a summary table. In total, these result in a net expenditure increase of approximately \$0.1 million across all Harbor funds. Given that the Adopted FY 2021-22 budget included an estimated \$0.1 million net operating surplus, the fiscal year-end position of the Harbor funds will not be significantly altered by these midyear changes.

Harbor Operating Fund & Accumulation Fund –

- Increase RV Camping Program revenue due to the extension of the pilot program, and increase associated program expenditures (\$60,000 revenue; \$10,200 expenditures).
- Increase revenue for launch ramp parking and transfer that into the Harbor Accumulation Fund consistent with past practice (\$10,000).
- Budget for additional hull/vessel insurance for the new patrol boat (\$10,000).
- Harbor operations have had reduced staffing for some time. An organizational assessment will assist with a review of operational needs (\$25,000), and temporary administrative support will be procured until that assessment is completed (\$20,000).
- Correct staffing budget (\$32,581) and increase City Health Bank monthly contributions per Council approval (\$4,260).
- Increase transfers to the CIP Fund by a net \$80,000 to account for a new CIP project at 595 Embarcadero (\$100,000) and reflect a portion of the increased donation from Friends of the Harbor for the new boat (-\$20,000).

Harbor Capital Improvement Fund –

- 595 Embarcadero Lease Site Improvements - The conversion of the vacant former Morro Bay Aquarium building for use by Three Stacks and a Rock Brewing Company under an interim building

lease agreement executed in 2019 required substantial owner improvements. The City agreed to complete seismic retrofitting of the building, replace a substantial portion of the sewer lateral, and complete electrical and other upgrades. While staff’s initial cost estimate for these items was approximately \$50,000 based on what was then thought to be the scope, the project scope and costs significantly increased (\$130,000 offset by a \$30,000 reimbursement from the lessee).

- Harbor Vessel/Equipment Project – The Friends of the Harbor donation revenue has increased by \$40,000 and the project budget has increased by an estimated \$20,000, reflected in the budget and transfer budget adjustments in the tables below.

Description	Increase (Decrease) Amount
Harbor Operating Fund Revenues	
RV Camping Program Revenue Increase	60,000
Launch Ramp Revenue Increase	10,000
Total	70,000

Harbor Operating Fund Expenditures	
RV Camping Program - Additional TOT taxes and credit card fees	10,200
Additional hull/vessel insurance costs for new patrol boat	10,000
Harbor Department Organizational Assessment	25,000
Increased Transfer of Addl Launch Ramp Revenues to Accumulation Fund	10,000
Temporary admin support until organizational assessment complete	20,000
Staff Budget Correction due to error in budget backup	32,581
Increased City Health Bank contributions	4,260
Transfer to Harbor CIP Fund for 595 Embarcadero Improvements	100,000
Reduce transfer from Harbor Operating to CIP for Vessel	(20,000)
Total	192,041

Harbor Accumulation Fund Revenues	
Increased Transfer in of Increased Launch Ramp Revenue	10,000
Total	10,000

Harbor Capital Improvement Fund Revenues	
Increased donation from Friends of the Harbor	40,000
Decrease transfer in from Harbor Operating Fund	(20,000)
Transfer In from Harbor Operating for 595 Embarcadero Lease Site Improv.	100,000
Reimbursement from Lessee	30,000
Total	150,000

Harbor Capital Improvement Fund Expenditures	
595 Embarcadero Lease Site Improvements	130,000
Harbor Vessels/Equipment Project Budget Increase	20,000
Total	150,000

Water Funds

The Water Enterprise Fund accounts for revenues received primarily from water service charges, which are expended for maintenance, operations, and capital improvements to the water system. At midyear, the Water Fund had received approximately 55% of its budgeted revenues (\$4.1 of \$7.5 million) and expended approximately 20% of its budgeted expenditures (\$0.8 million of \$7.6 million). The lag in expenditures is due primarily to pending interfund transfer entries to the Water CIP Fund.

Recommended Water Funds Budget Amendments

Progress is continuing on the OneWater projects. Staff is requesting an appropriation of an additional \$0.9 million for the Nutmeg Pressure Zone Project at midyear, not due to a project cost increase but due to accelerating the project timeline from what was assumed during budget development. In preparation of the FY 21-22 budget, many CIP budgets were extended out one year due to anticipated COVID revenue and staffing availability impacts. The budget for this project was inadvertently pushed out, although work continued on the project.

The one minor change to operating costs reflects the increase in monthly City Health Bank contributions approved by Council in September 2021. The Water Revenue (operating) fund balance can support these expenditure increases.

Description	Increase (Decrease) Amount
WATER REVENUE (OPERATING) FUND EXPENDITURES	
Increased City Health Bank contributions	2,634
Transfer Out to Water CIP Fund for project 9932 (Nutmeg)	899,797
TOTAL	902,431
WATER CIP FUND REVENUES	
Transfer In from Water Revenue (Operating) Fund for Nutmeg (project 9932)	899,797
TOTAL	899,797
WATER CIP FUND EXPENDITURES	
Nutmeg Pressure Zone Project (9932)	899,797
TOTAL	899,797

Sewer Funds

The sewer enterprise funds account for revenues received primarily from sewer service charges, which are expended for maintenance, operations and improvements to the sanitary sewer system. The existing Wastewater Treatment Plant activities, shared with Cayucos until this year, are tracked in a separate fund (WWTP Fund 599). The Sewer Fund contributes to the Treatment Plan fund for Morro Bay’s share of plant operations. At midyear, the Sewer Fund had received approximately 59% of budgeted revenue (\$4.6 of \$7.9 million). The Sewer Fund and Treatment Plant Fund had expended approximately 12% of budgeted

expenditures collectively, which is lower than expected primarily due to interfund transfers pending from the Sewer Operating Fund to the WWTP Fund and from the Sewer Operating to the Sewer CIP Fund. The Water Reclamation Facility (WRF) project is underway now. Regular quarterly reports on the project’s expenditures are presented to CFAC and Council. No midyear budget adjustment is requested for the WRF project. In addition to the WRF, the City is moving forward with other OneWater projects and requested associated budget amendments below.

Recommended Sewer Funds Budget Amendments

Progress is continuing on the OneWater projects. Staff is requesting an appropriation of an additional \$1.5 million at midyear for two wastewater collections projects, not due to a project cost increases but due to accelerating the project timeline from what was assumed during budget development. In preparation of the FY 21-22 Budget, many CIP budgets were extended out one year due to anticipated COVID revenue and staffing availability impacts. The budgets for the two projects below were inadvertently pushed out, although work continued on these projects. The Main St./Atascadero Rd. Project should progress now in order to sequence construction with the WRF Conveyance pipeline installation on Atascadero Road. The Beachcomber Project should proceed now in order to reduce Inflow and Infiltration into the sewer system. The Sewer Accumulation Fund has sufficient balance to transfer these funds into the Sewer CIP Fund.

The one minor change to operating costs reflects the increase in monthly City Health Bank contributions approved by Council in September 2021. The Sewer Operating Fund can accommodate that minor increase.

Description	Increase (Decrease) Amount
MB/CS WASTEWATER FUND	
Increased City Health Bank contributions	6,312
TOTAL	6,312

SEWER FUND OPERATING	
Increased City Health Bank contributions	1,548
TOTAL	1,548

SEWER ACCUMULATION FUND EXPENDITURES	
Transfer Out to Sewer CIP Fund for projects 9928 and 9929	1,500,626
TOTAL	1,500,626

SEWER CIP FUND REVENUES	
Transfer In from Accumulation Fund for WW Collections Main St. & Atas Rd (9928)	920,000
Transfer In from Accumulation Fund for WW Collections Beachcomber (9929)	580,626
TOTAL	1,500,626

SEWER CIP FUND EXPENDITURES	
Wastewater Collections Main St./Atascadero Rd. Project (9928)	920,000
Wastewater Collections Beachcomber Project (9929)	580,626
TOTAL	1,500,626

Transit Fund

The Transit Fund accounts for the operations and activities associated with the City’s public transit system, Morro Bay Transit, which operates a year-round deviated fixed route with fixed route and Call-A-Ride services, and a seasonal Trolley service. The deviated fixed route operates one fixed route that flexes, or deviates, off-route to provide limited, advance-scheduled, curb-to-curb service (Call-A-Ride), then returns to the next fixed route stop.

The primary source of revenue for this Fund is Transportation Development Act (TDA) money. TDA was enacted by the State Legislature in 1971 to make funds available for transit, pedestrian way and bikeway projects, transportation planning, ridesharing and street and road improvements. Funds for the TDA come from 1/4 cent of the retail sales tax, for Local Transportation Funds (LTF), and from sales taxes on diesel fuel, for State Transit Assistance (STA). These funds are allocated annually by the San Luis Obispo Council of Governments (SLOCOG) to eligible claimants, under two funding programs: Local Transportation Fund (LTF) and State Transit Assistance (STA).

Recommended Transit Fund Budget Amendments

Staff is recommending the following budget changes to the Transit fund to recognize additional anticipated revenues that staff has been made aware of since budget adoption. There was a small increase in STA funding after the budget was adopted; farebox receipts were slightly higher than budgeted because fare collection began earlier than anticipated after a pandemic pause; and the City will be receiving CARES Act funding in FY 2021-22 as a reimbursement for activities in the last quarter of FY 2020-21.

Expenditures are increasing slightly as well and will be more than covered by the additional revenue.

Description	Increase (Decrease) Amount
TRANSIT OPERATING FUND REVENUES	
MB Transit DAR STA - Increase in STA funding from State	6,934
MB Transit Van Farebox Receipts - increase based on actuals	4,000
MB Transit Coronavirus Relief - CARES Phase 2 reimbursement	75,633
TOTAL	86,567

TRANSIT OPERATING FUND EXPENDITURES	
MB Transit Fuel, Oil, Lubricants - fuel costs have increased	4,300
MB Transit Machinery/Equip/Supplies - vehicle repairs	700
MB Transit Contractual Services – higher contract CPI adjustment 3 rd /4 th qtr.	2,000
TOTAL	7,000

If these budget amendments are approved, the amended Transit Fund revenue budget would be approximately \$0.4 million and the amended expenditure budget would be approximately \$0.3 million.

Other Funds

Morro Bay has several other smaller funds with special purposes. They are all outlined in detail each year in the [Adopted Budget document](#).

No midyear budget adjustments are recommended in the American Rescue Plan Act (ARPA) Fund. The Final Rule was issued by the Department of Treasury in January 2022. It allows municipalities to utilize their full allocation up to \$10 million toward general governmental services. Given that Morro Bay’s allocation is approximately \$2.5 million, the City will be able to utilize all budgeted funds for FY 2021-22 as intended. Staff will review priorities and budget the second half of the funds in the FY 2022-23 budget cycle.

Recommended Other Funds Budget Amendments

This year, there are two midyear changes that are required to implement prior Council direction.

First, with Resolution 46-20, Council approved a contribution in the form of \$150,000 loan for an affordable housing development at 405 Atascadero Road. That project has come to fruition, but the FY 2021-22 budget only included \$75,000. This amendment will fully execute Council’s direction to contribute \$150,000.

Second, at the August 24, 2021 Council meeting, Council approved a budget increase for the Wayfinding CIP project in the amount of \$57,020 and directed staff to return to Council with budget amendments at midyear. As shown below, the funds will be transferred out of the Economic Development Fund, into the General Government CIP Fund, and expended from there.

Description	Increase (Decrease) Amount
AFFORDABLE HOUSING IN-LIEU FUND EXPENDITURES	
Appropriate full contribution for 405 Atascadero Rd (Reso 46-20)	75,000
TOTAL	75,000
ECONOMIC DEVELOPMENT FUND EXPENDITURES	
Increase Transfer Out to CIP Fund for Wayfinding Project	57,020
TOTAL	57,020
GENERAL GOVT CAPITAL IMPROVEMENT FUND REVENUES	
Increase Transfer Into CIP Fund from Econ Dev Fund for Wayfinding Project	57,020
TOTAL	57,020
GENERAL GOVT CAPITAL IMPROVEMENT FUND EXPENDITURES	
Increase Budget for Wayfinding Project per Council Direction (8423)	57,020
TOTAL	57,020

RESOLUTION NO. 17-22

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
APPROVING AMENDMENTS TO THE CITY'S FISCAL YEAR 2021-22 BUDGET**

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

WHEREAS, Fiscal Year 2021-22 Midyear Budget adjustments were discussed and approved during the February 22, 2022 Council meeting; and

WHEREAS, the Council now desires to amend its Adopted Fiscal Year 2021-22 Budget to include the amendments outlined in Exhibit 1.

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

1. The operating and capital budgets of the City are amended by the additional revenues, expenditures and transfers, as shown on the attached Exhibit 1, that were discussed at the February 22, 2022, Council Meeting; and

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 22nd day of February 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

Exhibit A
FY 21-22 Midyear Budget Amendments

Fund	Department	Description	Increase (Decrease)	Account adjusted	Prior Council Approval	One-time/ Ongoing
GENERAL FUND REVENUES						
General Fund	Admin Services	Increase Transit Occupancy Tax Revenue based on actuals to date	350,000	001-3510-3064	N/A	Ongoing
General Fund	Admin Services	Increase Sales Tax Revenue based on updated HDL Estimates	240,000	001-3510-3051	N/A	Ongoing
General Fund	Fire	Mutual aid reimbursements for wildfire response costs	480,000	001-4210-3472	N/A	One-time
General Fund	Community Dev	Grant-funded electronic plan review software	78,000	001-7105-3392	N/A	One-time
TOTAL			1,148,000			
			16,830,411			
GENERAL FUND EXPENDITURES						
General Fund	City Council	Increased City Health Bank contributions	312	001-2110-4910	9/28/2021	Ongoing
General Fund	City Manager	Increased City Health Bank contributions	774	001-3110-4910	9/28/2021	Ongoing
General Fund	City Clerk	Increased City Health Bank contributions	1,356	001-3130-4910	9/28/2021	Ongoing
General Fund	Human Resources	Increased City Health Bank contributions	582	001-3140-4910	9/28/2021	Ongoing
General Fund	Accounting & Treasury	Increased City Health Bank contributions	1,938	001-3510-4910	9/28/2021	Ongoing
General Fund	IT	Increased City Health Bank contributions	582	001-3520-4910	9/28/2021	Ongoing
General Fund	Police	Increased City Health Bank contributions	8,766	001-4110-4910	9/28/2021	Ongoing
General Fund	Support Services	Increased City Health Bank contributions	894	001-4150-4910	9/28/2021	Ongoing
General Fund	Fire	Increased City Health Bank contributions	7,680	001-4210-4910	9/28/2021	Ongoing
General Fund	Public Works	Increased City Health Bank contributions	3,798	004-5205-4910	9/28/2021	Ongoing
General Fund	Consolidated	Increased City Health Bank contributions	5,586	001-5215-4910	9/28/2021	Ongoing
General Fund	Vehicle Maintenance	Increased City Health Bank contributions	582	001-5220-4910	9/28/2021	Ongoing
General Fund	Recreation Admin	Increased City Health Bank contributions	1,086	001-6110-4910	9/28/2021	Ongoing
General Fund	Recreation Sports	Increased City Health Bank contributions	312	001-6130-4910	9/28/2021	Ongoing
General Fund	Recreation Youth Services	Increased City Health Bank contributions	312	001-6140-4910	9/28/2021	Ongoing
General Fund	Community Dev	Increased City Health Bank contributions	3,186	001-7105-4910	9/28/2021	Ongoing
General Fund	Police	Council-directed gun control measures - Professional Development funding for POST Trainings. Amount lower than approved due to COVID delays.	15,000	001-4110-6125	9/14/2021	Ongoing
General Fund	Police	Council-directed gun control measures - \$2,500 in Overtime pay for a community training; \$10,000 for off duty firearms training for officers. Amounts lower than approved due to COVID delays.	12,500	001-4110-4210	9/14/2021	Ongoing
General Fund	Police	Council-directed gun control measures - supplemental ammunition.	2,000	001-4110-5150	9/14/2021	Ongoing
General Fund	Police	General liability insurance budget to correct error in FY 2021-22 budget	37,895	001-4110-6401	N/A	Ongoing
General Fund	Fire	Overtime for mutual aid wildfire response; reimbursed.	350,000	001-4210-4120	N/A	One-time
General Fund	Fire	Employer Paid Benefits for mutual aid response; reimbursed	120,000	001-4210-4910	N/A	One-time
General Fund	Fire	Meals and Lodging for mutual aid response; reimbursed	2,500	001-4210-6513	N/A	One-time
General Fund	Fire	Rolling stock budget increase offset by mutual aid reimbursement	7,500	001-4210-5503	N/A	One-time
General Fund	Public Works	Consol. Maint. - Wildlife education and seagull control	40,000	001-5215-6105	N/A	Ongoing
General Fund	Public Works	Consol. Maint. - porta potty rentals along the waterfront/rock	12,000	001-5215-6810	N/A	Ongoing
General Fund	Public Works	Consol. Maint. - contractual services - security fencing for facilities	11,000	001-5215-6106	N/A	One-time
General Fund	Public Works	Consol. Maint. - grounds maintenance supplies - increased needs	14,000	001-5215-5501	N/A	Ongoing
General Fund	Public Works	Tree Maintenance - City arborist funding increase	6,000	001-5232-6105	N/A	Ongoing
General Fund	Public Works	Tree Maintenance - Tree trimming funding increase	15,500	001-5232-6106	N/A	Ongoing
General Fund	Public Works	Morro Creek Revitalization	3,500	001-5235-6106	N/A	One-time
General Fund	Recreation	Correct Recreation Administration staffing budget errors	61,318	001-6110-4110	N/A	Ongoing
General Fund	Recreation	Correct Recreation Administration benefits budget errors	29,021	001-6110: 4911,4112,4910	N/A	Ongoing
General Fund	Recreation	Correct Recreation Sports staffing budget errors including increase Recreation Supervisor-Sports 1.0 FTE (increase of 0.25 FTE)	(14,883)	001-6130-4110	N/A	Ongoing
General Fund	Recreation	Correct Recreation Sports benefits budget errors	(5,775)	001-6130: 4911,4912	N/A	Ongoing
General Fund	Recreation	Recreation Part-Time Pay for Sports due to sports activity returning	40,000	001-6130-4310	N/A	Ongoing
General Fund	Recreation	Associated increase in Employer Paid Benefits for Part-time staffing	6,000	001-6130-4190	N/A	Ongoing
General Fund	Recreation	Correct Recreation Youth Services staffing budget errors	18,574	001-6140-4100	N/A	Ongoing
General Fund	Recreation	Correct Recreation Youth Services benefits budget errors	8,596	001-6140: 4911, 4112,4910	N/A	Ongoing
General Fund	Recreation	Recreation Part-Time Pay for Youth Services due to activity returning	160,000	001-6140-4310	N/A	Ongoing
General Fund	Recreation	Associated increase in Employer Paid Benefits for Part-time staffing	24,000	001-6140-4190	N/A	Ongoing
General Fund	Recreation	Eliminate Part-Time budget for Teen Programs; currently closed	(10,000)	001-6143-4310	N/A	One-time
General Fund	Recreation	Eliminate Employer Paid Benefits for Teen Programs; currently closed	(10,009)	001-6143-4190	N/A	One-time
General Fund	Recreation	Recreation Part-Time Pay for Community Pool due to activity returning	25,000	001-6144-4310	N/A	Ongoing
General Fund	Recreation	Associated increase in Employer Paid Benefits for Part-time staffing	3,750	001-6144-4190	N/A	Ongoing
General Fund	Admin Services	Restore Finance staffing by adding a Fiscal Analyst - salary 3 mos	20,000	001-3510-4110	N/A	Ongoing
General Fund	Admin Services	Restore Finance staffing by adding a Fiscal Analyst - benefits 3 mos	10,000	001-3510-4910	N/A	Ongoing
General Fund	Community Dev	Grant-funded electronic plan review software	78,000	001-7105-6106	N/A	One-time
General Fund	City Clerk	Special Municipal Election for single Council Member (June 7, 2022)	30,000	001-3130-6199	N/A	One-time
General Fund	City Clerk	City Clerk position - salary for 3 months	24,000	001-3130-4110	N/A	Ongoing
General Fund	City Clerk	City Clerk position - benefits for 3 months	11,000	001-3130-4910	N/A	Ongoing
General Fund	City Manager	Regional coordination and facilitation	10,000	001-3110-6106	N/A	One-time
General Fund	City Manager	General liability insurance budget to correct error in FY 2021-22 budget	12,546	001-3110-6401	N/A	Ongoing
General Fund	Contract Svcs	Delay CIP Needs Assessment until FY 22-23	(200,000)	001-3115-6106	N/A	One-time
General Fund	Contract Svcs	Townsend Lobbyist contract	20,000	001-3115-6106	11/10/2021	Ongoing
General Fund	Contract Svcs	Begin classification and compensation study (Finish in FY 22-23)	30,000	001-3115-6106	N/A	One-time
TOTAL			1,068,279			

Exhibit A
FY 21-22 Midyear Budget Amendments

Fund	Department	Description	Increase (Decrease)	Account adjusted	Prior Council Approval	One-time/ Ongoing
MEASURE Q&E FUND REVENUES						
Measure Q&E Fund	Non-Dept	Increase Measure E Sales Tax Revenue Budget	500,000	003-1111-3053	N/A	
TOTAL			500,000			

MEASURE Q&E FUND EXPENDITURES						
Measure Q&E	Police	Body-Worn Camera Support	28,000	003-4110-6640	Prior years in Q&E Fund	Ongoing
Measure Q&E	Police	Bomb/Drug/Gang task force payment to County Sheriff's Department	15,000	003-4110-8721	Prior years in Q&E Fund	Ongoing
Measure Q&E	Police	SWAT Team contribution to the Regional SWAT Team	6,000	003-4110-8721	Prior years in Q&E Fund	Ongoing
Measure Q&E	Police	Data and CLETS lines	15,000	003-4110-8721	Prior years in Q&E Fund	Ongoing
Measure Q&E	Police	Police Department Records Management System (RMS) Costs	65,000	003-4110-6106	1/25/2022	One-time
Measure Q&E	Public Works	Reduce Contractual Services Budget for CIP Implementation	(100,000)	003-5205-6106	N/A	One-time
Measure Q&E	Public Works	Associate Engineer for Capital Projects (salary 4 months)	29,000	003-5205-4110	Sr. Engineer	Ongoing
Measure Q&E	Public Works	Associate Engineer for Capital Projects (benefits 4 months)	15,000	003-5205-4110	Sr. Engineer	Ongoing
Measure Q&E	Public Works	Consolidated Maintenance Superintendent (remainder of FY salary)	24,000	003-5215-4110	N/A	Ongoing
Measure Q&E	Public Works	Consolidated Maintenance Superintendent (remainder of FY benefits)	11,000	003-5215-4910	N/A	Ongoing
Measure Q&E	Fire	Pay off remainder of Fire Apparatus Early (FY 22-23 final pmt)	56,250	003-7710-8501	N/A	One-time
Measure Q&E	Transfer	Increase Transfer to General Fund Emergency Reserve	300,000	003-7710-8501	N/A	One-time
TOTAL			464,250			

HARBOR OPERATING FUND REVENUES						
Harbor Operating	Harbor	RV Camping Program Revenue Increase	60,000	331-6512-3499	N/A	One-time
Harbor Operating	Harbor	Launch Ramp Revenue Increase	10,000	331-8479-3499	N/A	One-time
TOTAL			70,000			

HARBOR OPERATING FUND EXPENDITURES						
Harbor Operating	Harbor	RV Camping Program - Additional TOT taxes due to additional revenues	6,200	331-6512-6743	N/A	One-time
Harbor Operating	Harbor	RV Camping Program - Additional credit card fees due to addl revenues	4,000	331-6512-6742	N/A	One-time
Harbor Operating	Harbor	Additional hull/vessel insurance costs for new patrol boat	10,000	331-6510-6474	N/A	Ongoing
Harbor Operating	Harbor	Harbor Department Organizational Assessment	25,000	331-6510-6105	N/A	One-time
Harbor Operating	Harbor	Increased Transfer of Addl Launch Ramp Revenues to Accumulation Fund	10,000	331-7710-8410	N/A	One-time
Harbor Operating	Harbor	Temporary admin support until organizational assessment complete	20,000	331-7710-4310	N/A	One-time
Harbor Operating	Harbor	Staff Budget Correction due to error in budget backup	7,913	331-6510-4110	N/A	Ongoing
Harbor Operating	Harbor	Staff Budget Correction due to error in budget backup	24,668	331-6510-4910	N/A	Ongoing
Harbor Operating	Harbor	Increased City Health Bank contributions	4,260	331-6510-4910	9/28/2021	Ongoing
Harbor Operating	Harbor	Transfer to Harbor CIP Fund for 595 Embarcadero Improvements	100,000	331-7710-8540	N/A	One-time
Harbor Operating	Harbor	Reduce transfer from Harbor Operating to CIP for Vessel	(20,000)	331-7710-8540	N/A	One-time
TOTAL			192,041			
			122,041			

HARBOR ACCUMULATION FUND REVENUES						
Harbor Accumulation	Harbor	Increased Transfer In of Increased Launch Ramp Revenue	10,000	953-7710-3801	N/A	One-time
TOTAL			10,000			

HARBOR CAPITAL FUND REVENUES						
Harbor CIP	Harbor	Increased donation from Friends of the Harbor	40,000	923-8465-3970	N/A	One-time
Harbor CIP	Harbor	Decrease transfer in from Harbor Operating Fund	(20,000)	923-7710-3802	N/A	One-time
Harbor CIP	Harbor	Transfer In from Harbor Operating for 595 Embarcadero Lease Site Imp	100,000	923-7710-3802	N/A	One-time
Harbor CIP	Harbor	Reimbursement from Lessee	30,000	923-8031-3990	N/A	One-time
TOTAL			150,000			

HARBOR CAPITAL FUND EXPENDITURES						
Harbor CIP	Harbor	595 Embarcadero Lease Site Improvements	130,000	932-8031-6106	N/A	One-time
Harbor CIP	Harbor	Harbor Vessels/Equipment Project Budget Increase	20,000	932-8465-7205	N/A	One-time
TOTAL			150,000			

TRANSIT OPERATING FUND REVENUES						
Transit	Public Works	MB Transit DAR STA - Increase in STA funding from State	6,934	301-5261-3242	N/A	Ongoing
Transit	Public Works	MB Transit Van Farebox Receipts - increase based on actuals	4,000	301-5261-3453	N/A	Ongoing
Transit	Public Works	MB Transit Coronavirus Relieve - CARES Phase 2 reimbursement	75,633	301-5261-3992	N/A	One-time
TOTAL			86,567			

TRANSIT OPERATING FUND EXPENDITURES						
Transit	Public Works	MB Transit Fuel, Oil, Lubricants - fuel costs have increased	4,300	301-5261-5110	N/A	Ongoing
Transit	Public Works	MB Transit Machinery/Equip/Supplies - vehicle repairs	700	301-5261-5504	N/A	Ongoing
Transit	Public Works	MB Transit Contractual Services	2,000	301-5261-6106	N/A	Ongoing
TOTAL			7,000			

AFFORDABLE HOUSING IN-LIEU FUND EXPENDITURES						
Affordable Housing	Non-Dept	Appropriate full contribution for 405 Atascadero Rd (Reso 46-20)	75,000	941-1111-8705	5/27/2020	One-time
TOTAL			75,000			

**Exhibit A
FY 21-22 Midyear Budget Amendments**

Fund	Department	Description	Increase (Decrease)	Account adjusted	Prior Council Approval	One-time/Ongoing
ECONOMIC DEVELOPMENT FUND EXPENDITURES						
Econ Dev	Non-Dept	Increase Transfer Out to CIP Fund for Wayfinding Project	57,020	907-7710-8410	8/24/2021	One-time
TOTAL			57,020			
GENERAL GOVT CAPITAL IMPROVEMENT FUND REVENUES						
General CIP	Non-Dept	Increase Transfer In to CIP Fund from Econ Dev Fund for Wayfinding Project	57,020	907-8423-3801	8/24/2021	One-time
TOTAL			57,020			
GENERAL GOVT CAPITAL IMPROVEMENT FUND EXPENDITURES						
General CIP	Non-Dept	Increase Budget for Wayfinding Project per Council Direction	57,020	915-8423-6106	8/24/2021	One-time
TOTAL			57,020			
WATER REVENUE (OPERATING) FUND EXPENDITURES						
Water Fund	Public Works	Increased City Health Bank contributions	2,634	311-5240-4910	9/28/2021	Ongoing
Water Fund	Public Works	Transfer Out to Water CIP Fund for project 9932 (Nutmeg)	899,797	311-7710-8410	N/A	One-time
TOTAL			902,431			
WATER CIP FUND REVENUES						
Water CIP Fund	Public Works	Transfer In from Water Revenue (Operating) Fund for project 9932	899,797	921-7710-3802	N/A	One-time
TOTAL			899,797			
WATER CIP FUND EXPENDITURES						
Water CIP Fund	Public Works	Nutmeg Pressure Zone project - labor costs applied	45,100	921-9932-4999	N/A	One-time
Water CIP Fund	Public Works	Nutmeg Pressure Zone project - consulting services	760,697	921-9932-6105	N/A	One-time
Water CIP Fund	Public Works	Nutmeg Pressure Zone project - land acquisition	94,000	921-9932-7101	N/A	One-time
TOTAL			899,797			
SEWER ACCUMULATION FUND EXPENDITURES						
Sewer Accumulation	Public Works	Transfer Out to Sewer CIP Fund for projects 9928 and 9929	1,525,626	952-7710-8540	N/A	One-time
TOTAL			1,525,626			
SEWER CIP FUND REVENUES						
Sewer CIP Fund	Public Works	Transfer In from Sewer Accumulation Fund for projects 9928	945,000	922-9928-3860	N/A	One-time
Sewer CIP Fund	Public Works	Transfer In from Sewer Accumulation Fund for projects 9929	580,626	922-9929-3860	N/A	One-time
TOTAL			945,000			
SEWER CIP FUND EXPENDITURES						
Sewer CIP Fund	Public Works	Main St./Atascadero Rd. Project - labor costs applied	20,000	922-9928-4999	N/A	One-time
Sewer CIP Fund	Public Works	Main St./Atascadero Rd. Project - consulting services	175,000	922-9928-6105	N/A	One-time
Sewer CIP Fund	Public Works	Main St./Atascadero Rd. Project - contractual services	750,000	922-9928-6106	N/A	One-time
Sewer CIP Fund	Public Works	Beachcomber Project - labor costs applied	30,000	922-9929-4999	N/A	One-time
Sewer CIP Fund	Public Works	Beachcomber Project - consultant services	550,626	922-9929-6105	N/A	One-time
TOTAL			1,525,626			
SEWER FUND OPERATING						
Sewer Fund	Public Works	Increased City Health Bank contributions	1,548	321-5251-4910	9/28/2021	Ongoing
TOTAL			1,548			
MB/CS WASTEWATER FUND						
MB/CS WW Fund	Public Works	Increased City Health Bank contributions	6,312	599-5255-4910	9/28/2021	Ongoing
TOTAL			6,312			

RESOLUTION NO. 18-22

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
APPROVING NEW JOB CLASSIFICATIONS AND
NEW AND AMENDED JOB DESCRIPTIONS**

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

WHEREAS, the Council desires to approve new “Utility Support Coordinator” and “Operational Technology Specialist” job classifications, set compensation ranges for the classifications, and adopt job descriptions for the classifications; and

WHEREAS, the City and Service Employees International Union Local 620 (SEIU Local 620) met and conferred regarding the addition of the above-referenced classifications to the City’s Miscellaneous Employees Unit and regarding compensation and job descriptions for these classifications; and

WHEREAS, the Council desires to approve a new “Fiscal Analyst” job classification, set a compensation range for the classification, and adopt a job description for the unrepresented Confidential classification; and

WHEREAS, the Council desires to approve new “City Clerk,” “Human Resources/Risk Manager” and “Operations Interface Manager” job classifications, set compensation ranges for the classifications, and adopt job descriptions for the unrepresented Management classifications.

NOW, THEREFORE, BE IT RESOLVED the City Council of the City of Morro Bay does hereby:

1. The represented full-time classification of “Utility Support Coordinator” is hereby created. The classification will be included within the City’s Miscellaneous Employees Unit, which is represented by the Service Employees International Union, Local 620 (SEIU Local 620). The job description for this new classification, attached hereto, is hereby adopted. The initial annual compensation for the Utility Support Coordinator classification shall be as follows:

<u>Step 1</u>	<u>Step 2</u>	<u>Step 3</u>	<u>Step 4</u>	<u>Step 5</u>
59,057	62,010	65,111	68,366	71,784

2. The represented full-time classification of “Operational Technology Specialist” is hereby created. The classification will be included within the City’s Miscellaneous Employees Unit, which is represented by the Service Employees International Union, Local 620 (SEIU Local 620). The job description for this new classification, attached hereto, is hereby adopted. The initial annual compensation for the Operational Technology Specialist classification shall be as follows:

<u>Step 1</u>	<u>Step 2</u>	<u>Step 3</u>	<u>Step 4</u>	<u>Step 5</u>
73,885	77,580	81,459	85,532	89,808

3. The unrepresented full-time classification of “Fiscal Analyst” is hereby created. The classification will be included within the City’s Unrepresented Confidential Employee Group. The job description for this new classification, attached hereto, is hereby adopted. The initial annual compensation for the Fiscal Analyst classification shall be as follows:

<u>Step 1</u>	<u>Step 2</u>	<u>Step 3</u>	<u>Step 4</u>	<u>Step 5</u>
69,053	72,506	76,131	79,938	83,935

4. The unrepresented full-time classification of "City Clerk" is hereby created. The classification will be included within the City's Unrepresented Management Employee Group. The job description for this new classification, attached hereto, is hereby adopted. The initial annual compensation for the City Clerk classification shall be as follows:

<u>Step 1</u>	<u>Step 2</u>	<u>Step 3</u>	<u>Step 4</u>	<u>Step 5</u>
82,459	86,582	90,911	95,456	100,229

5. The unrepresented full-time classification of "Human Resources/Risk Manager" is hereby created. The classification will be included within the City's Unrepresented Management Employee Group. The job description for this new classification, attached hereto, is hereby adopted. The initial annual compensation for the Human Resources/Risk Manager classification shall be as follows:

<u>Step 1</u>	<u>Step 2</u>	<u>Step 3</u>	<u>Step 4</u>	<u>Step 5</u>
90,706	95,242	100,004	105,004	110,254

6. The unrepresented temporary and project-specific classification of "Operations Interface Manager" is hereby created. The classification will be included within the City's Unrepresented Management Employee Group. The job description for this new classification, attached hereto, is hereby adopted. The initial annual compensation for the Operations Interface Manager classification shall be as follows:

<u>Step 1</u>	<u>Step 2</u>	<u>Step 3</u>	<u>Step 4</u>	<u>Step 5</u>
106,898	112,243	117,855	123,748	129,936

7. This resolution shall be effective as of the date of its adoption.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 22nd day of February 2022 by the following vote:

AYES:
NOES:
ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

**CITY OF MORRO BAY
UTILITY SUPPORT COORDINATOR**

DEFINITION

Under direct or general supervision, the Utility Support Coordinator must have a broad knowledge of the current operations, rules, and policies of the Utility Division and the ability to choose among alternatives in solving problems. The Utility Division includes Water Treatment, Water Distribution, Wastewater Collection, Wastewater Treatment, Potable Water Reuse, and Stormwater. Employees in this class may often have contact with the public, answer a variety of procedural questions, and occasionally operates equipment and related appurtenances as found in a water/wastewater system.

SUPERVISION RECEIVED AND EXERCISED

Receives direct or general supervision from the Utility Division Manager and Lead Utility Operators. The Utility Support Coordinator may have the responsibility of supervising and training less experienced personnel.

CLASS CHARACTERISTICS

This classification encompasses journey-level tasks in the Utility Division performing a full range of duties required to ensure the water/wastewater treatment and their associated collection and distribution facilities and systems have the support needed to operate effectively and be maintained in a safe and effective working condition. Persons in this position are required to have a working knowledge of the City's utilities. Responsibilities are varied and include clerical work, data checking, recording information, standardized laboratory testing, and operation of equipment.

ESSENTIAL DUTIES & RESPONSIBILITIES

Management reserves the right to add, modify, change, or rescind the work assignments of different positions and to make reasonable accommodations so that qualified employees can perform the essential functions of the job.

- Performs a variety of clerical work including typing, data checking and logging, recording information on files, and entering requests into asset management software.
- Prepares various Word and Excel documents, lists, and leak review records and correspondence.
- Processes invoices for coding and approval and maintains safety and continuing education records.
- Prepares and monitors contracts and agreements for evaluation, enforcement, and/or payment of vendors or invoices for services provided to the department, and ensures required documentation is returned.
- Screens and routes questions from the public to appropriate personnel, other City departments, and other agencies, exercising independent judgment and initiative.
- Prepares and submits data, spreadsheets, and other documentation for Utility Division's drinking water source and distribution, wastewater collection system, and wastewater treatment plant as well as storm water sampling, monitoring, and reporting programs to regulatory agencies. This includes monitoring and obtaining laboratory results and creek water flow recordings.
- Preparation of required reports for permit compliance to Department of Health Services, Office of Drinking Water, State Water Resources Control Board, Regional Water Quality Control Board, and other agencies as required.
- Maintains a variety of statistical, financial and other confidential records.
- Maintains Division safety and continuing education records.
- Performs departmental purchasing functions and coordinates Utility Division's purchasing function by preparing and monitoring purchase orders and maintaining and distributing budget

- records to divisional personnel.
- Assists in Utility Division's annual budget preparation.
 - Assists in monitoring, receiving and dispatching routine and emergency phone and radio communications.
 - Obtains daily, weekly, and monthly Chlorine/Ammonia residuals in the water distribution system. Collects water/wastewater, sludge, and other samples from various phases of the treatment process; performs standard chemical and physical tests on these samples to ensure the treatment process is operating effectively and that regulatory requirements are being met.
 - Monitors plant operations equipment and processes to ensure compliance with environmental and public health standards, including monitoring and adjusting to optimize efficiency, making chemical dosage changes, changing pumping rates, and monitoring all equipment.
 - Interprets and performs routine laboratory and process tests to optimize treatment plant performance, monitors the results, and recommends potential operational changes to lead operations staff.
 - Reads, records, and calculates readings of meters and gauges; interprets information into operational characteristics.
 - Performs pretreatment inspections and tests of industrial and commercial waste disposal systems to ensure compliance with ordinances and permit requirements.
 - Observes safe work methods and makes appropriate use of related safety equipment as required.
 - Performs related duties as assigned.

QUALIFICATIONS

Knowledge of:

- Basic principles, practices, tools, and materials as they relate to the operation, cleaning, and preventive maintenance of water/wastewater treatment plants, water distribution systems, and wastewater collection systems, and their associated facilities and equipment.
- Basic principles and practices of record-keeping methods.
- Safe driving rules and practices.
- English usage, spelling, vocabulary, grammar, and punctuation.
- Standard chemical and physical tests of water, wastewater, sludge, and related materials.
- Applicable Federal, State, and local laws, regulatory codes, ordinances, and procedures.
- Basic arithmetic and statistical techniques.
- Use computers and a variety of computer software to record and log data.
- Safe work methods and safety practices pertaining to the work, including the handling and storage of hazardous chemicals.
- Basic principles and practices of qualitative and quantitative chemistry, mathematics, biology, and bacteriology; sampling procedures and equipment; safe work environment.

Education and Experience:

Any combination of training and experience that would provide the required knowledge, skills, and abilities is qualifying. A typical way to obtain the required qualifications would be:

Equivalent to AA degree and two years of related experience; or any equivalent combination of education and progressively responsible experience, with additional work experience substituting for the required education on a year for year basis; or two years performing similar duties in the City of Morro Bay or another public agency.

Obtainment of a Water Treatment II Certificate is required within six months of starting this position.

PHYSICAL DEMANDS

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

Work is performed mostly in office settings. Outdoor work is required in the inspection of water systems sampling. Hand-eye coordination is necessary to operate computers and various pieces of office equipment. While performing the duties of this job, the employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear.

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

Must possess mobility to work in and around standard water/wastewater treatment plants, water distribution systems, and wastewater collection systems, strength, stamina, and mobility to perform medium to heavy physical work, to work in confined spaces, around machines and to climb and descend ladders, and to operate varied hand and power tools and equipment; vision to read printed materials and a computer screen; color vision to read gauges and identify appurtenances; and hearing and speech to communicate in person and over the telephone or radio. The job involves frequent walking in operational areas to identify problems or hazards. Finger dexterity is needed to access, enter, and retrieve data using a computer keyboard or calculator and to operate above-mentioned tools and equipment. Positions in this classification bend, stoop, kneel, reach, and climb to perform work and inspect work sites. Employees must possess the ability to lift, carry, push, and pull materials and objects up to 50 pounds, and heavier weights with the use of proper equipment.

ENVIRONMENTAL ELEMENTS

Employees in this classification work partially indoors and partially in the field and are exposed to loud noise levels, cold and hot temperatures, inclement weather conditions, road hazards, vibration, confining workspace, chemicals, mechanical and/or electrical hazards, and hazardous physical substances, odors, and fumes. Employees interact with staff and/or public and private representatives in interpreting and enforcing departmental policies and procedures.

SELECTION GUIDELINES

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

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

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

Approved by the Morro Bay City Council on February ____, 2022

Draft: 2/1/2022

CITY OF MORRO BAY OPERATIONAL TECHNOLOGY SPECIALIST

DEFINITION

Under general direction, manages, coordinates, performs, and supervises a variety of work activities and duties related to the installation, programming, testing, maintenance, repair, and calibration of the City's water and wastewater instrumentation, SCADA, electrical and control systems. In addition, this position is responsible for the integration, optimization, and maintenance of all other technologies both hardware and software (computers, phones, tablets, CityWorks AMS, CMMS, GIS). This responsibility includes developing division-wide operational systems and processes and training staff.

SUPERVISION RECEIVED AND EXERCISED

Receives direct or general supervision from the Utility Division Manager. The Operational Technology Specialist will have the responsibility to regularly direct the Utility Operations staff in the proper use of the controls and instrumentation of the utility systems.

CLASS CHARACTERISTICS

This position serves as a senior member of the Utility's systems team. The position is required to have a working knowledge and understanding of all the water/wastewater utility areas of the City. Incumbents are expected to independently perform the full range of their assigned duties. Performance of the work requires the use of considerable independence, initiative, and discretion within established guidelines.

EXAMPLES OF ESSENTIAL FUNCTIONS (Illustrative Only)

Management reserves the right to add, modify, change, or rescind the work assignments of different positions and to make reasonable accommodations so that qualified employees can perform the essential functions of the job.

- Participates in the design, management, planning, operation, integration, maintenance, repair, installation and modification of all SCADA, PLC, HMI, Telemetry, Communication Hardware and Software.
- Provides support for Utility Division control systems engineering installation projects; assists in the inspection of contractor installations as necessary; provides technical support during project installation, including design changes, submittal review and requests for information from contractors.
- Performs network administration duties such as configure, program, test, install, and maintain networked data and control systems; connects peripherals to system; monitors system integrity.
- In coordination with GIS Analyst and Operations Lead workers, maintains and updates assets management.
- Troubleshoots problems related to SCADA: control systems network, servers, firewalls, computer workstations, operating and system software and data communications equipment.
- Provides training and technical hardware and software support to users; identifies, diagnoses, and resolves technical problems.
- Assists with specific recommended CIP projects as directed.
- Participates in the design or modification of computer or programmable logic controller (PLC) programs used in process control or SCADA systems.
- Programs, installs, and maintains PLCs.
- Installs, maintains, and repairs telemetry communication devices, such as modems, digital service units, fiber optic, and Ethernet radios.

- Serves as technical resource on control systems and data network problems.
- Calibrates, troubleshoots and repairs electronic and mechanical instrumentation and control system hardware or software.
- Reviews drawings, plans, and other work submitted by consultants, engineers, and contractors for conformance with Division specifications and standards.
- Performs complex electrical control system repairs.
- Participates in a mandatory standby/call out rotation.
- Monitors plant operations equipment and processes to ensure compliance with environmental and public health standards.
- Reviews and analyzes automated information and control system data and revises equipment settings as appropriate; notifies manager of unusual situations and makes inspections or corrects system problems as necessary.
- Responds to operations, maintenance, and repair emergency situations as required.
- Maintains records and logs of daily activities; prepares reports as necessary.
- Observes safe work methods and makes appropriate use of related safety equipment as required.
- Requisitions materials, supplies, and equipment; reports the need for unusual items; may recommend repairs and improvements.
- Assists in the development and implementation of goals, objectives, policies, and priorities; works closely with contractors and engineers on improvement projects.
- Evaluates team operations, develops operational workflows in asset management systems, and implements division-wide processes, as well as trains staff.
- Utilizes computerized asset management and maintenance software (i.e., CityWorks or equal).
- Keeps records and makes reports on materials, equipment used, and employees' time spent on various projects.
- Develops, implements and oversees a variety of safety programs. Facilitates safety meetings and enforces safety regulations.
- Keeps records and prepares reports.
- Reports activities and conditions to Utility Division Manager.
- Performs related work as required.

QUALIFICATIONS

Knowledge of:

- Principles and practices utilized in the design, application and modification of a variety of electronic, process monitoring, process control, and related computer-based systems, instrumentation and equipment.
- Control system theory and design concepts for electronic process control systems.
- Operational characteristics of electronic control systems hardware and software; local area networks and supporting platforms; and specialized test equipment used to diagnose and troubleshoot control systems malfunctions.
- Proficient knowledge of various operational and data software programs used in utilities including program logic, HMI screens, graphs, & data migration.
- Virtual and physical servers, systems network architecture, clustering, network switching, fiber networks, wireless networks, VPNs and storage systems.
- Local and wide area network and data communication systems, including cabling, workstations and peripherals, interface cards, hubs, routers and firewalls.
- Communications protocols (http, MQTT).
- Knowledge of industrial network protocols (Modbus, EtherNet/IP).
- Wireless infrastructure protocols and associated access control technologies.
- Principles and practices of control systems and related data network.

- Understanding and knowledge of SQL and time series database structure and language.
- Knowledge of data analytics and visualization.
- Understanding of Computer Programming Languages (Python, JSON, JAVA).
- Basic principles and practices as they relate to the operation, cleaning, and preventive maintenance of water/wastewater treatment plants, water distribution systems, and wastewater collection systems, and their associated facilities, and equipment.
- Basic principles of workflow evaluation and optimization.
- Basic principles and practices of record-keeping methods.
- Safe driving rules and practices.
- English usage, spelling, vocabulary, grammar, and punctuation.
- Applicable Federal, State, and local laws, regulatory codes, ordinances, and procedures.

Ability to:

- Safely and effectively use and operate hand tools, mechanical equipment, and power tools to design and modify various control system software and hardware.
- Support users by providing assistance, training and equipment servicing quickly and efficiently with minimal disruption.
- Analyze and resolve data network issues.
- Provide training in the use of standard or system-wide applications.
- Work effectively in a team environment.
- Independently analyze control and telemetry system requirements and recommend solutions.
- Manage databases, create visual analytic tools and reports to improve Water and Wastewater operations.
- Develop and monitor operational systems and workflows for asset management.
- Maintain software for asset maintenance (CMMS and Cityworks AMS).
- Read, interpret, and work from plans and specifications.
- Develop, read, and analyze PLC software.
- Conduct technical research work, make detailed analyses, and write reports.
- Maintain technical expertise and competence.
- Use sound judgment, especially in unusual and emergency situations.
- Effectively communicate orally and in writing, using technical language appropriate to the audience being addressed.
- Work in potentially hazardous working conditions and confined spaces.
- Maintain accurate logs, records, and basic written records of work performed.
- Understand and follow oral and written instructions.
- Organize own work, set priorities, and meet critical deadlines.
- Be on standby duty and respond to after-hours emergencies.
- Recognize and correct or report unusual, inefficient, or dangerous conditions.
- Read a variety of gauges, charts, and meters, record data accurately.
- Interpret and apply the policies, procedures, laws, codes, and regulations pertaining to assigned programs and functions.
- Assist in the development and implementation of all safety programs.
- Read, interpret, and apply technical information from manuals, drawings, specifications, layouts, blueprints, and schematics.
- Make accurate mathematical calculations.
- Follow department policies and procedures related to assigned duties.
- Establish and maintain effective working relationships.
- Identify problems, research and analyze relevant information, develop and present recommendations, and justification for solution.

Education and Experience:

Any combination of training and experience that would provide the required knowledge, skills, and abilities is qualifying. A typical way to obtain the required qualifications would be:

Any combination of education, specialized training and experience in computer/electronic and industrial process control systems technology or related field, with experience in the programming, installation, operation, maintenance and repair of SCADA, PLCs, HMIs, instrumentation, and software management are required.

Education, training and experience as a water and or wastewater operator is desirable but not required.

Licenses, Certifications and Step requirements:

- A valid California class C driver's license and a satisfactory driving record.
- Possession of or ability to obtain CWEA Grade 2 Electrical/Instrumentation Technician within two years is highly desirable.
- Possession of a Grade I or above Wastewater Treatment Plant Operator certificate issued by the SWRCB is desirable.

Advancement in this class is accomplished by:

- job performance
- years of experience
- demonstration of knowledge and skill

To advance to Step 5, employee must possess a Water Distribution Operator II and Water Treatment Operator II certificate issued by the SWRCB.

PHYSICAL DEMANDS

Must possess mobility to work in and around standard water/wastewater treatment plants, water distribution systems, and wastewater collection systems, strength, stamina, and mobility to perform medium to heavy physical work, to work in confined spaces, around machines and to climb and descend ladders, and to operate varied hand and power tools and equipment; vision to read printed materials and a computer screen; color vision to read gauges and identify appurtenances; and hearing and speech to communicate in person and over the telephone or radio. The job involves frequent walking in operational areas to identify problems or hazards. Finger dexterity is needed to access, enter, and retrieve data using a computer keyboard or mobile device and to operate above-mentioned tools and equipment. Positions in this classification bend, stoop, kneel, reach, and climb to perform work and inspect work sites. Employees must possess the ability to lift, carry, push, and pull materials and objects up to 50 pounds, and heavier weights with the use of proper equipment.

ENVIRONMENTAL ELEMENTS

Employees work partially indoors and partially in the field and are exposed to loud noise levels, cold and hot temperatures, inclement weather conditions, road hazards, vibration, confining workspace, chemicals, mechanical and/or electrical hazards, and hazardous physical substances, odors, and fumes. Employees interact with staff and/or public and private representatives in interpreting and enforcing departmental policies and procedures.

WORKING CONDITIONS

Required to be on-call as needed and to work various shifts evenings, weekends, holidays, and emergencies. Must maintain a 30-minute distance and 45-minute response time when assigned to on-call duties.

On-call assignments will be based on City needs and state requirements and are a requirement of this position.

TOOLS & EQUIPMENT USED

Motor vehicle, common hand and power tools, detection devices, mobile radio, telephone, mobile devices, and a variety of online electrical equipment.

SELECTION GUIDELINES

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

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

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

Approved by the Morro Bay City Council on February ____, 2022

CITY OF MORRO BAY

FISCAL ANALYST

DEFINITION

Under general direction of assigned supervisor, plans, organizes, and supervises the daily operations of assigned function. Performs professional, technical, and analytical work including operational and financial analysis, program/project management, planning activities, and special projects. Collaborate with City departments by providing analytical support, information, and assistance relating to assigned function. Oversees the work of staff and contractors/consultants and ensures contractor compliance with agreements.

The Fiscal Analyst role will provide budget and financial reporting analysis and support to staff Citywide, enabling staff in other departments to access, understand, and effectively manage their budgets and fiscal operations.

This classification is responsible for performing a variety of tasks to implement best practices and processes that comply with federal, state, and local regulations and ensure that proper internal controls are followed. The incumbent collaborates with City management and staff to ensure that internal policies and procedures are followed.

ESSENTIAL DUTIES & RESPONSIBILITIES

These duties are a representative example; position assignments may vary depending on the business needs of the department and organization. This position:

- Coordinates, prepares, oversees and performs professional-level analytic work in such areas as budget review and development, financial administration and reporting, revenue collection and allocation, purchasing, contract administration, management analysis, information technology, public information and program evaluation.
- Ensures contractor compliance with agreements and maintains cooperative working relationships.
- Monitors, analyzes reports, develops plans, makes recommendations, and implements changes concerning State and other governmental laws and regulations.
- Develops and maintains training materials and provides training to key personnel.
- Responds to questions and provides information to the public; receives and investigates complaints and recommends corrective actions as necessary to resolve complaints.
- Analyzes and reviews financial data to develop forecasts, trends, and recommendations.
- Collects and interprets statistical and economic data; prepares reports; makes presentations.

FISCAL ANALYST

- Conducts and supervises internal reviews for compliance with City policies, practices and procedures.
- Reviews and updates City policies, practices, and procedures to stay current with applicable law.
- Prepares and submits City Manager and City Council agenda reports, resolutions, ordinances and correspondence regarding assigned activities.
- Develops, implements, and maintains internal control systems and procedures.
- Develops tools to measure internal and external customer satisfaction and attainment of performance standards to improve service delivery.
- Exercises sound professional judgement in the administration of the City's financial management systems and assigned function responsibilities.
- Prepares and/or directs the preparation of a variety of complex analytical, statistical, and narrative reports and correspondence.
- Serves as a resource for City staff in resolving fiscal and analytical questions and problems.
- Demonstrates regular, reliable and punctual attendance.

In addition to the above, depending on assignment, incumbents may be required to perform some the following duties:

- Recommends and implements policies and procedures for effective revenue collection, cash handling, fraud protection, and service delivery.
- Identifies additional authorized revenue sources; develops improved collections from existing revenue sources.
- Develops and maintains forecasting models for revenue and cash flow.
- Works with Finance staff to ensure accurate and complete ledger information; balances subsidiary ledger activity reports to the general ledger; assists in resolving cash management, revenue, and banking coordination issues.
- Contributes to cost analysis and fee studies.
- Administers formal and informal bidding practices; evaluates bids against specifications, terms, and conditions, and issues purchase orders in accordance with City code, law, and established policy.
- Manages purchase-related contracts, including routing, record retention, tracking for expiration dates of required proof of insurance and tracking of contract expiration or extensions.

FISCAL ANALYST

- Develops, implements, and maintains a centralized approval and tracking process and database for all City contracts.
- Reviews contracts, leases and purchase documents for proper insurance provisions and other conditions to ensure compliance with policies, procedures and best practices; confers with Human Resources assigned staff regarding risk management issues, as needed; acts as a resource to City staff and the public regarding existing contracts.
- Administers the City's AB1600 fee program.
- Reviews funding recommendations and implements fiscal procedures consistent with the regulations and goals of grant programs. Verifies and maintains reimbursement documentation for financial transactions and the preparation and management of various grants.

QUALIFICATIONS/EXPERIENCE

Knowledge of:

- Principles and practices of public administration relating to financial management
- Principles and methods of financial administration, auditing, financial planning, reporting, and forecasting.
- Generally accepted accounting practices applicable to local government.
- Bookkeeping principles and procedures.
- Applicable Local, State, and Federal laws.
- Municipal budget administration.
- English usage, spelling, grammar, and punctuation.
- Automated financial application systems.
- Principles and practices of providing customer service, both to internal and external customers.
- Budgeting practices and procedures, internal support service requirements and issues.
- Group dynamics and managing effective meetings.
- Office procedures and the use of office automation; automated accounting and information systems, including the use of spreadsheet software.
- General computer applications used in business, such as spreadsheet, data base, word processing software.

FISCAL ANALYST

- Current innovations and best practices in governmental revenue management.
- Principles and practices of public agency purchasing, including competitive bidding procedures, preparation, and evaluation.

Ability to:

- Organize and prepare financial and statistical reports.
- Utilize automated data processing systems.
- Follow oral and written instructions.
- Use independent and sound judgement to resolve problems.
- Compile, reconcile, balance, and interpret data.
- Analyze data and make projections and recommendations.
- Identify operational problems and take corrective action.
- Evaluate alternatives and make sound recommendations.
- Provide lead direction and training to others.
- Establish and maintain effective and accurate records.
- Establish and maintain effective relationships with those contacted in the course of work.
- Communicate clearly and concisely both orally and in writing.
- Prepare and present written and/or oral reports.
- Interpret, explain, and ensure compliance with City revenue policies and procedures and State and Federal regulations and statutes.
- Work within the City's Enterprise Resource Planning financial system.
- Interpret and apply City and department policies, procedures, rules, and regulations.
- Establish and maintain effective working relationships with those contacted in the course of work.

Experience/Education:

- Graduation from an accredited college or university with a degree equivalent to a Bachelor's Degree with major course work in Accounting, Economics, Business Administration, Public Administration, Law, or a closely related field.

FISCAL ANALYST

and

Three years of professional experience performing professional accounting, revenue collection, contract administration, analytical, legal, or finance duties. Public sector revenue experience is desirable. Lead or supervisory experience is highly desirable
or

An equivalent combination of education and experience.

- Possession of a valid and appropriate Driver License. Must have and maintain a satisfactory driving record and meet City liability requirements to drive for City business.

THIS POSITION WILL BE REQUIRED TO COMPLETE THE FOLLOWING BEFORE A FINAL OFFER IS MADE:

- DOJ Livescan Fingerprinting

PHYSICAL DEMANDS

The incumbent must meet the physical requirements of the job class and have mobility, balance, coordination, vision, hearing and dexterity levels appropriate to the duties to be performed. Employee must be able to lift, carry, push, and pull materials and objects weighing up to 25 pounds. Reasonable accommodation(s) for an individual with a qualified disability will be considered on a case-by-case basis.

SELECTION GUIDELINES

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

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

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Approved by the Morro Bay City Council on February ____, 2022.

CITY CLERK

CITY OF MORRO BAY

CITY CLERK

DEFINITION

Under administrative direction the City Clerk is responsible for planning, directing, supervising and coordinating activities of the City Clerk's office which include maintaining the City's legislative history; administering municipal elections; ensuring compliance with the Political Reform Act; preparing legislative agendas and minutes; attending City Council meetings; administering the City's records management program; providing administrative and policy support for Council including coordination of all Council advisory bodies and, in coordination with applicable laws, local ordinances, and policies and procedures.

SUPERVISION RECEIVED AND EXERCISED

Receives administrative direction from the City Manager or his/her designee, and policy direction from the City Council. The work provides for a wide variety of independent decision-making, within legal and general policy and regulatory guidelines. Exercises general supervision over administrative support staff.

ESSENTIAL DUTIES & RESPONSIBILITIES.

- Plans, manages, and oversees the daily functions, programs, services, and activities of the City Clerk's office, including administration, legislative administration, election management, and records management.
- Ensures the legislative process, including City elections and City Council meetings are open and public pursuant to State law and the Brown Act.
- Coordinates the production of Council agendas and supporting material; attends Council meetings and records actions taken; disseminates information related to Council actions; ensures legal notification has been given.
- Plans, manages, and conducts municipal elections and special elections; ensures conformance with the California Elections Code, Political Reform Act, and other government codes; coordinates, receives, and certifies sufficiency/insufficiency of ballot measures, initiative petitions, arguments, rebuttals, referendums, recalls, and impartial analyses; prepares municipal legislation as required; prepares candidates' handbooks and provides necessary information to candidates, committees, and the public; serves as filing officer for the Fair Political Practices Commission (FPPC) for campaign disclosure filings; maintains election documents for public inspection; declares election results; administers and files oaths of office.
- Administers recruitment and selection process for members of City boards, commissions, and advisory bodies; ensures advisory body members receive proper orientation and training; administers and files oaths of office.
- Administers the provisions of various State laws, including the California Elections Code, Political Reform Act, Brown Act, Maddy Act, and Public Records Act.

CITY CLERK

- Serves as the Filing officer for State and City mandated statements of economic interest, certification of ethics training, harassment prevention training, and other similar filings; facilitates the biennial review and update of the City's Conflict of Interest Code.
- Assists in maintaining the City's website, including posting of agendas, minutes, advisory body openings, various reports and general informational materials.
- Ensures compliance with the preservation of the City's vital records and availability of these records in accordance with Federal, State, and local statutory requirements.
- Updates, maintains and oversees the City's Records Retention Policy and Records Retention Schedule to assure schedules and procedures are adhered to and statutory requirements are met; recommends improvements and modifications.
- Ensures compliance with the Public Records Act, the Freedom of Information Act, and the Brown Act; coordinates and monitors requests for records, ensuring that every person's right to inspect public records of the City is upheld.
- Manages the processing, indexing, codification, certification, recordation and maintenance of vital records including ordinances, resolutions, deeds, contracts and other documents in accordance with statutory requirements.
- Coordinates City Clerk's Office activities with those of other departments and outside agencies and organizations; provides staff assistance to the City Manager and City Council; prepares and presents staff reports and other necessary correspondence.
- Contributes to the overall quality of the Clerk's office by developing, reviewing, and implementing policies and procedures to meet legal requirements and City needs; continuously monitors and evaluates the efficiency and effectiveness of service delivery methods and procedures; identifies opportunities for improvement; directs the implementation of change.
- Administers and manages a variety of functions in the Clerk's office including ensuring compliance with legal acts; signs, seals, notarizes, certifies, records, and transmits official City documents, oaths of office, bid openings, and the City's Municipal Code; receives and processes all general liability claims, lawsuits, and petitions against the City.
- Updates and maintains a variety of Council and City regulations, policies and handbooks, interprets said documents for staff and the general public, and facilitates training to ensure compliance with these documents.
- Provides direct supervision to assigned staff and exercises technical and functional supervision over other professional, technical or lower level support staff on a project or day-to-day basis.
- May assist and coordinate Risk Management activities related to third party claims and policy development.
- Performs related duties similar to the above in scope and function as required.

QUALIFICATIONS

Knowledge of:

- Principles, practices, and procedures related to public agency record keeping municipal elections, and the City Clerk function.

CITY CLERK

- Functions, authority, responsibilities, and limitations of an elected City Council.
- Automated and manual records management principles and practices, including legal requirements for recording, retention, and disclosure.
- Applicable Federal, State, and local laws, regulatory codes, ordinances, and procedures relevant to assigned area of responsibility, including Public Records Act, the Freedom of Information Act, the Brown Act, FPPC procedures and regulations, and election laws and procedures.
- Administrative principles and practices, including goal setting, program development, implementation, and evaluation, and supervision of staff.
- Organizational and management practices as applied to the analysis and evaluation of projects, programs, policies, procedures, and operational needs; principles and practices of municipal government administration sufficient to perform the assigned functions.
- Modern office practices methods and computer equipment and applications related to the work.
- English usage, grammar, spelling, vocabulary, and punctuation.
- Techniques for effectively representing the City in contacts with governmental agencies, community groups, various business, professional, educational, and organizations, and the public.
- Techniques for providing a high level of customer service by effectively dealing with the public, vendors, contractors, and City staff.

Ability to:

- Plan, organize, direct, and coordinate the work of technical and administrative personnel; delegate authority and responsibility; select, motivate and evaluate the work of staff and train staff in work procedures.
- Coordinate municipal elections within legal guidelines.
- Prepare official minutes, resolutions, ordinances, clear and concise reports, correspondence, policies, procedures, and other written materials.
- Conduct research projects, evaluate alternatives, and make sound recommendations.
- Organize and prioritize a variety of projects and multiple tasks in an effective and timely manner; organize own work, set priorities, and meet critical time deadlines.
- Recommend and implement goals, objectives, and practices for providing effective and efficient services.

Education and Experience:

Equivalent to graduation from an accredited four year college or university with major work in public or business administration, or closely related field. (Job-related experience may be substituted for the required education on a year-for-year basis.)

Possession of, or ability to obtain, a Certified Municipal Clerk certificate within 2 years.

CITY CLERK

Possession of, or ability to obtain, a Notary Public certification.

Valid and appropriate California Driver's License.

PHYSICAL DEMANDS

Must possess mobility to work in a standard office setting and use standard office equipment, including a computer; to operate a motor vehicle and to visit various City and meeting sites; vision to read printed materials and a computer screen; and hearing and speech to communicate in person, before groups and over the telephone. This is primarily a sedentary office classification although standing in and walking between work areas may be required. Finger dexterity is needed to access, enter, and retrieve data using a computer keyboard or calculator and to operate standard office equipment. Positions in this classification occasionally bend, stoop, kneel, reach, push, and pull drawers open and closed to retrieve and file information. Employees must possess the ability to lift, carry, push, and pull materials and objects up to 25 lbs. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

SELECTION GUIDELINES

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

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

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Approved by Morro Bay City Council on _____, 2022.

HUMAN RESOURCES/RISK MANAGER

CITY OF MORRO BAY

HUMAN RESOURCES/RISK MANAGER

DEFINITION

Under general direction, performs complex professional, technical, and confidential work required to administer human resources programs, including recruitment, classification, compensation, benefits administration, employee training and development, workers' compensation, and employee and labor relations; assists in departmental planning activities to improve organizational productivity and customer service; performs research and analysis; provides consulting services to City departments related to all aspects of human resources and risk management programs and activities; responsible for City's Risk Management Program of self-insurance and insurance policies; performs related work as required.

SUPERVISION RECEIVED AND EXERCISED

Receives general direction from the City Manager or his/her designee. May exercise technical and functional direction over assigned staff.

ESSENTIAL DUTIES & RESPONSIBILITIES

- Plans, organizes, and oversees the daily functions, operations, and activities of numerous human resources programs, including recruitment and selection, job analysis and classification, compensation, employee training and development, benefits administration, workers' compensation, and labor and employee relations.
- Participates in the development and implementation of goals, objectives, policies, and priorities for assigned programs and functions; recommends and administers policies and procedures; participates in the development and administration of human resources program budget.
- Develops and implements sound recruitment, testing, and selection processes, including evaluating recruitment materials and sources, administering all phases of the examination process, and assisting hiring departments with the employee selection process; develops and implements background investigative policies and procedures and oversees and conducts background investigations; ensures equal employment opportunity and affirmative action for all candidates.
- Performs job analysis and classification studies of new and existing positions; designs and writes new and modifies existing classification specifications as appropriate; conducts compensation studies for new and existing positions and periodically examining appropriate internal and external comparators; makes recommendations and participates in the development, implementation, and administration of compensation strategies and programs, and classifications plans.
- Administers the City's employee benefits programs, including plans such as retirement, health, life, dental, vision, long-term disability, employee assistance program,

HUMAN RESOURCES/RISK MANAGER

Consolidated Omnibus Budget Reconciliation Act (COBRA), and leave of absence programs; acts as liaison to various third-party benefits administrators and health carriers; oversees Citywide open enrollment for benefits, including distribution of benefit materials and literature.

- Coordinates the City's training activities, including Occupational Health and Safety Administration (OSHA) compliance, safety, and staff development; identifies training needs and ensures the City's needs and expectations are addressed.
- Administers the workers' compensation claims management function; processes insurance claims submitted; monitors accepted claims prior to closure; provides information to claimants, attorneys, and workers' compensation carrier; assists employees in resolving issues related to workers' compensation, safety and health; prepares reports, policies, procedures, and other related documentation.
- Develops and participates in employee relations activities; provides advice and counsel to department directors, managers, supervisors, and employees in the interpretation of human resources laws, rules, regulations, policies, procedures, contract applications, the administration of grievances, and compliance with Memorandum of Understanding (MOU); explains program provisions, procedures, and eligibility requirements; reviews performance evaluations for consistency and makes recommendations.
- Works closely with management on issues that require resolution or contract clarification; conducts workplace investigations as needed; coaches managers and directors regarding conduct of termination meeting and serves as witness to terminations; participates in the grievance process and attends grievance hearings.
- Assists the City Manager with labor contract negotiations as directed; prepares labor relations documents and contract language; represents the City in meetings with bargaining units.
- Provides highly complex staff assistance to the City Manager; prepares and presents staff reports and other necessary correspondence; coordinates and integrates program services and activities with other City departments.
- Administers and manages a variety of functions in the Human Resources Office including developing and administering a records management system and ensuring compliance with applicable laws, rules and regulations.
- Monitors changes in laws, regulations, and technology that may affect City or human resources operations; implements policy and procedural changes as required.
- Participates in the development and implementation of policies and procedures to ensure compliance with applicable Federal and State laws and regulations.
- Provides supervision to lower-level Human Resources support staff.
- Plans, organizes, and manages self-insured programs for the City's property, liability, and workers' compensation programs.
- Establishes and reviews insurance requirements and makes recommendations for the level of risk transfer and safety measures needed to assure reasonable balance of risk for the City and its contracts and agreements.
- Coordinates activities involving claims related to the City's property, liability and workers' compensation insurance, including but not limited to administering claim processing and

HUMAN RESOURCES/RISK MANAGER

maintaining communications with claimant, insurance adjuster, Authority management and legal counsel, as appropriate.

- Performs other duties as assigned.

QUALIFICATIONS

Any combination of training and experience that would provide the required knowledge, skills, and abilities is qualifying. A typical way to obtain the required qualifications would be:

Knowledge of:

- Administrative principles and practices, including goal setting, program development, implementation, and evaluation, project management, and supervision of staff.
- Principles, practices, and techniques of human resources in a public agency setting, including recruitment and selection, equal employment opportunity, and affirmative action; job analysis and classification; compensation analysis and administration; benefits administration, workers' compensation; employee and labor relations, including negotiations and the interpretation of laws, regulations, policies, and procedures.
- Applicable Federal, State, and local laws, regulatory codes, ordinances, and procedures relevant to assigned area of responsibility.
- Basic principles and practices of budget administration.
- Recent and on-going developments, current literature, and sources of information related to the operations of the assigned programs.
- Record keeping principles and procedures.
- Modern office practices, methods, and computer equipment and applications related to the work.
- English usage, grammar, spelling, vocabulary, and punctuation.
- Techniques for effectively representing the City in contacts with governmental agencies, community groups, and various business, professional, educational, regulatory, and legislative organizations.
- Techniques for providing a high level of customer service by effectively dealing with the public, vendors, contractors, and City staff.

Ability to:

- Recommend and implement goals, objectives, and practices for providing effective and efficient services
- Evaluate and recommend improvements in operations, procedures, policies, or methods.
- Plan, organize, and carry out assignments with minimal direction.
- Conduct complex research projects on a wide variety of human resources topics, evaluate alternatives, make sound recommendations, and prepare effective technical staff reports.

HUMAN RESOURCES MANAGER

- Prepare clear and concise reports, correspondence, policies, procedures, and other written materials.
- Maintain confidentiality of sensitive personal information of applicants, employees, former employees, and other matters affecting employee relations.
- Interpret, apply, and ensure compliance with Federal, State, and local policies, procedures, laws and regulations.
- Effectively represent the assigned function and the City in meetings with governmental agencies, contractors, vendors, and various businesses, professional, regulatory and legislative organizations.
- Maintain accurate files and records.
- Organize and prioritize a variety of projects and multiple tasks in an effective and timely manner; organize own work, set priorities, and meet critical time deadlines.
- Operate modern office equipment including computer equipment and specialized software applications.
- Use English effectively to communicate in person, over the telephone, and in writing.
- Use tact, initiative, prudence, and independent judgment within general policy and legal guidelines in politically sensitive situations.
- Establish, maintain, and foster positive and harmonious working relationships with those contacted in the course of work.

Education and Experience:

Equivalent to graduation from an accredited four year college or university with major work in public or business administration, human resources, or closely related field. (Job-related experience may be substituted for the required education on a year-for-year basis.)

Three years of professional level administrative experience in a progressively responsible capacity requiring knowledge of personnel management, municipal administration, and risk management principles.

Experience in a public agency is desirable.

Possession of valid and appropriate California Drivers License.

PHYSICAL DEMANDS

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

HUMAN RESOURCES MANAGER

Must possess mobility to work in a standard office setting and use standard office equipment, including a computer; to operate a motor vehicle and to visit various City and meeting sites; vision to read printed materials and a computer screen; and hearing and speech to communicate in person, before groups, and over the telephone. This is primarily a sedentary office classification although standing in and walking between work areas will be required. Finger dexterity is needed to access, enter, and retrieve data using a computer keyboard or calculator and to operate standard office equipment. Positions in this classification occasionally bend, stoop, kneel, reach, push, and pull drawers open and closed to retrieve and file information. Employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision, distance vision, peripheral vision, depth perception, and the ability to adjust focus.

SELECTION GUIDELINES

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

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Approved by the Morro Bay City Council on _____

CITY OF MORRO BAY

OPERATIONS INTERFACE MANAGER

This is a project-specific, temporary position that oversees the startup operations for the new Water Reclamation Facility (“WRF”) project. The position holds managerial authority over certain tasks related to implementation of administrative functions, regulatory issues, design approach, and operations set up. This position reports to the Public Works Director.

DEFINITION

The position coordinates and manages the interface between City operations staff and:

- Engineering and design staff
- Project management consultants
- Miscellaneous outside consultants
- Contractors
- Regulators (Regional Water Quality Control Board and Division of Drinking Water staff)
- Manufacturers
- Accounting, invoicing, budgeting, and invoice approval staff

ESSENTIAL FUNCTIONS

- Serves as a City staff lead liaison to the WRF project
- Provides WRF startup plans review and coordination of startup of plant
- Attends weekly Conveyance project, WRF design-build team, and scheduling and construction meetings
- Attends City Council meetings for agendized WRF and/or Utilities items as needed
- Attends Public Works Advisory Board meetings
- Monitors and maintains current National Pollution Discharge Elimination System (NPDES) and Division of Drinking Water (DDW) Permits
- Provides new NPDES and DDW Permit development review, input, and training
- Serves as Regional Water Quality Control Board and DDW liaison
- Reviews and comments on required monthly reports
- Provides feedback on design clarifications and design intent on overall WRF project
- Coordinates Instrumentation and Controls (I&C) design for WRF, pump stations, injection wells and water infrastructure
- Oversees WRF Computerized Maintenance Management System (CMMS) implementation
- Attends OneWater (water and sewer) meetings and reviews and comments on design
- Reviews technical documents for water tanks rehabilitation project and works with staff on project implementation
- Assists in the preparation of Utilities budget, including operations and capital projects for FY22/23
- Reviews and provides comment on WRF budget and progress reports
- Provides overall WRF project oversight
- Reviews and approves WRF invoice for appropriateness of charges
- Provides review of major process changes or repair work such as removing a digester from service, cleaning Cl2 chamber, and state water flow adjustments
- Provides emergency onsite response
- Conducts as needed site visits to project sites
- Performs other duties as assigned by the Public Works Director

Approved by the Morro Bay City Council on _____

RESOLUTION NO. 19-22

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
SUPERSEDING AND REPLACING RESOLUTION NO. 10-22 AND
APPROVING UPDATED FISCAL YEAR 2021-2022 SALARY SCHEDULE**

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

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

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

WHEREAS, the Council has approved new "Utility Support Coordinator" and "Operational Technology Specialist" job classifications, which will be represented by Service Employees International Union Local 620 (SEIU Local 620); and

WHEREAS, the Council has also approved the following new unrepresented job classifications: Fiscal Analyst, City Clerk, Human Resources/Risk Manager, and Operations Interface Manager; and

WHEREAS, the Council desires to reinstate the following existing job classifications: Maintenance Leadworker and Maintenance Superintendent at their previously established salary ranges; and

WHEREAS, the formal approval of the pay schedules requires that they are duly approved and adopted by the City Council, and the 2 CCR 570.5 regulation requires the re-adoption of the Salary Schedule for Fiscal Year 2021-22, attached as Exhibit A and incorporated herein by reference.

NOW, THEREFORE, BE IT RESOLVED the City Council of the City of Morro Bay does hereby:

1. Resolution No. 10-22 shall be superseded and replaced by this resolution effective March

5, 2022.

2. The Combined Salary schedules, attached hereto as Exhibit A shall be effective March 5, 2022.

3. A list of budgeted and authorized full-time equivalent (FTE) employees is attached hereto as Exhibit B.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 22nd day of February 2022 by the following vote:

AYES:

NOES:

ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

CITY OF MORRO BAY							
COMBINED SALARY SCHEDULE							
FISCAL YEAR 2021-22: Effective 3/5/22							
TITLE	GROUP	STEP 1 Annual	STEP 2 Annual	STEP 3 Annual	STEP 4 Annual	STEP 5 Annual	STEP 6 Annual
ACCOUNT CLERK IN-TRAINING	S	34,083	35,787	37,577	39,455	41,428	
ACCOUNT CLERK I	S	41,205	43,265	45,429	47,700	50,085	
CONSOLIDATED MAINTENANCE WRK I	S	41,205	43,265	45,429	47,700	50,085	
OFFICE ASST. III	S	41,205	43,265	45,429	47,700	50,085	
OFFICE ASST. IV	S	44,549	46,777	49,116	51,571	54,150	
ACCOUNT CLERK II	S	46,283	48,597	51,027	53,578	56,257	
CONSOLIDATED MAINTENANCE WRK II	S	46,283	48,597	51,027	53,578	56,257	
PERMIT TECHNICIAN	S	47,400	49,770	52,259	54,872	57,615	
ACCOUNT CLERK III	S	49,571	52,049	54,651	57,384	60,253	
CONSOLIDATED MAINTENANCE WRK III	S	49,571	52,049	54,651	57,384	60,253	
ADMINISTRATIVE TECHNICIAN	S	50,446	52,969	55,617	58,398	61,318	
PERMIT TECHNICIAN - CERTIFIED	S	50,446	52,969	55,617	58,398	61,318	
SUPPORT SERVICES TECHNICIAN	S	50,446	52,969	55,617	58,398	61,318	
PROPERTY EVIDENCE CLERK	S	50,446	52,969	55,617	58,398	61,318	
MECHANIC	S	52,060	54,663	57,396	60,266	63,279	
RECREATION COORDINATOR	S	52,060	54,663	57,396	60,266	63,279	
HUMAN RESOURCES ANALYST I	C	57,425	60,296	63,311	66,476	69,800	
ENGINEERING TECHNICIAN III	S	58,966	61,914	65,010	68,260	71,673	
MAINTENANCE LEADWORKER	S	58,966	61,914	65,010	68,260	71,673	
RECREATION SUPERVISOR	S	58,966	61,914	65,010	68,260	71,673	
UTILITY OPERATOR	S	59,057	62,010	65,111	68,366	71,784	
UTILITY SUPPORT COORDINATOR	S	59,057	62,010	65,111	68,366	71,784	
ASSISTANT PLANNER	S	59,333	62,300	65,415	68,686	72,120	
HARBOR PATROL OFFICER	S	60,255	63,267	66,431	69,752	73,240	
BUILDING INSPECTOR	S	61,703	64,788	68,028	71,429	75,001	
EXECUTIVE ASSISTANT/DEPUTY CLERK	C	61,703	64,788	68,028	71,429	75,001	
FIREFIGHTER	F	62,018	65,119	68,375	71,794	75,384	
UTILITY OPERATOR MC (MULTIPLE CERT)	S	63,191	66,351	69,668	73,152	76,809	
SENIOR ACCOUNTING TECHNICIAN	C	64,141	67,348	70,716	74,252	77,964	
HARBOR BUSINESS COORD	S	67,286	70,650	74,183	77,892	81,786	
POLICE OFFICER	P	68,410	71,830	75,422	79,193	83,152	87,310
FIRE ENGINEER	F	67,802	71,192	74,751	78,489	82,413	
IT SYSTEMS ANALYST	S	69,053	72,506	76,131	79,938	83,935	
ENGINEERING TECHNICIAN IV	S	69,053	72,506	76,131	79,938	83,935	
ASSISTANT ENGINEER	S	69,053	72,506	76,131	79,938	83,935	
ASSOCIATE PLANNER	S	69,053	72,506	76,131	79,938	83,935	
BUILDING INSPECTOR/PLANS EXAMINER	S	69,053	72,506	76,131	79,938	83,935	
CONSOLIDATED MAINT FIELD SUPV	S	69,053	72,506	76,131	79,938	83,935	
FISCAL ANALYST	C	69,053	72,506	76,131	79,938	83,935	
HUMAN RESOURCES ANALYST II	C	69,053	72,506	76,131	79,938	83,935	
LEAD UTILITY OPERATOR	S	70,434	73,956	77,653	81,536	85,613	
MANAGEMENT ANALYST	M	70,511	74,036	77,738	81,625	85,706	
POLICE SUPPORT SERVICES MANAGER	M	70,511	74,036	77,738	81,625	85,706	
HARBOR PATROL SUPERVISOR	S	70,975	74,524	78,250	82,163	86,271	
POLICE DETECTIVE	P	71,831	75,422	79,193	83,153	87,310	91,676
POLICE SCHOOL RESOURCE OFFICER	P	71,831	75,422	79,193	83,153	87,310	91,676
POLICE SENIOR OFFICER	P	71,831	75,422	79,193	83,153	87,310	91,676
OPERATIONAL TECHNOLOGY SPECIALIST	S	73,885	77,580	81,459	85,532	89,808	

CITY OF MORRO BAY							
COMBINED SALARY SCHEDULE							
FISCAL YEAR 2021-22: Effective 3/5/22							
TITLE	GROUP	STEP 1 Annual	STEP 2 Annual	STEP 3 Annual	STEP 4 Annual	STEP 5 Annual	STEP 6 Annual
FIRE CAPTAIN	F	77,938	81,835	85,927	90,223	94,735	
ASSOCIATE ENGINEER	S	79,410	83,381	87,550	91,928	96,524	
WASTEWATER SYSTEMS SUPV	S	79,410	83,381	87,550	91,928	96,524	
CITY CLERK	M	82,459	86,582	90,911	95,456	100,229	
MAINTENANCE SUPERINTENDENT	M	82,459	86,582	90,911	95,456	100,229	
ENVIRONMENTAL PROGRAMS MANAGER	M	82,459	86,582	90,911	95,456	100,229	
INFORMATION SYSTEMS TECHNICIAN	M	82,459	86,582	90,911	95,456	100,229	
RECREATION SERVICES MANAGER	M	82,459	86,582	90,911	95,456	100,229	
SR. ADMINISTRATIVE SERVICES ANALYST	M	82,459	86,582	90,911	95,456	100,229	
SENIOR PLANNER	M	82,459	86,582	90,911	95,456	100,229	
POLICE SERGEANT	P	85,314	89,579	94,058	98,761	103,699	108,884
PLANNING MANAGER	M	90,706	95,242	100,004	105,004	110,254	
HUMAN RESOURCES/RISK MANAGER	M	90,706	95,242	100,004	105,004	110,254	
FINANCE MANAGER	M	90,706	95,242	100,004	105,004	110,254	
SENIOR CIVIL ENGINEER	M	90,706	95,242	100,004	105,004	110,254	
FIRE MARSHAL	F	92,520	97,146	102,003	107,103	112,458	
CITY CLERK/HR MANAGER	M	105,633	110,915	116,461	122,284	128,398	
CITY ENGINEER	M	106,898	112,243	117,855	123,748	129,936	
UTILITY DIVISION MANAGER	M	106,898	112,243	117,855	123,748	129,936	
OPERATIONS INTERFACE MANAGER	M	106,898	112,243	117,855	123,748	129,936	
FIRE MARSHAL/DIVISION CHIEF	M	110,187	115,696	121,481	127,555	133,933	
POLICE COMMANDER	M	120,015	126,016	132,317	138,932	145,879	
COMMUNITY DEVELOPMENT DIRECTOR	E	131,024	137,575	144,454	151,677	159,261	
ASST CITY MANAGER/ADMIN SERVICES DIR	E	135,911	142,706	149,842	157,334	165,201	
PUBLIC WORKS DIRECTOR	E	135,911	142,706	149,842	157,334	165,201	
HARBOR DIRECTOR	E	138,446	145,368	152,636	160,268	168,282	sworn
FIRE CHIEF	E	138,446	145,368	152,636	160,268	168,282	sworn
POLICE CHIEF	E	138,446	145,368	152,636	160,268	168,282	sworn
CITY MANAGER	E	183,188	187,768	192,462	197,274	202,206	
*Pending Council Approval 02/22/2022							

CITYWIDE SUMMARY

	2018/19	2019/20	2020/21	2021/22	2021/22
	Funded	Funded	Funded	Funded	Mid-year
Total City FTEs					
Administration	12.00	12.00	10.00	11.00	14.00
Recreation Services	4.00	4.00	2.00	3.75	4.00
Community Development Dept	6.00	6.00	5.00	6.00	6.00
Police Department	20.75	21.38	20.38	21.38	21.38
Fire Department	13.75	13.75	13.75	15.00	15.00
Public Works	18.00	18.00	14.00	17.00	18.00
Utilities	18.15	16.27	17.00	18.00	18.58
Harbor Department	7.00	6.00	6.00	6.00	6.00
Total City-wide FTEs	99.7	97.4	88.1	98.1	103.0

POSITION DETAILS BY DEPARTMENT

	2018/19	2019/20	2020/21	2021/22	2021/22	
	Funded	Funded	Funded	Funded	Midyear	
City Administration						
City Manager	1.00	1.00	1.00	1.00	1.00	
City Clerk	1.00	0.00	0.00	0.00	1.00	New position
City Clerk/HR Manager	0.00	1.00	1.00	1.00	1.00	Reclass current employee to to Human Resources Mgr
Admin/Deputy City Clerk	1.00	0.00	0.00	0.00	0.00	
Executive Assistant/Deputy City Clerk	0.00	1.00	1.00	1.00	1.00	
Human Resources Analyst	1.00	0.00	0.00	0.00	0.00	
Human Resources Analyst II	0.00	1.00	1.00	1.00	1.00	
Tourism Manager	1.00	1.00	0.00	0.00	0.00	
Finance Director	1.00	1.00	1.00	0.00	0.00	
Admin Services Dir/Assistant City Mgr	0.00	0.00	0.00	1.00	1.00	
Finance Manager	0.00	0.00	0.00	1.00	1.00	
Budget/Accounting Manager	1.00	1.00	1.00	0.00	0.00	
Administrative Services Analyst	0.00	0.00	0.00	1.00	1.00	
Fiscal Analyst	0.00	0.00	0.00	0.00	1.00	Restored position (replaces Account Clerk I)
Senior Accounting Technician	1.00	1.00	1.00	1.00	1.00	
Account Clerk III	0.00	1.00	1.00	1.00	2.00	Reclass from OA IV; no net new FTE.
Account Clerk II	2.00	1.00	0.00	0.00	0.00	
Account Clerk I	0.00	0.00	1.00	0.00	0.00	
Office Assistant IV	0.00	0.00	0.00	1.00	0.00	Reclass to Acct Clerk II, no change in fTE
Account Clerk In-Training	1.00	1.00	0.00	0.00	0.00	
IT Service Technician	1.00	1.00	1.00	1.00	1.00	
IT Systems Analyst	0.00	0.00	0.00	0.00	1.00	New classification approved by Council 1/25/22
Total Department FTEs	12.0	12.0	10.0	11.0	14.0	

	2018/19	2019/20	2020/21	2021/22	2021/22	
	Funded	Funded	Funded	Funded	Mid-Year	
Recreation						
Recreation Services Manager	1.0	1.0	1.0	1.0	1.0	
Recreation Supervisor	1.0	1.0	0.0	1.75	2.0	Restore 2nd Supervisor to full-time
Recreation Coordinator	0.0	1.0	1.0	0.0	0.0	
Administrative Technician	0.0	1.0	0.0	1.0	1.0	
Office Assistant IV	1.0	0.0	0.0	0.0	0.0	
Office Assistant III	1.0	0.0	0.0	0.0	0.0	
Total Department FTEs	4.0	4.0	2.0	3.75	4.00	

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	2021/22 Mid-year
Community Development Department					
Community Development Director	1.0	1.0	1.0	1.0	1.0
Senior Planner	1.0	1.0	1.0	1.0	1.0
Assistant Planner	1.0	1.0	0.0	1.0	1.0
Permit Technician	1.0	1.0	1.0	1.0	1.0
Office Assistant III/IV	1.0	1.0	1.0	1.0	1.0
Building Inspector	1.0	1.0	1.0	1.0	1.0
Total Department FTEs	6.0	6.0	5.0	6.0	6.0

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	2021/22 Mid-year
Police Department					
Chief of Police	1.0	1.0	1.0	1.0	1.0
Police Commander	1.0	1.0	1.0	1.0	1.0
Police Sergeant	4.0	4.0	4.0	4.0	4.0
Administrative Sergeant	1.0	1.0	1.0	1.0	1.0
Corporal	1.0	1.0	0.0	0.0	0.0
Senior Officer	4.0	4.0	4.0	4.0	4.0
Officer	4.0	4.0	4.0	5.0	5.0
Officer - School Resource Officer	0.0	1.0	1.0	1.0	1.0
Officer - Detective	1.0	1.0	1.0	1.0	1.0
Support Service Manager	1.0	1.0	1.0	1.0	1.0
Support Services Technician	1.0	1.0	1.0	1.0	1.0
Support Services Technician	1.0	0.63	0.63	0.63	0.63
Property & Evidence Clerk	0.75	0.75	0.75	0.75	0.75
Total Department FTEs	20.75	21.38	20.38	21.38	21.38

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2020/21 Funded	2020/21 Mid-year
Fire Department					
Fire Chief	1.0	1.0	1.0	1.0	1.0
Division Chief/Fire Marshal	1.0	1.0	1.0	1.0	1.0
Fire Captain	3.0	3.0	3.0	3.0	3.0
Fire Engineer	7.0	7.0	7.0	8.0	7.0
Firefighter	1.0	1.0	1.0	1.0	2.0
Administrative Technician	0.75	0.75	0.75	1.0	1.0
Total Department FTEs	13.75	13.75	13.75	15.00	15.00

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	2021/22 Mid-year
Public Works					
Public Works Director	1.0	1.0	0.0	1.0	1.0
City Engineer	0.0	0.0	1.0	1.0	1.0
Consolidated Maintenance Superintendent	1.0	1.0	0.0	0.0	1.0 Restore position defunded due to COVID-19
Environmental Programs Manager	1.0	1.0	1.0	1.0	1.0
Senior Civil Engineer	0.0	0.0	0.0	0.0	0.0 FTE approved by Council 9/14/21 - vacant/not budgeted
Associate Engineer	0.0	0.0	0.0	0.0	1.0 Promote current Asst. Engineer; no change in FTE
Assistant Engineer	1.0	2.0	1.0	1.0	0.0
Engineering Technician	1.0	0.0	0.0	1.0	1.0
Consolidated Maintenance Field Supervisor	1.0	1.0	1.0	1.0	1.0
Mechanic	1.0	1.0	1.0	1.0	1.0
Maintenance Leadworker	0.0	0.0	0.0	0.0	1.0 Reclass current Maint Worker II
Consolidated Maintenance Worker III	1.0	1.0	1.0	3.0	3.0
Consolidated Maintenance Worker II	6.0	6.0	5.0	4.0	3.0
Consolidated Maintenance Worker I	2.0	2.0	2.0	2.0	2.0
Management Analyst	1.0	1.0	1.0	1.0	1.0
Office Assistant IV	1.0	1.0	0.0	0.0	0.0
Total Department FTEs	18.0	18.0	14.0	17.0	18.0

	2018/19	2019/20	2020/21	2021/22	2021/22	
	Funded	Funded	Funded	Funded	Mid-year	
Utilities						
Utilities Manager	0.00	0.00	0.00	1.00	1.00	
WRF Operations Interface Mgr	0.00	0.00	0.00	0.00	0.58	Temporary position req'd for WRF start up
Waste Water System Supervisor	1.00	1.00	0.00	1.00	1.00	
Lead Utility Operator	0.00	0.00	0.00	5.00	5.00	
Multi-Cert Utility Operator	0.00	0.00	0.00	7.00	7.00	
Utility Operator	0.00	0.00	0.00	2.00	2.00	
Utility Support Coordinator	0.00	0.00	0.00	0.00	1.00	New job classification - reclass current Office Assistant IV
Office Assistant IV	0.00	0.00	0.00	1.00	0.00	
Operations Technology Specialist	0.00	0.00	0.00	1.00	1.00	New job classification - FTE approved with FY 21-22 Budget
Water System Supervisor	0.00	0.00	0.00	0.00	0.00	
Water System Operator I	1.00	0.00	0.00	0.00	0.00	
Water System Operator II	2.00	0.00	0.00	0.00	0.00	
Water System Operator III	1.00	0.00	0.00	0.00	0.00	
Collections System Supervisor	1.00	0.00	0.00	0.00	0.00	
Collection Systems Worker III	1.00	0.00	0.00	0.00	0.00	
Collection Systems Worker II	2.00	0.00	0.00	0.00	0.00	
Waste Water Operator In Training	1.00	0.00	0.00	0.00	0.00	
Waste Water System Leadworker	1.00	0.00	0.00	0.00	0.00	
Waste Water System Operator II/Lab Analyst	1.00	0.00	0.00	0.00	0.00	
Waste Water System Operator II	3.00	0.00	0.00	0.00	0.00	
Waste Water System Operator In Training	1.00	0.00	0.00	0.00	0.00	
Total Utilities Department FTE's	16.00	1.00	0.00	18.00	18.58	

	2018/19	2019/20	2020/21	2021/22	2021/22	
	Funded	Funded	Funded	Funded	Mid-year	
Harbor Department						
Harbor Director	1.0	1.0	1.0	1.0	1.0	
Harbor Business Coordinator	1.0	1.0	1.0	1.0	1.0	
Harbor Patrol Supervisor	1.0	1.0	1.0	1.0	1.0	
Harbor Patrol Officer	3.0	3.0	3.0	3.0	3.0	
Administrative Technican	1.0	0.0	0.0	0.0	0.0	
Total Department FTEs	7.00	6.00	6.00	6.00	6.00	

Midyear Budget Report & General Fund Forecast

Morro Bay City Council
February 22, 2022





Presentation Outline

- Midyear Budget Report
- Staffing Changes
- General Fund Fiscal Forecast

City of Morro Bay Midyear Budget Report FY 2021-22

This Report covers the six-month period ending December 31, 2021. It provides an update on the City's primary revenues and expenditures in its major funds, and outlines recommended budget adjustments.





Midyear Summary

- Positive midyear report; recovery continues
- More volatile revenue sources are up
- Gradually restoring budget and staff to address core services and Council goals
- Also contributing to General Fund Emergency Reserve
- Enterprise funds tracking well; CIP changes

General Fund

Status Highlights & Recommend Budget Amendments

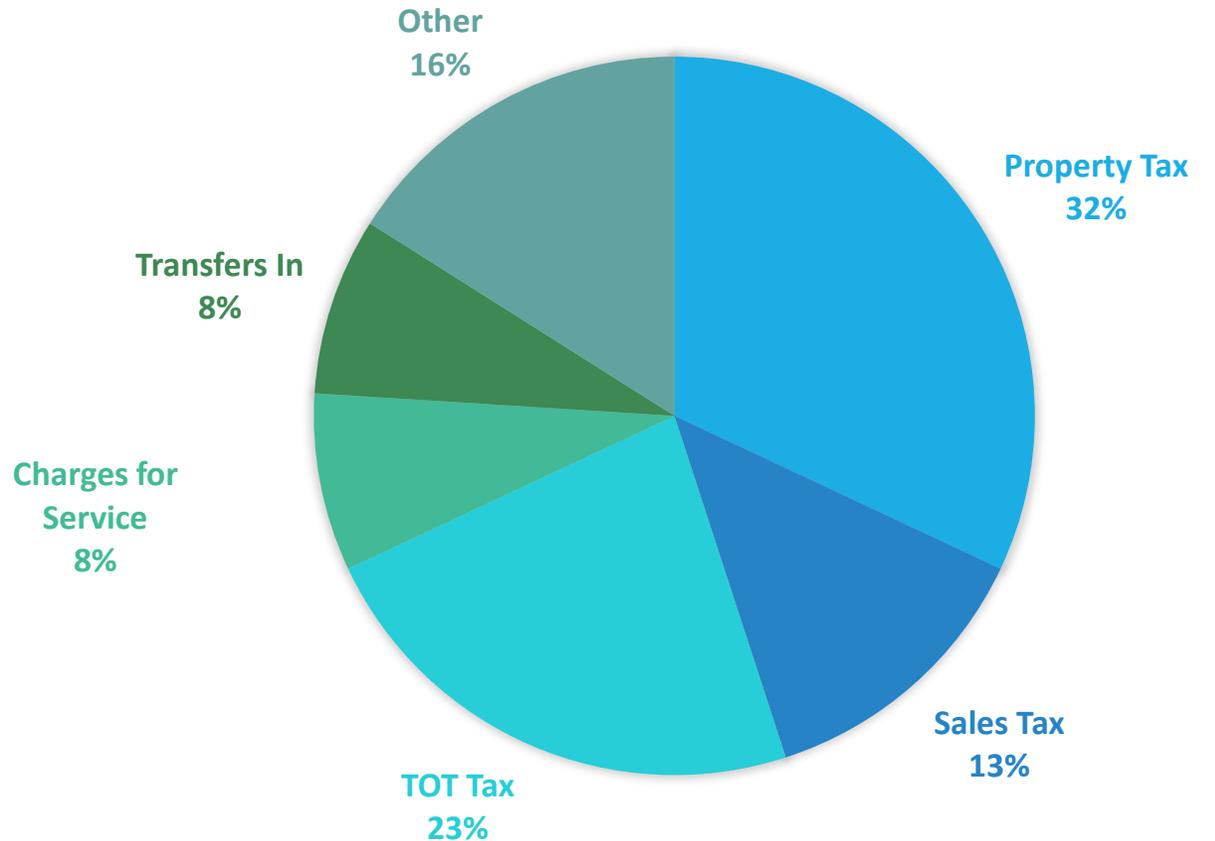




General Fund Revenues

- Total GF Revenue Budget: \$15.7M
- Property Tax – stable ↔
- Transit Occupancy Tax (TOT) up ↑
- Sales Tax - up ↑
- Charges for service – stable ↔
- Other revenues - stable ↔

GENERAL FUND REVENUE SOURCES



General Fund Revenue Amendments

Revenue Source	Increase
Sales Tax	350,000
Transient Occupancy Tax (TOT)	240,000
Mutual Aid Reimbursement – fire response	480,000
State grant to fund planning software	78,000
TOTAL	1,148,000

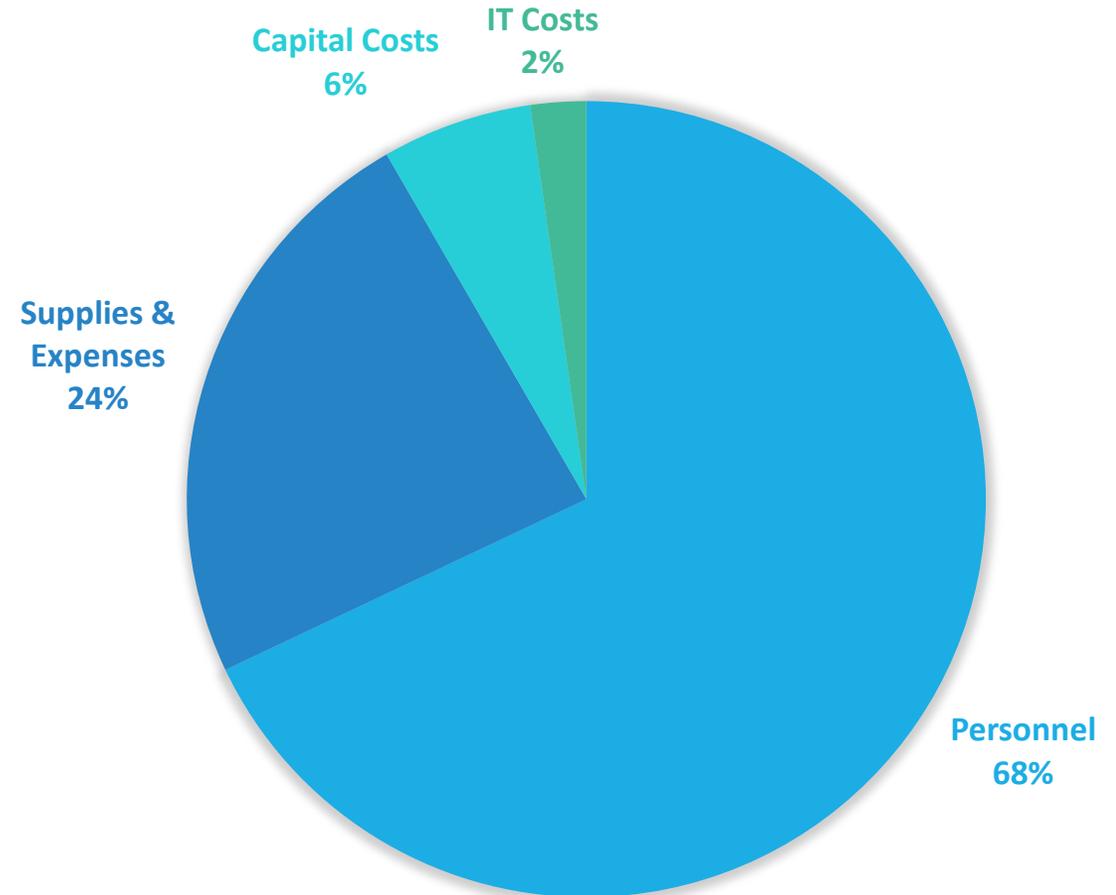




General Fund Expenditures

- Total GF Expenditure Budget: \$15.6M
- Personnel: \$10.6M
 - (down from \$11.4M in 19-20)
- Supplies & Expenses: \$3.7M
- Transfers to CIP/Vehicles: \$1M
- Transfer to IT Fund: \$0.3M

GENERAL FUND EXPENDITURE CATEGORIES



General Fund Expenditure Amendments

Department	Description	Total Net Change
All	Increase City Health Bank contributions	37,746
Police	Gun control measures, insurance costs	67,395
Fire	Mutual aid response; revenue offset	480,000
Public Works	Maintenance needs, tree maintenance, Morro Creek restoration	102,000
Recreation	Restore pre-pandemic services levels, correct budget errors	335,592
Admin Svcs	Restore finance staffing; fiscal analyst	30,000
Comm Dev	Grant-funded e-review software	78,000
City Clerk	Create City Clerk position, fund election	65,000
City Manager	Regional coordination, insurance costs	22,546
Contract Svcs	Delay CIP Assessment, fund state lobbyist, begin class & comp study	-150,000
TOTAL		1,068,279





General Fund Net Impact

- Adopted Budget Projected Operating Surplus: \$85,000
 - Revenue Budget Increases: \$1,148,000
 - Expenditure Budget Increases: \$1,068,000
- \$80,000 improvement in the projected year-end operating surplus
- \$165,000 total projected General Fund operating surplus

Measure Q & E Fund

Status Highlights & Recommend Budget Amendments





Priority Expenditure Areas

- Maintain **public safety services** by funding staff positions that are most closely aligned with the purposes of the Measures Q and E. Expenses include costs associated with Morro Bay Fire Department, Morro Bay Police Department and Morro Bay Harbor personnel and equipment, in addition to the Fire Headquarter Debt service and the Fire Engine loan repayment;
- Maintain or enhances **cleanliness and safety of public spaces** such as parks, waterfront and the beach by funding personnel, supplies, expenses and equipment to support City operations in departments including Public Works Consolidated Maintenance and Harbor Department;
- Invest in **infrastructure and equipment** such as street paving, storm drains, and vehicle replacements that support City services. This priority may include **increasing capacity to implement** the backlog of unfunded capital projects; &
- Ensure financial health of the City by **maintaining appropriate reserves** to protect against economic downturns, natural/health emergencies and other unforeseen challenges or opportunities.



Midyear Revenues & Expenditures

FY 2021-22 Measure Q & E Total Revenues and Expenditures

	Adopted Budget	12/31/21 Actuals	% Rec'd/ Used	Prior Year Actual
Total Revenues	3,438,184	1,490,341	43%	2,067,450
Total Expenditures	4,072,558	740,873	18%	1,318,910
GRAND TOTAL	(634,374)*	749,468		748,540

* Expenditure budget exceeds revenue budget due to intended use of fund balance from prior years.

- Sales tax revenues through October (4 of 12 months)
- Expenditures low due primarily to pending interfund transfers



Recommended Revenue Budget Changes

	Budget Increase
Increase Measure E Sales Tax Revenue Budget	500,000

- Represents a conservative increase based on sales tax consultant’s growth estimates.
- Amended revenue budget would be approximately \$3.9 million.



Recommended Expenditure Budget Changes

Measure Q & E Fund Expenditures	Budget Increase (Decrease)	Council Approval	One-time / Ongoing
Police - Body-Worn Camera Support	28,000	Prior years	Ongoing
Police - Bomb/Drug/Gang task force payment to Sheriff	15,000	Prior years	Ongoing
Police - SWAT Team contribution to the Regional SWAT	6,000	Prior years	Ongoing
Police - Data and CLETS lines	15,000	Prior years	Ongoing
Police - Records Management System (RMS) Costs	65,000	1/25/2022	One-time
Public Works - Reduce Contract Services budget for CIP Implementation (will perform primarily with staff)	(100,000)	N/A	One-time
Public Works - Associate Engineer for Capital Projects (remainder of FY)	44,000	Sr. Eng. 9/14/21	Ongoing
Public Works - Maintenance Superintendent (remainder of FY)	35,000	N/A	Ongoing
Transfers - Pay off remainder of Fire Apparatus Early	56,250	N/A	One-time
Transfers - Increase to General Fund Emergency Reserve	300,000	N/A	One-time
Total	464,250		

- Revenue increase fully covers expenditure increase
- Amended expenditure budget would be approximately \$4.5 million.
- Remaining fund balance from FY 2020-21 available to appropriate in FY 2022-23.

Enterprise Funds

Status Highlights & Recommend Budget Amendments





Harbor Funds Status

- Fund status
 - FY 2020-21 operating surplus of appx \$0.6 million
 - Negative fund balance primarily due to long-term liabilities (pension)
- Midyear budget status
 - Expended 39% of operating budget (\$0.8m of \$2.1m)
 - CIP work partially resuming; backlog of needs remains
- Measure Q&E contributing \$251,000 to Harbor needs for FY 2021-22



Harbor Funds Budget Amendments

- **Revenues:**

- Increase RV program revenues \$70k
- Increase Launch Ramp revenues \$10k
- Increase Friends of Harbor donation \$40k

- **Expenditures:**

- Increase RV Camping Program Expenses \$10k
- Hull & vessel insurance \$10k
- Organizational assessment \$25k
- Temporary staff support \$20k
- Staffing budget correction & health banks \$37k
- CIP increase for 595 Embarcadero (net) \$120k
- Harbor Vessels offset due to donation -\$20k

4 Harbor Funds:

- Operating
- Capital
- Accumulation
- Equipment
- Lots of transfers!

Net Impact:

- Expenditure increase appx \$0.1M
- Adopted budget – operating surplus appx \$0.1M
- No significant change to year-end fund health



Water Funds Status & Changes

- Midyear budget status
 - Collected appx. 55% of revenue (\$4.1M of \$7.5M)
 - Expended appx. 20% of expenditure budget (lag due to interfund transfers)
 - Progress on OneWater projects
- Requesting \$0.9M at Midyear for the Nutmeg Pressure Zone Project (9932)
 - Not due to project budget increase; due to accelerated timing from budget
- Minor increase (\$2,634) for City Health Bank increases
- The Water fund balance can support these expenditure increases



Sewer Funds Status & Changes

- Midyear budget status
 - Collected appx. 59% of revenue (\$4.6M of \$7.9M)
 - Expended appx. 12% of expenditure budget (lag due to interfund transfers)
 - Progress on OneWater projects
- Requesting \$0.9M at Midyear for the Wastewater Collections at Main St. & Atascadero Road Project (9928)
- Requesting \$0.6M at Midyear for the Wastewater Collections at Beachcomber Project (9929)
- Not due to project budget increases; due to accelerated timing from budget
- Minor increase (\$7,860) for City Health Bank increases
- Sewer Fund balances can accommodate these increases



Other Funds – Budget Amendments

- Transit Fund
 - \$0.1M in increased revenue (CARES Act reimbursement primarily)
 - \$7,000 in expenditure increases
- Wayfinding Project Budget increase
 - \$57,020 - Approved by Council
 - Economic Development funds (transfer to CIP Fund)
- Affordable Housing In-Lieu Fund
 - \$75,000 to fully fund Council-directed loan for 405 Atascadero Rd. project
- Good news on ARPA Final Rule – no midyear changes recommended

Staffing Adjustments

Approval of Job Descriptions and Amended Salary Schedule





Recommended Staffing Adjustments

Public Works

- Restore Maintenance Superintendent position defunded due to COVID-19
- Approve job classification and promote existing employee to WRF Operations Technology Specialist (FTE was approved as part of the FY 21-22 Budget)
- Approve new job classification and re-class existing employee to Utility Support Coordinator
- Approve new temporary WRF Operations Interface Manager job classification and reassign current Utilities Division Manager to manage and coordinate various WRF start-up activities
- Eliminate Senior Civil Engineer position authorized by Council on September 24, 2021, which remains unfilled and unbudgeted
- Restore existing Maintenance Leadworker classification on salary schedule (no change in FTE)



Recommended Staffing Adjustments

Administration/Finance

- Restore prior Finance staffing levels by approving a new job classification for Fiscal Analyst
- Bifurcate the City Clerk and Human Resources responsibilities by approving new job descriptions for both classifications and authorizing the hiring of a City Clerk.

Recreation Services

- Restore prior staffing levels by increasing current Recreation Supervisor from .75 FTE to full-time



Recommended Staffing Adjustments

Adoption of Resolutions No. 18-22 and 19-22 would formally approve the proposed new job classifications and authorize increased staffing in key service areas of 2.825 FTE's

	FTE's
Authorized in FY 21/22 Budget	98.1
Council authorized Senior Civil Engineer 9/14/21	1
Council authorized IT Systems Analyst 1/25/22	1
Current authorized FTE's	100.1
 Mid-year Requests	
Restore Maintenance Superintendent position	1
Approve WRF Operations Technology Specialist classification	0
Approve Utility Support Coordinator classification	0
Approve Fiscal Analyst classification	1
Bifurcate current Clerk/HR Manager position and authorize hiring of City Clerk	1
Restore Recreation Supervisor from .75 FTE to full-time	0.25
Authorize temporary job classification WRF Operations Interface Manager	0.575
Eliminate Senior Civil Engineer FTE - unbudgeted and unfilled position	-1
Total authorized FTE upon Council approval of Mid-Year Budget Requests:	102.925

General Fund Forecast



**City of Morro Bay
General Fund
Forecast
(in thousands)**

February 2022

General Fund	FY 2021	FY 22 est.	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Balance	\$742	\$3,196	\$3,361	\$3,559	\$3,628	\$3,695	3,795
Revenues							
Property Tax	4,862	5,012	5,187	5,343	5,503	5,668	5,838
Sales Tax	2,400	2,460	2,529	2,605	2,683	2,737	2,792
TOT	3,826	3,928	4,006	4,127	4,250	4,420	4,597
Other Revenue	4,206	4,186	4,511	4,647	4,786	4,930	5,078
Transfers	1,222	1,245	1,282	1,320	1,360	1,401	1,443
Total Revenue	16,517	16,830	17,516	18,042	18,583	19,156	19,748
Expenditures							
Personnel*	10,186	11,486	12,272	12,683	12,972	13,244	13,546
Other O&M*	3,313	3,890	4,084	4,289	4,503	4,728	4,965
Transfers out	438	833	483	498	513	528	544
Total Operating Expenditures	13,937	16,209	16,839	17,469	17,988	18,501	19,055
Net Operating Surplus (Deficit)	2,580	621	677	572	595	655	693
Capital Projects (one-time)	125	457	479	503	528	555	583
Total General Fund Expenditures	14,062	16,666	17,319	17,973	18,516	19,056	19,637
Change in Fund Balance	2,455	165	198	69	67	101	110
Ending Balance	3,196	3,361	3,559	3,628	3,695	3,795	3,906

Emergency Reserve	FY 2021	FY 22 est.	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Balance	\$1,766	\$2,422	\$4,290	\$4,290	\$4,290	\$4,290	\$4,290
Revenue & Transfers in	657	1,888	0	0	0	0	0
Expenditures & Transfers Out	1	20	0	0	0	0	0
Net Annual	656	1,867	0	0	0	0	0
Ending Balance	2,422	4,290	4,290	4,290	4,290	4,290	4,290

Measure Q & E Ops Cost *	FY 2021	FY 22 est.	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	493	2,123	2,255	2,367	2,486	2,610	2,741

Total GF+ER Balance	5,619	7,651	7,849	7,918	7,984	8,085	8,195
% of GF + Measure Q&E Exp	40.2%	43.7%	42.2%	40.9%	40.0%	39.3%	38.6%

*Included in costs for purposes of calculating GFER percentage



FY 2020-21

- FY 20-21 starting balance - \$0.7 million spendable fund balance (GASB)
- FY 20-21 operating surplus of \$2.45 million
 - One-time due to:
 - Revenue recovery from pandemic
 - Expenditure cuts due to pandemic
- Forecast includes restored services and restored revenues
- Leveling off of revenue growth



General Fund Revenues

- Leveling off post-recovery
- Estimates derived in coordination with County, HdL, Visit Morro Bay

Measure Q&E Fund Revenues: appx \$4 million/year total

<u>Revenue Assumptions</u>	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Property Tax	3.50%	3.00%	3.00%	3.00%	3.00%
Sales Tax	2.80%	3.00%	2.00%	2.00%	2.00%
Transient Occupancy Tax	2.00%	3.00%	3.00%	4.00%	4.00%
Other Revenues	3.00%	3.00%	3.00%	3.00%	3.00%



General Fund Revenue Projections

General Fund	<u>FY 2021</u>	<u>FY 22 est.</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
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Total Revenue	16,517	16,830	17,516	18,042	18,583	19,156	19,748



General Fund Expenditures

- *Baseline Forecast:*
 - No built-in employee compensation increases
 - No additional positions beyond midyear recommendations
- Expenditures continue to increase faster than revenues
- CIP contribution may be insufficient to meet needs

<u>Expenditure Assumptions</u>					
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Regular Salaries & Other Pay	2.00%	2.00%	2.00%	2.00%	2.00%
Part-time Wages	2.00%	2.00%	2.00%	2.00%	2.00%
Overtime	2.00%	2.00%	2.00%	2.00%	2.00%
Employer Paid Benefits (health, unemp)	5.00%	5.00%	5.00%	5.00%	5.00%
Pension - Normal Cost	0.11%	12.50%	0.00%	0.79%	0.00%
Pension - Unfunded Liability (UAL)	12.41%	-0.43%	0.43%	-1.70%	0.00%
Supplies and Expenses	5.00%	5.00%	5.00%	5.00%	5.00%



General Fund Expenditure Projections

Expenditures

Personnel*	10,186	11,486	12,272	12,683	12,972	13,244	13,546
Other O&M*	3,313	3,890	4,084	4,289	4,503	4,728	4,965
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Total General Fund Expenditures	14,062	16,666	17,319	17,973	18,516	19,056	19,637

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Fund Balance & Reserve Balance

- *Baseline* Forecast:
 - No built-in employee compensation increases
 - No additional positions beyond midyear recommendations
- Expenditures continue to increase faster than revenues
- CIP contribution may be insufficient to meet needs



Fund Balance & Reserve Balance

Change in Fund Balance	2,455	165	198	69	67	101	110
Ending Balance	3,196	3,361	3,559	3,628	3,695	3,795	3,906

Emergency Reserve	<u>FY 2021</u>	<u>FY 22 est.</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
Beginning Balance	\$1,766	\$2,422	\$4,290	\$4,290	\$4,290	\$4,290	\$4,290
Revenue & Transfers in	657	1,888	0	0	0	0	0
Expenditures & Transfers Out	1	20	0	0	0	0	0
Net Annual	656	1,867	0	0	0	0	0
Ending Balance	2,422	4,290	4,290	4,290	4,290	4,290	4,290

Measure Q & E Ops Cost *	<u>FY 2021</u>	<u>FY 22 est.</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
	493	2,123	2,255	2,367	2,486	2,610	2,741

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% of GF + Measure Q&E Exp	40.2%	43.7%	42.2%	40.9%	40.0%	39.3%	38.6%

*Included in costs for purposes of calculating GFER percentage



Conclusion

- Significant improvements, but challenges remain
- Economic recovery has been strong
- Expenditures were reduced but must be restored to deliver City services
- Measure E provides support for fiscal sustainability
- Must invest in operating as well as capital needs and pension liability

Operating Expenditures

- Peer cities increasing wages
- Inflation
- Costs rising faster than revenues

Capital Needs

- Deferred backlog of needs
- Specific needs still unknown
- Staff capacity to manage projects

Pension Liability

- Significant impact for 15-20 yrs
- Moving target; partially out of City's control
- Intangible to community but legally required



Next Steps – FY 2022-23 Budget

- March-Apr Departments prepare budgets
- Apr 19 CFAC reviews and recommends Measures Q and E Funding
- Apr 26 Fiscal Policy Review by Council; prelim budget input if needed

- May 17 CFAC receives update on proposed budget, time permitting
- May 24 Budget Study Session #1
- May 25 Budget Study Session #2
- Jun 14 Budget Adopted at Council Meeting
- Jun 28 Backup date for Budget Adoption
- July Post final Adopted Budget Book (new & improved digital format!)



Recommendations

- 1) Receive the Fiscal Year (FY) 2021-22 Midyear Budget Report;
- 2) Adopt Resolution No. 17-22 authorizing the attached Budget Amendments;
- 3) Adopt Resolution No. 18-22 approving new classifications and job descriptions;
- 4) Adopt Resolution No. 19-22 approving the revised salary schedule and authorized Full-Time Equivalent (FTE) staffing list; and
- 5) Receive the annual General Fund forecast and provide input as appropriate.



AGENDA NO: C-3

MEETING DATE: February 22, 2022

Staff Report

TO: Honorable Mayor and City Council

DATE: February 15, 2022

FROM: Scott Collins, City Manager

SUBJECT: Adoption of Resolution No. 20-22 Declaring a Climate Emergency in Morro Bay.

RECOMMENDATION

Staff recommends the Council adopt Resolution No. 20-22, declaring a climate emergency.

ALTERNATIVES

The City Council could choose to either revise the resolution in a manner agreed upon by a majority of Council or the Council may choose not to adopt the resolution.

FISCAL IMPACT

The fiscal impact associated with this Council agenda item is related only to the staff time spent preparing the item.

BACKGROUND

The threat of climate change and the need to proactively address it continues to be a policy issue of significant public concern, as can be seen by the increase in wildfires, floods, rising seas, droughts, and extreme weather patterns.

Climate change is of such grave concern that the City's 2021 adopted General Plan/Local Coastal Land Use Plan (Plan Morro Bay) is organized around a framework of climate resiliency <https://www.morrobayca.gov/DocumentCenter/View/15424/Plan-Morro-Bay-GP-LCP-Final> Each Element of Plan Morro Bay includes a climate resiliency component that address the effects of climate change on both the built and natural environment.

The 2021/2022 City Council adopted Goals includes a Goal of Climate Action. The Goal Statement is as follows:

- (1) Participate with other cities in SLO County to support climate action planning efforts, (2) educate Council on the technical terms around climate action to support policy advocacy and the identification of critical next steps for Morro Bay, and (3) consider opportunities to reduce reliance on carbon producing energy sources.

Coming on the heels of these prior actions, the City Council also expressed a desire to consider adopting a resolution that formally declares a climate emergency. Based on that direction, City staff

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

prepared the attached resolution for the Council's consideration. The language contained in the resolution is consistent with similar resolutions that have been adopted by municipalities throughout the State.

Current Actions

The City of Morro Bay is on the front lines of the climate crisis. The most significant project ever undertaken by the City, moving the City's wastewater treatment plant off the beach, was in direct response to rising sea levels.

The City in recent years has also joined Central Coast Community Energy, an agency that sources clean and renewable energy for the counties of Monterey, San Benito, Santa Cruz, San Luis Obispo and Santa Barbara.

The City is also in the process of installing several electric vehicle charging stations for public use.

Future Actions

There are green energy projects that are in the early pre-approval stages of development that include off shore wind and the Vistra Battery Energy Storage System. These are large projects that take time to come to fruition and consideration for approval of these projects may prospectively come before the City Council.

Initiatives that the City can move forward in the near term include, but are not limited to, continued development of electric vehicle charging stations, reviewing the opportunity for electrification of new residential development, pursuit of funding for an update of the City's Climate Action Plan, and the City's continued implementation of the climate resiliency policies found in Plan Morro Bay.

CONCLUSION

The resolution affirms the City's commitment to proceed with a sense of urgency in carrying out various steps to address climate change, including reducing citywide greenhouse gas emissions as quickly as possible, safely drawing down carbon from the atmosphere, and implementing adaptation and resilience strategies identified in Plan Morro Bay. It also calls for community education and participation. Finally, it calls for a regional, national, and worldwide effort to actively address global warming and move towards a sustainable economy.

Staff recommends adoption of Resolution 20-22 declaring a Climate Emergency in Morro Bay.

ATTACHMENT:

1. Climate Emergency Resolution No. 20-22

RESOLUTION NO. 20-22

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA DECLARING A CLIMATE EMERGENCY AND THE NEED FOR ACCELERATED ACTION TO ADDRESS THE CLIMATE CRISIS

THE CITY COUNCIL City of Morro Bay, California

WHEREAS, climate change is an urgent unfolding crisis that presents a serious threat to human existence; and

WHEREAS, the United Nations Intergovernmental Panel on Climate Change issued a special report on the impact of global warming and the need to reduce global greenhouse gas (GHG) emissions by approximately forty-five percent by 2030, achieve 'net-zero' emissions by 2050, and achieve and maintain net-negative emissions after that to hold atmospheric warming to 1.5 degrees Celsius and avoid the most catastrophic impacts of climate change; and

WHEREAS, in recognition of the commitments necessary to address the scale and scope of the climate crisis, Governor Jerry Brown issued Executive Order B-55-18 ordering the State of California to achieve net-zero emissions as soon as possible, and no later than 2045, and achieve and maintain net-negative emissions thereafter; and

WHEREAS, in 2018, the United States' Fourth National Climate Assessment made it clear that climate change will wreak havoc across the United States of America, and that the current pace and scale of climate action is not sufficient to avoid substantial damage to the economy, the environment, and to human health over the coming decades; and

WHEREAS, the City of Morro Bay and the rest of California already suffers from the impacts of climate change in the form of drought, air pollution, extreme heat, species stress, negative health effects, wildfires, and floods, and these disasters will become more severe as global GHG emissions continue to poison the atmosphere; and

WHEREAS, climate change will increasingly make basic human necessities more expensive and difficult to obtain; and

WHEREAS, throughout the United States of America, frontline communities have historically borne the brunt of longstanding environmental injustice, including fossil-fuel created degradation, and it is acknowledged that these communities must actively participate in the planning, decision making, and implementation of climate action and must benefit equally from a just transition to a sustainable and equitable economy; and

WHEREAS, to stay within 1.5 degrees Celsius, cities and nations throughout the world will need to significantly reduce their per capita emissions by 2030 or earlier; and

WHEREAS, restoring a safe and stable climate will require mobilization at all levels of government and society on a scale, scope, and speed not seen since World War II; and

WHEREAS, efforts to control climate change will have many benefits, such as cleaner air and water, improved health, local employment, cost savings for households, businesses, and the City, and the creation of a stronger and more resilient community; and

WHEREAS, the City of Morro Bay in 2014 adopted a Climate Action Plan that sought to reduce greenhouse gas emissions, lower energy costs, reduce air pollution, support local economic development and improve public health and quality of life; and

WHEREAS, the City of Morro Bay took a decisive leadership role in 2021 with the adoption of Plan Morro Bay, implementation of which will address climate resiliency for both the built and natural environment; and

WHEREAS, the City of Morro Bay has already taken steps to lower GHG emissions by joining Central Coast Community Energy an agency established by local communities to source clean and renewable electricity for Monterey, San Benito, Santa Cruz, San Luis Obispo and Santa Barbara counties; and

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

1. The City of Morro Bay declares that a climate emergency threatens our city, region, state, nation, and the planet; and
2. The City of Morro Bay commits to seeking a just transition and climate emergency mobilization effort to address climate change, with appropriate financial and regulatory assistance from the County, State and Federal authorities. These efforts would reduce citywide greenhouse gas emissions as quickly as feasible, and support safely drawing down carbon from the atmosphere, while accelerating adaptation and resilience strategies in preparation for intensifying climate impacts; and
3. The City of Morro Bay intends to swiftly transition to an ecologically, socially, and economically sustainable economy and to reduce community-wide carbon emissions as much as possible, through updating of the City's Climate Action Plan and through implementation of Plan Morro Bay; and
4. The City of Morro Bay supports the need for robust community participation, inclusion, and support, and recognizes that the residents of Morro Bay, along with local community organizations, will be integral to addressing climate resiliency at the local level; and

5. The City of Morro Bay calls on the State of California, the United States federal government, as well as all other peoples of the world, to join with the City of Morro Bay in prioritizing climate mobilization efforts that will serve to address this serious global challenge.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 22nd day of February 2022 on the following vote:

AYES:
NOES:
ABSENT:

John Headding, Mayor

ATTEST:

Dana Swanson, City Clerk