



# CITY OF MORRO BAY

## CITY COUNCIL

### AGENDA

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

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### **Regular Meeting**

### **Tuesday, June 28, 2022 – 5:30 P.M.**

### **Veterans Memorial Hall**

### **209 Surf St., Morro Bay, CA**

*Pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953 this Meeting will be conducted in a hybrid format with both in-person and virtual public participation. Ways to watch this meeting and submit public comment are provided below.*

#### **Public Participation:**

*Public participation is allowed in the following ways:*

- Community members may attend the meeting in person at the Morro Bay Veterans Hall.
- 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.

*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

- Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).
- Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the City Council at [council@morrobayca.gov](mailto:council@morrobayca.gov) prior to the meeting. Agenda Correspondence received at [council@morrobayca.gov](mailto:council@morrobayca.gov) by 10 a.m. on the meeting day will be posted on the City website.

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

- National Parks & Recreation Month Proclamation
- Pride Month Proclamation
- Morro Bay Chamber of Commerce Quarterly Update by Erica Crawford

#### PUBLIC COMMENT

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

Public comment is an opportunity for members of the public to provide input to the governing body. To increase the effectiveness of the Public Comment Period, the City respectfully requests the following guidelines and expectations be followed:

- Those desiring to speak are asked to complete a speaker slip, which are located at the entrance, and submit it to the City Clerk. However, speaker slips are not required to provide public comment.
- When recognized by the Mayor, please come forward to the podium to speak. Though not required, it is helpful if you state your name, city of residence and whether you represent a business or group. Unless otherwise established by the Mayor, comments are to be limited to three minutes.
- All remarks should be addressed to Council, as a whole, and not to any individual member thereof.
- The Council respectfully requests that you refrain from making slanderous, profane or personal remarks against any elected official, commission and/or staff.
- Please refrain from public displays or outbursts such as unsolicited applause, comments or cheering.
- Any disruptive activities that substantially interfere with the ability of the City Council to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Your participation in City Council meetings is welcome and your courtesy will be appreciated.
- The Council in turn agrees to abide by its best practices of civility and civil discourse according to Resolution No. 07-19.

#### 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 APRIL 12, 2022, CITY COUNCIL MEETING; (CITY CLERK)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FOR THE APRIL 26, 2022, CITY COUNCIL MEETING; (CITY CLERK)

**RECOMMENDATION: Approve as submitted.**

A-3 APPROVAL OF MINUTES FOR THE MAY 24, 2022 AND MAY 25, 2022, CITY COUNCIL SPECIAL MEETINGS; (CITY CLERK)

**RECOMMENDATION: Approve as submitted.**

- A-4 APPROVAL OF MINUTES FOR THE MAY 24, 2022, CITY COUNCIL MEETING; (CITY CLERK)

**RECOMMENDATION: Approve as submitted.**

- A-5 ADOPTION OF RESOLUTION 58-22 APPROVING THE TENTATIVE AGREEMENT AND MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND MORRO BAY PEACE OFFICERS' ASSOCIATION; (CITY MANAGER/CITY CLERK/HUMAN RESOURCES MANAGER)

**RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 58-22 approving the 2022-24 Tentative Agreement and the 2022-24 Memorandum of Understanding between the City of Morro Bay ("City") and the Morro Bay Peace Officers' Association ("POA").**

- A-6 GENERAL MUNICIPAL ELECTION RESOLUTIONS FOR NOVEMBER 8, 2022 ELECTION; (CITY CLERK)

**RECOMMENDATION: Staff recommends Council adopt Resolution No. 59-22 calling a general municipal election for November 8, 2022, and requesting consolidation of the election with the County, and Resolution No. 60-22 adopting regulations for candidate statements.**

- A-7 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 (INCLUDING PARTIALLY REMOTE) 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 attached Resolution No. 61-22 reauthorizing for public health and safety the conduct of public meetings of the legislative bodies of the City via remote teleconferencing (including partially remote) for 30 days, thereby allowing the City Council and the City's advisory bodies to meet remotely (including partially remote) through July 28, 2022.**

- A-8 RESOLUTION NO. 62-22 APPROVING SECOND AMENDED AND RESTATED JOINT POWERS AGREEMENT TO ESTABLISH AN INTEGRATED WASTE MANAGEMENT AUTHORITY FOR THE CITIES OF SAN LUIS OBISPO COUNTY, CALIFORNIA; (PUBLIC WORKS)

**RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 62-22 and authorize the Mayor to sign the Second Amended and Restated Joint Powers Agreement in Exhibit A.**

- A-9 APPROVAL OF LEASE AGREEMENTS WITH THE CHAMBER OF COMMERCE AND VISIT MORRO BAY FOR CITY-OWNED PROPERTY LOCATED AT 695 HARBOR STREET; (CITY MANAGER)

**RECOMMENDATION: Staff recommends the City Council approve agreements with the Morro Bay Chamber of Commerce and Visit Morro Bay for the renewal of their respective property leases at 695 Harbor Street.**

- A-10 APPROVAL OF AGREEMENTS FOR STATE AND FEDERAL ADVOCACY REPRESENTATION TO SUPPORT CITY OF MORRO BAY PROJECTS AND ECONOMIC DEVELOPMENT INITIATIVES; (CITY MANAGER)

**RECOMMENDATION:** Staff recommends the Council authorize the City Manager to:

1. Execute a 12-month (July 1, 2022 – June 30, 2023) agreement with Townsend Public Affairs, to support the City with State of California advocacy efforts, subject to City Manager approval substantively similar to attachment, and
2. Execute 12-month (July 1, 2022 – June 30, 2023) agreement with The Ferguson Group, to support the City with federal advocacy efforts, subject to City Manager approval substantively similar to attachment

- A-11 ADOPTION OF RESOLUTION NO. 51-22 AUTHORIZING THE CITY MANAGER TO FILE AN APPLICATION AND EXECUTE A GRANT AGREEMENT WITH THE UNITED STATES BUREAU OF RECLAMATION (USBR) FOR A GRANT PURSUANT TO THE WATERSMART DROUGHT RESPONSE PROGRAM: DROUGHT RESILIENCY PROJECTS FOR FISCAL YEAR (FY) 2023, FOR THE MORRO WELLFIELD REHABILITATION PROJECT; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION:** Staff recommends City Council adopt Resolution No. 51-22 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 with the United States Bureau of Reclamation (USBR) for a grant pursuant to the WaterSMART Drought Response Program: Drought Resiliency Projects for Fiscal Year (FY) 2023, for the Morro Wellfield Rehabilitation Project”

Specifically, Resolution No. 51-22 authorizes the following action:

1. Authorizes the City Manager to file the application to the USBR for a WaterSMART Drought Response Program: Drought Resiliency Projects for Fiscal Year (FY) 2023, for the Morro Wellfield Rehabilitation 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.

- A-12 PROCLAMATION DECLARING JULY 2022 AS PARKS MAKE LIFE BETTER MONTH; (ADMINISTRATION)

**RECOMMENDATION:** Approve as submitted.

- A-13 PROCLAMATION DECLARING JUNE 2022 AS PRIDE MONTH; (ADMINISTRATION)

**RECOMMENDATION:** Approve as submitted.

B. PUBLIC HEARING ITEMS

- B-1 PUBLIC HEARING FOR AND CONSIDERATION OF MORRO BAY GARBAGE SERVICE RATE ADJUSTMENT APPLICATION AND ADOPTION OF RESOLUTION NO. 63-22; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION:** Staff recommends the City Council receive the presentation and:

1. Open the “majority protest” public hearing as required by Proposition 218.
2. Take public testimony and accept any additional written protests.
3. Close the Public Hearing, and the Mayor shall ask the City Clerk to provide a count of all protests received.



**Provided there is no “majority protest” (50% + 1 of all parcels) against the proposed rate increase, staff recommends the City Council hold a public hearing, consider all evidence and testimony presented and adopt Resolution No. 63-22.**

- B-2 PUBLIC HEARING TO REPORT ON DELINQUENT SOLID WASTE COLLECTION ACCOUNTS AND ADOPT RESOLUTION NO. 57-22 AUTHORIZING SAN LUIS OBISPO COUNTY ASSESSOR TO ASSESS AMOUNTS DUE ON DELINQUENT SOLID WASTE COLLECTION ACCOUNTS AS TAX LIENS AGAINST THE PROPERTIES; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION: Staff recommends the City Council conduct a public hearing to receive the report on delinquent solid waste collection fees, hear any objections or protests to the report, and adopt Resolution No. 57-22.**

- B-3 ADOPTION OF RESOLUTION NO. 64-22 DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT FOR THE CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION: Staff recommends the City Council conduct the final public hearing and adopt Resolution No. 64-22, approving the levy of the annual assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District (LLMAD) for Fiscal Year 2022/23 (FY 2022/23).**

- B-4 ADOPTION OF RESOLUTION NO. 65-22 DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION: Staff recommends the City Council conduct the public hearing and approve the levy of the annual assessment for the North Point Natural Area Landscaping and Lighting Maintenance District (LLMAD) by adopting Resolution No. 65-22.**

- B-5 PUBLIC HEARING, AND ADOPTION OF RESOLUTION NO. 66-22, FOR MINOR REVISIONS TO THE ADOPTED FISCAL YEAR 2022-23 (FY 2022-23) MASTER FEE SCHEDULE; (ADMINISTRATIVE SERVICES DEPARTMENT)

**RECOMMENDATION: Staff recommends that the City Council hold the public hearing, consider the proposed amendments to the Master Fee Schedule for FY 2022-23, and then adopt Resolution No. 66-22, which updates the City’s Master Fee Schedule for FY 2022-23 to correct liveaboard fees.**

C. BUSINESS ITEMS

- C-1 ADOPT: RESOLUTION NO. 67-22 ADOPTING THE FISCAL YEAR 2022-23 OPERATING AND CAPITAL BUDGETS; RESOLUTION NO. 68-22 ADOPTING THE CITY’S MASTER COMBINED SALARY SCHEDULE; RESOLUTION NO. 69-22 READOPTING THE CITY’S INVESTMENT POLICY; AND, RESOLUTION NO. 70-22 ADOPTING THE FY 2022-23 GANN APPROPRIATIONS LIMIT.; (ADMINISTRATIVE SERVICES DEPARTMENT)

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

- 1. Adopt Resolution No. 67-22 authorizing the Fiscal Year (FY) 2022-23 Operating and Capital Budgets; and**
- 2. Adopt Resolution No. 68-22 approving the FY 2022-23 Master Combined Salary Schedule; and**
- 3. Adopt Resolution No. 69-22 readopting the City’s Investment Policy; and**

**4. Adopt Resolution No. 70-22 setting the FY 2022-23 GANN Appropriations Limit at \$32,958,496.**

- C-2 PRESENTATION OF ANNUAL WATER SUPPLY AND DEMAND ASSESSMENT AND ALLOCATION OF WATER EQUIVALENCY UNITS (WEU) FOR FISCAL YEAR (FY) 2022/23; (PUBLIC WORKS DEPARTMENT)

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

- 1. Receive and file staff findings and strategies resulting from the Annual Water Supply and Demand Assessment;**
- 2. Maintain Stage 3 Mandatory Water Conservation Requirements and direct staff to continue monitoring drought impacts on water resources and return to City Council with updated recommendations on water conservation restrictions as needed;**
- 3. Include as a Short-Term Action in its Council Goal for Climate Action a comprehensive long-term water supply analysis and plan to identify long-range water supply strategies; and**
- 4. Approve Resolution No. 71-22, to allocate 50 Water Equivalency Units (WEUs) for residential development and 65 for commercial development for a total of 115 WEUs for FY 2022/23.**

- C-3 APPROVAL OF AMENDMENT NO. 6 TO CONTRACT SERVICES AGREEMENT WITH ALESHIRE & WYNDER, LLP FOR CITY ATTORNEY SERVICES; (CITY ATTORNEY)

**RECOMMENDATION: City Council approve Amendment No. 6 to the contract services agreement with Aleshire & Wynder, LLP for city attorney services.**

- D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

- E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, August 9, 2022 at 5:30 p.m.**

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.

*Pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953 this Meeting will be conducted in a hybrid format with both in-person and virtual public participation.*

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

#### ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 5:31 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/tWfmzzWb82k?t=162>

#### CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/tWfmzzWb82k?t=440>

#### PRESENTATIONS

<https://youtu.be/tWfmzzWb82k?t=692>

- Presentation of Arbor Day Proclamation

#### PUBLIC COMMENT

<https://youtu.be/tWfmzzWb82k?t=929>

Dan Sedley, Morro Bay, spoke regarding a recent sewer spill and hoped the City would repair the pipes before start-up of the WRF.

Linda Winters, Morro Bay, announced her goal to educate and create communication amongst mobile home park owners.

Erica Crawford, Morro Bay Chamber of Commerce, announced upcoming events. For more information visit [www.morrochamber.org](http://www.morrochamber.org).

Nicole Dorfman, Morro Bay, opposed reauthorization of AB 361 and urged the Council to cease promotion of COVID vaccinations for children and any Pfizer products.

Dawn Beattie, Morro Bay, announced the City will honor the MBHS Pirates football team with a parade and ring ceremony on May 1<sup>st</sup> at 11:00 a.m.

Bill Luffee, President of Friends of the Morro Bay Harbor Department, spoke regarding Item C-1 and asked the Council to place the item on the November ballot.

Betty Winholtz, Morro Bay, asked if signage for the tobacco store on Morro Bay Blvd. & Piney Way met City guidelines and questioned the removal of trash receptacles along the harbor walk.

James Costanzo, Morro Bay, opposed Item A-7 and requested the Council discuss sewer repairs at a future meeting.

Linda Donnelly, Morro Bay, spoke regarding the sewage spill and expressed frustration repairs had not been completed.

An unnamed resident inquired as to the status of the citizens petition related to RV parking along the Embarcadero.

Kerrigan Mahan, Morro Bay, offered comments on a fallen tree, sewer line leak, approval of a 5-house project in the Cloisters, and cost of the water reclamation facility project.

Melanie Williams-Mahan, Morro Bay, raised questions regarding the proposed development in the Cloister Assessment District.

Mayor Headding closed public comment.

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

A. CONSENT AGENDA  
<https://youtu.be/tWfmzzWb82k?t=2691>

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 MARCH 8, 2022, CITY COUNCIL MEETING; (CITY CLERK)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FOR THE MARCH 22, 2022, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (CITY CLERK)

**RECOMMENDATION: Approve as submitted.**

A-3 APPROVAL OF MINUTES FOR THE MARCH 31, 2022, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (CITY CLERK)

**RECOMMENDATION: Approve as submitted.**

- A-4 ADOPTION OF RESOLUTION NO. 26-22 INITIATING PROCEEDINGS TO LEVY THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA - LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION:** Staff recommends the City Council adopt Resolution No. 26-22 ordering the preparation of an Engineer's Report detailing the expenses projected for Fiscal Year 2022/23 for the maintenance of the North Point Natural Area under the provisions of the "Landscaping and Lighting Act of 1972."

- A-5 ADOPTION OF RESOLUTION NO. 27-22 INITIATING PROCEEDINGS TO LEVY THE ANNUAL ASSESSMENT FOR THE CLOISTERS PARK AND OPEN SPACE - LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION:** Staff recommends the City Council adopt Resolution No. 27-22 ordering the preparation of an Engineer's Report detailing the expenses projected for Fiscal Year 2022/23 for the maintenance of the Cloisters Park and Open Space under the provisions of the "Landscaping and Lighting Act of 1972."

- A-6 ADOPTION OF RESOLUTION NO. 28-22 APPROVING A NEW TEN-YEAR COMMERCIAL BUILDING LEASE AGREEMENT WITH THREE STACKS AND A ROCK BREWING COMPANY AT LEASE SITE 69-70/69W-70W, LOCATED AT 595 EMBARCADERO ROAD; (HARBOR DEPARTMENT)

**RECOMMENDATION:** Staff recommends the City Council adopt Resolution No. 28-22 approving a new ten-year Commercial Building Lease Agreement with Three Stacks and a Rock Brewing Company, LLC for portions of the building at Lease Site 69-70/69W-70W.

- A-7 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 (INCLUDING PARTIALLY REMOTE) 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 attached Resolution No. 29-22 reauthorizing for public health and safety the conduct of public meetings of the legislative bodies of the City via remote teleconferencing (including partially remote) for 30 days, thereby allowing the City Council and the City's advisory bodies to meet remotely (including partially remote) through May 12, 2022.

- A-8 WATER RECLAMATION FACILITY (WRF) PROGRAM – RECYCLED WATER FACILITIES – INJECTION WELL NO. 1 CONTRACT AWARD IN THE AMOUNT OF \$346,725.00; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION:** Staff recommends the City Council authorize the City Manager to execute a contract, subject to the City Attorney's approval as to form, with Pacific Coast Well Drilling Inc. (PCWD) in the amount of \$346,725.00 and include a \$9,900 bid alternate for a total contract amount of \$356,625.00 for the construction and injection testing of the City's Injection Well No. 1.

- A-9 ADOPTION OF RESOLUTION NO. 30-22 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. 30-22 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-10 APPOINTMENT OF THE PUBLIC WORKS DIRECTOR AND UTILITY DIVISION MANAGER AS ALTERNATE MEMBER TO THE STATE WATER CONTRACTORS ADVISORY COMMITTEE; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 31-22 appointing the Director of Public Works and Utility Division Manager to serve as the City's representatives on the State Water Contractors Advisory Committee as member and alternate member, respectively.**

- A-11 ADOPTION OF RESOLUTION NO. 32-22 CONDITIONALLY AUTHORIZING THE MAYOR TO EXECUTE DOCUMENTS NECESSARY FOR A LOAN AND ACCEPTING A DEED OF TRUST RELATED THERETO FOR LEASE SITE 124-128/124W-128W & 113W (MORRO BAY LANDING, 1213, 1215 & 1217 EMBARCADERO ROAD); (HARBOR DEPARTMENT)

**RECOMMENDATION: Staff recommend the City Council adopt Resolution No. 32-22 authorizing the Mayor to execute documents necessary for a new loan and accepting a deed of trust secured by the leasehold interest at Lease Site 124-128/124W-128W & 113W, with documents subject to approval of the City Attorney.**

- A-12 PROCLAMATION DECLARING MAY 1, 2022 AS ARBOR DAY; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

City Manager Collins pulled Item A-8 to a future agenda.

Mayor Headding opened public comment for the Consent Agenda.

<https://youtu.be/tWfmzzWb82k?t=2719>

Betty Winholtz, Morro Bay, spoke regarding Item A-5 and asked if the new homes would be subject to the assessment fee and whether the map should be modified to reflect that. Regarding Item A-11, she opined approval of the item would be against City policy.

The public comment period was closed.

Mayor Headding pulled Items A-5 and A-11, Council Member Heller pulled Items A-6, A-7, and A-9

MOTION: Council Member Addis moved approval of Items A-1 through A-4, A-10 and A-12. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

- A-5 ADOPTION OF RESOLUTION NO. 27-22 INITIATING PROCEEDINGS TO LEVY THE ANNUAL ASSESSMENT FOR THE CLOISTERS PARK AND OPEN SPACE -

LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS DEPARTMENT)

<https://youtu.be/tWfmzzWb82k?t=2976>

Staff responded to questions raised during public comment.

MOTION: Mayor Headding moved to adopt Resolution No. 27-22 ordering the preparation of an Engineer's Report detailing the expenses projected for Fiscal Year 2022/23 for the maintenance of the Cloisters Park and Open Space under the provisions of the "Landscaping and Lighting Act of 1972." The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

- A-6 ADOPTION OF RESOLUTION NO. 28-22 APPROVING A NEW TEN-YEAR COMMERCIAL BUILDING LEASE AGREEMENT WITH THREE STACKS AND A ROCK BREWING COMPANY AT LEASE SITE 69-70/69W-70W, LOCATED AT 595 EMBARCADERO ROAD; (HARBOR DEPARTMENT)

<https://youtu.be/tWfmzzWb82k?t=3228>

Staff responded to questions posed by Council.

MOTION: Mayor Headding moved to adopt Resolution No. 28-22 approving a new ten-year Commercial Building Lease Agreement with Three Stacks and a Rock Brewing Company, LLC for portions of the building at Lease Site 69-70/69W-70W. The motion was seconded by Council Member Addis and carried 4-1 with Council Member Heller opposed.

- A-7 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 (INCLUDING PARTIALLY REMOTE) FOR A CONTINUED 30-DAY PERIOD PURSUANT TO THE RALPH M. BROWN ACT AS AMENDED BY ASSEMBLY BILL NO. 361; (CITY ATTORNEY)

<https://youtu.be/tWfmzzWb82k?t=3932>

Staff responded to issues raised during public comment.

MOTION: Council Member Heller moved to adopt Resolution No. 29-22 reauthorizing for public health and safety the conduct of public meetings of the legislative bodies of the City via remote teleconferencing (including partially remote) for 30 days, thereby allowing the City Council and the City's advisory bodies to meet remotely (including partially remote) through May 12, 2022. The motion was seconded by Mayor Headding and carried 5-0 by roll call vote.

- A-9 ADOPTION OF RESOLUTION NO. 30-22 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)

<https://youtu.be/tWfmzzWb82k?t=4113>

Staff responded to questions posed by Council.

MOTION: Mayor Headding moved to adopt Resolution No. 30-22 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. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

- A-11 ADOPTION OF RESOLUTION NO. 32-22 CONDITIONALLY AUTHORIZING THE MAYOR TO EXECUTE DOCUMENTS NECESSARY FOR A LOAN AND ACCEPTING A DEED OF TRUST RELATED THERETO FOR LEASE SITE 124-128/124W-128W & 113W (MORRO BAY LANDING, 1213, 1215 & 1217 EMBARCADERO ROAD); (HARBOR DEPARTMENT)  
<https://youtu.be/tWfmzzWb82k?t=4173>

Staff responded to questions raised during public comment.

MOTION: Mayor Headding moved adopt Resolution No. 32-22 authorizing the Mayor to execute documents necessary for a new loan and accepting a deed of trust secured by the leasehold interest at Lease Site 124-128/124W-128W & 113W, with documents subject to approval of the City Attorney. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

B. PUBLIC HEARINGS

- B-1 AN ORDINANCE ADOPTING A MILITARY EQUIPMENT USE POLICY CONSISTENT WITH AB 481 REQUIREMENTS; (POLICE DEPARTMENT/CITY ATTORNEY)  
<https://youtu.be/tWfmzzWb82k?t=4416>

Police Chief Cox and City Attorney Neumeyer provided the report and responded to Council inquires.

Mayor Headding opened the Public Hearing.

Mayor Headding opened Public Comment.  
<https://youtu.be/tWfmzzWb82k?t=4742>

Dan Sedley, Morro Bay, spoke in support of the Morro Bay Police Department and keeping the equipment necessary for public safety.

The Public Hearing was closed.

MOTION: Council Member Heller moved introduce, for first reading by title only and with further reading waived, Ordinance No. 649, "An Ordinance of the City Council of the City of Morro Bay, California Adopting a Military Equipment Use Policy Consistent with AB 481 Requirements" The motion was seconded by Mayor Headding and carried 5-0 by roll call vote.

MOTION: Mayor Headding moved to recommend the City Council formally approve the replacement of any equipment used or deployed before the next report comes back. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

- B-2 PUBLIC HEARING AND ADOPTION OF RESOLUTION NO. 33-22, WHICH RESCINDS RESOLUTION NO. 56-21 AND ADOPTS THE FY 2022-23 MASTER FEE SCHEDULE; (ADMINISTRATIVE SERVICES DEPARTMENT)  
<https://youtu.be/tWfmzzWb82k?t=4984>



Assistant City Manager/Admin Services Director Johnson-Rios provided the report and responded to Council inquires.

Mayor Headding opened the Public Hearing.

Mayor Headding opened Public Comment.

<https://youtu.be/tWfmzzWb82k?t=5913>

Betty Winholtz, Morro Bay, thanked the City for not raising appeal fee more than CPI. Regarding the short term rental permit fee, she hoped the code enforcement officer's hours would be flexible and include evenings and weekends.

Dan Sedley, Morro Bay, requested the appeal fee be eliminated.

Nancy Bast, Morro Bay, concurred with Mr. Sedley regarding the appeal fee and opposed the administrative permit approval process.

Robert Elzer, owner/manager of URelax vacation rentals, stated the short term rental permit fee should be based on actual cost and suggested it be re-evaluated after initial start-up.

Carole Truesdale, Morro Bay, spoke in support of the short term rental permit fee to help fund a vacation rental code enforcement officer, and agreed the appeal fee should be eliminated.

The Public Hearing was closed.

MOTION: Mayor Headding moved to review the proposed Master Fee Schedule and adopt Resolution No. 33-22 which updates the City's Master Fee Schedule for Fiscal Year (FY) 2022-23. This Resolution also rescinds Resolution No. 56-21 that adopted the current FY 2021-22 Master Fee Schedule and replaces it in its entirety for the new fiscal year. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

C. BUSINESS ITEMS

- C-1 CERTIFY RESULTS OF CITIZENS' INITIATIVE PETITION ENTITLED "INITIATIVE MEASURE TO FUND CITY OF MORRO BAY HARBOR INFRASTRUCTURE THROUGH \$120 SPECIAL PARCEL TAX WITH REVENUES USED ONLY AND EXCLUSIVELY FOR MAINTENANCE AND IMPROVEMENTS TO CITY OF MORRO BAY OWNED HARBOR FACILITIES" AND EITHER: 1) SUBMIT THE ORDINANCE TO THE QUALIFIED VOTERS OF THE CITY AS A PROPOSED MEASURE AT A REGULAR MUNICIPAL ELECTION; OR, 2) ORDER A REPORT ON THE EFFECTS OF THE PROPOSED INITIATIVE; (CITY MANAGER/CITY CLERK/HUMAN RESOURCES MANAGER)  
<https://youtu.be/tWfmzzWb82k?t=7099>

City Manager Collins/ City Clerk/Human Resources Manager Swanson provided the report and responded to Council inquires.

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

<https://youtu.be/tWfmzzWb82k?t=8098>

Dan Sedley, Morro Bay, opposed the parcel tax initiative and hoped it would be voted down.

Homer Alexander, Morro Bay, spoke regarding the need to fund harbor infrastructure maintenance and capital projects.

Ron Reisner, Morro Bay, expanded on the definition of harbor infrastructure and explained why the initiative does not have a sunset clause.

Betty Winholtz, Morro Bay, hoped the City would seek input from residents on how to fund Harbor infrastructure improvements and disagreed the funding issues were a result of the power plant closure.

Nancy Bast, Morro Bay, asked whether the leaseholder or City was responsible for maintenance of the revetment.

Paul Donnelly, Morro Bay, opposed the parcel tax measure.

Melanie Williams-Mahan, Morro Bay, suggested paid parking or other funding mechanisms would be more equitable to fund harbor needs.

Linda Donnelly, Morro Bay, was supportive of letting the voters make a decision that was binding on the City

Carole Truesdale, Morro Bay, expressed concern regarding rising costs and agreed with letting the voters decide.

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

MOTION: Mayor Headding moved to adopt Resolution No. 34-22 calling for a General Municipal Election to be held on Tuesday, November 8, 2022, for the submission of Ordinance No. 650 to the qualified voters of the City as a proposed measure, and adopt Resolution No. 35-22 striking section two setting priorities for written argument(s) and directing the City Attorney to prepare an impartial analysis, and consider the adoption of Resolution No. 36-22 providing for the filing of rebuttal arguments. The motion was seconded by Council Member Ford and carried 5-0 by roll call vote.

C-2 CONSIDERATION OF INTRODUCTION OF ORDINANCE NO. 651 AMENDING MORRO BAY MUNICIPAL CODE SECTION 3.26.120 TO REDUCE THE CITIZENS OVERSIGHT COMMITTEE MEMBERSHIP TO FIVE MEMBERS AND UPDATE THE TIMING OF THE ANNUAL REPORT TO CITY COUNCIL; (CITY MANAGER/ADMIN SERVICES DEPARTMENT)

<https://youtu.be/tWfmzzWb82k?t=9742>

City Manager Collins and Assistant City Manager/Admin Services Director Johnson-Rios provided the report and responded to Council inquires.

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

<https://youtu.be/tWfmzzWb82k?t=10281>

Linda Donnelly, Morro Bay, offered comments regarding advisory body review of the WRF project and project delays.

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

MOTION: Council Member Addis moved to introduce for first reading by title only, with further reading waived, Ordinance No. 651, "An Ordinance of the City Council of the City of Morro Bay, California, Amending Sections 3.26.120(B) And 3.26.120(E) of the Morro Bay Municipal Code (MBMC) regarding Citizens Oversight Committee Membership and Report Timing." The motion was seconded by Council Member Barton for discussion.

Following individual comments, the motion was carried 5-0 by roll call vote.

- C-3 LICENSE AGREEMENT WITH PG&E FOR USE OF MORRO BAY COMMUNITY CENTER PARKING LOT FOR PSPS EVENTS; (CITY MANAGER/FIRE DEPARTMENT)  
<https://youtu.be/tWfmzzWb82k?t=10874>

City Manager Collins and Fire Chief McCrain provided the report and responded to Council inquires.

The public comment period for Item C-3 was opened.  
<https://youtu.be/tWfmzzWb82k?t=11941>

Carole Truesdale, Morro Bay, asked if this would be service be available in the case of a prolonged unplanned power outage.

Samantha Tan, PG&E, discussed the planned footprint and noted PG&E would be flexible to minimize impact on other programs and activities.

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

MOTION: Council Member Addis moved to authorize the City Manager and Fire Chief to sign the License Agreement with Pacific Gas and Electric (PG&E) for the use of the Morro Bay Community Center parking lot to establish an Outdoor Community Resource Center (CRC) in the event of a Public Safety Power Shut-off (PSPS) event. The motion was seconded by Council Member Barton and carried 5-0 by roll call vote.

- D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS  
<https://youtu.be/tWfmzzWb82k?t=12058>

Council Member Heller requested discussion of sewer line maintenance and repairs, including an explanation of the sewer line leak. Staff offered to include this with a Capital Improvement Project update.

- E. ADJOURNMENT

The meeting adjourned at 9:00 p.m.

Recorded by:

Dana Swanson  
City Clerk

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*Pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953 this Meeting will be conducted in a hybrid format with both in-person and virtual public participation.*

|          |                    |                                            |
|----------|--------------------|--------------------------------------------|
| 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                            |
|          | Paul Amico         | WRF Program 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/g2x5ekpLF20?t=154>

#### CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/g2x5ekpLF20?t=1178>

#### PRESENTATIONS

<https://youtu.be/g2x5ekpLF20?t=1481>

- Sexual Assault ACTION Month Proclamation presented to Malani Anderson, Lumina Alliance Board Member
- World War II Commemoration Week Proclamation presented to Glenn Silloway and Tom Wilmer
- National Police Week Proclamation presented to Chief Cox and other Police Officers and volunteers
- Morro Bay Transit 45<sup>th</sup> Anniversary (Transit Week) Proclamation presented to Camille Watkins
- Proclamation for Appreciation presented to Tami and Randy Ponder

## PUBLIC COMMENT

<https://youtu.be/g2x5ekpLF20?t=3286>

Ed Griggs, Morro Bay, requested a study session regarding the proposed development at 3300 Panorama.

Linda Winters, Morro Bay, shared subjects covered at Morro Bay Historical Society's recent meeting.

Kathryn Belt, Morro Bay, expressed concern regarding the proposed development at 3300 Panorama.

Dr. Margaret Carman, Morro Bay, urged the Council to ask more questions of staff and hoped to see more diversity of thought; asked that laws limiting landscaping in the right of way be enforced; expressed concern about the proposed battery storage project; and questioned the need for a playground at Coleman Park.

Nicole Dorfman spoke representing Children Health Defense, California Chapter, inviting the Council and community to watch the documentary "Medical Racism -- The New Apartheid" on Friday, April 29, 5:30pm at the Community Center.

Kristen Headland, Morro Bay, looked forward to a study session regarding the proposed development at 3300 Panorama.

Erica Crawford, Morro Bay Chamber of Commerce, announced a candidate forum moderated by the League of Women Voters would be held Wednesday, May 4<sup>th</sup>, from 5:30-7:00pm at the Veterans Hall.

Kevin Hadley, Morro Bay, commented on the proposed 3300 Panorama development, expressing concern about traffic impacts.

Betty Winholtz, Morro Bay, asked if the work being done along the bike path is allowed by the California Coastal Commission permit and raised concerns regarding tree removal.

Mayor Headland closed public comment.

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

### A. CONSENT AGENDA

<https://youtu.be/g2x5ekpLF20?t=4961>

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 APRIL 12, 2022, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (CITY CLERK)

**RECOMMENDATION: Approve as submitted.**

- A-2 SECOND READING AND ADOPTION OF ORDINANCE NO. 649, ADOPTING A MILITARY EQUIPMENT USE POLICY CONSISTENT WITH AB 481 REQUIREMENTS; (POLICE DEPARTMENT/CITY ATTORNEY)

**RECOMMENDATION: Staff recommends the City Council adopt, by second reading and by title only with further reading waived, Ordinance No. 649, “An Ordinance of the City Council of the City of Morro Bay, California Adopting a Military Equipment Use Policy Consistent with AB 481 Requirements.”**

- A-3 SECOND READING AND ADOPTION OF ORDINANCE NO. 651 AMENDING MORRO BAY MUNICIPAL CODE SECTION 3.26.120 TO REDUCE THE CITIZENS OVERSIGHT COMMITTEE MEMBERSHIP TO FIVE MEMBERS AND UPDATE THE TIMING OF THE ANNUAL REPORT TO CITY COUNCIL; (CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENT)

**RECOMMENDATION: Staff recommends the City Council adopt, by second reading by title only, with further reading waived, Ordinance No. 651, “An Ordinance of the City Council of the City of Morro Bay, California, Amending Sections 3.26.120(B) and 3.26.120(E) of the Morro Bay Municipal Code (MBMC) regarding Citizens Oversight Committee Membership and Report Timing.”**

- A-4 PROCLAMATION DECLARING APRIL 2022 AS SEXUAL ASSAULT ACTION MONTH; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-5 PROCLAMATION HONORING WORLD WAR II COMMEMORATION WEEK; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-6 PROCLAMATION ACKNOWLEDGING NATIONAL POLICE WEEK AND NATIONAL PEACE OFFICERS MEMORIAL DAY; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-7 PROCLAMATION HONORING MORRO BAY TRANSIT’S 45<sup>TH</sup> ANNIVERSARY AND MORRO BAY TRANSIT WEEK; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-8 PROCLAMATION OF APPRECIATION FOR TAMI AND RANDY PONDERS; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

Mayor Headding opened the public comment for the Consent Agenda; seeing none, the public comment period was closed.

MOTION: Council Member Addis moved approval of all items on the Consent Agenda. The motion was seconded by Council Member Barton and carried 5-0 by roll call vote.

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

- C-1 WATER RECLAMATION FACILITY (WRF) PROGRAM – RECYCLED WATER FACILITIES – INJECTION WELL NO. 1 CONTRACT AWARD IN THE AMOUNT OF \$346,725.00 (PUBLIC WORKS DEPARTMENT)

<https://youtu.be/g2x5ekpLF20?t=5033>

WRF Program Manager Amico provided the report and responded to Council inquires.

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

Betty Winholtz, Morro Bay, raised various questions regarding the project.

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

Mr. Amico responded to questions raised during public comment.

MOTION: Council Member Addis moved to authorize the City Manager to execute a contract, subject to the City Attorney's approval as to form, with Pacific Coast Well Drilling Inc. (PCWD) in the amount of \$346,725.00 and include a \$9,900 bid alternate for a total contract amount of \$356,625.00 for the construction and injection testing of the City's Injection Well No. 1. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

C-2 REVIEW OF RESERVE POLICIES, CONSIDER ADOPTING A PROPOSED PENSION RESERVE POLICY, AND REVIEW POTENTIAL SECTION 115 PENSION TRUST CONTRIBUTION; (ADMINISTRATIVE SERVICES DEPARTMENT)  
<https://youtu.be/g2x5ekpLF20?t=6214>

Assistant City Manager/Administrative Services Director Johnson-Rios provided the report and responded to Council inquires.

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

Betty Winholtz, Morro Bay, raised various questions regarding the report.

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

MOTION: Mayor Headding moved to: 1) Adopt Resolution No. 37-22 which implements a proposed Pension Reserve Policy; and approves the updated and consolidated City Reserve Policy, which does not make changes to reserve levels but simplifies the enterprise fund reserve tracking and accounting as outlined in this report; and 2) Direct staff to initially contribute for FY 2022-23 \$1,060,000 to the establishment of a Section 115 pension trust and to move forward with the appointment of one Citizen Finance Advisory Committee (CFAC) member, one Council subcommittee (to be designated by Council if Council desires) and to move forward with the Section 115 trust provider then return to Council formation documents in a risk portfolio selection policy depending upon the specific offerings of the selected provider. The motion was seconded by Council Member Addis for discussion.

Following discussion, the motion carried 5-0 by roll call vote.

MOTION: Council Member Ford moved to appoint Council Member Barton and Mayor Headding to a Council subcommittee. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

The Council took a brief recess at 7:49 p.m. The meeting reconvened at 7:59 p.m. with all members present.



C-3 REVIEW AND DISCUSSION OF PROPOSED REVISIONS TO THE CITY COUNCIL POLICIES & PROCEDURES AND ADVISORY BODIES HANDBOOK AND BY-LAWS AS RECOMMENDED BY THE COUNCIL SUB-COMMITTEE AND CLARIFICATION REGARDING THE PUBLIC WORKS ADVISORY BOARD'S REVIEW OF THE WATER RECLAMATION FACILITY ("WRF") PROJECT; (CITY MANAGER)  
<https://youtu.be/g2x5ekpLF20?t=8914>

Mayor Headding shared the Council sub committee's review and proposed edits, highlighting the following areas of the Council Policies & Procedures:

- Section 1.3.3.5 (beginning on page 12) regarding Limitation on Discussion
- Section 6.2.1 (page 46) regarding Council Liaison Assignments

Regarding the Advisory Body Handbook, the Mayor highlighted clarifying edits to the section on Advisory Body Work Plans (page 9 of the document). Lastly, he suggested all members review the section on 'Email, the Public Records Act and the Brown Act' found on page 17 of the Council Policies & Procedures.

City Manager Collins reviewed additional items as presented in the staff report and, along with Clerk Swanson, responded to Council inquiries.

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

MOTION: Council Member Ford moved 1) Adopt Resolution No. 38-22 amending the City Council Policies & Procedures; and 2) Adopt Resolution No. 39-22 amending the Advisory Bodies Handbook & By-Laws; and 3) Direct the Public Works Advisory Board to review the WRF Quarterly Report and, to the extent possible, contract amendments related to the WRF Project. The Citizens Finance Advisory Committee's role related to WRF review will continue to include the following as directed by Council in December 2020: 1) Review debt service recommendations from staff including use of cash vs. other funding sources and analysis of impacts on rates; 2) Review of cash flow performance to ensure we maximize the use of funds (time use of money); and 3) Monitor compliance with drawdown requirements for WIFIA and WRF funding. The motion was seconded by Council Member Addis for discussion.

Following individual comments, the motion carried 5-0 by roll call vote.

C-4 WATER RECLAMATION FACILITY (WRF) PROGRAM QUARTERLY REPORT DRAFT FORMAT; (PUBLIC WORKS DEPARTMENT)  
<https://youtu.be/g2x5ekpLF20?t=10803>

Public Works Director Kwolek and WRF Program Manager Amico provided the report and responded to Council inquiries.

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

MOTION: Council Member Heller moved to approve the draft format of the WRF program quarterly report. The motion was seconded by Mayor Headding and carried 5-0 by roll call vote.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS  
<https://youtu.be/g2x5ekpLF20?t=11477>

Council Member Heller requested a study session regarding the proposed development at 3300 Panorama within 30 days if possible. Staff offered to conduct a study session regarding the process this type of application would go through, but it was premature to discuss the project itself as the application was incomplete.

E. ADJOURNMENT

The meeting adjourned at 9:00 p.m.

Recorded by:

Dana Swanson  
City Clerk

MINUTES - MORRO BAY CITY COUNCIL  
SPECIAL MEETINGS  
MAY 24, 2022 - TELECONFERENCE – 3:30 P.M.  
MAY 25, 2022 - TELECONFERENCE – 5:30 P.M.

AGENDA NO: A-3  
MEETING DATE: June 28, 2022

*Pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953 this Meeting will be conducted 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  
Eric Riddiough City Engineer  
Paul Amico WRF Program Manager, Carollo Engineering

ESTABLISH QUORUM AND CALL TO ORDER

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

SPECIAL MEETING AGENDA ITEM:

- I. BUDGET STUDY SESSION – REVIEW OF DRAFT PROPOSED FISCAL YEAR (FY) 2022-23 OPERATING AND CAPITAL BUDGET  
<https://youtu.be/XNBukkg2D60?t=198>

City Manager Collins and Assistant City Manager/Admin Services Director Johnson-Rios presented a general overview of the FY 22/23 Operating and Capital Budgets and responded to Council questions.

Mayor Headding opened public comments.

Mary Witkowski, Morro Bay, asked how reducing the number of funds would affect transparency.

Mayor Headding closed public comment.

There was Council consensus to consider increasing grant funding to \$35,000 and consider dedicating a percentage to working families and charities that support Morro Bay youth.

MOTION: Council Member Addis moved to continue the meeting to Wednesday, May 25, 2022 at 5:30 p.m. The motion was seconded by Council Member Barton and carried 5-0 by roll call vote.

The Council reconvened on May 25, 2022 at 5:32 p.m. with all members present.

SPECIAL MEETING AGENDA ITEM:

- II. FISCAL YEAR 2022/23 CAPITAL IMPROVEMENT PROJECT BUDGET OVERVIEW AND WRF PROGRAM QUARTER 3 (Q3) FISCAL YEAR 2022 (FY2022) QUARTERLY REPORT SESSION  
[https://youtu.be/p\\_SoVPnluqc?t=164](https://youtu.be/p_SoVPnluqc?t=164)

Public Works Director Kwolek presented budget detail for Capital Improvement Projects and responded to Council questions.

Mr. Kwolek and WRF Program Manager, Paul Amico of Carollo Engineering, presented the Quarterly Report and WRF Program budget update and responded to Council questions.

Mayor Headding opened public comment; seeing none, the public comment period was closed.

- III. HARBOR DEPARTMENT BUDGET GLOBAL OVERVIEW  
[https://youtu.be/p\\_SoVPnluqc?t=8578](https://youtu.be/p_SoVPnluqc?t=8578)

Harbor Director Endersby presented budget detail for the Harbor Department Budget Global Overview and responded to Council questions.

Mayor Headding opened public comment; seeing none, the public comment period was closed.

No formal action was taken by the Council.

ADJOURNMENT

The meeting adjourned at 8:23 p.m.

Recorded by:

Dana Swanson  
City Clerk

*Pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953 this Meeting will be conducted 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 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/S0SxnuGzcwY?t=424>

#### CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/S0SxnuGzcwY?t=1244>

Mayor Headding announced Item B-1, previously noticed for this meeting would be continued to the June 14, 2022 Regular Meeting and invited those who wished to speak to the item do so during General Public Comment.

<https://youtu.be/S0SxnuGzcwY?t=1283>

#### PRESENTATIONS

<https://youtu.be/S0SxnuGzcwY?t=1337>

- SLO Food Bank Proclamation presented to Garret Olson, CEO of SLO Food Bank
- National Safe Boating Week Proclamation presented to Eric Endersby, Harbor Director, and Becka Kelly, Harbor Patrol Supervisor
- Wade Horton and Joe Dzvonik presented the San Luis Obispo Countywide Strategic Plan to Address Homelessness

- Astound/Wave Update on Morro Bay Broadband Project Presentation by Jason Flowers, Jeff Buckingham and John Mosher

#### PUBLIC COMMENT

<https://youtu.be/S0SxnuGzcwY?t=3878>

Kris Roudebush, We are the Care Initiative, provided a program update and announced an event to be held on Sunday, July 3<sup>rd</sup> from 9:30 – 11:00 a.m. at Tidelands Park to survey community childcare needs.

Betty Winholtz, Morro Bay, raised questions regarding the Astound presentation.

Linda Winters, Morro Bay, asked when and why the decision was made to conduct the meeting via Zoom rather than in-person.

Mayor Headding closed public comment.

Mayor Headding and Mr. Buckingham from Astound/Wave responded to issues raised during public comment.

#### A. CONSENT AGENDA

<https://youtu.be/S0SxnuGzcwY?t=4489>

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 MARCH 22, 2022, CITY COUNCIL MEETING;  
(CITY CLERK)

**RECOMMENDATION: Approve as submitted.**

- A-2 APPROVAL OF MINUTES FOR THE MAY 10, 2022, CITY COUNCIL SPECIAL CLOSED  
SESSION MEETING; (CITY CLERK)

**RECOMMENDATION: Approve as submitted.**

- A-3 APPROVAL OF MINUTES FOR THE MAY 10, 2022, CITY COUNCIL MEETING; (CITY  
CLERK)

**RECOMMENDATION: Approve as submitted.**

- A-4 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 (INCLUDING PARTIALLY  
REMOTE) 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 attached Resolution No. 43-22 reauthorizing for public health and safety the conduct of public meetings of the legislative bodies of the City via remote teleconferencing (including partially remote) for 30 days, thereby allowing the City Council and the City's advisory bodies to meet remotely (including partially remote) through June 23, 2022.**

- A-5 SECOND READING AND ADOPTION OF ORDINANCE NO. 652 ALLOWING SMOKING RECEPTACLES WITHIN THE CITY RIGHT-OF-WAY; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION:** Staff recommends the City Council adopt, by second reading and by title only with further reading waived, Ordinance No. 652, “An Ordinance of the City Council of the City of Morro Bay, California, amending Section 9.24.080(B) of the Morro Bay Municipal Code to allow for the placement of receptacles for smoking waste by the City of Morro Bay.”

- A-6 ADOPTION OF RESOLUTION NO. 44-22 APPROVING THE ASSIGNMENT AND ASSUMPTION AND CONDITIONALLY AUTHORIZING THE MAYOR TO EXECUTE DOCUMENTS NECESSARY FOR THE ASSIGNMENT AND ASSUMPTION AT LEASE SITE 30W-33W, AND ACCEPTING A DEED OF TRUST RELATED THERETO (BAY FRONT MARINA, 201 MAIN STREET); (HARBOR DEPARTMENT)

**RECOMMENDATION:** Staff recommend the City Council adopt Resolution No. 44-22 allowing the assignment and assumption, and authorizing the Mayor to execute necessary documents, including a consent to encumber accepting a deed of trust related thereto, regarding the sale of the leasehold interest at Lease Site 30W-33W, with documents subject to approval of the City Attorney.

- A-7 APPROVAL OF LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND STATE OF CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE FOR EXCLUSIVE TIE-UP SPACE ON THE NORTH T-PIER FOR A PATROL VESSEL ACCOMMODATION DOCK; (HARBOR DEPARTMENT)

**RECOMMENDATION:** Staff recommends the City Council approve Resolution 45-22 and attached three-year Lease Agreement with the State of California Department of Fish and Wildlife (DFW) for dedicated pier space on the North T-Pier for their patrol vessel BLUEFIN dock.

- A-8 APPROVAL OF RESOLUTION NO. 46-22 AUTHORIZING A NEW LEASE AGREEMENT WITH UNITED STATES COAST GUARD TO LEASE A MAINTENANCE AND STORAGE FACILITY FOR THE COAST GUARD STATION MORRO BAY, LOCATED AT 1620 EMBARCADERO; (HARBOR DEPARTMENT)

**RECOMMENDATION:** Staff recommends the City Council approve Resolution No. 46-22 authorizing a one-year Lease Agreement, with four one-year successive options to renew, with the United States Coast Guard (USCG) for use of a portion of the City’s Harbor Department gear storage yard and building located at 1620 Embarcadero.

- A-9 CONSIDERATION OF APPOINTMENT OF JAN GOLDMAN TO THE PUBLIC WORKS ADVISORY BOARD; (CITY CLERK)

**RECOMMENDATION:** Staff recommends the City Council consider appointment of Jan Goldman to the Public Works Advisory Board (“PWAB”) to complete an unexpired term through January 31, 2025.

- A-10 PROCLAMATION DECLARING JUNE 3, 2022 TO BE “HUNGER AWARENESS DAY”; (ADMINISTRATION)

**RECOMMENDATION:** Approve as submitted.

A-11 PROCLAMATION DECLARING NATIONAL SAFE BOATING WEEK MAY 21 THROUGH MAY 21, 2022; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

Mayor Headding opened public comment for the Consent Agenda.

<https://youtu.be/S0SxnuGzcwY?t=4501>

Betty Winholtz, Morro Bay, spoke to Item A-4, requesting the Council and advisory boards return to in-person meetings. She opposed Item A-5, stating the initiative contradicts the City's efforts to prevent smoking and creates more work for staff.

The public comment period was closed.

Council member Ford announced she would recuse herself from Item A-5 due to possible economic conflict of interest.

MOTION: Council Member Addis moved approval of all items on Consent except Items A-5. The motion was seconded by Council Member Barton and carried 5-0 by roll call vote.

MOTION: Mayor Headding moved approval of Item A-5. The motion was seconded by Council Member Addis and carried 4-0-1 with Council Member Ford having recused from voting.

B. PUBLIC HEARINGS

B-1 REQUEST FOR AN AMENDMENT TO THE LAND USE MAP WITHIN THE GENERAL PLAN/LOCAL COASTAL PROGRAM ADOPTED IN 2021 AND RECEIPT AND FILING OF AN ADDENDUM TO THE RELATED ENVIRONMENTAL IMPACT REPORT. THE CHANGE FROM DISTRICT COMMERCIAL TO COMMUNITY COMMERCIAL IS CONSISTENT WITH THE PROPOSED NEW ZONING DESIGNATION FOR THE SITE. THE SITE IS ADJACENT TO SIMILARLY DESIGNATED SITES ALONG MAIN STREET; (COMMUNITY DEVELOPMENT)

This item is to be continued to a date certain, June 14, 2022 Regular Meeting, which will be held via teleconference.

C. BUSINESS ITEMS

C-1 ADOPTION OF RESOLUTION NO. 48-22 APPROVING CONSENT OF LANDOWNER DOCUMENT FOR CALIFORNIA COASTAL INVESTMENTS, LLC (DOING BUSINESS AS LIBERTINE BREWING COMPANY; ERIC NEWTON) FOR REDEVELOPMENT OF LEASE SITE 86/86W (801 EMBARCADERO ROAD); (HARBOR DEPARTMENT / COMMUNITY DEVELOPMENT DEPARTMENT)

<https://youtu.be/S0SxnuGzcwY?t=4829>

Harbor Director Endersby and Community Development Director Graham provided the report and responded to Council inquiries.

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

<https://youtu.be/S0SxnuGzcwY?t=6337>

Cherise Hansson, Morro Bay resident and owner of Harborwalk Plaza and Undersea Gallery, requested the Council approve this item, and suggested the applicant be open to



reconfiguring the rooms to increase revenues with one ocean view room, six rooms with private decks, and opening the corridor between the Harborwalk and Libertine.

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

MOTION: Mayor Headding moved to adopt Resolution No. 48-22, approving a Consent of Landowner (COL) document for California Coastal Investment's redevelopment proposal (doing business as Libertine Brewing company) for Lease Site 86/86W with the following additional requirements: 1) vetting or reviewing the financial capacity to perform for the applicant prior to obtaining a new lease, and 2) prior to executing new lease, the applicant provide a business and marketing plan for the newly approved concept. The motion was seconded by Council Member Heller for discussion.

Following individual comments, the motion carried 5-0 by roll call vote.

- C-2 AUTHORIZATION FOR THE MAYOR TO SIGN A LETTER OF SUPPORT FOR A COASTAL STORIES GRANT PROGRAM APPLICATION FROM THE SALINAN TRIBE OF MONTEREY AND SAN LUIS OBISPO COUNTIES; (PUBLIC WORKS DEPARTMENT)  
<https://youtu.be/S0SxnuGzcwY?t=7187>

Public Works Director Kwolek provided the report and invited Salinan Tribe representative, Michael Erin Woody, who shared information regarding the project 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 Heller moved to authorize the Mayor to sign a letter of support for a Coastal Stories Grant program application from the Salinan Tribe of Monterey and San Luis Obispo Counties. The motion was seconded by Council Member Addis for discussion.

Following individual comments, the motion carried 5-0 by roll call vote.

- C-3 CONSIDERATION OF MORRO BAY HOSTING AN IRONMAN 70.3-MILE, SWIM, BIKE AND RUN EVENT IN APRIL/MAY FOR THREE YEARS, BEGINNING IN 2023, AND AUTHORIZE STAFF TO DEVELOP A CONTRACT WITH THE IRONMAN GROUP FOR SUCH AN EVENT FOR CITY COUNCIL REVIEW; (CITY MANAGER)  
<https://youtu.be/S0SxnuGzcwY?t=7921>

City Manager Collins introduced the item and introduced Tim Brosious, Ironman Group Regional Director, who presented event information and responded to Council inquires.

The public comment period for Item C-3 was opened.  
<https://youtu.be/S0SxnuGzcwY?t=11040>

Cal Myers, Morro Bay, was supportive of the event and suggested it may be worthwhile to reach out to the group that hosted the Wildflower Event at Lake San Antonio.

Mary Witkowski, Morro Bay, questioned whether it was fiscally responsible to host the event given the City would cover the permitting fees and overtime costs.

Michael Wambolt, Visit Morro Bay, appreciated City's consideration of the event and noted the Visit Morro Bay Board of Directors approved \$50k contribution each year toward the event.

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

MOTION: Council Member Ford moved to approve the concept of the City of Morro Bay hosting an Ironman event (70.3-mile swim, bike and run) in April/May for three years, beginning in 2023, and authorize City staff, in consultation with the City Attorney, to develop a three-year event agreement with the Ironman Group to be brought back to City Council for review no later than June 28, 2022. Further, authorize staff to submit a letter of interest to the Ironman Group outlining the City's support for such an event concept, conditioned upon City Council review and approval of an event agreement. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS  
<https://youtu.be/S0SxnuGzcwY?t=11923>

Mayor Headling requested an update from the School Resources Officer and School District regarding active shooter prevention and response. Council Member Addis was supportive provided the presentation also discuss mental health support. There was Council consensus to bring this forward at a future meeting.

E. ADJOURNMENT

The meeting adjourned at 8:54 p.m.

Recorded by:

Dana Swanson  
City Clerk



AGENDA NO: A-5  
MEETING DATE: June 28, 2022

## Staff Report

**TO:** Honorable Mayor and City Council **DATE:** June 23, 2022

**FROM:** Scott Collins, City Manager  
Dana Swanson, City Clerk/Human Resources Manager

**SUBJECT:** Adoption of Resolution 58-22 Approving the Tentative Agreement and Memorandum of Understanding between the City of Morro Bay and Morro Bay Peace Officers' Association

### **RECOMMENDATION**

Staff recommends the City Council adopt Resolution No. 58-22 approving the 2022-24 Tentative Agreement and the 2022-24 Memorandum of Understanding between the City of Morro Bay ("City") and the Morro Bay Peace Officers' Association ("POA").

### **FISCAL IMPACT**

The total cost to the City in Fiscal Year 2022/23 (FY 2022-23) for salary and benefit adjustments is approximately \$150,000, which is included in the final proposed FY 2022-23 budget. The contract's costs for FY 2023-24 will be built into that year's budget for Council consideration and adoption.

### **BACKGROUND**

The Morro Bay community is best served by attracting and retaining experienced, talented, and well-trained staff, minimizing turnover to the greatest extent possible. One outfall from the pandemic is the "great resignation" or "great reshuffling" in the labor market as employees quit their jobs at rates far greater than the pre-COVID-19 period. Whether employees grew overwhelmed with the challenges of working during the global pandemic or sought better working conditions or better pay in different organizations, or changed careers, we are now experiencing a very low unemployment rate nationwide and quit rates remain high. This is creating labor shortages and intense competition for talent in all sectors and volatility, for organizations.

The public sector, particularly state and local government, has been hit hard by the labor shortage, and the trend could worsen in the near-term. According to a December 2021 survey by MissionSquare Research Institute, more than half of state and local workers said they were considering leaving their positions to retire, change jobs, or leave the workforce entirely. It is becoming harder to hire talent and keep talent in local government. The inability to hire and retain

Prepared By: DS Dept Review: \_\_\_\_\_  
City Manager Review: SC City Attorney Review: MCH

talent is both expensive for cities in terms of the hiring and training process, but vacancies also negatively impact local government's ability to provide core services to the community, and increases the burden on the remaining employees, thus creating a cycle of burnout and greater turnover. This broad challenge for local governments is most particularly felt in the hiring and retaining of law enforcement personnel, that have the added impact of significantly less individuals choosing law enforcement careers compared to pre-pandemic times. Thus, it is key to create a competitive compensation system to maintain staffing levels in the police ranks.

The Council recognizes the key to delivering services to our community and achieving City goals is attracting and retaining highly qualified employees and is committed to providing competitive and fair compensation that will facilitate recruitment and retention of City employees. The ongoing financial recovery from the COVID-19 pandemic, aided by increases in sales and transient occupancy taxes as well as the community's support by passage of Measure E in 2020, enables the City to begin addressing internal and external equity issues to help recruit and retained well-trained officers and ensure compensation does not dissuade people from beginning or continuing to work for the City.

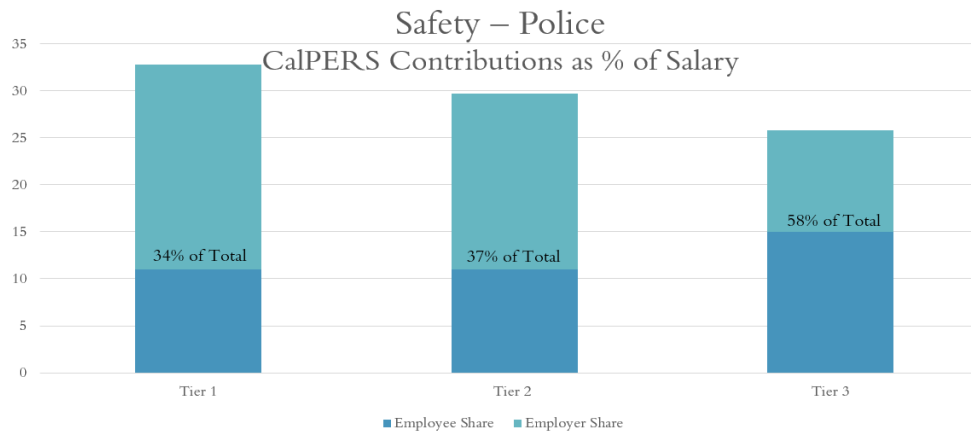
### **CalPERS Retirement Benefits**

Citywide, full-time employees are enrolled in one of nine CalPERS retirement benefit tiers with varying benefit formulas and required employee contribution rates. Tier 1 and 2 "Classic" employees have a higher benefit formula and a lower employee contribution rate. Tier 3 or "PEPRA" employees have a lower benefit formula and are required to contribute 50% of the "normal" costs, which is projected to increase over time, including during the proposed contract period.

In 2018, the City and POA negotiated cost sharing whereby POA members pick up 2% of the City's cost for retirement benefits. The chart below shows the FY 2022-23 current POA member contribution as a percentage of payroll.

|                  | Tier 1 "Classic" |               |               | Tier 2 "Classic" |               |               | Tier 3 "PEPRA"  |               |               |
|------------------|------------------|---------------|---------------|------------------|---------------|---------------|-----------------|---------------|---------------|
|                  | Benefit Formula  | Employee Rate | Employer Rate | Benefit Formula  | Employee Rate | Employer Rate | Benefit Formula | Employee Rate | Employer Rate |
| Police<br>Safety | 3% @ 50          | 11%           | 21.8%         | 3% @ 55          | 11%           | 18.7%         | 2.7% @ 57       | 15%           | 11%           |

The charts below demonstrate that the five MBPOA members in Tier 1 and 2 plans pay a lower share of relatively higher-cost benefits than the other eleven MBPOA members pay for their PEPRA tier retirement benefits. Tier 1 Safety members pay 34% of the normal cost of their benefits and Tier 2 Safety members pay 37% of normal CalPERS costs, while PEPRA miscellaneous members pay 58%.



CalPERS recently lowered its discount rate, or projected rate of return, from 7.0% to 6.8%, which will result in mandatory increases in employer's PERS costs for all employees, and likely increases to employee costs for those employees who entered the system after pension reform in 2012 (referred to as PEPRA employees). Employer costs are projected to rise by 2-5 percent for public safety employees in FY 2023-24.

Public safety employees who are in the PEPRA tier will experience a cost increase estimated to range from 0.5% – 1.3% in FY 2023-24 as 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" CalPERS tiers and the PEPRA pension reform tier, which is an inequitable dynamic this agreement begins to address.

## **DISCUSSION**

City representatives met and conferred with each of the City's bargaining groups and reached a Tentative Agreement (TA) and successor Memorandum of Understanding (MOU) for July 1, 2022 – June 30, 2024 with POA which has been ratified by the bargaining group and is presented for Council approval. The cost of living increases (COLAs) and terms agreed to with POA includes:

1. 6% cost of living increase (COLA) for all Association members in FY 2022/23.
2. Effective the pay period including July 1, 2022, Police Officer classifications will receive a 1% equity adjustment to base salary in addition to the COLA increase.
3. Effective the pay period including July 1, 2022, Police Sergeant classifications will receive a 4% equity adjustment to base salary in addition to the COLA increase
4. 4% COLA for all Association members in FY 2023/24 contingent upon the following cost sharing terms:
  - a. CalPERS Classic member Tier 1 & 2 Association represented members shall contribute an additional 1% to the employer's contribution to CalPERS (for a total of 3% cost sharing).
  - b. To offset the anticipated increased retirement contribution by CalPERS for PEPRA represented employees in FY 2023/24, the current employee contribution toward the employer's cost for PEPRA members shall be reduced by 1% (for a total of 1% cost sharing).

## **CONCLUSION**

In order to maintain competitive compensation levels, as compared to surrounding law enforcement agencies, staff recommends the City Council adopt the proposed Resolutions

implementing the terms agreed to with the Morro Bay Peace Officers' Association.

**ATTACHMENT**

1. Resolution No. 58-22 Morro Bay Peace Officers' Association (Tentative Agreement and Successor MOU)

**RESOLUTION NO. 58-22**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
APPROVING THE TENTATIVE AGREEMENT FOR AND THE SUCCESSOR  
MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE  
MORRO BAY PEACE OFFICERS' ASSOCIATION  
FOR THE PERIOD OF JULY 1, 2022 THROUGH JUNE 30, 2024**

**THE CITY COUNCIL  
Morro Bay, California**

**WHEREAS**, the City of Morro Bay ("City") has, and continues to, recognize the Morro Bay Peace Officers' Association ("POA"), as the sole exclusive employee organization representing the City's employees designated as being in the Law Enforcement Unit, including the classifications of Police Officer, Senior Officer and Sergeant, for all matters concerning wages, hours and other terms and conditions of employment; and

**WHEREAS**, the current Memorandum of Understanding ("MOU") between the City and POA ("POA MOU 2021-2022"), which was duly approved by the City Council on June 22, 2021, is set to expire on June 30, 2022; and

**WHEREAS**, the City and POA entered into negotiations for a successor MOU covering the period of July 1, 2022 through June 30, 2024; and

**WHEREAS**, the City's labor relations representatives and the POA representatives successfully met and conferred to negotiate both a Tentative Agreement for the successor MOU and also the successor MOU between the parties, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Gov't Code Section 3500-3511) and the City's Employer-Employee Relations Resolution, Resolution No. 08-17, and have jointly prepared and executed the attached Tentative Agreement ("POA MOU 2022-2024 Tentative Agreement"), and the successor MOU between the City and POA, for the period July 1, 2022 through, and including, June 30, 2024 ("POA MOU 2022-2024"), which were ratified by POA on or about June 2, 2022; and

**WHEREAS**, the POA MOU 2022-2024 Tentative Agreement and POA MOU 2022-24 are subject to City Council acceptance and approval, which are made a part hereof by this reference; and

**WHEREAS**, once approved by the City Council, the POA MOU 2022-24 shall become binding agreements between the City and POA.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, AS FOLLOWS:**

**Section 1.** The above recitals are true and correct.

**Section 2.** The City Council accepts and approves the POA MOU 2022-2024 Tentative Agreement between the City and POA for the period of July 1, 2022 through, and including, June 30, 2024, a copy of which is attached hereto as Exhibit 1.

**Section 3.** The City Council approves the POA MOU 2022-2024 as the successor MOU between the City and POA for the period of July 1, 2022 through, and including, June 30, 2024, a copy of which is attached hereto as Exhibit 2.

**Section 4.** The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

**Section 5.** This resolution shall be effective immediately upon its passage and adoption.

**PASSED AND ADOPTED**, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 28<sup>th</sup> day of June 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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JOHN HEADDING, Mayor

ATTEST:

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DANA SWANSON, City Clerk





**TENTATIVE AGREEMENT FOR A SUCCESSOR MEMORANDUM OF  
UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY  
PEACE OFFICERS' ASSOCIATION  
(Per Government Code Section 3905.1)**

The current Memorandum of Understanding (MOU) between the City of Morro Bay (City) and the Morro Bay Peace Officers' Association (MBPOA or Association), Resolution No. 31-21, approved June 22, 2021, covering the period January 1, 2021 through June 30, 2022 (MBPOA MOU 2021-22) expires June 30, 2022. MBPOA currently represents 16 total City employees, including 11 Police Officers (one current vacancy) and 4 Sergeants (one current vacancy) and 1 Administrative Sergeant. MBPOA provided an initial proposal on March 21, 2022, for a successor MOU, and the parties subsequently thereafter began meeting and conferring and exchanging counter proposals.

The City and MBPOA, through their respective designated labor representatives, have met and conferred in good faith on wages, hours and other terms and conditions of employment for City Police Officers and Police Sergeants and have reached tentative agreements contingent upon all being adopted together, which are set forth below in this Tentative Agreement for A Successor Memorandum Of Understanding ("Tentative Agreement") covering the period July 1, 2022 through June 30, 2024. Each individual agreement reached below sets forth the nature of that agreement and the Article and/or Section being modified in the prior MBPOA MOU 2021-22. All items affecting compensation within the prior MBPOA MOU 2021-22 not addressed herein are proposed to remain unchanged.

The MBPOA membership ratified the terms of this Tentative Agreement on or about June 3, 2022 and the respective parties' labor representatives have signed the Tentative Agreement reflecting their mutual understandings. Accordingly, this Tentative Agreement constitutes a joint recommendation by the labor representatives of both the City and MBPOA to be submitted to the City of Morro Bay City Council ("City Council") for its final determination and approval. California Government Code Section 3505.1 provides:

"If a tentative agreement is reached by the authorized representatives of the public agency and a recognized employee organization or recognized employee organizations, the governing body shall vote to accept or reject the tentative agreement within 30 days of the date it is first considered at a duly noticed public meeting. A decision by the governing body to reject the tentative agreement shall not bar the filing of a charge of unfair practice for failure to meet and confer in good faith. If the governing body adopts the tentative agreement, the parties shall jointly prepare a written memorandum of understanding."

Therefore, this Tentative Agreement is of no force or effect until approved by the City Council. If the City Council adopts the Tentative Agreement, then the parties shall jointly prepare a written MOU per Government Code Section 3505.1, or such MOU may be concurrently presented to City Council.

**MBPOA MOU 2022-2024 Tentative Agreement to By MOU Article and Other**

| <b>Article No., Section</b> | <b>Subject</b> | <b>Existing MOU</b>         | <b>Tentative Agreement</b>                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------|----------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 18.1                        | Salaries       | No provision for FY 2022/23 | <p><b><u>6% COLA Year One</u></b></p> <p>Effective the pay period including July 1, 2022, the CITY shall provide a Cost of Living Adjustment (COLA) increase to base salaries for ASSOCIATION members of 6.00% (see Exhibit A updated salary table).</p>                                                                                                                                           |
| 18.2                        | Salaries       | No provision for FY 2022/23 | <p><b><u>Equity Adjustments</u></b></p> <p>Effective July 1, 2022, Police Officer classifications shall receive a 1% equity adjustment increase to base salary in addition to the COLA increase, not compounded.</p> <p>Effective July 1, 2022, Police Sergeant classifications shall receive a 4% equity adjustment increase to base salary in addition to the COLA increase, not compounded.</p> |
| 18.3                        | Salaries       | No provision for FY 2023/24 | <p><b><u>4% COLA Year Two</u></b></p> <p>[Delete existing provision and replace with the following with Exhibit B to be provided later.]</p> <p>Effective the pay period including July 1, 2023, the CITY shall provide a Cost of Living Adjustment (COLA) increase to base salaries for all ASSOCIATION classifications of 4.00% (see Exhibit B updated salary table).</p>                        |

|        |            |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------|------------|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 14.1.2 | Retirement | New | <p><b><u>Increased Cost Sharing for Tiers 1 &amp; 2 in Year Two</u></b></p> <p>CalPERS Classic member Tier 1 &amp; Tier 2 ASSOCIATION represented employees shall make an additional 1% cost sharing contribution to the employer's contribution to CalPERS effective the first full payroll period after City Council approval of a CalPERS Contract Amendment providing for such payment commencing FY 2023/24, but in no event sooner than the pay period including July 1, 2023.</p>                                                                     |
| 14.1.3 | Retirement | New | <p><b><u>Reduction in Cost Sharing for PEPRAs members in Year Two</u></b></p> <p>To offset the anticipated increased retirement contribution by CalPERS for PEPRAs represented employees in FY 2023/24, the current employee contribution toward the employer's cost for PEPRAs represented employees shall be reduced by 1% effective the first payroll period after City Council approval of a CalPERS Contract Amendment providing for such reduced payment commencing FY 2023/24, but in no event sooner than the pay period including July 1, 2023.</p> |

#### 15.1 Existing Language

##### HEALTH INSURANCE

~~15.1.1 Effective July 1, 2018, UNIT employees shall receive a cafeteria plan contribution, including the amount required by CalPERS, as follows:~~

~~Employee only — up to \$715/month or cost of insurance, whichever is less  
Employee + 1 — up to \$1,135/month or cost of insurance, whichever is less  
Employee + family — up to \$1,460/month or cost of insurance, whichever is less~~

15.1 New Language (current contributions)

15.1.1 Effective July 1, 2022, UNIT employees shall receive a cafeteria plan contribution, including the amount required by CalPERS, as follows:

Employee only – up to \$767/month or cost of insurance, whichever is less  
Employee + 1 – up to \$1,232/month or cost of insurance, whichever is less  
Employee + family – up to \$1,589/month or cost of insurance, whichever is less

15.1.3 Effective 2013, UNIT employees who select plans with an actual cost less than the City contribution are not entitled to cash-back.

15.2 Existing Language

DENTAL AND VISION INSURANCE:

~~15.2.1 During the term of this MOU, the CITY shall offer dental, life and vision insurance, and each employee shall be required to carry both dental, life and vision insurance for self. Life Insurance is provided at \$50,000 per employee. The following rates are effective January 1, 2018:~~

|               | <u>Vision</u>       | <u>Dental</u>       | <u>Life</u>       | <u>Totals</u>        | <u>City pays</u>     | <u>EE pays</u>     |
|---------------|---------------------|---------------------|-------------------|----------------------|----------------------|--------------------|
| Employee only | <del>\$ 8.73</del>  | <del>\$ 55.03</del> | <del>\$8.15</del> | <del>\$ 71.91</del>  | <del>\$ 68.98</del>  | <del>\$ 2.93</del> |
| Employee + 1  | <del>\$ 16.40</del> | <del>\$152.27</del> | <del>\$8.15</del> | <del>\$ 176.82</del> | <del>\$ 165.07</del> | <del>\$11.75</del> |
| Employee + 2+ | <del>\$ 23.34</del> | <del>\$152.27</del> | <del>\$8.15</del> | <del>\$ 183.76</del> | <del>\$ 171.55</del> | <del>\$12.21</del> |

~~CITY will pay the remaining premium for dental, life and vision.~~

15.2. New Language (current contribution)

15.2.1 During the term of this MOU, the CITY shall offer dental, life and vision insurance, and each employee shall be required to carry both dental, life and vision insurance for self. Life Insurance is provided at \$50,000 per employee. The following rates are effective January 1, 2022:

|               | <u>Vision</u> | <u>Dental</u> | <u>Life</u> | <u>Totals</u> | <u>City pays</u> | <u>EE pays</u> |
|---------------|---------------|---------------|-------------|---------------|------------------|----------------|
| Employee only | \$ 8.29       | \$ 57.81      | \$8.70      | \$ 74.80      | \$ 71.87         | \$ 2.93        |
| Employee + 1  | \$ 15.58      | \$159.98      | \$8.70      | \$ 184.26     | \$ 172.51        | \$11.75        |
| Employee + 2+ | \$ 22.17      | \$159.98      | \$8.70      | \$ 190.85     | \$ 178.64        | \$12.21        |

CITY will pay the remaining premium for dental, life and vision.

Subject to the foregoing, this Tentative Agreement is hereby executed by the authorized representatives of the City and MBPOA.

City of Morro Bay

MBPOA

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Scott Collins, City Manager

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William Marvos, President

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Colin Tanner, Labor Negotiator

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Stacie Casabian, Chief Labor Negotiator

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Dana Swanson, City Clerk/ HR Manager

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Tony Mosqueda, Employee Representative

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Laurie Goforth, Human Resources Analyst II

## EXHIBIT A

|                                |        |        |         |         |         |         |
|--------------------------------|--------|--------|---------|---------|---------|---------|
| POLICE OFFICER                 | 73,199 | 76,859 | 80,702  | 84,737  | 88,973  | 93,422  |
| POLICE DETECTIVE               | 76,859 | 80,702 | 84,737  | 88,974  | 93,423  | 98,094  |
| POLICE SCHOOL RESOURCE OFFICER | 76,859 | 80,702 | 84,737  | 88,974  | 93,423  | 98,094  |
| POLICE SENIOR OFFICER          | 76,859 | 80,702 | 84,737  | 88,974  | 93,423  | 98,094  |
| POLICE SERGEANT                | 93,845 | 98,538 | 103,465 | 108,638 | 114,070 | 119,773 |

## EXHIBIT B

|                                |        |         |         |         |         |         |
|--------------------------------|--------|---------|---------|---------|---------|---------|
| POLICE OFFICER                 | 76,127 | 79,933  | 83,930  | 88,126  | 92,533  | 97,159  |
| POLICE DETECTIVE               | 79,933 | 83,930  | 88,127  | 92,533  | 97,159  | 102,017 |
| POLICE SCHOOL RESOURCE OFFICER | 79,933 | 83,930  | 88,127  | 92,533  | 97,159  | 102,017 |
| POLICE SENIOR OFFICER          | 79,933 | 83,930  | 88,127  | 92,533  | 97,159  | 102,017 |
| POLICE SERGEANT                | 97,599 | 102,479 | 107,603 | 112,983 | 118,632 | 124,564 |

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE MORRO BAY PEACE  
OFFICERS ASSOCIATION  
AND  
THE CITY OF MORRO BAY**

**JULY 1, 2022 – JUNE 30, 2024**



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**MEMORANDUM OF UNDERSTANDING  
BETWEEN THE MORRO BAY PEACE OFFICERS' ASSOCIATION  
AND THE CITY OF MORRO BAY  
2022 - 2024**

**ARTICLE 1 - PURPOSE**

**WHEREAS**, the City of Morro Bay is a municipal corporation, existing under the laws of the State of California as a general law city; and

**WHEREAS**, the City of Morro Bay is limited, insofar as funds are concerned, because of a fixed tax rate, and in structure because it is a public entity, rather than a profit-making business; and

**WHEREAS**, the Morro Bay Peace Officers' Association, Inc, is a California corporation, existing under the laws of the state of California; and

**WHEREAS**, the Morro Bay Peace Officers' Association, Inc., and the City of Morro Bay recognize that the mission and the purpose of the City is to provide high-quality and economical municipal services and facilities to the residents of the City of Morro Bay;

**THEREFORE**, this Memorandum of Understanding, referred to as "MOU", is entered into as of July 1, 2022, between the City of Morro Bay, referred to as "CITY," and the Morro Bay Peace Officers' Association, referred to as "ASSOCIATION."

It is the intent and purpose of this MOU to assure sound and mutually beneficial working and economic relations and conditions between the parties hereto, to provide for an orderly and peaceable method and manner of resolving any differences, which may arise, to negotiate any misunderstanding, which could arise, and to set forth herein the basic and full agreement between the parties, concerning the pay, wages, hours of employment, and other terms and conditions of employment.

**ARTICLE 2 - MANAGEMENT**

2.1 In order to ensure that the CITY shall continue to carry out its public safety functions, programs, and responsibilities to the public imposed by law, and to maintain efficient public safety service for the citizens of Morro Bay, the CITY continues to reserve and retain, solely and exclusively, all management rights, regardless of the frequency of use, including those rights and responsibilities set forth by law and those CITY rights set forth in the CITY's Personnel Rules and Regulations, and including, but not limited to, the following:

2.1.1 To manage the Police Department, and determine policies and procedures and the right to manage the affairs of the Department.

- 2.1.2 To determine the existence, or nonexistence, of facts which are the basis of the management decision in compliance with State law.
- 2.1.3 To determine the necessity, organization, implementation, and termination of any service or activity conducted by the CITY or other government jurisdiction, and to expand or diminish police services.
- 2.1.4 To direct, supervise, recruit, select, hire, evaluate, promote, transfer, discipline, discharge, terminate, demote, reduce, suspend, reprimand, withhold salary increases and benefits for disciplinary reasons, or otherwise discipline employees, in accordance with Department or CITY Rules, Regulations, or Ordinances.
- 2.1.5 To determine the nature, manner, means, extent, type, time, quantity, quality, technology, standard, and level of police services to be provided to the public.
- 2.1.6 To require the performance of other public safety services, not specifically stated herein, in the event of an emergency or disaster, as deemed necessary by the CITY.
- 2.1.7. To lay off employees of the Police Department because of lack of work or funds or under conditions where continued work would be inefficient or nonproductive or not cost effective, as determined by the CITY.
- 2.1.8. To determine and/or change the police facilities, methods, technology, equipment, operations to be performed, organization structure, and allocate or assign work by which the CITY police operations and services are to be conducted.
- 2.1.9. To determine methods of financing.
- 2.1.10 To plan, determine, and manage the Department's budget, which includes, but is not limited to, changes in the number of locations and types of operations, processes and materials to be used in carrying out all Police Department functions, and the right to contract or subcontract any work or operations of the Police Department.
- 2.1.11 To determine the size and composition of the Police Department work force, assign work to employees of the Police Department, in accordance with requirements determined by the Police Department, and to establish and require compliance to work hours and changes to work hours, work schedules, including call back, standby, and overtime, and other work assignments, except as otherwise limited by this MOU, or subsequent MOUs.
- 2.1.12 To establish and modify goals and objectives, related to productivity and performance programs and standards, including, but not limited to, quality and quantity, and required compliance therewith.

- 2.1.13 To determine qualifications, skills, abilities, knowledge, selection procedures and standards, job classification, job specifications, and to reallocate and reclassify employees, in accordance with division and/or CITY Rules and Regulations.
- 2.1.14 To determine the issues of public policy and the overall goals and objectives of the Police Department, and to take necessary action to achieve the goals and objectives of the Police Department.
- 2.1.15 To hire, transfer intra- or inter-Department, promote, reduce in rank, demote, reallocate, terminate, and take other personnel action for non-disciplinary reasons, in accordance with Department and/or CITY Rules, Regulations and Ordinances.
- 2.1.16 To determine policies, procedures, and standards for recruiting, selecting, training, and promoting employees.
- 2.1.17 To establish, implement, and/or modify rules and regulations, policies, and procedures related to productivity, performance, efficiency, personal appearance standards, code of ethics and conduct, safety, health, and order, and to require compliance therewith.
- 2.1.18 To maintain order and efficiency in police facilities and operation.
- 2.1.19 To restrict the activity of an employee organization on CITY facilities, except as set forth in this MOU.
- 2.1.20 To take any and all necessary steps and actions to carry out the service requirements and mission of the CITY in emergencies or any other time deemed necessary by the CITY, and not specified above.
- 2.2 Nothing herein is meant to diminish CITY rights provided by the Government Code.
- 2.3 Nothing herein is meant to diminish the Public Safety Officers Procedural Bill of Rights Act, as set forth in the Government Code Sections 3300-3313.
- 2.4 **AUTHORITY IF THIRD PARTY NEUTRAL - MANAGEMENT RIGHTS**

All management rights, powers, authority, and functions, whether heretofore or hereinafter exercised, shall remain vested exclusively with the CITY. No third party neutral shall have the authority to diminish any of the management rights, which are included in this MOU.

### **ARTICLE 3 - RECOGNITION**

- 3.1 Pursuant to Resolution No. 08-17, the Employer-Employee Relations Resolution of the City of Morro Bay and applicable State law, ASSOCIATION was designated by CITY as the representative of CITY employees in the Law Enforcement Unit (hereafter "UNIT"). The UNIT is comprised of the following classifications:

Sergeant  
Administrative Sergeant  
Senior Officer  
Police Officer

The term "employee" or "employees," as used herein, shall refer only to the foregoing classifications.

- 3.2 Employees working on a regular basis in a classified position, but less than full-time, shall receive vacation and sick leave accruals on a pro-rated basis, commensurate with hours worked. All benefits for new hires, including insurance benefits, will be allocated on a pro-rated basis commensurate with hours worked.

- 3.3 ELECTRONIC DEPOSIT:

All employees shall receive their pay by electronic methods. New hires must present account information for a checking or a savings account with an ACH member financial institution.

#### **ARTICLE 4 - ASSOCIATION BUSINESS**

- 4.1 Employee representatives, designated by the ASSOCIATION, shall be granted time off, without loss of pay, to attend "meet and confer" sessions with the City Manager, and/or their designee, on subjects within the scope of representation when such meetings are scheduled during regular working hours. Should such meetings extend beyond an employee representative's regular working hours, the employee representative shall be paid for only the regular working hours.

It is understood that this time-off provision shall only apply to a maximum of three (3) employees attending any one meeting between the CITY and the ASSOCIATION. Where exceptional circumstances warrant, the City Manager may approve the attendance at such meetings of additional employee representatives. The ASSOCIATION shall, whenever practicable, submit the names of all employee representatives to the City Manager, or designee, at least two working days in advance of such meetings. Provided further: (1) no employee representative shall leave their duty or work station or assignment, without specific approval of the department head or other authorized CITY management official; and (2) any such meeting is subject to scheduling by CITY management, in a manner consistent with operating needs and work schedules.

- 4.2 Nothing provided herein shall limit or restrict CITY management from scheduling such meetings before or after regular CITY or work hours.
- 4.3 Off-duty employees will not be paid for attending meet and confer sessions, nor will over-time be paid for same.
- 4.4 The CITY will notify the ASSOCIATION's designated representative in writing or via email regarding all new hires at least ten (10) days prior to the employee's orientation unless there is an urgent need that was not reasonably foreseeable. Within the earlier of thirty (30) days after the date of hire or by the first pay period of the month following the hire of each newly hired employee, the CITY will provide the ASSOCIATION's designated representative with the new employee's name, job title, department, work location, home mailing address, personal email, and work, home and personal cell phone numbers.

The new hire will receive a copy of the MOU with their new employee orientation packet. ASSOCIATION shall be permitted one (1) hour for each orientation session to talk to new bargaining unit members to explain the rights and benefits under the MOU.

The CITY will provide the ASSOCIATION's designated representative a quarterly list of all employees in the represented bargaining unit, including the employee's name, job title, department, work location, home mailing address, personal email, and work, home and personal cell phone numbers.

Notwithstanding the foregoing, the CITY will not provide the ASSOCIATION with the home address, home telephone number, personal cellular telephone number, or personal email address or date of birth of any employee who has made a written request to the CITY regarding non-disclosure of said information. The parties will mutually agree on a form to use to track said employee information and whether any employee requests that such information not be disclosed.

The ASSOCIATION shall indemnify and hold harmless the CITY, its officers, agents, and employees from any and all claims, demands, damages, costs, expenses, or liability arising out of this Section 4.4.

## **ARTICLE 5 - AUTHORIZED AGENTS**

For the purpose of administering the terms and provisions of this MOU:

- 5.1 The CITY's principal authorized agent shall be the City Manager, or their duly authorized representative (address: 595 Harbor Street, Morro Bay, CA 93442; telephone (805) 772-6201), except where a particular management representative is specifically designated in the MOU.
- 5.2 The ASSOCIATION's principal authorized representative shall be the President of the Association, or their duly authorized representative (address P. O. Box 276, Morro Bay, CA 93443).

## **ARTICLE 6 - ASSOCIATION DUES AND DEDUCTIONS**

- 6.1 The ASSOCIATION may request that the CITY deduct membership dues, initiation fees, and general assessments, as well as payment of any other membership benefit program sponsored by the ASSOCIATION, from the wages and salaries of ASSOCIATION members. The ASSOCIATION hereby certifies that ASSOCIATION has and shall maintain all such deduction authorizations signed by the individual from whose salary or wages the deduction is to be made and shall not be required to provide a copy of an individual authorization to the CITY unless a dispute arises about the existence or terms of the authorization. Accordingly, ASSOCIATION membership dues shall be deducted each pay period in accordance with CITY procedures and provisions of applicable law from the salary of each employee whose name is provided by the ASSOCIATION. Any changes in ASSOCIATION dues must be given to the CITY a minimum of thirty (30) days prior to change to accommodate changes to payroll. ASSOCIATION will pay the costs incurred by the CITY in order to set up the employee's deductions. After initial set up, ASSOCIATION may be charged \$5 per employee to make changes to requested dues deductions.
- 6.2 The ASSOCIATION shall defend and indemnify, and hold harmless, the CITY, its officers, agents, and employees from any and all claims, demands, damages, costs, expenses, or liability arising out of this Article.
- 6.3 **DEPOSIT OF DEDUCTIONS**  
It is agreed that the CITY will deposit payroll deductions, made payable to credit unions in which the CITY participates, providing the ASSOCIATION makes arrangements for such services that are acceptable to both members and the CITY under the same conditions as prevails for deductions as set forth above.

## **ARTICLE 7 – TERM**

Except as otherwise provided herein, the term of this MOU commences on July 1, 2022, and expires, and is otherwise fully terminated, on June 30, 2024.

## **ARTICLE 8 - RENEGOTIATIONS**

The parties agree to commence renegotiations for a successor MOU in good faith under the provisions outlined by the Meyers-Milias-Brown Act (MMBA).

## **ARTICLE 9 - ANTI-DISCRIMINATION**

The CITY and ASSOCIATION mutually agree they will not discriminate against employees for the exercise of their rights under the State of California Government Code Section 3502.

## **ARTICLE 10 - WORK SCHEDULE**

- 10.1 Alternative work schedules, in compliance with the federal Fair Labor Standards Act (“FLSA”), may be implemented upon approval of the Chief of Police. No guarantee of work, per day or per week, or of days of work per week, is implied.

The implementation of an alternate work schedule shall not incur any CITY obligation to allocate additional sworn personnel, vehicles or equipment. All deployment of sworn personnel shall ensure effective and efficient delivery of police protection to the community, sufficient to continue during times of vacation, sick leave, and Department-approved training.

### 10.2 OVERTIME

#### 10.2.1 Sworn Personnel

Overtime shall be all work, authorized by management and actually worked by the employee, in excess of eighty (80) hours worked in a work period. For the purpose of defining hours worked, vacation leave and holiday leave taken shall count towards time worked, for the purpose of overtime. All overtime, as defined herein, shall be paid at one and one-half (1.5) times the employee's regular rate of pay.

NOTE: Hours spent in court under what used to be termed “Court Appearance Pay” shall be considered and paid as part of this article; except for the “minimum pay,” which is now covered under Special Pay Practices.

#### 10.2.2 Compensatory Time Off

Effective with the ratification of this MOU, Compensatory Time Off (hereinafter “CTO”) shall be earned at the overtime rate of one and one-half (1.5) times the number of overtime hours, worked as defined in Articles 10.2.1 and 10.2.2. CTO may be accrued up to a maximum of 140 hours. Overtime earned, in excess of the CTO maximum accrual, shall be compensated in cash.



#### 10.2.3 Compensatory Time Payoff

Employees may elect a payoff of up to a maximum total of 60 hours per fiscal year of accrued compensatory time. Upon 30 days' advance notice, partial or full payment will be made on the second paycheck received in March and/or on the second paycheck in September, as elected by the employee.

### 10.3 EMERGENCIES

10.3.1 Nothing herein shall be construed to limit or restrict the authority of management to make temporary assignments to different or additional locations, shifts, or duties for the purpose of meeting an emergency.

10.3.2 Such emergency assignments shall not extend beyond the period of said emergency.

10.3.3 Short staffing, caused solely by absences due to employees taking approved paid leave, shall not be considered an emergency.

### 10.4 SHIFT ROTATION

Shift rotation shall coincide with the first day of a pay period.

## **ARTICLE 11 - VACATION/HOLIDAY LEAVE**

*NOTE: ALL LEAVE TIME (VACATION, SICK LEAVE, HOLIDAY, ETC.), WILL BE TAKEN OFF ON AN HOUR FOR HOUR BASIS EQUALING EMPLOYEE ACTUAL TIME OFF, REGARDLESS OF ACCUMULATION RATES.*

### 11.1 VACATION

11.1.1 The following is a list of vacation annual accrual schedule by years of employment, effective retroactive to July 1, 2016 for those employees still employed by the CITY upon City Council adoption of this successor MOU:

| <u>SERVICE<br/>YEARS</u> | <u>VACATION<br/>ACCRUAL</u> |
|--------------------------|-----------------------------|
| 1-2                      | 88 hrs                      |
| 3-4                      | 96 hrs                      |
| 5                        | 104 hrs                     |
| 6-7                      | 112 hrs                     |
| 8-9                      | 120 hrs                     |
| 10                       | 128 hrs                     |
| 11-12                    | 136 hrs                     |
| 13-14                    | 144 hrs                     |
| 15 or more               | 160 hrs                     |

UNIT members hired after July 1, 2016 may be credited with years of service based upon prior law enforcement service at other agencies as determined within the sole discretion of the Police Chief and as approved by the City Manager and to be documented in both the recruit's conditional offer and the City's initial hire Personnel Action Form. Retroactive application shall be applied to those employees hired on or before the City Council's adoption of this MOU, but there shall be no increased retroactive accrual of vacation. Rather the increased accrual only applies starting July 2, 2016.

- 11.1.2 Employees' vacation accrual will be credited to employee on a pro-rated basis over twenty-six (26) pay periods per year.
- 11.1.3 In determining priority of individual members for assignment of vacation periods, "seniority within rank" shall be the primary criteria. During the month of January of each year, each employee shall submit their preferences for vacation time off during that calendar year. It is agreed that every effort will be made to permit UNIT members to take vacation at a time and for periods as close to members' preference as possible, consistent with the necessity for maintaining adequate manning to assure performance of police department functions. It is further agreed that every effort will be made to schedule individual vacation periods so as to maximize consecutive vacation days off, consistent with annual vacation entitlement.
- 11.1.4 Effective retroactive to the pay period including July 1, 2016, the maximum amount of vacation accrual will be 280 hours. When an employee reaches the maximum accrual limit of 280 hours, the employee shall cease to accrue vacation leave until the usage of vacation causes the balance to be less than 280 hours. Employees, who have a requested vacation denied or canceled within 60 days prior to reaching the 280 hour accrual maximum, shall, upon request, be given an additional 60 days following reaching the maximum to utilize vacation, prior to ceasing to accrue.
- 11.1.5 A UNIT employee may exercise an option to convert into cash a maximum of forty (40) hours of accrued vacation leave each fiscal year, upon 30 days' notice to payroll. Such conversion shall be computed at the employee's current base hourly rate, on an hour-per-hour basis.

## 11.2 HOLIDAYS

- 11.2.1 For the purpose of this MOU, the following days are the holidays for the employees in this UNIT:

|                             |                                    |
|-----------------------------|------------------------------------|
| New Year's Day              | January 1                          |
| Martin Luther King, Jr. Day | 3 <sup>rd</sup> Monday in January  |
| Lincoln's Birthday          | February 12                        |
| Washington's Birthday       | 3 <sup>rd</sup> Monday in February |
| Memorial Day                | Last Monday in May                 |
| Independence Day            | July 4 <sup>th</sup>               |

|                            |                                      |
|----------------------------|--------------------------------------|
| Labor Day                  | 1 <sup>st</sup> Monday in September  |
| Veterans Day               | November 11 <sup>th</sup>            |
| Thanksgiving Day           | 4 <sup>th</sup> Thursday in November |
| Day after Thanksgiving Day | Friday after Thanksgiving            |
| Christmas Day              | December 25 <sup>th</sup>            |
| Day after Christmas        | December 26 <sup>th</sup>            |
| Floating Holiday           | Varies                               |

11.2.2 Effective upon City Council adoption of this MOU, employees who work a holiday listed in 11.2.1, shall be paid one and one-half (1.5) times their base hourly rate. An employee is eligible for the one and one-half time pay only for the hours actually worked during the actual calendar holiday date as set forth in 11.2.1 above regardless of any change in City observation of same based upon the actual day of the week of the holiday. Each employee will be credited eight (8) hours Holiday leave for each holiday listed in 11.2.1 or recognized under 11.2.3, in addition to pay for time worked on that holiday. Holiday Leave hours shall be pro-rated annually and credited to employees at the rate of four hours per pay period. (For example, if a listed holiday is Sunday, and the City recognizes the holiday on Monday, the employee working the actual holiday on Sunday shall receive credit under the code Police Holiday Worked for working the actual holiday).

11.2.3 Holidays Proclaimed by Government Officials: It is agreed that when a holiday is proclaimed by the Mayor of the CITY, then each regular member of the UNIT shall be granted compensation in the same number of hours as equivalent to the time-off granted other employees of the CITY. Such time-off shall be selected by the Police Chief.

11.2.4 Accumulated Holiday Leave may be scheduled and taken upon approval of the Police Chief, or their designee.

11.2.5 Employees may accumulate up to a maximum of 116 hours Holiday Leave per year. All Holiday Leave, not taken by the pay period containing December 1, shall be paid off at the employee's current rate of pay. By request only, employees may be paid for a designated amount of accumulated Holiday Leave with the pay period including June 1, upon 30 days' advance notice to Payroll. When an employee terminates employment with the CITY, employee shall receive pay for employee's current holiday balance at employee's current base hourly rate.

NOTE: Subject to maximum accrual limits, employee specified amounts of Holiday Leave may be transferred to Compensatory Time Off, upon request in December only. Payroll must be notified by November 1<sup>st</sup>.

### 11.3 MILITARY LEAVE

11.3.1 Military Leave will be provided pursuant to City Resolution 65-01 and Military and Veterans Code 395.03

## 11.4 ASSOCIATION LEAVE

11.4.1 UNIT members will be allowed to contribute accumulated compensatory, holiday, or vacation time off to a special compensatory time account for the use of ASSOCIATION executive officers. ASSOCIATION officers, or their designee(s), may, subject to all normal approvals and restrictions for time off requirements, receive up to a total of forty (40) hours per fiscal year off for attendance at meetings, seminars, etc., on behalf of the ASSOCIATION.

At no time may the ASSOCIATION compensatory time account contain more than one hundred (100) accrued hours.

The parties agree herewith to retain the option to re-open collective bargaining, with respect to this section 11.4.1, regarding the specific issue of initiating a process in which the UNIT members can donate to a time bank for ASSOCIATION business.

11.4.2 Pursuant to Government Code section 3505.3, the CITY shall allow the employee Stewards of the ASSOCIATION a reasonable time off without loss of compensation or other benefits when they are participating in any one of the following activities:

(a) Formally meeting and conferring with representatives of the CITY on matters within the scope of representation;

(b) Testifying or appearing as the designated representative of the ASSOCIATION in conferences, hearings, or other proceedings before the Public Employment Relations Board, or an agent thereof, in matters relating to a charge filed by the ASSOCIATION against the CITY or by the CITY against the ASSOCIATION; and

(c) Testifying or appearing as the designated representative of the ASSOCIATION in matters before a personnel or merit commission or similar administrative hearing.

11.4.3 Pursuant to Government Code section 3558.8, the CITY shall grant to employee Stewards of the ASSOCIATION, upon written request of the ASSOCIATION, reasonable leaves of absence without loss of compensation or other benefits for the purpose of enabling employees to serve as stewards or representatives or officers of the exclusive representative, or of any statewide or national employee organization with which the ASSOCIATION is affiliated.

(a) The ASSOCIATION shall reimburse the CITY for all compensation paid to the employee on leave. Reimbursement by the ASSOCIATION shall be made on or before thirty (30) days after receipt of the CITY's certification of payment of compensation to the employee.

(b) At the conclusion or termination of leave granted under this section, the employee shall have a right of reinstatement to the same position and work location held prior to the leave, or, if not feasible, a substantially similar position without loss of seniority, rank, or classification.

(c) The ASSOCIATION has no obligation to use leave under this section for an employee and may terminate that leave at any time, for any reason. The CITY reserves the right to recall any employee on leave pursuant to these sections due to an emergency.

11.4.4 Compensation – Compensation for release time shall not exceed the employee Stewards' standard schedule of hours per day and shall not include compensation for overtime. Compensation shall include retirement fund contributions required of the CITY as an employer. The employee shall earn full service credit during the leave of absence and shall pay their member contributions. The leave of absence without loss of compensation or other benefits provided for by this section is in addition to the release time without loss of compensation or other benefits granted to representatives of the ASSOCIATION under applicable laws or this MOU.

11.4.5 Written Notice – Pursuant to Government Code sections 3505.3 and 3558.5, for leave requests for three consecutive days or less, the ASSOCIATION shall submit a written request to the employee Steward's Department Head at least seven (7) days in advance of the requested leave of absence. For leave requests of greater than three consecutive days, the ASSOCIATION shall submit their written request at least thirty (30) calendar days in advance of the requested leave of absence. The written request shall include the purpose, dates, and duration of the requested leave.

11.4.6 Approval or Denial of Leave – A request for leave of absence may be granted on a full-time, part-time, periodic, or intermittent basis and will be approved if it does not substantially interfere with the performance of CITY services and operations. If leave is denied, the Department Head shall provide the ASSOCIATION with written notification of the reasons why the requested leave is denied. If granting the requested leave would create an operational hardship for the CITY, the parties agree to meet and confer regarding the requested leave in order to identify mutually acceptable alternative dates or amount of leave.

11.4.7 Reporting – The ASSOCIATION or the employee shall be required to execute any payroll forms, certifications of time, or other documents as required by the CITY to ensure that the time reporting is accurate and that the employee is performing the duties of a steward or officer or representative of the ASSOCIATION during all reported working hours.

11.4.8 Indemnification – The CITY shall not be liable for an act or omission of, or an injury suffered by, an employee of the CITY if that act, omission, or injury occurs during the course and scope of the employee's leave under this section to work for the ASSOCIATION. If the CITY is held liable for such an act, omission, or injury, the

ASSOCIATION shall indemnify and hold harmless the CITY.

## **ARTICLE 12 - SICK LEAVE**

- 12.1 Sick leave shall be earned at the rate of eight hours each calendar month of service. There is no limit on the amount of sick leave that may be accumulated by members of this UNIT.
- 12.2 Based on individual utilization of paid sick leave in the preceding calendar year, rolling backwards 365 days from the date of requested conversion, employee may convert unused accumulated sick leave into paid vacation leave once per fiscal year, pursuant to the formula below:

| <u>8 Hour<br/>Schedule</u> | <u>10 Hour<br/>Schedule</u> | <u>12 Hour<br/>Schedule</u> | <u>Maximum Conversion<br/>To Vacation Leave</u> |
|----------------------------|-----------------------------|-----------------------------|-------------------------------------------------|
| 0                          | 0                           | 0                           | 48 hours                                        |
| .25 to 8                   | .25 to 10                   | .25 to 12                   | 36 hours                                        |
| 8.25 to 16                 | 10.25 to 20                 | 12.25 to 24                 | 24 hours                                        |
| 16.25 to 25                | 20.25 to 30                 | 24.25 to 36                 | 12 hours                                        |
| over 25                    | over 30                     | over 36                     | 0 hours                                         |

At least 160 accrued hours must remain in employee's sick leave bank for any employee to be eligible for conversion, or for any conversion to be authorized. In addition, the right to convert, along with any conversion hours, does not carry over or rollover from fiscal year to fiscal year; failure to request conversion, in any fiscal year, eliminates the right to do so for that fiscal year, and does not permit employees to aggregate conversion hours in any other fiscal year.

- 12.3 At termination, unused accumulated sick leave is not compensable; however, upon retirement, may be converted to additional time, as provided by the PERS sick leave option.

## **ARTICLE 13 - BEREAVEMENT**

Employees shall be permitted to utilize three (3) days of paid bereavement leave, per occurrence, in the case of the death of members of the employee's immediate family (as defined in the Personnel Rules), where the funeral service will be held in state and five (5) days paid bereavement leave for funeral services held out-of-state. The three or five days shall be regardless of shift length, subject to a maximum of 12 hours per day. Any necessary extra time shall be taken from the employee's accrued sick leave. In cases where sick leave is exhausted, vacation time shall be charged. Paid leave beyond the initial three or five days is subject to department approval.

## **ARTICLE 14 - RETIREMENT**

- 14.1 It is the employee's obligation to contribute the employee's contribution to CalPERS. The employee shall pay their own contribution by payroll deduction, consistent with the provisions of 414 (h) 2 of the Internal Revenue Code.

- 14.1.1 Effective October 19, 2019, Tier 1 and Tier 2 members of the ASSOCIATION shall contribute 2% to CalPERS as cost sharing for a total classic employee contribution of 11% and PEPRAs members (Tier 3) shall pay the statutorily mandated employee contribution rate of one half the total normal cost or 14% of the employer cost, whichever is higher.
- 14.1.2 Effective no sooner than the pay period including July 1, 2023, CalPERS Classic Member Tier 1 & 2 members of the ASSOCIATION shall make an additional 1% cost sharing contribution to the employer's contribution to CalPERS.
- 14.1.3 Effective no sooner than the pay period including July 1, 2023, the cost sharing for CalPERS PEPRAs members of the ASSOCIATION toward the employer's cost shall be reduced by 1%.
- 14.2 The ASSOCIATION understands and agrees that employees bear the risk of payment of any increases in the employee contribution, above the current percentage, made by action of CalPERS or the state legislature.
- 14.3 Parties agree that CITY payment of CalPERS contributions are made based upon tax treatment currently permitted by the State Franchise Tax Board and the IRS.
- 14.4 Should current tax treatment change, the ASSOCIATION and the employee shall hold harmless the CITY, its officers and agents, from any and all claims or costs of any type, including, but not limited to, liability for back taxes, arising out of this MOU, to pay part of the employee's CalPERS contribution. Should current tax treatment change, the ASSOCIATION shall have the opportunity to meet and confer, regarding any such changes.
- 14.5 For Sworn employees, hired prior to September 17, 2011, the CITY agrees to continue to provide CalPERS Safety employees in this UNIT with a retirement benefit program through the California Public Employees Retirement System (CalPERS) as follows:
  - 14.5.1 3% @ 50 formula (21362.2)
  - 14.5.2 Unused Sick Leave Credit (Section 20965)
  - 14.5.3 Military Service Credit (Sections 21023.5, 21024 & 21027)
  - 14.5.4 Final Compensation 1 Year (Section 20042)
  - 14.5.5 1959 Survivor Benefit, Level 4 (Section 21574)
  - 14.5.6 Pre-Retirement Death Benefits (Section 21548 Option 2W & 21551)
  - 14.5.7 Retired Death Benefit \$500 (Section 21620)
  - 14.5.8 Prior service (Section 20055)
  - 14.5.9 Public Service Credit for Periods of Layoff (Section 21022)
- 14.6 For Sworn employees, hired on or after September 17, 2011, and those hired on or after January 1, 2013, who meet the definition of classic member, pursuant to the California Public Employees Pension Reform Act of 2013 (PEPRA), the CITY will provide the following CalPERS formula and optional benefits:

- 14.6.1 3% @ 55 formula (21363.1)
  - 14.6.2 Unused Sick Leave Credit (Section 20965)
  - 14.6.3 Military Service Credit (Sections 21023.5, 21024 & 21027)
  - 14.6.4 Final Compensation 3 Year (Section 20037)
  - 14.6.5 1959 Survivor Benefit Level 4 (Section 21574)
  - 14.6.6 Pre-Retirement Death Benefits (Section 21548 Option 2W and 21551)
  - 14.6.7 Retired Death Benefit \$500 (Section 21620)
  - 14.6.8 Prior Service (Section 20055)
  - 14.6.9 Public Service Credit for Periods of Layoff (Section 21022)
- 14.7 Pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, Sworn employees hired, who meet the definition of new member under PEPRA and are not eligible for reciprocity, will be provided the following retirement formula and optional benefits:
- 14.7.1 2.7% @ 57 formula (Section 7522.25(d))
  - 14.7.2 Unused Sick Leave Credit (Section 20965)
  - 14.7.3 Military Service Credit (Sections 21023.5, 21024 & 21027)
  - 14.7.4 Final compensation 3 Year (Section 20037)
  - 14.7.5 1959 Survivor Benefit Level 4 (Section 21574)
  - 14.7.6 Pre-Retirement Death Benefits (Section 21548 Option 2W and 21551)
  - 14.7.7 Retired Death Benefit \$500 (Section 21620)
  - 14.7.8 Prior Service (Section 20055)
  - 14.7.9 Public Service Credit for Periods of Layoff (Section 21022)

## **ARTICLE 15 – HEALTH BENEFITS**

### **15.1 HEALTH INSURANCE**

- 15.1.1 Effective January 1, 2022, UNIT employees shall receive a cafeteria plan contribution, including the amount required by CalPERS, as follows:

Employee only – up to \$767/month or cost of insurance, whichever is less  
 Employee + 1 – up to \$1,232/month or cost of insurance, whichever is less  
 Employee + family – up to \$1,589/month or cost of insurance, whichever is less

### **15.2 DENTAL AND VISION INSURANCE:**

- 15.2.1 During the term of this MOU, the CITY shall offer dental, life and vision insurance, and each employee shall be required to carry both dental, life and vision insurance for self. Life Insurance is provided at \$50,000 per employee. The following rates are effective January 1, 2022:

|               | <u>Vision</u> | <u>Dental</u> | <u>Life</u> | <u>Totals</u> | <u>City pays</u> | <u>EE pays</u> |
|---------------|---------------|---------------|-------------|---------------|------------------|----------------|
| Employee only | \$            | \$57.81       | \$8.70      | \$            | \$               | \$ 2.93        |



|               |         |        |        |        |        |         |
|---------------|---------|--------|--------|--------|--------|---------|
|               | 8.29    |        |        | 74.80  | 71.87  |         |
| Employee + 1  | \$15.58 | \$     | \$8.70 | \$     | \$     | \$11.75 |
|               |         | 159.98 |        | 184.26 | 172.51 |         |
| Employee + 2+ | \$22.17 | \$     | \$8.70 | \$     | \$     | \$12.21 |
|               |         | 159.98 |        | 190.85 | 178.64 |         |

CITY will pay the remaining premium for dental, life and vision.

- 15.3 Any coverage made available to future retirees, beyond COBRA time requirements, shall be paid for by the retiree.

**15.4 CITY contributions pursuant to this Article 15.0 shall remain effective through June 30, 2024. The CITY and ASSOCIATION agree herewith to retain the option to re-open collective bargaining, with respect to this Article 15, to discuss any health provider rate changes effective January 1, 2024.**

#### **ARTICLE 16 – EDUCATIONAL INCENTIVES**

##### **16.1 P.O.S.T. CERTIFICATES**

16.1.1 For UNIT members possessing the Intermediate P.O.S.T. Certificate, CITY agrees to pay \$230.00 per month.

16.1.2 For UNIT members possessing the Advanced P.O.S.T. Certificate, CITY agrees to pay \$230.00 per month.

16.1.3 For Police Sergeants possessing the Supervisory or Management P.O.S.T. Certificate, or equivalent as determined by the Police Chief, CITY agrees to pay \$140.00 per month.

16.1.4 The maximum incentive pay for qualifying UNIT members is \$600 per month.

#### **ARTICLE 17 – UNIFORMS**

17.1 Uniforms for employees shall be as set forth in Morro Bay Police Department Policy Manual Section 1046, Uniform and Equipment Regulations and Specifications.

17.2 Newly-hired employees shall receive a full uniform issue and will receive full uniform replacement as needed until the following July 1. Effective July 1 after hire, such employees shall commence receiving an annual uniform allowance.

17.3 The following uniform articles are covered by the uniform allowance and must meet the department uniform standards:

- a. Uniform pants
- b. Uniform shirts – long and short sleeves
- c. Dress belt

- d. Ties
- e. Duty jacket
- f. Uniform patches

17.4 All maintenance, tailoring and other alterations will be at the employee's expense.

17.5 All optional equipment will be the responsibility of the employee.

17.6 All safety equipment originally issued and replaced by the department remains the Department's property.

17.7 The annual uniform allowance will be as follows:

Sworn officers: \$ 1,150

17.8 The CITY agrees to repair or replace any personal article damaged while on duty, including uniform items as listed above, providing that such article is a reasonable and necessary part of the employee's attire.

## **ARTICLE 18 – SALARIES**

18.1 Effective the pay period including July 1, 2022, the CITY shall provide a cost of living adjustment ("COLA") increase to base salaries for all UNIT classifications of six percent (6%) (see (Exhibit A updated salary table).

18.2 Effective the pay period including July 1, 2022, Police Officer classifications shall receive a one percent (1%) equity adjustment increase to base salary in addition to the COLA increase, not compounded, provided in Section 18.1.

Effective the pay period including July 1, 2022, Police Sergeant classifications shall receive four percent (4%) equity adjustment increase to base salary in addition to the COLA increase, not compounded, provided in Section 18.1.

18.3 Effective the pay period including July 1, 2023, the CITY shall provide a COLA increase to base salaries for all UNIT classifications of four percent (4%) (see Exhibit B updated salary table) contingent upon the cost sharing as described in Section 14.1 being implemented.

## **ARTICLE 19 - SPECIAL PAY PRACTICES**

19.1 STANDBY

19.1.1 Standby duty is defined as that circumstance which requires an employee so assigned to:

1. Be ready to respond immediately to a call for service;
2. Be readily available at all hours by telephone or other agreed-upon communication equipment; and
3. Refrain from activities which might impair their assigned duties upon call.

The parties agree that employees on standby as defined above, are “waiting to be engaged.”

- 19.1.2 Regardless of any hours actually worked, employees on standby shall be compensated for two (2) hours computed at their straight hourly base rate per twenty-four (24) hours of authorized standby time (e.g., 2 hours standby + actual time worked).

The twenty-four (24) hours’ time period is defined as 0700 hours to 0659 hours the following day.

Subject to the maximum accrual provisions of Section 10.2.3, employees may elect to receive two (2) straight time compensatory time off hours in lieu of paid standby compensation.

- 19.1.3 Court standby – Employees on court standby will receive two (2) hours computed at their straight hourly base rate to be available for court callback on off duty days. Subject to the maximum accrual provisions of Section 10.2.3 employees may elect to receive two (2) straight time compensatory time off hours in lieu of court standby compensation.

## 19.2 CALL BACK

- 19.2.1 Call back is defined as that circumstance which requires an employee to unexpectedly return to work after the employee has left work at the end of the employee’s work shift or work week; except that, an early call in of up to two (2) hours prior to the scheduled start of a work shift shall not constitute a call back; or, employee is required for off-duty court appearance.

- 19.2.2 Required off-duty court appearance. Employees called back shall receive either a two (2) hour minimum computed at straight hourly base rate or pay for all time actually worked, whichever is greater. An employee shall not receive overlapping minimums.

- 19.2.3 An employee shall not receive standby pay for the same hours they received callback pay.

### 19.3 OUT OF CLASS ASSIGNMENT

19.3.1 The term “out-of-class assignment” shall be defined as the full-time performance of the significant duties of a vacant, funded position in one classification by an individual in a classification with a lower compensation range.

19.3.2 If an employee is required to work in an out-of-class assignment for more than fifteen (15) workdays, within a calendar month their department head shall, with prior approval of the Administrative Services Director, make an acting appointment. Such acting appointment shall be effective on the sixteenth (16th) workday within a calendar month of the out-of-class assignment.

19.3.3 An employee on an acting appointment shall receive a one (1) step increase within the employee’s current classification salary as provided by CITY’s Personnel Rules and Regulations. In the absence of available steps within their current range, the employee shall be granted a five percent (5%) increase above their current base salary.

### 19.4 BILINGUAL PAY

Qualified employees who possess the necessary ability and who are assigned to perform services as an interpreter in Spanish, shall be eligible for additional stipend depending upon the employee’s level of bilingual expertise. Qualifications shall be determined by the CITY.

19.5.1 For those employees who conduct conversational assistance in Spanish on a regular basis, seventy-five dollars (\$75) per month stipend is available.

19.5.2 For those employees who interpret and explain legal documents, conduct conversational assistance, and write documents for those persons who speak only Spanish, One Hundred Fifty dollars (\$150) per month stipend shall be available.

### 19.5 FIELD TRAINING OFFICER (FTO) ASSIGNMENT PAY

Individuals, in the classification of Police Officer formally assigned a trainee by the Chief of Police, or their designee, shall be compensated at the rate of 5% of base hourly rate. Compensation will be paid only when acting as FTO.

### 19.6 SENIOR OFFICER ASSIGNMENT PAY

Up to four (4) individuals may be assigned as Senior Police Officers. This assignment is not a permanent promotion to a higher classification. Continuation in the assignment is based on an annual performance evaluation of “Meets Satisfactory Performance Standards,” as well as at the discretion of the Chief of Police. Senior Police Officers will be compensated at the rate of 5% above base pay for the term of the assignment. While receiving Senior Officer Assignment pay, employees are not eligible for FTO pay.

Incumbents in the Corporal classification will maintain status in the Corporal class, and maintain the terms and conditions of the classification as they existed at the time of their promotion; however, if the incumbents in the Corporal classification leave the positions (due to promotion, retirement, etc.), the Corporal classification revert to assignments of Senior Officers as provided above.

No individual may be concurrently assigned as both a Senior Officer and Detective.

## 19.7 DETECTIVE ASSIGNMENT PAY

Up to two individuals may be assigned as Detectives. The Detective assignment is not a permanent promotion to a higher classification. Continuation in the assignment is based on an annual performance evaluation of "Meets Satisfactory Performance Standards" as well as at the discretion of the Chief of Police. Detectives will be compensated at the rate of 5% above base pay for the term of the assignment.

Incumbent Corporals may apply for, and be appointed to the Detective assignment. If appointed, Corporals will maintain status in the Corporal class and maintain the terms and conditions of the classification as they existed at the time of their promotion. When the Detective assignment ends, the Corporal may be placed into a Senior Officer assignment or a regular officer position; still in the Corporal classification with the terms and conditions of the Corporal classification being maintained.

Any individual concurrently assigned as both a Corporal and Detective shall for compensation pay purposes only receive the Corporal salary and no additional compensation for being assigned as a Detective.

### 19.7.1 SCHOOL RESOURCE OFFICER (SRO) ASSIGNMENT PAY

The SRO assignment is not a permanent promotion to a higher classification. Continuation in the assignment is based on an annual performance evaluation of "Meets Satisfactory Performance Standards," as well as at the discretion of the Chief of Police.

SRO will be compensated at the rate of 5% above base pay for the term of the assignment, and will be responsible for juvenile investigations, as assigned.

## 19.8 NIGHT SHIFT DIFFERENTIAL

Sworn employees in this UNIT will receive 2.5% of base hourly pay for each hour worked between the hours of 7:00 p.m. and 7:00 a.m.

## 19.9 CANINE CARE PAY

An employee who is assigned a City canine, as part of a drug detection search program or a service dog program, and who boards the canine at their home, shall be paid \$13.50 per hour (hereinafter, the "canine care pay rate") for all time the employee spends outside of regular

work hours on the care of the assigned canine. Compensable canine care activities include feeding, grooming, exercising, cleaning up, obtaining veterinarian services or caring for any injuries, and shall not include other time spent with the canine (e.g., commute time, as a family pet, etc.). Employees, subject to this provision, shall not receive on-call pay or call back pay for any time spent in the care of the assigned canine. The residence of the employee, assigned a City canine, shall not constitute the employee's work place. Travel (commute) time, from the employee's home to the assigned work site, or from the assigned work site to the employee's home, with the canine, shall not be considered time worked or care of the canine.

It is estimated and agreed that the officers spend one-half hour per day outside of regular work hours on compensable canine care activities. Off duty time spent on compensable canine care tasks shall be considered actual hours worked. These hours will be paid at the rate of 1.5 times the canine care pay rate (\$20.25).

#### **ARTICLE 20 - BULLETIN BOARD**

- 20.1 CITY agrees to furnish space for ASSOCIATION-purchased bulletin boards of reasonable size for the posting of ASSOCIATION material. Location of such bulletin boards shall be at the Police Station in an area commonly used for briefings or meetings.
- 20.2 ASSOCIATION agrees it shall not use bulletin boards to ridicule, defame, or harass any CITY employees, officer or agent.

#### **ARTICLE 21 - PROBATIONARY PERIOD**

The probationary period for new officers and lateral hires shall be 12 months.

#### **ARTICLE 22 - DRUG AND ALCOHOL TESTING**

ASSOCIATION agrees to the terms of the Substance Abuse and Testing Policy adopted by the Morro Bay City Council pursuant to Resolution No. 14-99.

#### **ARTICLE 23 - GRIEVANCE PROCEDURE**

- 23.1 The ASSOCIATION agrees that whenever investigation or processing of a grievance is to be transacted during working hours, only the amount of time necessary to bring about a prompt disposition of the matter will be utilized. It is further agreed that the time spent on an investigation and processing of grievances will not interfere with the normal operation of the department. CITY agrees to provide every reasonable amount of time for the investigation and the processing of a grievance, but by so agreeing does not imply that the processing or investigation of a grievance shall take priority over normal functions of the department.

CITY further agrees that any payment of overtime arising because of UNIT personnel's involvement in grievance investigation or processing shall not be authorized. Time spent on the investigation and processing of grievances will be recorded on a form provided by

CITY. Stewards will be permitted reasonable time-off with pay for the investigation and processing of grievances provided, however, stewards shall first obtain permission from the department head and/or their designee and inform him/her of the nature of their business. CITY shall grant such permission promptly unless such absence would cause an undue interruption of work or would require the CITY to pay overtime in order to maintain the normal operation of the department.

Upon entering the work location, the steward shall inform the department head and supervisor of the nature of their business. Permission to leave a job will be granted to the employee involved unless such absence would cause an interruption of work. If the employee cannot be made available, the steward will seek an alternate time for employee availability with the department head or supervisor.

It is agreed that in some instances the investigation and processing of a grievance may be accomplished on the employee's time. This MOU is in recognition of the mutual sharing of costs involved in the handling of employee-initiated actions.

## 23.2 PURPOSE

The primary purpose of this procedure shall be to provide a means whereby an employee, without jeopardizing his employment, can express a personal grievance relating to his wages, hours of work, and working conditions, and obtain a fair and equitable disposition of his grievance.

## 23.3 ASSOCIATION REPRESENTATIVE

The CITY agrees that the ASSOCIATION may designate a representative to represent employees in the processing of grievances. The ASSOCIATION shall furnish the City Manager with a written list identifying by name and work location all regular and alternate representatives and the list shall be kept current by the ASSOCIATION at all times. The representatives are to begin investigating grievances only after the employee has tried to resolve the problem with their immediate supervisor and the two parties have failed to reach resolution of the problem.

## 23.4 PROCEDURE

Procedures shall be in accordance with Resolution No. 07-17 and any amendments thereto.

# **ARTICLE 24 - NO STRIKE, SLOW-DOWN OR OTHER INTERRUPTION TO WORK**

24.1 ASSOCIATION agrees not to cause, authorize, advise, encourage or participate in any interruption of work or any other concerted action. The term "interruption of work" shall mean any work stoppage or strike (including economic and unfair labor practice strikes) or any intentional slow-down of work. The term "other concerted action" includes picketing or boycott activities by the ASSOCIATION.

- 24.2 Participation by any employee in any activity resulting in interruption of work or other concerted action or use of paid or unpaid leave for these purposes shall subject employee to disciplinary action, up to and including, discharge. When the City Manager has reason to believe that such leave is being used as a method of interruption work, the burden of proof of illness is upon the employee. Doctor's statements can be required in accordance with Resolution No. 07-17, Personnel Rules & Regulations, Section 10B.

## **ARTICLE 25 - FULL UNDERSTANDING, MODIFICATION, WAIVER**

- 25.1 This MOU sets forth the full and entire understanding of the parties regarding the matters set forth herein, and any other prior or existing understanding or agreements by the parties, whether formal or informal, regarding any such matters are hereby superseded or terminated in their entirety.
- 25.2 It is agreed and understood that each party hereto voluntarily and unqualifiedly waives its right to negotiate, and agrees that the other party shall not be required to negotiate, with respect to any matter covered herein.
- 25.3 No agreement, alteration, understanding variation, waiver, or modification of any of the terms or provisions contained herein shall in any manner be binding upon the parties hereto unless made and executed in writing by all parties hereto, and if required, approved by the CITY and ratified by the membership of the ASSOCIATION.
- 25.4 The waiver of any breach of any term, or condition of this MOU by either party shall not constitute a precedent in the future enforcement of all its terms and provisions.

## **ARTICLE 26 - SEVERABILITY**

If any provision(s) are held to be contrary to law by a court of competent jurisdiction, such provision will not be deemed valid and subsisting except to the extent permitted by law, but all other provisions will continue in full force and effect.

## **ARTICLE 27 – JOINT DRAFTING**

Each party has cooperated in the drafting and preparation of this MOU. Hence, in any legal construction or interpretation to be made of this MOU, the same shall not be construed against any party.

## **ARTICLE 28 – CITY COUNCIL APPROVAL**

The CITY's labor relations representatives and the ASSOCIATION's representatives have met and conferred in good faith on wages, hours and other terms and conditions of employment for the unit members represented by the ASSOCIATION and have reached agreements which are set forth in this MOU. This MOU, when executed by the CITY's labor relations representatives and the ASSOCIATION representatives, constitutes a joint recommendation therefrom, after ratification of the ASSOCIATION membership, to be submitted to the City Council for its determination and approval by resolution, as the City Council may deem fit and proper. This MOU is of no force or effect unless or until approved and adopted by a resolution of the City Council.



[SIGNATURES ON NEXT PAGE]

**MORRO BAY PEACE OFFICERS' ASSN.**

**CITY OF MORRO BAY**

---

William Marvos, President

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Scott Collins, City Manager

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Stacie Casabian, Chief Labor Negotiator

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Colin Tanner, Labor Negotiator

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Tony Mosqueda, Employee Representative

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Dana Swanson, City Clerk/ HR Manager

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Laurie Goforth, Human Resources Analyst II

## ATTACHMENT A

### POLICE SALARY SCHEDULE EFFECTIVE JULY 1, 2022

| POSITION                | 1      | 2      | 3       | 4       | 5       | 6       |
|-------------------------|--------|--------|---------|---------|---------|---------|
| Sergeant                |        |        |         |         |         |         |
| Administrative Sergeant | 93,845 | 98,538 | 103,465 | 108,638 | 114,070 | 119,773 |
| Special Assignments:    | 76,859 | 80,702 | 84,737  | 88,974  | 93,423  | 98,094  |
| Detective               |        |        |         |         |         |         |
| School Resource Officer |        |        |         |         |         |         |
| Senior Officer          |        |        |         |         |         |         |
| Police Officer          | 73,199 | 76,859 | 80,702  | 84,737  | 88,973  | 93,422  |

**ATTACHMENT B**

**POLICE SALARY SCHEDULE  
EFFECTIVE JULY 1, 2023**

| <b>POSITION</b>         | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> | <b>6</b> |
|-------------------------|----------|----------|----------|----------|----------|----------|
| Sergeant                |          |          |          |          |          |          |
| Administrative Sergeant | 97,599   | 102,479  | 107,603  | 112,983  | 118,632  | 124,564  |
| Special Assignments:    | 79,933   | 83,930   | 88,127   | 92,533   | 97,159   | 102,017  |
| Detective               |          |          |          |          |          |          |
| School Resource Officer |          |          |          |          |          |          |
| Senior Officer          |          |          |          |          |          |          |
| Police Officer          | 76,127   | 79,933   | 83,930   | 88,126   | 92,533   | 97,159   |



AGENDA NO: A-6

MEETING DATE: June 28, 2022

## Staff Report

TO: Honorable Mayor and City Council

DATE: June 20, 2022

FROM: Dana Swanson, City Clerk

SUBJECT: General Municipal Election Resolutions for November 8, 2022 Election

### **RECOMMENDATION**

Staff recommends Council adopt Resolution No. 59-22 calling a general municipal election for November 8, 2022, and requesting consolidation of the election with the County, and Resolution No. 60-22 adopting regulations for candidate statements.

### **FISCAL IMPACT**

Estimated cost for calling and holding a general municipal election on November 8, 2022 for the election of the mayor and two council members is approximately \$25,000. This sum has been provided for in the City Clerk's Proposed FY 2022/23 Budget.

### **BACKGROUND**

In order to initiate the election process for a general municipal election to be held on Tuesday, November 8, 2022, two resolutions are presented for consideration by the Mayor and City Council. These two resolutions are pursuant to the provisions of law relating to elections in General Law Cities, in the State of California.

The first resolution calls and gives notice of the General Municipal Election to be held on November 8, 2022, for the election of the position of Mayor for a full term of two years, and two members of the City Council for full terms of four years each, and further requests that the County Board of Supervisors consolidate the General Municipal Election with the statewide general election to be held on the same date. Services provided by the County in a consolidated election include ballot creation, printing, mailing, collection, and counting, voter registration, and voting site operation. The City's request for consolidation commits to reimbursing the County for its costs associated with consolidation.

The second resolution adopts regulations pertaining to candidate's statements to be submitted to the electorate prepared by any candidate for a municipal election, including the costs of such materials, foreign language translations as required by state law, and provision that the candidate's statements may be 200 words (the City Council may authorize 200 words or 400 words, pursuant to Election Code § 13307(a)(1)).

The formal nomination period for candidates will run from July 18 through August 12, 2022, and the filing deadline will be extended to August 17, 2022 if an incumbent does not file. Information

Prepared by: HG/DS

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

City Manager Review: SC

City Attorney Review: CFN

regarding the 2022 Election will be available on the City website.

**CONCLUSION**

Staff recommends Council approve the two election resolutions for the holding of a general municipal election on November 8, 2022.

**ATTACHMENTS**

1. Resolution No. 59-22
2. Resolution No. 60-22

**RESOLUTION NO. 59-22**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
CALLING FOR THE HOLDING OF A GENERAL MUNICIPAL ELECTION  
TO BE HELD ON TUESDAY, NOVEMBER 8, 2022, FOR THE PURPOSE OF ELECTING  
CERTAIN OFFICERS OF SAID CITY AS REQUIRED BY THE PROVISIONS OF THE LAWS  
OF THE STATE OF CALIFORNIA RELATING TO GENERAL LAW CITIES AND MORRO  
BAY MUNICIPAL CODE SECTION 2.09.010; AND, REQUESTING THE BOARD OF  
SUPERVISORS OF SAN LUIS OBISPO COUNTY TO CONSOLIDATE SAID ELECTION  
WITH THE STATEWIDE GENERAL ELECTION TO BE HELD IN THE COUNTY ON  
TUESDAY, NOVEMBER 8, 2022 PURSUANT TO SECTION 10403 OF THE ELECTION  
CODE; AND, OTHER ELECTION MATTERS AS REQUIRED BY LAW**

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

**WHEREAS**, Measure “J-14” was passed by the citizens of Morro Bay at the election held in November 2014 and codified as Resolution No. 78-14, amending Morro Bay Municipal Code Section 2.09.010 to have the General Municipal Election held at the time of the Statewide General Election; and

**WHEREAS**, under the provisions of the laws relating to the general law cities in the State of California and Morro Bay Municipal Code Section 2.09.010, a General Municipal Election shall be held on Tuesday, November 8, 2022 for the purpose of the election of two (2) members of the City Council of the City of Morro Bay for the full term of four (4) years, and for the election of one (1) Mayor of the City Council of the City of Morro Bay for the full term of two (2) years; and

**WHEREAS**, it is desirable that said General Municipal Election be consolidated with the Statewide General Election to be held on the same date and that within the City of Morro Bay the precincts, polling places and election officers of the two elections be the same, and that the County Election Department of the County of San Luis Obispo canvass the returns of the General Municipal Election and that the election be held in all respects as if there were only one election.

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

**SECTION 1.** That pursuant to the requirements of the laws of the State of California and Morro Bay Municipal Code Section 2.09.010, there is called and ordered to be held in the City of Morro Bay, California, on Tuesday, November 8, 2022 a General Municipal Election for the purpose of electing two (2) members of the City Council of the City of Morro Bay for the full term of four (4) years, and for the purpose of electing one (1) Mayor of the City Council of the City of Morro Bay for the full term of two (2) years.

**SECTION 2.** That the ballots to be used at the election shall be in form and content as required by law.

**SECTION 3.** That the City Clerk is authorized, instructed and directed to coordinate with the County of San Luis Obispo Clerk-Recorder to procure and furnish any and all official ballots, notices, printed matter and all supplies, equipment and paraphernalia that may be necessary in order to properly and lawfully conduct the election.

**SECTION 4.** That the voting sites for the election shall be open at such hours and on such days as determined by the San Luis Obispo County Clerk Recorder (Registrar of Voters) provided that the opening and closure of voting sites is conducted in accordance with Sections 10242 and 14401 of the Elections Code of the State of California.

**SECTION 5.** That in all particulars not recited in this resolution, the election shall be held and conducted as provided by law for holding municipal elections.

**SECTION 6.** That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form, and manner as required by law.

**SECTION 7.** That pursuant to the requirements of Section 10403 of the Elections Code, the Board of Supervisors of the County of San Luis Obispo is hereby requested to consent and agree to the consolidation of a General Municipal Election with the Statewide General Election on Tuesday, November 8, 2022, for the purpose of the election of one (1) Mayor, and two (2) Members of the City Council.

**SECTION 8.** That the County Election Department is authorized to canvass the returns of the General Municipal Election. The election shall be held in all respects as if there were only one election, and only one form of ballot shall be used.

**SECTION 9.** That the Board of Supervisors is requested to issue instructions to the County Election Department to take any and all steps necessary for the holding of the consolidated election.

**SECTION 10.** That the City of Morro Bay recognizes that additional costs will be incurred by the County by reason of this consolidation and agrees to reimburse the County for any costs.

**SECTION 11.** That the City Clerk is hereby directed to file a certified copy of this Resolution with the Board of Supervisors and the County Election Department of the County of San Luis Obispo.

**SECTION 12.** The City Council authorizes the City Clerk to administer said election and all reasonable and actual election expenses shall be paid by the City upon presentation of a properly submitted bill.

**SECTION 13.** That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

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**SECTION 14.** This Resolution is effective on the day of its adoption.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 28<sup>th</sup> day of June 2022 following vote:

AYES:

NOES:

ABSENT:

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

ATTEST:

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

## **RESOLUTION NO. 60-22**

### **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, ADOPTING REGULATIONS FOR CANDIDATES FOR ELECTIVE OFFICE, PERTAINING TO, AND COSTS OF, CANDIDATE STATEMENTS SUBMITTED TO THE VOTERS AT THE CONSOLIDATED GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 8, 2022**

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

**WHEREAS**, California Elections Code section 13307 provides the governing body of any local agency shall adopt regulations pertaining to materials prepared by any candidate for a municipal election, including costs of each candidate statement.

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

**SECTION 1. General Provisions.** Pursuant to California Elections Code section 13307, each candidate for elective office to be voted for at the Consolidated General Municipal Election to be held in the City of Morro Bay on November 8, 2022, may prepare a candidate's statement on an appropriate form provided by the City Clerk. Such statement may include the name, age, and occupation of the candidate and a brief description, not exceeding 200 words, of the candidate's education and qualifications expressed by the candidate himself/herself. Such statement shall not include party affiliation of the candidate, nor membership or activity in partisan political organizations. The statement shall be filed in the City Clerk's Office at the time the candidate's nomination papers are filed. The statement may be withdrawn, but not changed, during the period for filing nomination papers and until 5:00 p.m. of the next working day after the close of the nomination period.

**SECTION 2. Foreign Language Policy.**

- a. Candidates have the option to have their statement translated into another language and printed at an additional cost. Translation will be performed by the County of San Luis Obispo prior to publication.
- b. Pursuant to the Federal Voting Rights Act, candidate's statements will be translated into all languages as required by the County of San Luis Obispo.
- c. The County will mail separate sample ballots and candidates' statements in non-English languages (as required by the Federal Voting Rights Act) to only those voters who are on the county voter file as having requested a sample ballot in a particular language. The County will make the sample ballots and candidates statements in the required languages available at all polling places, on the County's website, and in the Election Official's office.

**SECTION 3. Payment.**

- a. Each candidate is required to pay for the cost of translating and printing his/her candidate statement in English and Spanish (and any language as required by the

Federal Voting Rights Act and/or State law) in the voters' pamphlet.

- b. The City Clerk shall estimate the total cost of printing, handling, translating, and mailing each candidate statement filed pursuant to this section, including costs incurred as a result of a candidate choosing to translate a statement into another language, and including costs incurred as a result of complying with the Voting Rights Act of 1965, as amended, and require each candidate filing a statement to pay in advance to the City of Morro Bay his/her estimated pro rata share as a condition of having his/her statement included in the voters' pamphlet. The estimate is an approximation of the actual cost that varies from one election to another and the actual cost may be significantly more or less than the estimate, depending upon the actual number of candidates filing statements. Accordingly, the City Clerk is not bound by the estimate and may, on a pro rata basis, bill each candidate for additional actual expense, or refund any excess paid, depending upon the final actual cost. In the event of underpayment, the City Clerk shall require the candidate to pay the balance of the cost incurred. In the event of overpayment, within 30 days after the election, the City Clerk shall pro-rate the excess amount among the candidates and refund to each candidate his/her share of the excess amount.

**SECTION 4.** Additional Materials. No candidate is permitted to include additional materials in the sample ballot package.

**SECTION 5.** Miscellaneous.

- a. All translations shall be provided by professionally-certified translators pursuant to state and federal law.
- b. The Elections Official shall comply with all recommendations and standards set forth by the California Secretary of State regarding occupational designations and other matters relating to elections.

**SECTION 6.** The City Clerk shall provide each candidate, or his/her representative, a copy of this resolution at the time nominating petitions are issued.

**SECTION 7.** All previous resolutions establishing City Council policy on payment for candidate statements are hereby rescinded.

**SECTION 8.** This resolution applies only to the election to be held on November 8, 2022, and shall then be rescinded.

**SECTION 9.** The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

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**SECTION 10. Effective Date.** This Resolution is effective on the day of its adoption.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 28<sup>th</sup> day of June 2022 by the following vote:

AYES:

NOES:

ABSENT:

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

ATTEST:

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



**AGENDA NO: A-7**

**MEETING DATE: June 28, 2022**

# Staff Report

**TO: Honorable Mayor and City Council**

**DATE: June 23, 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 (including partially remote) 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. 61-22 reauthorizing for public health and safety the conduct of public meetings of the legislative bodies of the City via remote teleconferencing (including partially remote) for 30 days, thereby allowing the City Council and the City's advisory bodies to meet remotely (including partially remote) through July 28, 2022.

## **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 (whether completely or hybrid) Brown Act meetings of City legislative bodies for public health and safety

**Prepared By: \_\_CFN\_\_ Dept Review: \_\_\_\_\_**

**City Manager Review: \_\_SC\_\_ City Attorney Review: \_\_CFN\_\_**

reasons under certain conditions, akin to the authority to do so under the Brown Act Orders.

## **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, 2021, and no later than every 30 days thereafter, 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 resolutions authorizing such meetings for an additional thirty days.

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.

At the March 22, 2022 Meeting, the City Council directed staff to bring back timely subsequent AB 361 resolutions to provide a remote option for Council Members and Advisory Board members should the need occur.

## **CONCLUSION**

Staff recommends Council consider adoption of the proposed Resolution No. 61-22 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 (including under a hybrid format) 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. 61-22

**RESOLUTION NO. 61-22**

**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**, On February 22, 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. 16-22 authorizing such meetings for an additional thirty days; and

**WHEREAS**, On March 22, 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. 25-22 authorizing such meetings for an additional thirty days; and

**WHEREAS**, On April 12, 2022, the City Council reviewed the need for continuing the conduct of public meetings of City's legislative bodies via remote teleconferencing (including partially remote) for public health and safety as authorized by AB 361, and upon making necessary findings, adopted Resolution No. 29-22 authorizing such meetings for an additional thirty days; and

**WHEREAS**, On May 10, 2022, the City Council reviewed the need for continuing the conduct of public meetings of City's legislative bodies via remote teleconferencing (including partially remote) for public health and safety as authorized by AB 361, and upon making necessary findings, adopted Resolution No. 40-22 authorizing such meetings for an additional thirty days; and

**WHEREAS**, On May 24, 2022, the City Council reviewed the need for continuing the conduct of public meetings of City's legislative bodies via remote teleconferencing (including partially remote) for public health and safety as authorized by AB 361, and upon making necessary findings, adopted Resolution No. 43-22 authorizing such meetings for an additional thirty days; and

**WHEREAS**, On June 14, 2022, the City Council reviewed the need for continuing the conduct of public meetings of City's legislative bodies via remote teleconferencing (including partially remote) for public health and safety as authorized by AB 361, and upon making necessary findings, adopted Resolution No. 50-22 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 continues to impose or recommend measures to promote social distancing, and the Centers for Disease Control and

Prevention (“CDC”) continues to impose or recommend measures to promote social 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 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) July 28, 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 28th day of June 2022 by the following vote:

AYES:  
NOES:  
ABSENT:

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

ATTEST:

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

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AGENDA NO: A-8

MEETING DATE: June 28, 2022

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** June 13, 2022

**FROM:** Greg Kwolek, Public Works Director

**SUBJECT:** Resolution No. 62-22 Approving Second Amended and Restated Joint Powers Agreement to Establish an Integrated Waste Management Authority for the Cities of San Luis Obispo County, California

### **RECOMMENDATION**

Staff recommends the City Council adopt Resolution No. 62-22 and authorize the Mayor to sign the Second Amended and Restated Joint Powers Agreement in Exhibit A.

### **FISCAL IMPACT**

There is no fiscal impact to the City adopting Resolution No. 62-22.

### **DISCUSSION**

The City of Morro Bay, along with the Cities of Arroyo Grande, Atascadero, Paso Robles, Grover Beach, Pismo Beach, San Luis Obispo, and the County of San Luis Obispo, entered into a Joint Powers Agreement (JPA) in 1994 forming the Integrated Waste Management Authority (IWMA), for the purpose of facilitating waste diversion programs and providing economies of scale on a regional basis. The IWMA is both a joint powers authority formed pursuant to Government Code section 6500 et seq. and a “regional agency” as defined by the Public Resources Code.

In 2001, the JPA members approved a Memorandum of Understanding (MOA) with the San Luis Obispo County special districts (Authorized Districts) with solid waste authority, amending the original JPA agreement to include Authorized Districts for representation on the IWMA Board.

More recently, on September 14, 2021, the County Board of Supervisors voted to withdraw from the IWMA, effective November 15, 2021. The cities and Authorized Districts determined that a single regional agency remained advantageous to advise, plan for, and implement solutions to common solid waste and waste diversion efforts. On October 13, 2021, the IWMA Board approved a draft second amendment to the JPA to facilitate the County’s withdrawal; however, that second amendment was not ratified by all member jurisdictions as the County had not completed its withdrawal from the IWMA.

Following the County’s withdrawal, the incorporated cities and Authorized Districts began reviewing the IWMA formation documents to update the JPA to reflect the changed membership with the County’s withdrawal, recognize new legislative mandates and the strategic plan, such as California Senate Bill (SB) 1383, and to clarify matters of internal governance. The revisions are listed below:

Prepared By: J Burlingame

Dept Review: GK

City Manager Review: SC

City Attorney Review: CFN

1. Recitals. The recitals are updated to include historical context, identify key pieces of legislation adopted after the original JPA was formed, and to identify the inclusion of the special districts.
  - a. The County's withdrawal is identified for context.
  - b. California Assembly Bill (AB) 341, AB 1826, and SB 1383 are identified as they expand the IWMA's scope of service in meeting state-mandated legislation.
  - c. The cities remain members of the JPA, which remains a "regional agency" as defined by the Public Resources Code. The JPA also serves as a memorandum of agreement between the cities and the special districts regarding the governance of the IWMA. The special districts and the cities are collectively referred to as "Participating Agencies."
2. Section 3. Creation of the Authority. The JPA creates a "regional agency" for the purpose of waste disposal and diversion programs. Pursuant to the Public Resources Code, only cities and counties are authorized to form a regional agency. Accordingly, only the cities are members of the regional agency.
3. Section 4. Inclusion of the Authorized Districts. The IWMA board agreed to the inclusion of one special district representative on the IWMA Board. The Public Resources Code permits the inclusion of only one special district as a "member" of a regional agency. However, the Public Resources Code also permits cities and regional agencies to enter into memorandums of understanding with other agencies, including special districts. In order to utilize the provisions of the Public Resources Code to accommodate the desire of the IWMA, the JPA Amendment is drafted and identified as a memorandum of understanding with the special districts. Through the provisions of the memorandum of understanding, the special districts are provided one seat on the IWMA governing Board. Although not "members" of the regional agency, the special district representatives are granted all rights and powers granted to city members. The cities and special districts are collectively referred to as "Participating Agencies."
4. Section 6. Powers. The expressly identified powers have been clarified to include the power to (1) implement programs; (2) provide public education and outreach; (3) enter memorandums of understanding; (4) adopt ordinances necessary to ensure compliance with state mandates; (5) adopt non-state-mandated programs; and (6) delegate authority for compliance, monitoring, reporting, and education related to the Integrated Waste Management Act, AB 341, AB 1826, and SB 1383. Section 6.3 identifies the City of San Luis Obispo as the designated member pursuant to Government Code Section 6509, which can be changed by IWMA Board resolution without further JPA amendment.
5. Section 7. Expressed Limitation of Powers. The adoption and/or implementation of regulations and ordinances is limited to state-mandated legislation related to solid waste, recycling, organic waste, and waste diversion.
6. Section 9. Organization. The JPA Amendment provides for the IWMA Board composition to include one (1) member from each incorporated city member and one (1) representative from the Authorized Districts and one (1) alternate representative from the Authorized Districts.

Prepared By: J Burlingame

Dept Review: GK

City Manager Review: SC

City Attorney Review: CFN

7. Section 10.5. Quorum and Voting. The supermajority provision wherein any Board member can demand eight (8) affirmative votes on any item is deleted.
8. Section 11. Joint Operating Fund and Contributions. Section 11.1 identifies the San Luis Obispo County Auditor as the Auditor-Controller/Treasurer of the agency. Designation of the Auditor Controller/Treasurer can be changed by Board resolution without a JPA amendment.
9. Section 13. Rates and Fees. Available revenue sources for the agency and the purpose of such funding are identified with specificity. The IWMA is required to provide Participating Agencies with facts, data, and information related to the justification of proposed rates and fees. This section also requires the IWMA to establish a rate and/or fee setting policy to facilitate the process of rate and fee setting and establish criteria in greater detail.
10. Section 15. Withdrawal and Dissolution. This section provides for a six (6) month notice to withdraw as opposed to the thirty (30) day requirement in the current JPA.

On April 13, 2022, the IWMA Board approved amendments to the JPA Agreement and directed IWMA staff to circulate it to Participating Agencies for approval and signature.

### **CONCLUSION**

Staff recommends the City Council approve Resolution No. 62-22 and authorize the Mayor to sign the Second Amended and Restated Joint Powers Agreement in Exhibit A.

### **ATTACHMENTS**

1. Resolution No. 62-22

Prepared By: J Burlingame

Dept Review: GK

City Manager Review: SC

City Attorney Review: CFN

**RESOLUTION NO. 62-22**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA, APPROVING THE  
SECOND AMENDED AND RESTATED JOINT POWERS AGREEMENT  
TO ESTABLISH AN INTEGRATED WASTE MANAGEMENT  
AUTHORITY FOR THE CITIES OF SAN LUIS OBISPO COUNTY,  
CALIFORNIA**

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

**WHEREAS**, on May 10, 1994, an agreement was executed by and between the incorporated cities of San Luis Obispo County ("Cities") and the County of San Luis Obispo forming a joint powers authority pursuant to the provisions of the Joint Exercise of Powers Act (Government Code sections 6500 et seq.), for the purpose of facilitating the development of waste diversion programs and projects that provide economies of scale without interfering with individual agencies' exercise of power within their own jurisdiction (hereinafter referred to as the "JPA Agreement"); and

**WHEREAS**, pursuant to the JPA Agreement, the power to perform the responsibilities of the joint powers authority was vested in the San Luis Obispo County Integrated Waste Management Authority Board of Directors ("IWMA Board"); and

**WHEREAS**, in or around 2001, a Memorandum of Agreement ("MOA") was executed by and between the Cities, the County of San Luis Obispo, and certain special districts within San Luis Obispo County that possessed solid waste authority ("Authorized Districts"), amending the JPA Agreement to include the Authorized Districts for representation on the IWMA Board (also known as the First Amendment to the JPA Agreement); and

**WHEREAS**, in or around April 13, 2022, the IWMA Board considered and approved amendments to the JPA Agreement ("Second Amended and Restated JPA"), including those reflecting the withdrawal of San Luis Obispo County from the IWMA, and directed IWMA staff to circulate it to Participating Agencies for approval (a true and correct copy of the Second Amended and Restated JPA is attached hereto as Exhibit A); and

**WHEREAS**, the Second Amended and Restated JPA shall amend the JPA Agreement and shall be considered a Memorandum of Understanding between the Cities and the Authorized Districts to enable and allow one (1) representative of the Authorized Districts to participate in the governance of the IWMA as a member agency pursuant to Section 40977 of the Public Resource Code to represent the interests of all Authorized Districts; and

**WHEREAS**, all Authorized Districts are encouraged to execute the Second Amended and Restated JPA prior to October 15, 2022, or otherwise pursue means by which to achieve their waste diversion goals and to comply with the Integrated Waste Management Act, Assembly Bill 341, Assembly Bill 1826, Senate Bill 1383, and all current and future state-mandated laws, rules and regulations; and

**WHEREAS**, the City Council of the City of Morro Bay desires to acknowledge, accept, and agree to be bound by the terms and conditions of the Second Amended and Restated JPA.



**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California hereby acknowledges, accepts, and agrees to be bound by the terms and conditions of the Second Amended and Restated JPA, attached hereto as Exhibit A and incorporated herein by reference.

**PASSED AND ADOPTED** by the City of Morro Bay at a regular meeting thereof held on the 28<sup>th</sup> day of June 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

**ATTEST:**

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

**EXHIBIT A**

**SECOND AMENDED AND RESTATED JOINT POWERS AGREEMENT TO  
ESTABLISH AN INTEGRATED WASTE MANAGEMENT AUTHORITY FOR THE CITIES OF  
SAN LUIS OBISPO COUNTY, CALIFORNIA**

**JOINT POWERS AGREEMENT**

**TO ESTABLISH AN**

**INTEGRATED WASTE MANAGEMENT AUTHORITY**

**FOR THE CITIES OF**

**SAN LUIS OBISPO COUNTY, CALIFORNIA**

**SECOND AMENDED AND RESTATED JOINT POWERS AGREEMENT**  
**TO ESTABLISH AN**  
**INTEGRATED WASTE MANAGEMENT AUTHORITY**  
**FOR THE CITIES OF SAN LUIS OBISPO COUNTY, CALIFORNIA**

THIS SECOND AMENDED AND RESTATED JOINT POWERS AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2022, by and between the incorporated cities of Arroyo Grande, Atascadero, El Paso de Robles, Grover Beach, Morro Bay, Pismo Beach, and San Luis Obispo, all being municipal corporations of the State of California and located within the boundaries of the County of San Luis Obispo California, hereinafter called "Cities."

**WHEREAS**, on May 10, 1994, an agreement was executed by and between the Cities and the County of San Luis Obispo ("County") forming a joint powers authority pursuant to the provisions of the Joint Exercise of Powers Act (Government Code section 6500 et seq., for the purpose of facilitating the development of waste diversion programs and projects that provide economies of scale without interfering with individual agencies' exercise of power within their own jurisdiction (hereinafter referred to as the "Original JPA Agreement"); and

**WHEREAS**, pursuant to the Original JPA Agreement, the member agencies created and established a public entity identified as the San Luis Obispo County Integrated Waste Management Authority ("IWMA"); and

**WHEREAS**, in or around 2001, a Memorandum of Agreement ("MOA") was executed by and between the Cities, the County, and certain special districts within the County ("Authorized Districts") amending the Original JPA Agreement to include the Authorized Districts for representation on the IWMA Board; and

**WHEREAS**, on or about November 15, 2021, the County withdrew from the IWMA; and the Cities and Authorized Districts determined that a single regional agency remained advantageous to advise, plan for, and implement solutions to common solid waste and a waste diversion efforts; and

**WHEREAS**, the IWMA was originally formed to meet the requirements of the California Integrated Waste Management Act (California Public Resources

Code section 40000 et seq.) and all regulations adopted under that legislation require, among other things, that certain public agencies in California make adequate provision for solid waste management within their jurisdictions; and

**WHEREAS**, since the IWMA's formation, Assembly Bill 341 (Chesbro, 2011) (Recycling of Commercial Solid Waste ("MCR")) was signed into law and established requirements for jurisdictions to implement a commercial solid waste recycling program designed to divert commercial solid waste; and

**WHEREAS**, since the IWMA's formation, Assembly Bill 1826 (Chesbro, 2014) (Recycling of Commercial Organic Waste ("MORE")) was signed into law and established the requirement for jurisdictions to implement an organic waste recycling program to divert organic waste generated by businesses; and

**WHEREAS**, since the IWMA's formation, Senate Bill 1383 (Lara, 2016) was signed into law requiring jurisdictions to implement organic waste diversion programs that include providing organic waste collection services to businesses and residences, edible food recovery goals, public education and outreach, contamination monitoring and sampling activities, recordkeeping and reporting, organic materials and edible food recovery, infrastructure capacity planning, procurement of recovered organic waste products, and enforcement; and

**WHEREAS**, the Cities and Authorized Districts continue to believe that by combining their separate powers they can achieve their waste diversion goals and satisfy the requirements of the Integrated Waste Management Act and other legislation more effectively than if they exercise those powers separately; and

**WHEREAS**, the Cities affirm, that pursuant to this Second Amended and Restated Joint Powers Agreement, the IWMA remains a regional agency in accordance with Public Resources Code section 40970 et seq.; and

**WHEREAS**, pursuant to Section 40977, the Cities shall include one (1) Authorized District to be included as a member in the IWMA regional agency for the purpose of representation on the IWMA Board of Directors; and

**WHEREAS**, the Authorized District "member" may change from time to time; the current elected or appointed Authorized District representative shall represent the collective interests of all Authorized Districts; and

**WHEREAS**, this Second Amended and Restated Joint Powers Agreement shall be considered a Memorandum of Understanding between the Cities and the

Authorized Districts to enable and allow one (1) representative of the Authorized Districts to participate in the governance of the IWMA as a member agency pursuant to Section 40977 of the Public Resource Code to represent the interests of all Authorized Districts; and

**WHEREAS**, the Cities and the Authorized Districts (together “Participating Agencies”) desire to establish and confer upon a separate legal entity the powers necessary to enable them to achieve their waste diversion goals and to comply with the Integrated Waste Management Act, Assembly Bill 341, Assembly Bill 1826, Senate Bill 1383, and all current and future state-mandated laws, rules and regulations to the extent allowed by law and by the terms and conditions of this Second Amendment; and

**WHEREAS**, the Participating Agencies desire to avoid a series of amendments to the Agreement over time due to future state-mandated legislation and programs, and as such, the parties desire to authorize the IWMA Board to enact policies, resolutions, and ordinances as are necessary to ensure and oversee compliance with any and all future state-mandated programs related to solid waste, recycling, waste diversion, and any other purpose of the Authority as provided in this Agreement.

**NOW, THEREFORE, IT IS AGREED AS FOLLOWS:**

**SECTION 1. Definitions.**

To the extent that any of the following definitions conflict with any definition set forth in the California Integrated Waste Management Act, (Pub. Resources Code, § 40000 et seq.), and the Regulations promulgated thereunder, said Act and/or Regulations shall take priority. The terms defined in this Section that begin in this Agreement with quotation marks have the following meanings:

1.1 “Act” means the California Integrated Waste Management Act of 1989 (Pub. Resources Code, § 40000 et seq.) and all regulations adopted under

that legislation, as that legislation and those regulations may be amended from time to time.

1.2 “Agreement” means this Second Amended and Restated Joint Exercise of Powers Agreement, as it may be amended from time to time.

1.3 “Authority” means the San Luis Obispo County Integrated Waste Management Authority, a joint exercise of powers agency created by the Members pursuant to this Agreement.

1.4 “Authorized Districts” means certain special districts with solid waste authority participating in the IWMA through this Second Amended and Restated Joint Powers Agreement, including but not limited to the Avila Beach Community Services District, California Valley Community Services District, Cambria Community Services District, Cayucos Sanitary District, Ground Squirrel Hollow Community Services District, Heritage Ranch Community Services District, Los Osos Community Services District, Nipomo Community Services District, Oceano Community Services District, San Miguel Community Services District, San Simeon Community Services District, and Templeton Community Services District, or other qualified agencies that may later determine to become a Participating Agency by execution of this Agreement.

1.5 “Authorized District Representative” means the representative, or alternate, elected or appointed by the Authorized Districts to represent the Authorized Districts’ interests as a member of the IWMA regional agency pursuant to Section 40977 of the Public Resources Code.

1.6 “Board” means the Board of Directors of the Authority.

1.7 “CalRecycle” means the California Department of Resources Recycling and Recovery.

1.8 “City” means any Participating Agency that is a city, and “Cities” means all of the Participating Agencies that are Cities.

1.9 “Composting Facility” means a facility at which composting is conducted and which produces a product meeting the definition of compost in Public Resources Code (PRC) section 40116. (“Compost” means the product resulting from the controlled biological decomposition of organic wastes that are source separated from the municipal solid waste stream, or which are separated at a centralized facility. “Compost” includes vegetable, yard and wood wastes which are not hazardous waste, and biosolids where combined with other organic materials in a mixture that consists largely of decayed organic matter, and is used for fertilizing and conditioning land.)

1.10 “Executive Director” means the person hired and appointed by the Board as the Authority's chief administrative officer to administer the affairs of the Authority and to implement the policies of the Board.

1.11 “Fiscal Year” means the period commencing on each July 1 and ending on the following June 30.

1.12 “HHW” means household hazardous waste as described in the household hazardous waste element as required by the Act (Pub. Resources Code, § 40000 et seq.), as that element may be amended from time to time. .

1.13 “HHWE” means the Household Hazardous Waste Element as required by the Act (Pub. Resources Code, § 40000 et seq.) as that element may be amended from time to time.

1.14 “IWMA” means the Authority as defined herein.

1.15 “IWMA Region” means the jurisdictional territory and boundaries of all Participating Agencies.



1.16 “Joint Facilities” means a materials recovery facility, composting or HHW Facility, or other facility developed for the purpose of complying with requirements established by state legislation or the regulations of CalRecycle, or combination thereof, which is owned by some or all of the Participating Agencies directly, or by the Authority, or by a private entity, or a public agency, for the benefit of some or all of the Participating Agencies.

1.17 “Members” means the Cities who are members of this regional agency, formed pursuant to Public Resources Code section 40970 et seq, and the one (1) Authorized District Representative pursuant to Public Resources Code section 40977. “MRF” means a “materials recovery facility” which means a permitted solid waste facility where solid wastes or recyclable materials are sorted or separated, by hand or by use of machinery, for the purposes of recycling or composting. (Title 14, Ch. 9, Art. 3, Section 18720, “Definitions.”) “MRF” also means a transfer station which is designed to, and, as a condition of its permit, shall recover for reuse or recycling at least 15 percent of the total volume of material received by the facility. (Pub. Resources Code, § 50000(a)(4).)

1.18 “Participating Agency” or “Participating Agencies” means and shall include the Cities and the Authorized Districts who are signatories to this Agreement, delegating powers to the Authority pursuant to this Agreement, and participating in the governance of the IWMA.

1.19 “NDFE” means a Nondisposal Facility Element as required by the Act (Pub. Resources Code, § 40000 et seq.), as that element may be amended from time to time.

1.20 “Revenue Bonds” means revenue bonds, notes, certificates of participation and any other instruments and evidences of indebtedness issued by

the Authority from time to time pursuant to the law or any other applicable law in order to finance the MRF, any Joint Facilities or any Sole Use Facilities.

1.21 “Sole Use Facilities” means an integrated resource recovery facility, performing one or more of the functions of a MRF, composting or HHW Facility which is located within the boundary of the Authority and is owned by one Participating Agency or a private entity, but in all events is operated for the benefit of the residents and/or constituents of the IWMA Region.

1.22 “Solid Waste Landfill” shall have the meaning set forth in Section 40195.1 of the Public Resources Code, as that section may be amended from time to time.

1.23 “SRRE” means a Source Reduction And Recycling Element as required by the Act (Pub. Resources Code, § 40000 et seq.), as that element may be amended from time to time.

## **SECTION 2. Purpose.**

Government Code section 6500 et seq. provides that two or more public agencies by agreement may jointly exercise any power common to the contracting parties. Public Resources Code section 40977 authorizes a district to be included as a member of a regional agency. Public Resources Code section 40976 authorizes a city or county to enter into a memorandum of understanding with another city, county, or district for the purpose of preparing and implementing source reduction and recycling elements or a countywide integrated waste management plan. It is the intent of the Participating Agencies to utilize these statutory authorizations in this Agreement.

The Participating Agencies enter this Agreement with the intent to operate the Authority in compliance with the requirements of the Act and other state legislation, with a minimum level of staff, addressing those operations and programs that can be most cost-effectively handled at the regional level by maximizing local resources, private sector participation, and contract services provision. The duties and responsibilities of each Participating Agency are described in the applicable adopted plans. The Authority is formed with the purpose and intent of facilitating the development of programs and projects related to waste diversion for the benefits of the residents and/or constituents of the IWMA Region that provide economies of scale without interfering with individual agencies' exercise of power within their own jurisdiction.

### **SECTION 3. Creation of Authority.**

3.1 The Cities hereby re-create and re-establish an authority and public entity to continue to be known as the “San Luis Obispo County Integrated Waste Management Authority,” (hereinafter referred to as the “Authority” or “IWMA”) it being understood that the Board shall be entitled to change the Authority's name from time to time. The Authority shall be a public entity separate from each of the Cities and the Authorized Districts.

3.2 The Authority shall constitute and remain as a regional agency pursuant to Public Resources Code section 40970 et seq. The regional agency shall include one (1) Authorized District Representative as a member pursuant to Public Resources Code section 40977. Said regional agency, and not the Participating Agencies of the regional agency, shall be responsible for compliance with the waste diversion requirements set forth in Public Resources Code, Article 1 of

Chapter 6 (commencing with Section 41780). In the event that the regional agency fails to comply with said waste diversion requirements, it is expressly understood and agreed that Section 14 of this Agreement shall provide for indemnification for the benefit of the regional agency and its Participating Agencies as specifically set forth therein.

3.3 The assets, rights, debts, liabilities, and obligations of the Authority shall not constitute assets, rights, debts, liabilities, or obligations of any of the Participating Agencies. However, nothing in this Agreement shall prevent any Participating Agency from separately contracting for, or assuming responsibility for, specific debts, liabilities, or obligations of the Authority, provided that both the Board and that Participating Agency approve such contract or assumption in writing.

3.4 This Second Amended and Restated Joint Powers Agreement shall take effect upon its adoption by each of the Cities. The Authorized Districts, and each of them, may elect to participate in the IWMA by execution of this agreement wherein they shall be bound by its terms and conditions. All prior agreements, including the MOA, shall be extinguished upon the execution of this Agreement by the Cities.

#### **SECTION 4. Inclusion of the Authorized Districts.**

4.1 This Second Amended and Restated Joint Powers Agreement shall be considered a Memorandum of Understanding between the Cities and the Authorized Districts to allow one (1) representatives of the Authorized Districts to participate in the governance of the IWMA pursuant to Section 40977 of the Public Resources Code. Participation of the Authorized Districts is limited to special

districts within San Luis Obispo County that possess solid waste authority. The Authorized District Representative shall have all the governing rights and powers granted to an IWMA City Member. This Second Amended and Restated Joint Powers Agreement shall supersede, replace, and supplant the Memorandum of Agreement executed by and between the Cities, the County, and the Authorized Districts in or around 2001.

4.2 Authorized Districts, collectively, shall appoint or elect one representative and one alternate to represent the Authorized Districts on the IWMA Board of Directors. Authorized District Representative shall be limited to elected or appointed officials of an Authorized District. Said representatives shall represent the collective interests of all Authorized Districts. The selected Authorized District Representative shall serve a defined term, if so determined by the Authorized Districts, or so long as they hold an elected or appointed office with their Participating Agency, or until they resign or are removed prior to the end of their term. The Authorized District Representative alternate shall be entitled to vote on IWMA matters only in the absence of the Authorized District Representative.

4.3 The Authorized Districts, as Participating Agencies, shall have no individual powers and/or authority other than through the Authorized District Representative.

#### **SECTION 5. Term.**

The Authority is and remains effective as of the date of this Agreement. It shall continue until dissolved in accordance with Section 15 of this Agreement. However, in no event shall the Authority be dissolved if its dissolution would

conflict with or violate the terms or conditions of any Revenue Bonds or related documentation including, without limitation, indentures, resolutions, and letter of credit agreements.

## **SECTION 6. Powers.**

6.1 The Authority is empowered to acquire, construct, finance, refinance, operate, regulate and maintain a Solid Waste Landfill, transfer station, MRF, composting, HHW, or Joint Facilities and Sole Use Facilities subject, however, to the conditions and restrictions contained in this Agreement. The Authority shall also have the power to plan, study and recommend proper solid waste management consistent with the Act and other legislation and, to the extent permitted by the Act and this Agreement, implement plans approved by the IWMA and the programs specified in the state approved and locally adopted SRREs, the HHWE, the NDFE, and the Countywide or Regional Siting Element for all or any portion of the area included within the IWMA Region. Notwithstanding any other provisions of this Agreement, the Authority shall not acquire, regulate, set fees for, or operate any solid waste landfills, recycling, or composting facilities owned or operated by Participating Agencies without the express written consent of such Participating Agency.

6.2 To the full extent permitted by applicable law, the Authority is authorized, in its own name, to do all acts necessary or convenient for the exercise of such powers that each Member could exercise separately including, without limitation, any and all of the following:

- (a) to make and enter into contracts;
- (b) to apply for and accept grants, advances and contributions;

- (c) to contract for the services of engineers, attorneys, accountants, planners, consultants, fiscal agents and other persons and entities;
- (d) to make plans and conduct studies;
- (e) to acquire, improve, hold, lease and dispose of real and personal property of all types;
- (f) to sue and be sued in its own name;
- (g) to incur and discharge debts, liabilities and obligations;
- (h) to establish rates, tolls, tipping fees, other fees, rentals and other charges in connection with the Authority's facilities identified in Paragraph 6.1 herein, as well as any and all services and programs provided and/or implemented by the Authority;
- (i) to hire agents and employees;
- (j) to exercise the power of eminent domain for the acquisition of real and personal property;
- (k) to issue Revenue Bonds, grant or bond anticipation notes, or other governmental financing instruments, in accordance with all applicable laws for the purpose of raising funds to finance or refinance the acquisition, construction, improvement, renovation, repair, operation, regulation or maintenance of the facilities identified in Paragraph 6.1 herein or as otherwise deemed necessary or beneficial to the Authority;

- (l) to sell or lease the facilities identified in Paragraph 6.1 herein;
- (m) to loan the proceeds of Revenue Bonds to any person or entity to finance or refinance the acquisition, construction, improvement, renovation or repair of the facilities identified in Paragraph 6.1 herein;
- (n) to provide that the holders of Revenue Bonds, whether directly or through a representative such as an indenture trustee, be third party beneficiaries of any of the obligations of any Member to the Authority and to covenant with the holders of any Revenue Bonds on behalf of any such Member to perform such obligations and comply with any agreements that Member may have with the Authority;
- (o) to prepare and implement plans and programs as deemed necessary and/or beneficial to the Authority in carrying out the purposes of this Agreement;
- (p) to provide public education, outreach, and marketing activities in support of diversion and edible food recovery programs;
- (q) to enter into memorandums of understanding with other regional agencies, cities, counties, and special districts;
- (r) to adopt, as authorized by California law, ordinances as are necessary to ensure and oversee compliance with any and all current and future state-mandated legislation and



programs related to solid waste, recycling, and waste diversion;

- (s) to act as the delegate, on behalf of the Participating Agencies, for the responsibilities of compliance, monitoring, reporting, and education of all state-mandated legislation, including, but not limited to the Integrated Waste Management Act, Assembly Bill 341, Assembly Bill 1826, and Senate Bill 1383.

6.3 Such powers shall be exercised subject only to the limitations set forth in this Agreement, applicable law, and such restrictions upon the manner of exercising such powers as are imposed by law in the exercise of similar powers. The Authority hereby designates the City of San Luis Obispo as the Member required to be designated by Section 6509 of the California Government Code. Should the Participating Agencies desire to designate an alternative agency for the purposes of Section 6509, such new designation may be changed by resolution of the Participating Agencies without need for an amendment to this Agreement.

6.4 This Agreement shall not limit the ability of the Participating Agencies to plan, administer, implement, and otherwise conduct waste management and other related local programs as deemed appropriate by the agency and consistent with the purpose and intent of this Agreement.

#### **SECTION 7. Expressed Limitation of Powers.**

The Authority's power to adopt, impose, implement, and/or comply with regulations and ordinances is expressly limited to state-mandated legislation and

regulations related to solid waste, recycling, organic waste, and waste diversion. The Authority shall establish a budget policy requiring Board consideration of the minimum work required to comply with state mandates and regulations in the most demonstrably cost-effective way possible. Said policy shall not preclude other requirements such as Board consideration of the equitable distribution of services throughout the IWMA Region and program enhancements that are funded by grant revenues and/or reimbursements from Participating Agencies. Additionally, the IWMA shall establish a purchasing policy with a similar provision when preparing scopes of work for consultants and independent contractors who are engaged in implementing the Authority's projects and programs. Notwithstanding the foregoing, all existing IWMA ordinances, rules, and regulations, whether or not mandated by the state, shall remain in full force and effect and not subject to this limitation of power unless otherwise determined by the Board.

#### **SECTION 8. Boundaries.**

The boundaries of the Authority shall be the boundaries of the Cities and the Authorized Districts identified herein as the IWMA Region. In the event a Participating Agency withdraws from the Authority, the boundaries shall be modified to exclude the area of the withdrawing agency. In the event a qualified city or district joins the Authority, the boundaries shall be modified to include the area of the joining Participating Agency. Section 8 shall not prevent the Authority's use and/or operation of facilities outside of its boundaries within the County of San Luis Obispo.

## **SECTION 9. Organization.**

9.1 The Board. The Authority shall be governed by the Board, which shall exercise or oversee the exercise of all powers and authority on behalf of the Authority.

### **9.2 Participating Agencies.**

- (a) Cities. City membership in the Authority shall be voluntary, but only the cities incorporated in the County of San Luis Obispo presently or in the future, are declared eligible for membership in the Authority as a regional agency. City representatives to the Authority shall consist of one (1) member from the governing body of each incorporated City within the boundaries of the County of San Luis Obispo which is a party to this Agreement. The Cities may elect to have an alternate member(s) in addition to any official member, but said alternate shall be an elected or appointed official and shall be able to vote only in the absence of the official representative.
- (b) Authorized Districts. The Authorized Districts shall be collectively represented on the Board by one (1) representative and one (1) alternate elected or appointed by and among themselves. The Authorized District Representative shall have all rights, power, and authority granted to a City representative. The Authorized District alternate shall be elected or

appointed officials and entitled to vote only in the absence of the official Authorized District Representative.

- (c) Representatives of the shall be appointed to serve on the Board in accordance with procedures established by each of the governing bodies of their respective agencies, except that the Authorized District Representative and alternate shall be elected or appointed pursuant to Section 4. Representatives shall serve so long as they hold office with their member agency, until they shall resign or are removed by a majority vote of their member agency, or pursuant to a set term established by their member agency. Vacancies among representatives or alternates shall be filled in the same manner as the first appointment.
- (d) Designation of the official representative or alternate(s), or changes thereto, shall be transmitted in writing to the Executive Director of the Authority by the appointing agency.
- (e) In addition to the incorporated Cities and Authorized Districts presently a party to this Agreement, any other city or qualified special district which may desire to participate in the activities of the Authority may do so by executing this Agreement without prior

approval or ratification of the named parties to this Agreement and shall thereafter be governed by all the terms and provisions of this Agreement as of the date of execution.

- (f) Membership and/or participation of any Participating Agency shall be contingent upon the execution of this Second Amended and Restated Joint Powers Agreement, as same may be further amended from time to time, with no requirement to execute the Original JPA or any prior amendments thereto.

9.3 Principal Office. The principal office of the Authority shall be located at 870 Osos Street, San Luis Obispo, CA 93401. The Board may change that principal office upon giving at least 15 days' notice to each Participating Agency and to CalRecycle.

9.4 Officers.

- (a) The officers of the Board shall consist of a President and Vice President elected for a term of one year by a majority vote of the Board.
- (b) Both the President and Vice President of the Board shall be elected at the last meeting preceding July of each year.
- (c) The officers shall serve until their successors are elected.
- (d) The duties of the officers shall be as follows:
  - 1) President

- a) Shall preside over all meetings of the Board.
  - b) Shall appoint all ad hoc committees subject to ratification by the Board.
  - c) Shall be an ex-officio member of all committees.
  - d) Shall execute all contracts and legal documents on behalf of the Authority except those that have been delegated to the Executive Director through purchasing policies or other actions of the Board of Directors.
- 2) Vice President
- a) Shall serve as President pro-tem in the absence of the President.
  - b) Shall give whatever aid necessary to the President.
  - c) Shall be an ex-officio member of all committees.
  - d) In the event of a vacancy occurring in the office of either the President or Vice President upon said officer's death, resignation, removal or his/her ceasing to be an official representative of a member agency, such vacancy will be

filled by majority vote of the Board, the officer elected to serve for the balance of the unexpired term.

9.5 Executive Director. The Board shall employ or contract for the services of a general manager (the “Executive Director”) who shall be the chief administrative officer of the Authority. The Authority shall select a qualified Executive Director using professional personnel standards and an open competitive process. The Executive Director shall plan, organize and direct the administration and operations of the Authority, either directly or by means of delegation to IWMA staff, shall advise the Board on policy matters, shall recommend an administrative structure to the Board, shall hire and discharge administrative staff, shall develop and recommend budgets, shall reply to communications on behalf of the Authority, shall approve payments of amounts duly authorized by the Board, shall implement Board policy, shall carry out such other duties that may be assigned to the Executive Director by the Board from time to time, and shall attend meetings of the Board and committees as directed.

9.6 Committees.

- (a) Committees, subcommittees, and advisory committees may be established as the Board may deem appropriate.
- (b) Membership on “ad-hoc” policy committees shall be at the discretion of the President, subject to ratification by the Board, and consisting of less than a quorum of the Board. Nothing herein shall be construed to limit membership on these aforesaid

committees to officials of the member agencies. The President may appoint any individual deemed qualified to serve on a committee.

- (c) Standing Committees shall include an Executive Committee and other committees as established by the Board. The composition and bylaws of the standing committees shall be established by the Board by resolution. All Standing Committee meetings shall be held subject to the provisions of the Ralph M. Brown Act (Sections 54950 et seq. of the California Government Code) and other applicable laws of the State of California.

## **SECTION 10. Meetings of the Board.**

10.1 Notice of Meetings. All meetings of the Board shall be held subject to the provisions of the Ralph M. Brown Act (Sections 54950 et seq. of the California Government Code) and other applicable laws of the State of California.

10.2 Regular Meetings. The Board shall hold at least four regular meetings each year. The date upon which, and the hour and place at which, each regular meeting shall be fixed by resolution of the Board.

10.3 Special Meetings. Special meetings of the Board may be called in accordance with the provisions of the California Government Code.

10.4 Notice of Meetings. All meetings of the Board shall be held subject to the provisions of the Ralph M. Brown Act (Sections 54950 et seq. of the California Government Code) and other applicable laws of the State of California.



10.5 Minutes. The Executive Director shall cause minutes of all meetings of the Board and any standing committees of the Board to be kept and shall, after each meeting and approval of the Board, cause a copy of the minutes to be forwarded to each Participating Agency.

10.6 Quorum and Voting. For purposes of conducting business, there shall be present a quorum consisting of a majority of the Board. Each director shall have one vote. No action shall be effective without the affirmative votes of a majority of those present. The Board shall adopt such procedures as are consistent with this Agreement and applicable law and are necessary or helpful in conducting the business of the Authority in an orderly manner.

10.7 Budget. The Cities and the County have entered into a *Memorandum of Agreement among the County of San Luis Obispo and the Cities of Arroyo Grande, Atascadero, El Paso de Robles, Grover Beach, Morro Bay, Pismo Beach, and San Luis Obispo for the Establishment and Payment of Landfill Tipping Fee Surcharges To Support The San Luis Obispo Integrated Waste Management Authority* (the “MOA”). Pursuant to the MOA, those members of the Authority having jurisdiction over such matters have agreed to establish tipping fee surcharges (the “Tipping Fee Surcharges”) which shall be paid into a Solid Waste Authority—Trust Fund (as defined in the MOA) for the purposes therein.

- (a) A line item and program budget for the Authority's operations shall be adopted by the Board for the ensuing Fiscal Year prior to June 30 of each year. All costs incurred by the Authority shall be set forth in the budget and shall be paid out of the solid waste

fund derived from tipping fee surcharges and other sources as approved by the Board.

The line item and program budget shall be submitted in draft form to all Participating Agencies for review and comment prior to adoption.

The line item and program budget shall include sufficient detail to constitute an operating guideline, the anticipated sources of funds, and the anticipated expenditures to be made for the operations of the Authority and the administration, maintenance and operating costs of the facilities identified in Paragraph 6.1 herein. Any budget for Sole Use Facilities shall be maintained separately. Approval of the line item and program budget by the Board shall constitute authority for the Executive Director to expend funds for the purposes outlined in the approved budget, subject to the availability of funds.

- (b) A budget for the acquisition, construction, or operation of facilities, or for contracting for the acquisition, construction, or operation of facilities, identified in Paragraph 6.1 herein shall be adopted by the Board before the Authority commits any acquisition or construction funds or contracts. It may be amended if and when determined by the

Board. Approval of the budget(s) for the facilities identified in Paragraph 6.1 herein shall constitute authority for the Executive Director (or any trustee or other fiduciary appointed by the Authority) to receive state or federal grant funds and proceeds of Revenue Bonds and to expend funds for the acquisition, construction, or operation of the facilities identified in Paragraph 6.1 herein.

- (c) A budget(s) governing the acquisition, construction, or operation of Sole Use Facilities may be adopted by the affected Participating Agency or Agencies. When such budgets are adopted by affected parties, appropriate accounts shall be established by the Authority and designated as such participant or participant's fund. Disbursement of such funds by the Authority shall be made only upon receipt of written authorization from the designated finance officer of the affected Participating Agency or Agencies. Receipts and disbursements for the acquisition or construction of Sole Use Facilities may also be made directly by the affected Participating Agency or Agencies, in which case such budgets shall not be a part of the budget of the Authority.

10.8 Rules of Procedure. The Board shall from time to time, establish written rules and procedures for the conduct of their meetings.

## **SECTION 11. Joint Operating Fund and Contributions.**

The Authority shall have the power to establish a joint operating fund. The fund shall be used to pay all administrative, operating, and other expenses incurred by the Authority. Funding shall be on an enterprise basis or as determined by the Board. All monies in the joint operating fund shall be paid out by the Auditor-Controller / Treasurer for the purposes for which the fund was created upon authorization by the President of the Board and approval by the Executive Director of demands for payment, or as otherwise authorized by resolution of the Board filed with the Auditor-Controller / Treasurer. No Participating Agency shall be obligated to make any contributions of funds to the Authority for facilities to be established in accordance with Section 6.1 or pay any other amounts on behalf of the Authority, other than as required by this Section 11, without that Participating Agency's consent evidenced by a written instrument signed by a duly authorized representative of that Participating Agency. The Authority shall contract with an independent certified professional accountant to conduct annual fiscal audits as required by applicable statute or legislation and report the results of such audit to the Board.

11.1 Auditor-Controller / Treasurer. The Auditor-Controller / Treasurer of San Luis Obispo County shall be the Auditor-Controller / Treasurer of the Authority. The Auditor-Controller / Treasurer shall preform all responsibilities and obligations as provided in Government Code section 6505.5. To the extent a conflict exists between this Section 11 and the Government Code, the Government Code shall control.

11.2 Notwithstanding Sections 11.1 above, designation of the Auditor-Controller / Treasurer may be changed from time to time by resolution of the Board without necessitating amendment to this Agreement.

## **SECTION 12. Records and Accounts.**

This Section and Section 11 are intended to ensure strict accountability of all funds of the Authority and to provide accurate reporting of receipts and disbursements of such funds. The Authority shall maintain accurate and correct books of account, showing in detail the costs and expenses of any service or acquisition and construction and the maintenance, operation, regulation and administration of any service or Joint Facilities or Sole Use Facilities, and all financial transactions of the Participating Agencies relating to any service or Joint Facilities or Sole Use Facilities. Books and records shall be established and maintained in accordance with generally accepted accounting principles promulgated by the California State Controller's Office and the Governmental Accounting Standards Board. The books of account shall correctly show any receipts and any costs, expenses, or charges to be paid by all or any of the Participating Agencies. The books of account shall be open to inspection at all times by a representative or agent of any of the Participating Agencies. In addition, if required by any resolution authorizing the issuance of Revenue Bonds, the Authority shall maintain appropriate books, records, accounts and files relating to each project as required by such resolution which shall be open to inspection by holders of Revenue Bonds if and to the extent, and in the manner, provided in the resolution.

### **SECTION 13. Rates and Fees.**

The Authority shall be funded by a combination of rates, fees, and other funding mechanisms as allowed by applicable authority. Use of revenue from rates and fees shall not be restricted based upon the funding mechanism. The Authority shall establish and regulate rates and/or tipping fees at facilities within the County of San Luis Obispo, such as landfills or other collection sites, for (1) the operation, acquisition, construction, repair, and maintenance of new and existing facilities; (2) the implementation of state legislation and regulations; (3) the operation of programs, education, outreach, monitoring and enforcement efforts; and (4) the preparation, adoption, and implementation a regional management plan.

The Authority may impose fees in amounts sufficient for (1) the implementation of state legislation and supporting programs; (2) education outreach, monitoring, reporting and compliance efforts; (3) the preparation, adoption, and implementation of a regional management plan; and (4) any other purposes as provided for by this Agreement. Revenue generation may include fees imposed on “Haulers” (defined as companies with an agreement with a governmental entity for the collection of solid waste, recyclables, or green waste in San Luis Obispo County), assessments, or any other funding mechanism as allowed by applicable authority. Rates and fees shall be set or modified by resolution only.

Prior to the Authority increasing rates or fees, or imposing new rates or fees, the Authority shall provide the Participating Agencies with all necessary facts, data, information and analyses related to justification and/or explanation of the proposed rates and fees that meet all applicable legal requirements to support their adoption. The Authority shall coordinate with the Participating Agency

managers in this regard to ensure the facts, data, information and analyses provided by the Authority is adequate to enable the Participating Agencies to implement the Authority's proposed rates and fees through the Proposition 218 process, if deemed applicable to a Participating Agency by that Agency; however, determinations regarding the application of Proposition 218 to any proposed increased rate or fee shall be made solely by each Participating Agency with no Authority representations of any kind.

The Authority shall establish a rate and/or fee setting policy which shall govern the obligations of the Authority to its Participating Agencies in the implementation of any new or increased rates or fees.

#### **SECTION 14. Failure to Meet Waste Stream Requirements.**

The Authority shall be entitled to cause the waste streams of each Participating Agency to be monitored, pursuant to procedures approved by the Board, in order to determine whether state waste diversion requirements are being met. If the waste stream diversion of any Participating Agency fails to meet any such requirements, including but not limited to taking all actions necessary to comply with state mandates, that Participating Agency shall be solely responsible for any and all resulting liabilities, damages, fines, criminal and civil sanctions, and costs and expenses. That Participating Agency shall also indemnify and hold the Authority and the other Participating Agencies harmless from and against any and all liabilities, damages, fines, sanctions, costs and expenses that are incurred as a result of the violation or a claimed violation including, without limitation, all fees and costs of legal counsel. If two or more Participating Agencies are responsible

for a failure to meet any such requirements or are claimed to have violated any such requirements, the Participating Agencies responsible for the violations or which are the subject of such claims shall be responsible to, and shall indemnify, the Authority and the other Participating Agencies in proportion to their relative responsibility for the violations or claimed violations. Upon notification of any such violation or claim, the Participating Agency or Agencies shall take such prompt, corrective action as is necessary to meet the requirements. Nothing in this Section shall preclude one or more Participating Agencies or the Authority from imposing or establishing additional incentives to meet waste diversion requirements.

#### **SECTION 15. Withdrawal and Dissolution.**

15.1 The parties to this Agreement pledge full cooperation and agree to assign representatives to serve as official appointed representatives of the Authority or any committee or subcommittee thereof who shall act for and on behalf of their Participating Agency in any or all matters which shall come before the Authority, subject to any necessary approval of their acts by the governing bodies of the Participating Agencies.

15.2 Any party to this Agreement may withdraw from the Authority, upon providing six (6) months' prior written notice, and terminate its participation in this Agreement by resolution of its governing body. The withdrawal of the Participating Agency shall have no effect on the continuance of this Agreement among the remaining Participating Agencies, and the Agreement shall remain in full force and effect with respect to the remaining Participating Agencies. No



withdrawal shall become effective until six (6) months after receipt of the written notice by the Authority.

15.3 A Participating Agency which has withdrawn from the Authority shall not be liable for the payment of further contributions falling due beyond the date of withdrawal and shall have no right to reimbursement of any monies previously paid to the Authority. The Authority may authorize a reimbursement if in its judgment such reimbursement is fair and equitable and can be done without jeopardy to the operation of the Authority. If any Participating Agency fails to pay a required contribution, as determined by the Board, that Participating Agency shall be provided with a sixty (60) day written notice and an opportunity to cure. If the Board determines that the Participating Agency has failed to cure or negotiate a cure within sixty (60) days following delivery of the written notice shall be deemed a voluntary withdrawal from the Authority.

15.4 The Authority may be dissolved at any time and this Agreement terminated by a joint agreement duly-approved and executed by a majority of the Members which are parties hereto. Said termination agreement shall provide for the orderly payment of all outstanding debts and obligations and for the return of any surplus funds of the Authority in proportion to the contributions made by the Participating Agencies. In the event the Authority is dissolved, the individual Participating Agencies shall be responsible for complying with the requirements of the Act as included in the approved SRREs, HHWE, NDFE, Countywide or Regional Siting Element and Integrated Waste Management Plan in addition to compliance with all waste management related legislation.

**SECTION 16. Amendments Including Termination.**

This Agreement may only be amended or terminated by a written instrument executed by a majority of the Members and meeting the requirements imposed by the terms or conditions of all Revenue Bonds and related documentation including, without limitation, indentures, resolutions, and letter of credit agreements. Notwithstanding the foregoing, no amendment or termination shall require any Participating Agency to contribute any funds to the Authority or become directly or contingently liable for any debts, liabilities or obligations of the Authority without the consent of that agency evidenced in a written instrument signed by a duly authorized representative of that Participating Agency.

**SECTION 17. Filing with the Secretary of State.**

The Secretary shall file all required notices with the Secretary of State in accordance with California Government Code sections 6503.5 and 53051

**SECTION 18. Notices.**

All notices which any Participating Agency of the Authority may wish to give in connection with this Agreement shall be in writing and shall be served by personal delivery, by electronic mail, or by US mail addressed to the Participating Agency, or Participating Agencies, or the Authority at its principal office, or to such other address as the Authority or Participating Agency or Participating Agencies may designate from time to time by written notice given in the manner specified in this Section. Service of notice pursuant to this Section shall be deemed complete on the day of service by personal delivery (but 24 hours after such delivery in the case

of notices of special meetings of the Board), two days after mailing if deposited in the United States mail, or in 24 hours if provided by electronic mail.

**SECTION 19. Successors and Assigns.**

This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the Participating Agencies. However, no Participating Agency shall assign any of its rights under this Agreement except to a duly formed public entity organized and existing under the laws of the State of California approved by a majority of the voting Directors who do not represent the assigning Participating Agency. No assignment shall be effective unless and until the Authority, the Participating Agencies, and the proposed assignee comply with all then applicable requirements of law relating to changes in the composition of entities such as the Authority if and when they have Revenue Bonds outstanding and with the terms and conditions of all Revenue Bonds and related documentation including, without limitation, indentures, resolutions and letter of credit agreements.

**SECTION 20. Severability.**

Should any part, term, sentence, or provision of this Agreement be decided by a final judgment of a court or arbitrator to be illegal or in conflict with any law of the State of California or otherwise be unenforceable or ineffectual, the validity of its remaining parts, terms, sentences, and provisions shall not be affected and the Participating Agencies represent that they would have adopted this Agreement even without the ineffectual or non-valid provision(s).

**SECTION 21. Section Headings.**

All section headings contained in this Agreement are for convenience and reference. They are not intended to define or limit the scope of any provision of this Agreement.

**SECTION 22. Effective Date.**

This Agreement shall take effect upon its execution by all Members, pursuant to resolutions of such governing bodies authorizing such execution and shall remain in full force and effect until dissolved pursuant to the provisions herein. This Agreement may be executed in counterparts which together shall constitute a single agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the day and year first hereinabove written.

**PARTICIPATING AGENCIES**

| <b>CITIES</b>     | <b>AUTHORIZED DISTRICTS</b> |
|-------------------|-----------------------------|
| Arroyo Grande     | Avila Beach CSD             |
| Atascadero        | California Valley CSD       |
| El Paso de Robles | Cambria CSD                 |
| Grover Beach      | Cayucos Sanitary District   |
| Morro Bay         | Ground Squirrel Hollow CSD  |
| Pismo Beach       | Heritage Ranch CSD          |
| San Luis Obispo   | Los Osos CSD                |
|                   | Nipomo CSD                  |
|                   | Oceano CSD                  |
|                   | San Miguel CSD              |
|                   | San Simeon CSD              |
|                   | Templeton CSD               |

CITY OF MORRO BAY

By: \_\_\_\_\_  
Mayor

Date: \_\_\_\_\_

\_\_\_\_\_  
Clerk

Resolution No. \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_  
City Attorney

Date: \_\_\_\_\_



AGENDA NO: A-9  
MEETING DATE: June 28, 2022

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** June 22, 2022

**FROM:** Scott Collins, City Manager

**SUBJECT:** Approval of Lease Agreements with the Chamber of Commerce and Visit Morro Bay for City-owned Property located at 695 Harbor Street

### **RECOMMENDATION**

Staff recommends the City Council approve agreements with the Morro Bay Chamber of Commerce and Visit Morro Bay for the renewal of their respective property leases at 695 Harbor Street.

### **ALTERNATIVES**

No alternatives are recommended at this time.

### **FISCAL IMPACT**

The Morro Bay Chamber of Commerce (Chamber) lease for 695 Harbor, as proposed, is \$2,400.00 annually plus utility expenses. The Visit Morro Bay (VMB) lease for 695 Harbor, as proposed, is \$2,400.00 annually plus utility expenses. These revenues are accounted for in the proposed Fiscal Year (FY) 2022/23 Budget.

### **BACKGROUND/DISCUSSION**

The City currently has lease agreements with the Chamber and VMB for use of office space in the City owned 695 Harbor Street building. The Chamber agreement has typically been renewed annually, and the current year agreement is scheduled to terminate on June 30, 2022. The VMB agreement was entered into in the fall of 2021 and is scheduled to terminate on June 30, 2022 as well.

City staff have renegotiated new lease terms for the Chamber and VMB to continue to be located at 695 Harbor Street. The new leases include raising the rent from \$1/year, plus utilities, to a new amount of \$2,400/year, plus utilities, to get closer to market rate (within context of economic benefits provided by the Chamber and VMB to the City and the community). The proposal was agreed to by both the VMB and Chamber boards in May and June 2022 respectively.

Staff recommends approval of the lease agreements with the new term, as it will allow the Chamber CEO and VMB CEO to work in close proximity which benefits our overall economic development pursuits.

### **CONCLUSION**

The Chamber of Commerce and Visit Morro Bay have served the City and community well in the past year. Staff recommends Council approval of the lease agreements with a new rent rate structure that more closely aligns with market rate, while also recognizing the economic benefits

Prepared By: SC Dept Review:      
City Manager Review: SC City Attorney Review: CFN

provided by the Chamber and VMB to the City and the community, the value of having both non-profit economic/business groups co-located in one building, and in close proximity to City Hall.

**ATTACHMENTS**

1. 695 Harbor Street Lease Agreement with Morro Bay Chamber of Commerce
2. 695 Harbor Street Lease Agreement with Visit Morro Bay





## Lease Agreement

### AGREEMENT

This lease agreement ("Lease") is made and entered by and between the CITY OF MORRO BAY, a California municipal corporation, and hereinafter referred to as "LESSOR" and/or "City," and THE MORRO BAY CHAMBER OF COMMERCE, a California non-profit corporation, hereinafter referred to as "LESSEE" and/or "Chamber."

### RECITALS

WHEREAS, LESSOR is the owner of a 2,400-squarefoot office building located at 695 Harbor Street, Morro Bay, CA (the "Premises"); and

WHEREAS, LESSEE is organized to encourage a strong local economy and quality of life by promoting commerce, sound government, and an informed membership and community; and

WHEREAS, LESSEE has special knowledge and experience to promote economic and business development, including business attraction and retention programs, for the benefit of LESSOR; and

WHEREAS, LESSOR and LESSEE have mutual interests in enhancing the economic growth and vitality of the community and have entered into an Amended and Restated agreement for the provisions of economic development services for Fiscal Years 2020/2021, 2021/2022 and 2022/2023; and

WHEREAS, LESSOR and LESSEE previously entered into a lease agreement for LESSEE to lease the Leased Premises (as defined below) from LESSOR, and that prior lease agreement by its terms will terminate on June 30, 2022; and

WHEREAS, LESSOR and LESSEE desire to enter into a new lease agreement for Suites A and B of Premises comprising a combined area of 275 square feet, equal to 11.5 percent of the gross leasable area of the Premises (the "Leased Premises").

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. LEASE: LESSOR hereby leases to LESSEE and LESSEE agrees to accept from LESSOR the lease of the portions of the Leased Premises as described in Section 4., below.
2. RENT: During the term on this Lease, LESSEE agrees to pay the sum of \$2,400.00, with \$200.00 due and payable on the first day of each month for each of the months in Fiscal Year 2022/23, commencing with July 1, 2022 under this agreement (the "Rent") for the use of the Leased Premises and the Additional Access Areas, define below. The Rent has been determined to be the fair market value of the Leased Premises considering the fair market

rent for the Leased Premises, the direct economic benefits of LESSEE's services to City, and LESSEE's agreement to provide services to the business community in general without regard to such business's Chamber membership status; provided, however, that Chamber reserves the right to provide preferential and varying tiers of additional service to Chamber members in accordance with its adopted membership program. LESSEE and LESSOR agree the Rent and terms and conditions specified herein are and continue to be material considerations in establishing the terms and conditions of the agreement for economic development services agreement and the LESSOR's agreement to provide services to the general business community.

3. **TERM:** The term of this Lease shall commence on July 1, 2022 and terminate without notice on June 30, 2023, unless sooner terminated as herein provided. Any holdover of possession of the Leased Premises by LESSEE beyond this Term shall constitute a month-to-month tenancy on the same terms and conditions of this Lease and LESSEE agrees to vacate the Leased Premises upon thirty-days' prior written notice from LESSOR; provided, that the Rent shall be \$200.00 per calendar month due and payable on the first day of each month, commencing with July 1, 2023.
4. **LEASED PREMISES:** The Leased Premises for purpose of this Lease shall include Suite A and Suite B of Premises that, combined, total approximately 275 square feet. LESSEE shall have access to and use of, but not control of, common areas of the Premises, including both bathrooms, the foyer, the conference room, hallways, entranceways, and the kitchen (the "Additional Access Areas").
5. **USE OF LEASED PREMISES AND THE ADDITIONAL ACCESS AREAS:** LESSEE shall use the Leased Premises and the Additional Access Areas solely for the purpose of operation of Chamber business, including, but not limited to, (i) promoting all businesses and services in the City and (ii) providing services described under the Amended and Restated Agreement for Economic Development Services, or other agreements City and Chamber may enter into from time to time.
6. **FIXTURES AND ALTERATIONS:** LESSEE shall not make, or cause to be made, any alterations, additions or improvements, of a substantial nature, or make any structural changes in the building (the "Improvements") without first notifying LESSOR and obtaining prior written approval from LESSOR for the Improvements. In the event the Improvements include any structural change, LESSEE shall supply to LESSOR plans and specifications for such work, and obtain prior written approval. LESSEE shall be responsible for all costs associated with any of the Improvements. All permits necessary for the Improvements, shall be at LESSEE'S expense and obtained prior to any work on any of the Improvements.
7. **ITEMS INSTALLED BY LESSEE:** All decorations and additions and any of the Improvements in the Lease Premises, except for structural changes, made by LESSEE shall remain the property of LESSEE for the term of this Lease or any extension or renewal thereof. Upon expiration of this Lease, or any renewal term thereof, LESSEE shall remove all decorations and additions and those portions of the Improvements that are LESSEE property,

and restore the Leased Premises, ordinary wear and tear excepted, to its condition at the time of original occupancy, unless written approval is obtained by LESSOR to allow such decorations, additions or the Improvements to remain.

8. SECURITY: LESSOR agrees to provide locks on doors of the Premises and the Leased Premises, the latter of which is to be used exclusively by LESSEE for the uses described herein, and to provide keys for access to Premises and Leased Premises. LESSOR shall also provide access to the Premises at the rear entrance for others to access the Premises without access to Leased Premises.
9. MAINTENANCE: LESSOR shall be responsible for the overall interior and exterior maintenance of the Premises and Leased Premises, and for the maintenance and repair of major building systems, including HVAC, mechanical, plumbing, and electrical systems and access to telephone, cable, and internet services. LESSOR shall have no duty, obligation, or liability whatever to rebuild and portion of the Premises or surrounding grounds, if any or all of them are destroyed, except at its sole discretion. LESSEE shall be responsible for routine janitorial and maintenance of the Leased Premises and Additional Access Areas and for cable, phone and internet service to the Leased Premises.
10. SURRENDER OF LEASED PREMISES AND ADDITIONAL ACCESS AREAS: At the expiration of the tenancy hereby created, LESSEE shall surrender the Leased Premises and Additional Access Areas in the same condition as the Leased Premises and Additional Access Areas were upon delivery of possession thereto under this Lease, reasonable wear and tear excepted, and damage by unavoidable casualty not within the reasonable control of LESSEE excepted, and shall surrender all keys for the Premises and Leased Premises to LESSOR. LESSEE shall thereupon remove all its fixtures, and any alterations or improvements as provided above before surrendering the Leased Premises and shall repair any damage to the Leased Premises and Additional Access Areas caused thereby. LESSEE's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease.
11. INSURANCE: LESSEE shall, during the full term of this Lease, keep in full force and effect an appropriate policy of liability and property damage insurance with respect to the Leased Premises and Additional Access Areas in the minimum amounts of \$1,000,000 each. The policies shall name LESSOR and its officers, employees and representatives as additional insureds and shall contain a clause the insurer will not cancel or change the insurance without first giving LESSOR 10-days' prior written notice. LESSEE shall exhibit to LESSOR, at any time upon demand, a certificate of insurance, or other evidence of insurance, and shall keep such policies in effect during the full term of this Lease or any extensions thereof.
12. FIRE, EXTENDED COVERAGE: LESSEE agrees to purchase and maintain, during the full term of this Lease or any extensions thereof, a policy of fire, extended coverage, insurance, which policy shall not be less than 100% of the replacement value of the Leased Premises. The cost of such insurance shall be at the sole cost of LESSEE.
13. INDEMNIFICATION: LESSEE agrees to indemnify, defend and hold harmless LESSOR, its offices, directors and agents, from and against any and all claims, actions, damages,

liability, expenses, costs and reasonable attorney's fees resulting or related to any loss of life, personal injury or damage to property, or any other liability, arising out of any occurrence related to the Leased Premises, the Additional Access Areas or the occupancy or use by LESSEE of the Leased Premises, the Additional Access Areas or any part thereof, occasioned wholly or in part by any act or omission of LESSEE, its agents, contractors, employees, servants, lessees or concessionaires, or for any act or omission by LESSOR in furtherance of the interests of LESSEE for any reason in connection with this Lease.

14. UTILITIES, COMMON AREA MAINTENANCE & TAXES: LESSEE shall be responsible for their proportion of all charges for heat, water, gas, electricity or any other utility used or consumed on the Premises, including any deposits demanded by any utility. LESSEE agrees to pay, at its sole cost and expense, any possessory interest tax that may be assessed as a result of this Lease.
15. ASSIGNMENT AND SUB-LETTING: LESSEE will not assign this Lease, in whole or in part, nor sub-let all or any part of the Leased Premises.
16. GOVERNMENTAL REGULATIONS: LESSEE shall at LESSEE's sole cost and expense, comply with all of the requirements of all county, municipal, state, federal and other applicable government authorities, now in force, or which may hereafter be in force, pertaining to the Leased Premises, and shall faithfully observe in the use of the Leased Premises all municipal and county ordinances, and all state and federal statutes now, or which may hereafter be, in force.
17. DESTRUCTION OF LEASED PREMISES: If the Leased Premises shall be damaged or destroyed by fire, the elements, unavoidable accidents, or other casualty, then all insurance proceeds payable by reason thereof shall be applied to the repair, reconstruction, and renovation of Leased Premises.
18. CONDEMNATION: In the event any or all of the Premises are taken, in whole or in part, through the exercise of any power of eminent domain exercised by any state, federal or local agency (including LESSOR) having the power thereof, any sums paid by such condemning authority shall be paid to LESSOR. LESSEE hereby waives any and all of its rights and benefits payable under applicable federal or state relocation assistance laws if the City is the condemning authority.
19. DEFAULT: In the event of any failure of LESSEE to perform any of the terms, conditions or covenants of this Lease to be observed or performed by LESSEE for more than 30 days after written notice of such default shall have been given to LESSEE, or if LESSEE shall abandon the Leased Premises and the Additional Access Areas, then LESSOR, besides other rights or remedies it may have, shall have the immediate right of reentry and may remove all persons and properties from the Leased Premises and the Additional Access Areas without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby.
20. ENTIRE AGREEMENT: This Lease, and any exhibits attached hereto and forming a part hereof set forth all the covenants, promises, agreements, conditions and understanding

between the parties concerning the Leased Premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them, other than or herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon either party unless reduced to writing and signed by both.

21. NOTICE: Any notice, demand, request or other instrument which may be required to be given under this Lease shall be deemed delivered when sent by ordinary United States Mail, postage prepaid, addressed to LESSOR care of its City Manager, or LESSEE care of its then acting President.
22. PARTIAL INVALIDITY/SEVERABILITY: If any term, covenant or condition of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those to which it is held invalid, or unenforceable, shall not be affected thereby; and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law. If the length, term or duration of this Lease, in any way is in violation of any statute, law or Constitution or is invalid for any reason whatsoever, then this Lease shall be deemed a Lease from year to year, and all other provisions hereunder shall remain the same.
23. CALIFORNIA LAW: This Lease shall be interpreted, construed, and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Lease shall be instituted in the Superior Court of the County of San Luis Obispo, State of California. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of San Luis Obispo, State of California.
24. NON-LIABILITY OF CITY OFFICERS AND EMPLOYEES: No officer or employee of the City shall be personally liable to the LESSEE, or any successor in interest, in the event of any default or breach by the LESSOR or for any amount, which may become due to the LESSEE or to its successor, or for breach of any obligation of the terms of this Lease.
25. INTERPRETATION: The terms of this Lease shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Lease or any other rule of construction which might otherwise apply.
26. COUNTERPARTS: This Lease may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this \_\_\_\_\_ day of June, 2022, at Morro Bay, California

CITY OF MORRO BAY

MORRO BAY CHAMBER OF COMMERCE

By: \_\_\_\_\_  
City Manager

By: \_\_\_\_\_  
Erica Crawford, Chief Executive Officer

By: \_\_\_\_\_  
Chairman, Chamber Board of Directors

Approved As To Form:

Approved As To Form:

\_\_\_\_\_  
CHRIS F. NEUMEYER  
City Attorney

\_\_\_\_\_  
Jane Heath, Chamber Counsel

# LEASE AGREEMENT

## AGREEMENT

This lease agreement ("Lease") is made and entered by and between the CITY OF MORRO BAY, a California municipal corporation, and hereinafter referred to as "LESSOR" and/or "City," and VISIT MORRO BAY, a California non-profit corporation, hereinafter referred to as "LESSEE." and/or "VMB."

## RECITALS

WHEREAS, LESSOR is the owner of a 2,400-squarefoot office building located at 695 Harbor Street, Morro Bay, CA (the "Premises"); and

WHEREAS, LESSEE is organized to encourage a strong local economy and quality of life by promoting the Morro Bay community as a top coastal destination; and

WHEREAS, LESSEE has special knowledge and experience to effectively promote overnight visitation to the community, for the benefit of LESSOR; and

WHEREAS, LESSOR and LESSEE have mutual interests in enhancing the economic growth and vitality of the community and have entered into an agreement for the provisions of tourism marketing services for Fiscal Years 2021/2022 through FY 2025/2026; and.

WHEREAS, LESSOR and LESSEE desire to enter into a new lease agreement for Suites C and G of Premises comprising a combined area of 300 square feet, equal to twelve and one-half percent (12.5%) of the gross leasable area of the Premises (the "Leased Premises").

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

**1. LEASE:** LESSOR hereby leases to LESSEE and LESSEE agrees to accept from LESSOR the lease of the portions of the Leased Premises as described in Section 4., below.

**2. RENT:** During the term on this Lease, LESSEE agrees to pay the sum of \$2,400.00, with \$200.00 due and payable on the first day of each month in Fiscal Year 2022/23, commencing with July 1, 2022 under this agreement (the "Rent") for the use of the Leased Premises and the Additional Access Areas, defined below. The Rent has been determined to be the fair market value of the Leased Premises considering the fair market rent for the Leased Premises, the direct economic benefits of LESSEE's services to City, and LESSEE's agreement to provide services to the lodging community in general. LESSEE and LESSOR agree the Rent and terms and conditions specified herein are and continue to be material considerations in establishing the terms and conditions of the agreement for economic development services agreement and the LESSOR's agreement to provide services to the general business community.

**3. TERM:** The term of this Lease shall commence on July 1, 2022 and terminate without notice on June 30, 2023, unless sooner terminated as a herein provided. Any holdover of possession of the Leased Premises by LESSEE beyond this Term shall constitute a month-to-month tendency on the same terms and conditions of this Lease and LESSEE agrees to vacate the Leased Premises upon thirty-days' prior written notice from LESSOR; provided, that the Rent shall be \$200.00 per calendar month due and payable on the first day of



each month, commencing with July 1, 2023.

**4. LEASED PREMISES:** The Leased Premises for purpose of this Lease shall include Suite G and Suite C of Premises that, combined, total approximately 300 square feet. LESSEE shall have access to and use of, but not control of, common areas of the Premises, including both bathrooms, the foyer, the conference room, hallways, entranceways, and the kitchen (the "Additional Access Areas").

**5. USE OF LEASED PREMISES AND THE ADDITIONAL ACCESS AREAS:** LESSEE shall use the Leased Premises and the Additional Access Areas solely for the purpose of operation of VMB business, including, but not limited to, (i) promoting Morro Bay as a top coastal destination, (ii) providing services described under the Agreement for Contractor Services, or other agreements City and VMB may enter into from time to time and (iii) coordinating with the Morro Bay Chamber (who currently leases a portion of the Premises) on mutually beneficial economic development activities.

**6. FIXTURES AND ALTERATIONS:** LESSEE shall not make, or cause to be made, any alterations, additions or improvements, of a substantial nature, or make any structural changes in the building (the "Improvements") without first notifying LESSOR and obtaining prior written approval from LESSOR for the Improvements. In the event the Improvements include any structural change, LESSEE shall supply to LESSOR plans and specifications for such work, and obtain prior written approval. LESSEE shall be responsible for all costs associated with any of the Improvements. All permits necessary for the Improvements, shall be at LESSEE'S expense and obtained prior to any work on any of the Improvements.

**7. ITEMS INSTALLED BY LESSEE:** All decorations and additions and any of the Improvements in the Lease Premises, except for structural changes, made by LESSEE shall remain the property of LESSEE for the term of this Lease or any extension or renewal thereof. Upon expiration of this Lease, or any renewal term thereof, LESSEE shall remove all decorations and additions and those portions of the Improvements that are LESSEE property, and restore the Leased Premises, ordinary wear and tear excepted, to its condition at the time of original occupancy, unless written approval is obtained by LESSOR to allow such decorations, additions or the Improvements to remain.

**8. SECURITY:** LESSOR agrees to provide locks on doors of the Premises and the Leased Premises, the latter of which is to be used exclusively by LESSEE for the uses described herein, and to provide keys for access to Premises and Leased Premises. LESSOR shall also provide access to the Premises at the rear entrance for others to access the Premises without access to Leased Premises.

**9. MAINTENANCE:** LESSOR shall be responsible for the overall interior and exterior maintenance of the Premises and Leased Premises, and for the maintenance and repair of major building systems, including HVAC, mechanical, plumbing, and electrical systems and access to telephone, cable, and internet services. LESSOR shall have no duty, obligation, or liability whatever to rebuild and portion of the Premises or surrounding grounds, if any or all of them are destroyed, except at its sole discretion. LESSEE shall be responsible for cable, phone and internet service to the Leased Premises.

**10. SURRENDER OF LEASED PREMISES AND ADDITIONAL ACCESS AREAS:** At the expiration of the tenancy hereby created, LESSEE shall surrender the Leased Premises in the same condition as the Leased Premises were upon delivery of possession thereto under this Lease, reasonable wear and tear excepted, and damage by unavoidable casualty not within the reasonable control of LESSEE excepted. LESSEE shall thereupon remove all its fixtures, and any alterations or improvements as provided above before

01181.0001/748584.1 Lease Agreement

Page 2 of 5

Visit Morro Bay, Inc.  
June 16, 2022

surrendering the Leased Premises and shall repair any damage to the Leased Premises caused thereby, and shall surrender all keys for the Premises and Leased Premises to LESSOR. LESSEE's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease.

**11. INSURANCE:** LESSEE shall, during the full term of this Lease, keep in full force and effect an appropriate policy of liability and property damage insurance with respect to the Leased Premises in the minimum amounts of \$1,000,000 each. The policies shall name LESSOR and its officers, employees and representatives as additional insureds and shall contain a clause the insurer will not cancel or change the insurance without first giving LESSOR 10-days' prior written notice. LESSEE shall exhibit to LESSOR, at any time upon demand, a certificate of insurance, or other evidence of insurance, and shall keep such policies in effect during the full term of this Lease or any extensions thereof.

**12. FIRE, EXTENDED COVERAGE:** LESSEE agrees to purchase and maintain, during the full term of this Lease or any extensions thereof, a policy of fire, extended coverage, insurance, which policy shall not be less than 100% of the replacement value of the Leased Premises. The cost of such insurance shall be at the sole cost of LESSEE.

**13. INDEMNIFICATION:** LESSEE agrees to indemnify, defend and hold harmless LESSOR, its offices, directors and agents, from and against any and all claims, actions, damages, liability, expenses, costs and reasonable attorney's fees resulting or related to any loss of life, personal injury or damage to property, or any other liability, arising out of any occurrence related to the Leased Premises, or the occupancy or use by LESSEE of the Leased Premises, occasioned wholly or in part by any act or omission of LESSEE, its agents, contractors, employees, servants, lessees or concessionaires, or for any act or omission by LESSOR in furtherance of the interests of LESSEE for any reason in connection with this Lease.

**14. UTILITIES, COMMON AREA MAINTENANCE & TAXES:** LESSEE shall be responsible for their proportion of all charges for heat, water, gas, electricity or any other utility used or consumed on the Premises, including any deposits demanded by any utility. LESSEE agrees to pay, at its sole cost and expense, any possessory interest tax that may be assessed as a result of this Lease.

**15. ASSIGNMENT AND SUB-LETTING:** LESSEE will not assign this Lease, in whole or in part, nor sub-let all or any part of the Leased Premises without the prior written consent of LESSOR, which may be withheld at LESSOR'S sole discretion.

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

**17. DESTRUCTION OF LEASED PREMISES:** If the Leased Premises shall be damaged or destroyed by fire, the elements, unavoidable accidents, or other casualty, then insurance proceeds payable by reason thereof shall first be applied to the repair, reconstruction, and renovation of Leased Premises before any other payments, including the repair, reconstruction or replacement of LESSEE'S property.

**18. CONDEMNATION:** In the event any or all of the Premises are taken, in whole or in part, through the exercise of any power of eminent domain exercised by any state, federal or local agency (including LESSOR)

having the power thereof, any sums paid by such condemning authority shall be paid to LESSOR. LESSEE hereby waives any and all of its rights and benefits payable under applicable federal or state relocation assistance laws if the City is the condemning authority.

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

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

**21. NOTICE:** Any notice, demand, request or other instrument which may be required to be given under this Lease shall be deemed delivered when sent by ordinary United States Mail, postage prepaid, addressed to LESSOR care of its City Manager, or LESSEE care of its then acting President.

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

**23. CALIFORNIA LAW:** This Lease shall be interpreted, construed, and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Lease shall be instituted in the Superior Court of the County of San Luis Obispo, State of California. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of San Luis Obispo, State of California.

**24. NON-LIABILITY OF CITY OFFICERS AND EMPLOYEES:** No officer or employee of the City shall be personally liable to the LESSEE, or any successor in interest, in the event of any default or breach by the LESSOR or for any amount, which may become due to the LESSEE or to its successor, or for breach of any obligation of the terms of this Lease.

**25. INTERPRETATION:** The terms of this Lease shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Lease or any other rule of construction which might otherwise apply.

**26. COUNTERPARTS:** This Lease may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this \_\_\_\_\_ day of June, 2022, at Morro Bay, California

CITY OF MORRO BAY

VISIT MORRO BAY, INC.

By: \_\_\_\_\_  
Scott Collins,  
City Manager

By: \_\_\_\_\_  
Michael Wambolt, Chief Executive Officer

By: \_\_\_\_\_  
Chairman, "VMB" Visit Morro Bay, Inc. Board  
of Directors

VM

Approved as to Form:

\_\_\_\_\_  
CHRIS F. NEUMEYER  
City Attorney



AGENDA NO: A-10

MEETING DATE: June 28, 2022

## Staff Report

TO: Honorable Mayor and City Council

DATE: June 23, 2022

FROM: Scott Collins, City Manager

SUBJECT: Approval of Agreements for State and Federal Advocacy Representation to Support City of Morro Bay Projects and Economic Development Initiatives

### **RECOMMENDATION**

Staff recommends the Council authorize the City Manager to:

- 1) Execute a 12-month (July 1, 2022 – June 30, 2023) agreement with Townsend Public Affairs, to support the City with State of California advocacy efforts, subject to City Manager approval substantively similar to attachment, and
- 2) Execute 12-month (July 1, 2022 – June 30, 2023) agreement with The Ferguson Group, to support the City with federal advocacy efforts, subject to City Manager approval substantively similar to attachment.

### **ALTERNATIVES**

1. The City Council could choose not to authorize the City Manager to enter into these arrangements with Townsend Public Affairs and/or The Ferguson Group.

### **FISCAL IMPACT**

The recommended state retainer representation is \$5,000/month, which includes state representation and grant funding services, for a total annual costs of \$60,000 for FY 2022/23. The contract cost for the recommended federal retainer representation is \$3,300/month, for a total annual cost of \$39,600 (plus up to \$2,000 of incidental costs). The total combined annual costs for the two proposed State and Federal representation service agreements are \$101,600. These projected expenses are budgeted in the proposed Fiscal Year 2022/23 budget to be paid for 50% from the water and sewer funds and the other 50% from the City's General Fund.

### **BACKGROUND**

#### **State Representation**

Based upon the historic size of the State of California's Fiscal Year 2021/22 Budget, and the fact that more funding is being made available for important City goals, such as infrastructure, homelessness, housing, climate action, etc., City staff initiated outreach to three reputable firms that specialize in representing local governments at the state level. The purpose of this outreach was to understand the services that these firms provide, and if the City would be a good fit with their existing portfolios and areas of expertise. The City selected Townsend Public Affairs as the best fit of the three groups and the City entered into a month-to-month arrangement with Townsend Public Affairs (Townsend) in November 2021.

Prepared By: SC City Attorney Review: CFN

City Manager Review: SC  
CC\_2022-06-28 Meeting Page 145 of 460

Townsend has supported the City in the following ways over the past 8 months:

- Reviewed state legislation impacting local governments, and those supported by City Council goals and recommended City positions on several specific pieces of legislation
- Provided grant writing and editing support for several California Department of Parks Proposition 68 grant submittals by the City for Coleman Park area projects as well as other relevant grants such as water resiliency
- Provided support for potential funding from the projected State FY22/23 Budget surplus and arranged meetings with the City's representatives at the state level and with relevant state agencies

The City is also a paying member of the League of California Cities, which among several other services, provides representation services for Morro Bay at the State government level. The total annual fee to be a member is \$6,170 per year to Morro Bay, which is covered by the General Fund. While League support is helpful at the general level for Morro Bay and the other 400+ cities in California, they do not have the capacity to address very specific funding needs and legislative priorities for Morro Bay. Thus, continuing support from Townsend is necessary.

### **Federal Representation**

The City has federal representation through The Ferguson Group (Ferguson), for the WRF program, offshore wind, COVID-19 funding, and other infrastructure and economic development initiatives since 2016. That representation has been effective for the City, when considering the important role Ferguson representatives played in securing a \$62 million low-interest loan from the U.S. Environmental Protection Agency (Water Innovation and Finance Infrastructure Act loan – commonly referred to as WIFIA). That will save the community approximately \$800,000 - \$900,000 per year in debt payments when compared to a comparable commercial loan. The City secured a 17-month contract with Ferguson, which is \$3,300/month, plus \$2,000 for expenses, that will expire on June 30, 2022.

Over the past year, Ferguson has supported the City in the following ways:

- North T-Pier Project successfully placed on Congressman Carbajal's community project list, just one of fifteen projects for his entire district for consideration during the FY22/23 Federal Budget appropriations process
- On-going support for WIFIA funding
- Supported the City through the grant submittals to Bureau of Rec for several water grants
- Supported the City for several Grant submittals to FEMA for Fire related needs

The City also has federal representation for other projects. Our membership in CMANC, the California Marine Affairs and Navigation Conference, is, in effect, a federal advocacy group for our Harbor in general and dredging support in particular. Our \$1,350 annual membership in CMANC is an important investment in advocating for Federal funding for our dredging program of our Army Corps of Engineers-maintained channels. The City also pays into the CMANC pool to cover representation by Carpi and Clay, a government relations firm that specializes in harbor issues. Those costs are pooled between the CMANC represented harbors districts and cities like Morro Bay, at a cost of \$8,400 per year to the City. Annual dredging of our harbor entrance area at a cost of \$3 million, and every 5-7 years dredging of other bay channels at a cost of \$4 to \$6 million, represents a significant return on a modest annual investment. These Harbor specific representation service expenses are covered by the Harbor Fund.

## **DISCUSSION**

### **Townsend Public Affairs Proposal**

Staff recommends approval of the proposed Townsend agreement for state representation services FY 2022/23 at the rate of \$5,000/month (same rate as this current year). Staff further recommends that the contract be paid in equal parts from the Water/Sewer Funds and the General Fund, given that Townsend will support both the WRF and OneWater projects and economic development and other infrastructure aims of the City in their advocacy work.

In addition to providing general support to the City's goals at the state level, Townsend will work on the following initiatives in FY 2022/23 on the City's behalf:

- 1) Support offshore wind development and other economic development initiatives beneficial to Morro Bay,
- 2) Seek state grants for the Wastewater Reclamation Facility (WRF) project, OneWater infrastructure projects, and other infrastructure projects, and
- 3) Keep the City apprised of other relevant state legislation and funding opportunities.

### **Ferguson Proposal**

Staff recommends approval of the proposed Ferguson Letter of Agreement for federal representation services FY 2022/23 at the rate of \$3,300/month, plus up to \$2,000 in incidental costs (same rate as this current year). Staff further recommends that the contract be paid in equal parts from the Water/Sewer Funds and the General Fund, given that Ferguson will support both the WRF and OneWater projects and economic development and other infrastructure aims of the City in their advocacy work.

In addition to providing general support to the City's goals at the federal level, Ferguson will work on the following initiatives in FY 2022/23 on the City's behalf:

- 1) Support offshore wind development and other economic development initiatives beneficial to Morro Bay,
- 2) Seek federal grants and other funding for the Wastewater Reclamation Facility (WRF) project, OneWater infrastructure projects, and other infrastructure projects, and
- 3) Keep the City apprised of other relevant state legislation and funding opportunities.

## **CONCLUSION**

Based on their expertise and proven value in representing local governments at the state and federal level, and the amount of funds now available in the state and federal budgets for local governments, staff recommend the City move forward with agreements with Townsend and Ferguson to represent the City at the state and federal levels on key City projects and initiatives.

## **ATTACHMENTS**

1. Proposed Townsend Agreement and Townsend Public Affairs Proposal for Legislative Advocacy and Grant Funding Services
2. Ferguson Proposed Letter of Agreement

## CONTRACT FOR CONSULTANT SERVICES

**THIS CONTRACT FOR CONSULTANT SERVICES** ("Contract") is made and entered into as of this 1st day of July 2022, by and between City of Morro Bay, a California municipal corporation ("Client"), and Townsend Public Affairs, Inc., a California corporation ("Consultant"). For valuable consideration, Client and Consultant agree:

1. Term.  
This Contract is effective as of the date above. The terms and conditions of this Contract shall remain in full force for the period set forth in Exhibit "A."
2. Services.  
Consultant will, in accordance with the terms of this Contract, perform the services described in Exhibit "A," ("Services").
3. Fees.  
Client agrees to pay Consultant for the Services in accordance with the provisions of the Fee Schedule set forth in Exhibit "A." The Consultant will submit a monthly invoice to Client reflecting the fee and including any expenses incurred for such month. Client shall pay each billing within thirty (30) days of receipt thereof.
4. Expenses.  
*Subject to prior written authorization from City Manager of his designee*, Client shall reimburse Consultant for all itemized expenses with third party vendors incurred while providing Services as defined herein on behalf of Client. Such expenses shall be billed to the Client on a monthly basis and undisputed reimbursement thereof will be due within thirty (30) days of receipt thereof.
5. Laws, Rules and Regulations.  
Consultant shall perform the Services in accordance with all applicable local, state and federal laws and regulations, exercising the standard of care applicable to Consultant's profession. Client, and its officers, employees and agents, shall not be liable at law or in equity for failure of Consultant to comply with this Section.
6. Lobbyist Registration  
As a lobbyist employer, Client is required to file a Form 602 with the California Secretary of State, a quarterly Form 635, and register with the United States Congress. Consultant will prepare all forms for Client's signature and will file the forms on behalf of Client.
7. Licenses, Permits, Fees and Assessments. Consultant shall obtain at its sole cost and expense such licenses, permits and approvals as may be required by law for the performance of the services required by this Contract. Consultant shall have the sole obligation to pay for any fees, assessments and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for Consultant's performance of the services required by this Contract, and shall indemnify, defend and hold harmless Client against any such fees, assessments, taxes, penalties or interest levied, assessed or imposed against Client hereunder.



8. No Condition to Payment.

It is the intention of the parties to this Contract that the Services rendered hereunder and the payments made hereunder are not in any way contingent upon the achievement of any specific result including, without limitation, the defeat or enactment of any legislative or administrative proposal. Consultant does not guarantee, represent or warrant any specific results in connection with the provision of Services. The parties hereto agree that such sums as are paid pursuant to this Contract shall be deemed to be the reasonable value of Services rendered hereunder.

9. Independent Contractor.

Consultant shall perform all services required herein as an independent contractor of Client and shall remain under only such obligations as are consistent with that role. The Services rendered hereunder shall be so rendered by Consultant as an independent contractor and not as an employee, agent, joint venturer or partner of Client. Nothing in this Contract shall be interpreted or construed as creating or establishing the relationship of employer and employee between Client and Consultant or any employee or agent of Consultant. Consultant's performance of the Services shall not be subject to the control and direction of either Client, or Client's officers, employees or agents, except as otherwise set forth herein. Consultant represents and warrants that the personnel used to provide services to Client pursuant to this Contract shall at all times be under Consultant's exclusive control and direction. Both parties acknowledge that Consultant is not an employee of Client for state or federal tax purposes. Consultant fully retains the right to contract with and perform services for other parties during the entire term hereof.

10. No Client Employee Benefits. No Client employee benefits shall be available to Consultant, its officers, employees, agents or subcontractors, in connection with the performance of this Contract. Client shall not be liable for compensation or indemnification to Consultant, its officers, employees, agents or subcontractors, for injury or sickness arising out of performing services hereunder. In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Contract claims or is determined by a federal or state agency, a court of competent jurisdiction, or the California Public Employees' Retirement System to be classified as other than an independent contractor for Client, then Consultant shall indemnify, defend, and hold harmless Client for the payment of any and all assessed fines, penalties, judgments, employee and/or employer contributions, and any other damages and costs assessed to Client as a consequence of, or in any way attributable to, the assertion that Consultant, or any officer, employee, agent, or subcontractor Consultant used to provide services under this Contract, is/are employees of Client.

11. Work Product

Any tangible work product that is developed or prepared by Consultant shall be the property of the Client and shall be delivered to Client upon request of Client and/or upon the termination of this Contract, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by Client of its full rights of ownership, use, reuse, or assignment of the tangible work product hereunder. Moreover, with respect to any Consultant documents and materials that may qualify as "works made for hire" as defined in 17 U.S.C. § 101, such documents and materials are hereby deemed "works made for hire" for Client.

12. Reports. Consultant shall periodically prepare and submit to the City Manager such reports concerning the performance of the Services under this Contract as the City Manager shall require.
13. Confidentiality.  
Consultant agrees to maintain the confidentiality of files or other information it is provided or develops during the course of its work for Client. It is understood, however, that disclosure of certain information provided by Client may be necessary or appropriate in the course of its representation of Client. Such disclosures shall be made upon consultation with Client or Client's designated representative and with written consent from the Client
14. Termination.  
This Contract may be terminated by either party upon thirty (30) days written notice to the other party specifying desired date of termination.
15. Contract Modifications.  
Client and Consultant agree that the terms and conditions of this Contract shall constitute the entire agreement between the parties signatory hereto as to the matters set forth herein. Client and Consultant may modify the terms of this Contract only by executing a written Contract Addendum, which shall reference this Contract and shall be executed by the parties' signatory hereto.
16. California Law; Venue. This Contract shall be interpreted, construed and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Contract shall be instituted in the Superior Court of the County of San Luis Obispo, State of California, or any other appropriate court in such county, and Consultant agrees to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of San Luis Obispo, State of California.
17. Attorney's Fees.  
If either party to this Contract is required to initiate or defend or made a party to any action or proceeding in any way connected with this Contract, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees. Attorney's fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.
18. Certification of Non-Discrimination.  
By signing this Contract, Consultant certifies that it does not discriminate in hiring on the basis of race, color, creed, religion, sex, age, marital status, national origin, ancestry, physical handicap or medical conditions.

19. Notice.

Notice and written communications sent by one party to the other shall be personally delivered or sent by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or mailing in the U.S. Mail, certified mail, postage prepaid, return receipt requested, to the following addresses:

To Client: City of Morro Bay  
Attention: Scott Collins, City Manager  
595 Harbor Street  
Morro Bay, CA 93442

To Consultant: Townsend Public Affairs, Inc.  
Attention: Christopher Townsend, President  
1401 Dove Street, Ste. 330  
Newport Beach, CA 92660

Notice shall be deemed communicated at the time personally delivered or in seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

20. Execution; Counterparts.

The representatives of Client and Consultant warrant that they have authority to sign on behalf of and bind their principals and have caused this Contract to be duly executed the day and year first above written. This Contract may be executed in counterparts, each of which shall be deemed an original, and such counterparts shall constitute one and the same instrument.

20. Interpretation. The terms of this Contract shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Contract, headings used, or any other rule of construction which might otherwise apply.

21. Non-liability of City of Morro Bay Officers and Employees. No officer or employee of City of Morro Bay shall be personally liable to Consultant, or any successor in interest, in the event of any default or breach by Client or for any amount which may become due to Consultant or to its successor, or for breach of any obligation of the terms of this Contract.

***[signatures on following page]***

The parties hereto have executed this Contract on the date and year first-above written.

**CLIENT:**

CITY OF MORRO BAY, a California municipal corporation

\_\_\_\_\_  
Scott Collins, City Manager

**ATTEST:**

\_\_\_\_\_  
Dana Swanson, City Clerk

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

\_\_\_\_\_  
Chris F. Neumeyer, City Attorney

**CONSULTANT:**

TOWNSEND PUBLIC AFFAIRS, INC., a California corporation

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT "A"**  
**TO**  
**CONTRACT FOR CONSULTANT SERVICES**

**TERM:** July 1, 2022 through June 30, 2023

**FEE SCHEDULE:** \$5,000 per month (see attached Proposal for Legislative Advocacy and Grant Funding Services for description of services included for monthly fee).

**SERVICES:** Please see the attached Proposal for Legislative Advocacy and Grant Funding Services for full description of services provided.

**Client Initials** \_\_\_\_\_

**Consultant Initials** \_\_\_\_\_

# TOWNSEND

PUBLIC AFFAIRS

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SACRAMENTO • WASHINGTON, DC  
NORTHERN CALIFORNIA • CENTRAL CALIFORNIA  
SOUTHERN CALIFORNIA



**Proposal for  
Legislative Advocacy and  
Grant Funding Services**

**June 10, 2022**



June 10, 2022

Scott Collins, City Manager  
City of Morro Bay  
595 Harbor Street  
Morro Bay, CA 93442

Dear Mr. Collins:

Thank you for the opportunity for Townsend Public Affairs, Inc. ("TPA") to submit our proposal for Legislative Advocacy and Grant Funding Services to the City of Morro Bay ("City").

Since its inception in 1998, TPA has earned the reputation as ***Champions for Better Communities*** by providing the experience, resources, and relationships expected from a premier legislative advocacy and grant writing firm while also giving clients the unique brand of customer service they deserve: personal attention, maximum accessibility, and passion for their mission.

Our strategic approach to advocacy and funding is tailored to meet the individual needs of each client by leveraging the breadth and depth of our team as well as our vast network of relationships with key stakeholders and decision makers.

***Utilizing this method on behalf of our clients, TPA has shepherded over 100 legislative and regulatory proposals into law and secured over \$2.3 billion in grants from state, federal, and local government agencies as well as nonprofit foundations and private companies.***

Thank you again for your interest in our firm and your consideration of this proposal. Please contact us if you have any questions or need additional information. We would be honored to serve the City of Morro Bay.

Yours truly,

Christopher Townsend  
President



# ABOUT TPA

TPA is a state and federal legislative advocacy and grant writing firm that provides lobbying and funding services to public agencies and nonprofit organizations throughout California.

- Founder/Owner/President: Christopher Townsend
- Advocacy Success: Shepherded **over 100** client-sponsored legislative proposals into law
- Funding Success: Over **\$2.3 billion** in state, federal, and local government grants as well as grants from nonprofit organizations and private companies
- Longevity: 24 years (founded in 1998)
- Number of Employees: 16
- Number of Registered State and Federal Lobbyists and Grant Writers: 14
- Number of Offices: Five
  - TPA State Capitol Office, Sacramento
  - TPA Federal Office, Washington, DC
  - TPA Northern California Office, Oakland
  - TPA Central California Office, Fresno
  - TPA Southern California Office, Newport Beach
- Types of Clients:
  - City Governments
  - County Governments
  - Water and Sanitation Districts
  - Transportation Districts
  - K-12 School Districts
  - Community College Districts
  - Parks and Recreation Districts
  - Fire Protection Districts
  - Museums, Science Centers, and Cultural Facilities
- Areas of Specialization:
  - Local Governance (Cities, Counties, Special Districts)
  - Transportation Policy and Infrastructure
  - Water and Sanitation Policy and Infrastructure
  - Education Policy and Infrastructure
  - Housing and Economic Development
  - Parks and Community Facilities (Recreational, Cultural, Historical)
  - Energy, Environment, and Natural Resources
  - Public Safety
  - Budget and Finance
- Ranking by Revenue Reported to the California Secretary of State:
  - 6<sup>th</sup> of 486 Firms Registered for 2021-22 Legislative Session
  - 99<sup>th</sup> Percentile



**LEGISLATIVE ADVOCACY ACHIEVEMENTS**

| Policy Sector                     | Issue                     | Description                                                                                                                                                                                                      |
|-----------------------------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Local Governance                  | Local Control and Finance | <ul style="list-style-type: none"> <li>Public Facilities and Finance</li> <li>Public Employee Programs</li> <li>Contractual Assessment Programs</li> <li>Infrastructure Financing Opportunities</li> </ul>       |
|                                   | Public Employee Benefits  | <ul style="list-style-type: none"> <li>PEPRA Compliance</li> <li>JPA Benefits</li> <li>Medical Benefits Vesting</li> </ul>                                                                                       |
|                                   | Cannabis                  | <ul style="list-style-type: none"> <li>Drafting Local and State Cannabis Regulations</li> <li>Local Control</li> </ul>                                                                                           |
| Transportation                    | Local Streets and Roads   | <ul style="list-style-type: none"> <li>State Highway Relinquishments</li> <li>Local Venue Signage on State Highways</li> </ul>                                                                                   |
|                                   | State Highway System      | <ul style="list-style-type: none"> <li>State Bond Funding for Highway Projects</li> <li>Expansion of Toll Lanes/Toll Roads</li> </ul>                                                                            |
| Water and Sanitation              | Water Quality             | <ul style="list-style-type: none"> <li>Drinking Water Public Health Regulations</li> <li>Groundwater Pollution Liability</li> <li>Groundwater Management Plans</li> <li>Direct/Indirect Potable Reuse</li> </ul> |
|                                   | Water Infrastructure      | <ul style="list-style-type: none"> <li>State Bond Funding for Water Projects</li> <li>Local Reliability Projects</li> <li>Water Conservation Programs</li> </ul>                                                 |
|                                   | Sanitation Infrastructure | <ul style="list-style-type: none"> <li>Integrated Regional Watershed Projects</li> <li>Advanced Water Treatment Facilities</li> </ul>                                                                            |
| Housing and Community Development | Affordable Housing        | <ul style="list-style-type: none"> <li>Developing Funding for Affordable Housing</li> <li>Expanding Affordable Housing Eligibility</li> </ul>                                                                    |
|                                   | Economic Development      | <ul style="list-style-type: none"> <li>Capital Investment Incentive Program Expansion</li> <li>Enterprise Zone Program Regulations</li> <li>Military Base Re-Use Land Planning</li> </ul>                        |
|                                   | Redevelopment             | <ul style="list-style-type: none"> <li>Agency Dissolution Process</li> <li>Developing Post-RDA Funding Sources</li> <li>State Liability Reduction</li> </ul>                                                     |
| Recreation and Natural Resources  | Park Facilities           | <ul style="list-style-type: none"> <li>Joint-Use Projects with Schools Districts</li> <li>State Bond Funding for Local Park Projects (Propositions 11, 68, and 84)</li> </ul>                                    |
|                                   | Greenhouse Gas Reduction  | <ul style="list-style-type: none"> <li>TOD Housing to Support Cap and Trade Objectives</li> <li>Increase Transit Accessibility for Active Transportation</li> </ul>                                              |
| Cultural and Historical Resources | Cultural Facilities       | <ul style="list-style-type: none"> <li>CA Cultural and Historical Endowment</li> <li>CA Nature Education Facilities Program</li> </ul>                                                                           |
| Public Safety                     | Public Health             | <ul style="list-style-type: none"> <li>Air Pollution Reduction Methods</li> <li>Treatment of the Remains of a Deceased Veteran Resources</li> </ul>                                                              |
|                                   | Crime Reduction           | <ul style="list-style-type: none"> <li>Sex Trafficking Control</li> <li>Gun Control</li> </ul>                                                                                                                   |
|                                   | Local Law Enforcement     | <ul style="list-style-type: none"> <li>Increasing Local Police Presence/COPS</li> <li>Police Body Cameras</li> <li>Regional Public Safety Task Force Initiatives</li> </ul>                                      |



|           |                             |                                                                                                                                                                                          |
|-----------|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Education | Community College Districts | <ul style="list-style-type: none"> <li>• Veterans Resources</li> <li>• Alternative Energy Job Training</li> <li>• ADA Reform</li> </ul>                                                  |
|           | K-12 School Districts       | <ul style="list-style-type: none"> <li>• K-12 Safety Planning Programs</li> <li>• Joint Use Projects with Civic Agencies</li> </ul>                                                      |
|           | School Facilities           | <ul style="list-style-type: none"> <li>• Charter School Facilities Funding</li> <li>• Community College Facilities Funding</li> <li>• K-12 School District Facilities Funding</li> </ul> |

***A DETAILED SCHEDULE OF OUR STATE, FEDERAL, AND LOCAL LEGISLATIVE  
ADVOCACY ACHIEVEMENTS CAN BE PROVIDED UPON REQUEST***

**FY 2021-22 STATE BUDGET EARMARKS**

This table provides an overview of the budget earmarks that TPA secured on behalf of our clients in the State Budget for FY 2021-22. TPA strategized with our clients to identify priority projects and transform them into budget requests. TPA then worked closely and diligently with Members of the Assembly and Senate (and their staff), the Budget Committees, the Governor's Administration, and other key stakeholders to ensure our client projects were included in the final official budget.

| Client Name           | Project                                                                                                    | Amount Awarded |
|-----------------------|------------------------------------------------------------------------------------------------------------|----------------|
| City of Costa Mesa    | Regional Fire and Rescue Facility Improvements                                                             | \$2,500,000    |
| City of Del Mar       | Del Mar Fairgrounds Operating Shortfall                                                                    | \$3,500,000    |
| City of Emeryville    | Affordable Housing Site Remediation                                                                        | \$2,500,000    |
| City of Farmersville  | Fire Engine Acquisition                                                                                    | \$750,000      |
| City of Fremont       | Mission Blvd Interchange Modernization Project                                                             | \$7,200,000    |
| City of Fullerton     | Hunt Library Restoration                                                                                   | \$2,750,000    |
|                       | Homelessness Recuperative Center                                                                           | \$4,000,000    |
| City of Half Moon Bay | Carter Park Renovation Project                                                                             | \$4,750,000    |
| City of Hayward       | Hayward Navigation Center                                                                                  | \$662,000      |
|                       | South Hayward Youth Family Center Project                                                                  | \$1,000,000    |
| City of Irvine        | Bommer Canyon Fire Prevention Efforts                                                                      | \$1,000,000    |
| City of Lafayette     | Safe Pathway for Children Trail                                                                            | \$238,000      |
| City of Modesto       | Infrastructure Improvements to County Islands                                                              | \$5,000,000    |
| City of Oakland       | Oakland Fund for Public Innovation for the California Entrepreneurship Capital in the Community Initiative | \$8,000,000    |
|                       | Local Jurisdiction Assistance for Cannabis Equity Program                                                  | \$9,905,020    |
|                       | Oakland MACRO Project                                                                                      | \$10,000,000   |

## ABOUT TPA

|                                                     |                                                                                 |                      |
|-----------------------------------------------------|---------------------------------------------------------------------------------|----------------------|
|                                                     | Port of Oakland Freight and Passenger Infrastructure Enhancements               | \$280,000,000        |
| <b>City of Pismo Beach</b>                          | Public Safety Communications Equipment                                          | \$470,000            |
| <b>City of Reedley</b>                              | Olson/Kings River Sewer Main Replacement                                        | \$2,800,000          |
| <b>City of San Leandro</b>                          | Memorial Park Rehabilitation Project                                            | \$2,750,000          |
| <b>City of San Pablo</b>                            | Alternative Policing and Mental Health Program                                  | \$2,000,000          |
| <b>City of Santa Ana</b>                            | Youth Facilities Improvements                                                   | \$4,000,000          |
| <b>City of South San Francisco</b>                  | Vehicle License Fee Adjustment                                                  | \$3,000,000          |
| <b>City of Tracy</b>                                | Multi-Generational Recreation Center                                            | \$5,000,000          |
| <b>City of Tustin</b>                               | New Emergency Backup Generator                                                  | \$1,500,000          |
| <b>Discovery Science Foundation</b>                 | Discovery Cube of Orange County Re-Opening Operating Expenses                   | \$2,040,000          |
|                                                     | Discovery Cube of Los Angeles Re-opening Operating Expenses                     | \$2,600,000          |
| <b>North Orange County Public Safety Task Force</b> | North Orange County Public Safety and Homelessness Task Force Program Extension | \$7,800,000          |
| <b>TOTAL FY 2021-22 STATE BUDGET EARMARKS</b>       |                                                                                 | <b>\$377,715,020</b> |

## FY 2019-20 STATE BUDGET EARMARKS

This table provides an overview of the budget earmarks that TPA secured on behalf of our clients in the State Budget for FY 2019-20. TPA strategized with our clients to identify priority projects and transform them into budget requests. TPA then worked closely and diligently with Members of the Assembly and Senate (and their staff), the Budget Committees, the Governor's Administration, and other key stakeholders to ensure our client projects were included in the final official budget.

| Client Name                     | Project                                       | Amount Awarded |
|---------------------------------|-----------------------------------------------|----------------|
| <b>City of Agoura Hills</b>     | Stormwater Treatment Project                  | \$1,000,000    |
| <b>City of Avalon</b>           | Underground Fuel Tank Removal and Replacement | \$500,000      |
| <b>City of Buena Park</b>       | Historical Facilities Renovations             | \$500,000      |
| <b>City of Costa Mesa</b>       | Lions Community Park                          | \$1,000,000    |
| <b>City of Dinuba</b>           | Water Well Replacement                        | \$1,000,000    |
| <b>City of Huntington Beach</b> | Multi-Use Blufftop Path                       | \$1,700,000    |
| <b>City of Laguna Beach</b>     | Laguna Canyon Road Fuel Modification          | \$1,000        |
| <b>City of Oakland</b>          | Public Safety Projects                        | \$4,000,000    |
|                                 | Bus Services                                  | \$1,000,000    |
| <b>City of Selma</b>            | Storm Drain, Storage, and Recharge            | \$1,500,000    |



|                                                   |                                                                   |                     |
|---------------------------------------------------|-------------------------------------------------------------------|---------------------|
| <b>Discovery Cube of Los Angeles</b>              | Natural Resources Pavilion                                        | \$5,000,000         |
| <b>Discovery Cube of Orange County</b>            | Property Acquisition/Parking Structure                            | \$10,000,000        |
| <b>East Contra Costa Fire Protection District</b> | Equipment, Vehicles, and Facilities Acquisitions and Improvements | \$500,000           |
| <b>North County Transit District</b>              | Del Mar Bluffs Stabilization Project                              | \$6,130,000         |
| <b>Tri Valley Cities Coalition</b>                | Dublin Sports Grounds All-Abilities Playground                    | \$1,400,000         |
| <b>TOTAL FY 2019-20 STATE BUDGET EARMARKS</b>     |                                                                   | <b>\$36,230,000</b> |

## CUMULATIVE TOTAL STATE BUDGET EARMARKS

FOR FY 2019-20 AND FY 2021-22:

**\$413,945,020**

### GRANT FUNDING ACHIEVEMENTS

This table provides an overview of our grant funding achievements on behalf of our clients from state, federal, and local government agencies as well as private and nonprofit grant programs.

These amounts represent grants secured through a competitive and/or legislative process and do NOT include any funds awarded to clients via formulas or related forms of funding entitlements.

| Policy Sector        | State Funding   | Federal Funding | All Sources     |
|----------------------|-----------------|-----------------|-----------------|
| Water and Sanitation | \$128.9 Million | \$8.7 Million   | \$137.6 Million |
| Transportation       | \$568.7 Million | \$131.3 Million | \$700 Million   |
| Education            | \$248.0 Million | \$46.8Million   | \$294.8 Million |

|                         |                        |                        |                        |
|-------------------------|------------------------|------------------------|------------------------|
| Parks and Recreation    | \$154.7 Million        | \$30.1 Million         | \$184.85 Million       |
| Cultural Resources      | \$120.0 Million        | \$10.3 Million         | \$130.3 Million        |
| Housing and Development | \$696.6 Million        | \$14.2 Million         | \$710.8 Million        |
| Public Safety           | \$106.5 Million        | \$66.7 Million         | \$173.2 Million        |
| <b>TOTAL</b>            | <b>\$2.023 Billion</b> | <b>\$308.1 Million</b> | <b>\$2.331 Billion</b> |

***A DETAILED 20-PAGE SCHEDULE OF OUR STATE, FEDERAL, AND LOCAL GRANT FUNDING ACHIEVEMENTS CAN BE PROVIDED UPON REQUEST***



# RELATIONSHIPS

## STATE GOVERNMENT

- City Legislative Delegation:
  - Senator John Laird
  - Assembly Member Jordan Cunningham
- Governor's Administration and Agency Leadership:
  - Governor Gavin Newsom
    - Senior Counselor Jason Elliott
    - Executive Secretary Jim DeBoo
    - Cabinet Secretary Ana Matosantos
  - Lieutenant Governor Eleni Kounalakis
  - State Treasurer Fiona Ma
  - State Controller Betty Yee
  - Attorney General Rob Bonta
  - Superintendent of Public Instruction Tony Thurmond
  - Secretary Wade Crowfoot, Natural Resources Agency
  - Secretary Toks Omishakin, California State Transportation Agency
  - Secretary Jared Blumenfeld, California Environmental Protection Agency
  - Secretary Lourdes Castro Ramirez, Business, Consumer Services, and Housing Agency
  - Director Armando Quintero, Department of Parks and Recreation
  - Director Karla Nemeth, Department of Water Resources
  - Director Keely Bosler, Department of Finance
  - Director Gustavo Velasquez, Department of Housing and Community Development
- State Legislative Leadership:
  - Senate President Pro Tempore Toni Atkins
  - Senate Republican Leader Scott Wilk
  - Assembly Speaker Anthony Rendon
  - Assembly Republican Leader James Gallagher
- Key Legislative Committees:
  - Senate Appropriations Committee, Chair Anthony Portantino
  - Senate Budget Committee, Chair Nancy Skinner
  - Senate Governance and Finance Committee, Chair Anna Caballero
  - Senate Housing Committee, Chair Scott Wiener
  - Assembly Appropriations Committee, Chair Chris Holden
  - Assembly Budget Committee, Chair Phil Ting
  - Assembly Local Government Committee, Chair Cecilia Aguiar-Curry
  - Assembly Housing Committee, Chair Buffy Wicks

***A DETAILED LIST OF OUR STATE AND LOCAL  
RELATIONSHIPS CAN BE PROVIDED UPON REQUEST***



## CLIENT SERVICE TEAM

TPA uses a strategic and comprehensive approach to legislative advocacy and grant funding that will be tailored to meet the specific needs of the City. With a team of 14 registered state and federal lobbyists and grant writers, TPA has the breadth and depth of experience AND the ability to deploy as many lobbyists and grant writers as needed to maximize success for the City. The proposed team for this engagement:

**1. Christopher Townsend**  
*President*

**2. Andres Ramirez Senior**  
*Associate*

**3. Christine Rose Grants**  
*Manager*

Resumes for each member of the client service team are included on the following pages.





**Christopher Townsend, President:** Christopher founded TPA in 1998 and has 40 years of experience in public affairs, legislative advocacy, and grant writing. Christopher and TPA have represented over 315 clients, including 235 local public agencies, such as cities, counties, transportation agencies, water and sanitation districts, elementary and secondary school districts, community college districts, park and recreation districts, and other special districts, as well as nonprofit organizations.

## **Townsend Public Affairs, Inc.**

*President*

*1998-Present*

Christopher provides leadership to a team of 14 advocates and grant writers while managing the development and implementation of strategies for the agendas of each client. His achievements include:

- Under Christopher's leadership, TPA has become one of the most successful advocacy firms in California (and is continually recognized as a "top ten" firm registered with the California Secretary of State) while still providing the personalized attention and focus of a small boutique firm.
- Under Christopher's leadership, TPA has shepherded **over 100** legislative and regulatory proposals into law over a wide range of policy areas, including local governance, water and sanitation, transportation, housing and economic development, parks and natural resources, historical and cultural resources, elementary and secondary education, higher education, and public safety. The bipartisan capabilities of the firm are evidenced by legislative and funding successes over the tenure of several federal and state administrations, including: President Bill Clinton, George W. Bush, Barack Obama, Donald Trump, and Governors Pete Wilson, Gray Davis, Arnold Schwarzenegger, Jerry Brown, and Gavin Newsom.
- Christopher and his team have secured over **\$2.3 billion** in local, regional, state, and federal government grants as well as private and nonprofit grants for a multitude of legacy projects in the policy sectors of water and sanitation, transportation, education, housing and economic development, parks and natural resources, historical and cultural resources, and public safety.
- Maintains close bi-partisan relationships with several members of the California Congressional delegation, including Senators Feinstein and Padilla, and Representatives Torres, Lowenthal, Porter, Levin, Correa, Lee, Swalwell, Napolitano, Garamendi, Carbajal, Desaulnier, Sanchez, Lieu, Harder, McNerney, Calvert, Garcia, Steel, and Kim.
- Christopher and TPA have participated in the development and implementation of several California bond propositions for the statewide ballot to provide capital funding for major infrastructure projects, including water and sanitation, transportation, education, housing and economic development, parks and natural resources, and historical and cultural resources, including Propositions 1, 1B, 1C, 1D, 1E, 12, 13, 14, 40, 47, 50, 55, 68 and 84. Most recently, Christopher worked closely with the State Legislature and the Governor's office on the drafting of SB 5 (De Leon), which authorized a **\$4 billion** park bond that was approved on the November 2018 statewide ballot as Proposition 68.





- In 1999, Christopher was appointed by Assembly Speaker Antonio Villaraigosa to serve on the Speaker's Commission on State and Local Government Finance.
- In 1997, Christopher was appointed by Assembly Speaker Cruz Bustamante to serve on the California Film Commission.

**PepsiCo/Taco Bell Corp., Irvine, CA**

*Senior Director, Government & Community Affairs*

1992-1998

Christopher managed and directed government and media relations, crisis management, internal communications, and marketing publicity. Christopher also managed the political action committee for state and federal political races. Additionally, Christopher managed community relations initiatives, corporate philanthropy, and the Taco Bell Foundation.

**Stein-Brief Group, Inc., Dana Point, CA**

*Vice President, Public Affairs*

1982-1992

Christopher directed government, community, and media relations at the level, state, and federal levels, including the management of all political, civic, charitable, and cultural activities. Christopher provided land-use planning and entitlement process analysis for domestic and international projects. Christopher also managed activities with numerous state and federal agencies to ensure compliance with all applicable laws and regulations governing land use. Finally, Christopher created and directed a political action committee that supported various local, state, and federal candidates and ballot initiatives.

**JFK School of Government, Harvard University, Cambridge, MA**

*Master of Public Administration*

1991

**Claremont McKenna College, Claremont, CA**

*Bachelor of Arts, Political Science, Magna cum Laude, Political Science Honors Prize*

1982

**Coro Fellow**

*Southern California*

1981

**Harry S Truman Scholar**

*California*



**1980 Andres Ramirez, Senior Associate:** Andres brings an array of knowledge and experiences to TPA. He has experience in policy analysis, shepherding bills through the legislative process, securing direct fiscal allocations through the State Budget and Federal Appropriations process, and experience in individual client and coalition/association management. Andres has state legislative experience in the policy sectors of local governance, transportation, housing, water, and cultural resources.

**Townsend Public Affairs, Inc.**

Senior Associate

2019-Present

Since joining TPA, Andres has worked in the California political arena to track, analyze, craft strategic plans, and impact legislation and administrative regulations that will directly affect his clients. Some of his accomplishments include:

- Andres has provided expert analysis and feedback on a variety of policy issues for his clients. He has written letters and official correspondence to bring client concerns to the attention of decision makers in Sacramento and DC while helping them navigate the complexities of the California/Washington DC political landscapes and their robust legislative and budget processes. Andres follows up these efforts with legislative advocacy meetings, testimony in committee hearings, and keeping in close contact with the Governor's Administration, Legislators, and key Capitol staff to ensure his clients' priorities are front and center.
- In the 2021 State Budget process, Andres helped secure over **\$19.5 million** in direct budget allocations for his municipal clients. These budget funds will go to ensuring a number of priority projects are completed on the local level, ranging from traffic safety projects, to park and open space renovation, to municipal utility repair and replacement projects. Some of the specific allocations include:
- Andres worked with the City of Fremont to secure a direct allocation of **\$7.2 million** in the 2021 State Budget for their I-680/Mission Boulevard Interchange Modernization Project. This allocation is critical to ensure traffic and pedestrian safety in one of the most dangerous overpasses in the East Bay Area.
- Andres worked with the City of Reedley to secure a direct allocation of **\$2.8 million** in the 2021 State Budget to replace their city sewer main, ensuring continued safe storage, flow, and disposal of toxic waste.
- Andres worked with the City of Half Moon Bay to secure a direct allocation of **\$4.75 million** in the 2021 State Budget for the Carter Park Renovation Project. The funds are set to revitalize an existing community park and equip it for concerts, festivals, and other events which will foster greater regional engagement and boost the City's economic vitality.

Prior to joining TPA full time, Andres worked as an intern at the TPA State Capitol office in Sacramento, where he laid a solid framework for his career in government relations. During his senior year at UCLA, Andres worked on the reelection campaign for California State Senate Majority Leader, Bob Hertzberg. He subsequently secured an internship at the Senator's District Office in Los Angeles. During this time, he gained valuable legislative experience through discussing and explaining major California policy issues with constituents, developing and conducting policy research projects, and staffing the Senator in meetings with stakeholders, along with senior consultants.

### University of California Los Angeles

*Bachelor of Arts in Political Science*

2020







**Christine Rose, Senior Associate:** Christine brings a variety of experience and knowledge to TPA, including five years of experience in public policy and four years of experience in higher education. Christine has grant writing experience in areas such as education, cultural resources, public health, and transportation.

**Townsend Public Affairs, Inc.**

*Senior Associate*

*2022 – Present*

Since joining TPA, Christine has worked with clients to identify their funding needs and develop competitive proposals. She has identified new and strategic funding resources, bringing her clients' proposals from idea to reality. Her work includes:

- Christine works to create accessible grant writing and development tools for clients such as grant tracking matrices and application breakdowns. These tools allow clients to access key strategic funding opportunities, develop comprehensive and competitive proposals, and ultimately secure grant funding.
- Christine works closely with clients to understand and meet their funding goals. Her collaboration with clients allows her to craft persuasive narratives and strong grant proposals. She is always researching and identifying new funding opportunities that fit the goals and objectives of her clients.

**California State Assembly**

*Legislative Director*

*2018 – 2022*

Christine worked as the lead member of the Twenty-third Assembly District's legislative team representing portions of Fresno and Tulare Counties. Her primary responsibilities included crafting the Assembly member's legislative package and shepherding all bills through the legislative process, as well as identifying budget priorities and staffing those requests. Christine was responsible for monitoring all legislation passing through the Member's committees and the Assembly Floor, analyzing each bill and making an appropriate recommendation. She had numerous bills signed into law and multiple budget requests included in the state budget.

**California State Assembly**

*Legislative Aide*

*2017 – 2018*

Christine worked as a member of the Seventy-seventh Assembly District's legislative team representing San Diego County. Christine's primary responsibilities included carrying multiple bills through the legislative process as well as monitoring, reviewing, and making recommendations on legislation passing through the Assembly member's committees. She worked collaboratively with constituents and stakeholders to help craft the Assembly member's legislative package, carrying multiple bills to the Governor's desk.



**Cal Poly, San Luis Obispo***Master of Arts, History**2013***California State University, Sacramento***Bachelor of Arts, History and Government**2011*

# LEGISLATIVE ADVOCACY SCOPE OF SERVICES

TPA will utilize the following strategic and comprehensive approach to provide legislative advocacy services to the City:

- **Conduct Detailed Orientation:** TPA utilizes a comprehensive onboarding process that includes extensive meetings with various relevant members of City leadership and key City departments to help develop a strategic plan that is carefully tailored to satisfy the needs of the City, as well as designed for maximum success in the current political climate and funding environment.
- **Develop Legislative Strategy:** Utilizing the information gathered during the onboarding process, TPA will coordinate with the City to develop an official legislative platform and strategy that represents the City's priorities in Sacramento and Washington, DC. This blueprint will be shared with key stakeholders in the State Legislature and Governor's Administration as well as Congress and the Biden Administration.
- **Implement the Legislative Strategy:** TPA will advocate for the City's legislative agenda utilizing the following methods:
  - **Build and Strengthen Relevant Relationships:** TPA has cultivated a network of valuable relationships that will be leveraged to promote the City's legislative agenda.
  - **Leverage Relationships for Strategic Advocacy Plan:** TPA will engage various techniques to leverage our network of key relationships on behalf of the City:
    - Schedule meetings for the City to discuss relevant legislation
    - Prepare all briefing materials and talking points for the City
    - Brief legislative offices and stakeholders on the City's legislative agenda
    - Follow-up on meetings to ensure commitments and deliverables are being met
  - **Coordinate Advocacy Trips:** TPA will work with the City to coordinate advocacy trips to Sacramento and Washington, DC to meet with the City's legislative delegation, as well as legislators that serve on committees relevant to the City's agenda. Furthermore, whenever possible, TPA will also schedule site visits by legislators to the City.
  - **Track Legislation:** TPA will identify, analyze, and monitor all bill introductions and amendments relevant to the City's legislative platform and assess their potential impact on the City.



- **Craft Testimony and Position Letters:** TPA will prepare and submit written and verbal testimony regarding legislation relevant to the City. TPA will also draft and deliver position letters to legislators and key officials on specific bill language.
- **Draft Bill Language:** TPA will draft language and amendments for relevant legislation, as required to protect and promote the City's agenda.
- **State Budget Funding Opportunities:** In an effort to maximize state funding, TPA will work with the City to identify projects and other funding priorities that may be suitable for funding through the State Budget. TPA will coordinate with the City to develop supporting materials for the budget request. TPA will also work with members of the City's state legislative delegation, along with the Assembly and Senate Budget Committees, to gain support for the inclusion of the City's project in the final State Budget approved by the Legislature.
- **Federal Earmark Opportunities:** In an effort to maximize federal funding, TPA will work with the City to identify projects and other funding priorities that may be suitable for funding through the Federal Earmark process. TPA will coordinate with the City to develop supporting materials for the earmark request. TPA will also work with members of the City's federal legislative delegation to gain support for the inclusion of the City's project.
- **Provide Progress Reports:** TPA will confer regularly with the City on our activities. TPA will provide timely electronic reports on the status of all legislative activity, such as bill language, amendments, and committee analyses. In addition to written reports, TPA will be available to the City for conference calls, in-person briefings, and meetings.
- **Prepare and File Lobbying Disclosure Reports:** TPA will prepare and file, on behalf of the City, all applicable state and federal lobbying disclosure reports.

## GRANT FUNDING SCOPE OF SERVICES



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TPA will utilize the following strategic and comprehensive approach to provide grant funding services to the City:

- **Conduct Detailed Orientation:** TPA utilizes a comprehensive onboarding process that includes extensive meetings with various relevant members of City leadership and key City departments to help develop a strategic plan that is carefully tailored to satisfy the needs of the City, as well as designed for maximum success in the current political climate and funding environment.
- **Craft Strategic Funding Plan:** Utilizing the information gathered during the onboarding process, TPA will coordinate with the City to develop a proactive and comprehensive strategic funding plan that serves the needs of the City's priorities. ***The plan will do more than simply identify City projects;*** it will outline and prioritize multiple funding options for each project, and develop a specific plan of work tailored for each project. It will also identify key "strings attached" to help assess the cost/benefit ratio for each grant opportunity.
- **Identify, Research, and Monitor Grant Funding Opportunities:** TPA will utilize list-serve subscription programs, funding workshops, agency canvassing, and other networking tactics to ensure every potential opportunity is identified and reviewed for relevance with the City's projects. TPA will then share these opportunities with the City for further assessment and determination if a grant application is warranted. The City will also receive a grant matrix of funding programs that is updated regularly as new opportunities arise.
- **Grant Application Development and Submittal:** TPA will develop, draft, submit, and follow up on each City grant application through the following process:
  - **Establishment of Clear Accountabilities:** TPA will coordinate with the City to ensure the assignment of responsibilities and tasks are made clear so that confusion and inefficiency are avoided and the City is burdened as little as possible while TPA pursues a grant opportunity.
  - **Provide Overview of Full Application Requirements:** For each grant application, TPA will provide the City with a detailed overview of the requirements for the grant program and corresponding application to ensure that the program is a strong fit for the City's project. This will include:
    - Application timeline
    - Eligible project types
    - Funding availability and award maximum and minimums
    - List of application components, including proposal questions and any required attachments
  - **Assemble Project Background and Details:** TPA will conduct a detailed informational interview with City staff most involved with each project in order to gain



a full understanding of the project background and scope details necessary for developing the grant proposal and addressing all application questions.

- **Coordinate Technical Project Details:** For technical application components such as site plans, detailed cost estimates, project timelines, engineering plans, and costbenefit analyses, TPA will coordinate with City staff to compile all necessary attachments and ensure consistency across all elements of the application.
- **Draft Written Proposal:** TPA will fully draft all narrative components of the application and, when applicable, will indicate where additional input or project detail from the City could be provided during the proposal review process.
- **Incorporate Feedback to Finalize Proposal:** Well ahead the of the application deadline, TPA will provide the City with a full draft for review and feedback. TPA will incorporate any additional details or revisions provided during this process to finalize the grant application and will obtain City approval for the final version of the application prior to submission.
- **Submit Completed Application:** TPA will ensure that applications are submitted prior to the deadline, whether the submission is electronic or through hard copies, in accordance with submission instructions for each individual program. For hard copy submissions, TPA will print and package applications according to submission instructions and will ship applications through a reliable carrier service such as FedEx in order to provide the City with tracking and delivery confirmation for the application. TPA will also obtain a receipt for proof of submission and provide the City with a final copy of all submitted application documents.
- **Funding Advocacy:** Throughout grant application process TPA will leverage relationships with relevant officials and program officers in various state and federal funding agencies to ensure that City grant applications are aligned with the goals of the specific grant program and that the applications are well-crafted and wellpositioned for funding.
- **Post-Grant Submittal Advocacy:** TPA will frequently contact legislators and agency officials to follow up on the status of a grant application and promote its need and urgency. This will include drafting letters of support after grant submissions and distributing them to legislators for their consideration. In addition, TPA will work with legislators to reach out to individual granting agencies to provide background on City's projects and convey their support for those projects.

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## SCOPE OF SERVICES

- **Post-Award Grant Administration and Compliance:** TPA will also assist, as needed, with post-award administration and compliance for all grant applications submitted by TPA on behalf of the City. This assistance will include interacting with granting agencies on behalf of

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the City, providing support for the drafting and submission of required reports, evaluations, and other tasks related to the successful monitoring of and compliance with the program requirements.

- **Comprehensive Follow-Up on Unsuccessful Applications:** Despite all best efforts, some grant applications are not selected for funding. In those instances where grant applications are unsuccessful, TPA will work with the relevant state and federal funding agencies to set up in-person or telephone debriefing sessions to discuss the grant applications and how to best revise the grant applications for the next funding round to ensure success.
- **Provide Monthly Progress Reports:** TPA will confer regularly with the City on our activities. TPA will provide timely electronic monthly reports on the status of all funding activity, such current funding opportunities, current applications, submitted applications, and post-grant submittal advocacy. In addition to written reports, TPA will be available to the City for conference calls, in-person briefings, and meetings.



# FEE SCHEDULE

| DESCRIPTION OF SERVICES                                       | FEE                       |
|---------------------------------------------------------------|---------------------------|
| <b>Legislative Advocacy and Grant Funding Services</b>        | <b>\$5,000 Per Month*</b> |
| <b>State Legislative Advocacy</b>                             |                           |
| • Conduct Detailed Orientation                                | Included                  |
| • Develop Legislative Strategy                                | Included                  |
| • Implement the Legislative Strategy                          | Included                  |
| • Build and Strengthen Relevant Relationships                 | Included                  |
| • Leverage Relationships for Strategic Advocacy Plan          | Included                  |
| • Coordinate Advocacy Trips                                   | Included                  |
| • Track Legislation                                           | Included                  |
| • Craft Testimony and Position Letters                        | Included                  |
| • Draft Bill Language                                         | Included                  |
| • State Budget Funding Opportunities                          | Included                  |
| • Provide Progress Reports                                    | Included                  |
| • Prepare and File Lobbying Disclosure Reports                | Included                  |
| <b>Grant Funding</b>                                          |                           |
| • Craft Strategic Funding Plan                                | Included                  |
| • Identify, Research, and Monitor Grant Funding Opportunities | Included                  |
| • Grant Application Development and Submittal                 | Included                  |
| • Establishment of Clear Accountabilities                     | Included                  |
| • Provide Overview of Full Applications Requirements          | Included                  |
| • Assemble Project Background and Details                     | Included                  |
| • Coordinate Technical Project Details                        | Included                  |
| • Draft Written Proposal                                      | Included                  |
| • Incorporate Feedback to Finalize Proposal                   | Included                  |
| • Submit Completed Application                                | Included                  |

|                                                                              |          |
|------------------------------------------------------------------------------|----------|
| • Funding Advocacy                                                           | Included |
| • Post-Grant Submittal Advocacy                                              | Included |
| • Post-Award Grant Administration and Compliance                             | Included |
| • Comprehensive Follow-Up on Unsuccessful Applications                       | Included |
| <i>*The monthly fee includes all reasonable business and travel expenses</i> |          |





June 15, 2022

Mr. Scott Collins  
City Manager  
City of Morro Bay  
595 Harbor Street  
Morro Bay, California 93442

RE: Letter of Agreement

Dear Scott:

We at The Ferguson Group (TFG) appreciate the opportunity to assist the City of Morro Bay in developing and carrying forward the City's federal agenda, efforts to secure funding and other favorable consideration for projects such as the T-Pier and Water Reclamation Facility projects, and work related to pandemic relief.

On behalf of The Ferguson Group, LLC (TFG), I am pleased to submit this proposal to continue our work plan associated with the City's federal agenda under the same terms and conditions as currently in place. In addition to advocacy services, TFG will continue providing all our regular weekly publications along with special reports and updates relevant specifically to Morro Bay.

**Contract Period; Retainer Fee; Expenses; Termination**

This agreement between TFG and the City of Morro Bay will commence on July 1, 2022 and continue until June 30, 2023.

TFG will be compensated monthly on a retainer basis for all professional services provided. The City of Morro Bay will be billed \$3,300 per month during the term of this agreement for all professional services provided by TFG in furtherance of the City's federal agenda. The total fees for professional services under this agreement shall not exceed \$39,600 during a 12-month period.

The City will reimburse expenses associated with TFG representing the City; reimbursable expenses shall not exceed \$2,000 during the 12-month agreement period.

Either party may terminate this agreement at any time by giving the other at least thirty (30) days prior notice, in writing, of such termination.

City of Morro Bay  
Letter of Agreement  
June 15, 2022

Again, we appreciate the opportunity to represent the City of Morro Bay. If the terms of this letter of agreement are acceptable, please print two copies, sign both, and return one to us at your earliest convenience.

Sincerely,



W. Roger Gwinn  
CEO

**ACKNOWLEDGED AND AGREED TO BY:**

THE FERGUSON GROUP, LLC



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W. Roger Gwinn,  
CEO

CITY OF MORRO BAY, CALIFORNIA

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Scott Collins  
City Manager

June 15, 2022  
Date

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Date

## City of Morro Bay – Federal Agenda

Updated June 1, 2022

### Infrastructure & Community Investment Projects

| Project                    | Goal                                                                                                                                                                            | Notes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Water Reclamation Facility | <p>Offset WIFIA loan with grant funding</p> <p>Water supply; injection/extraction feasibility study; potable reuse</p> <p>Decommissioning &amp; repurposing of old facility</p> | <ul style="list-style-type: none"> <li>• Bureau:<sup>1</sup> WaterSMART</li> <li>• Bureau: Title 16</li> <li>• Bureau: RIFIA<sup>2</sup></li> <li>• Bureau: Water Marketing</li> <li>• Corps:<sup>3</sup> Section 206 EI</li> <li>• Corps: Section 219</li> <li>• Corps: COE WIFIA<sup>4</sup></li> <li>• Corps 404 permitting (future)</li> <li>• EPA Multipurpose grants to states<sup>5</sup></li> <li>• USDA RUS:<sup>6</sup> population waiver to qualify for possible grant</li> <li>• Economic stimulus</li> <li>• CARES Act<sup>7</sup> funding: eligible use flexibility</li> <li>• Community-Focused Grant Program<sup>8</sup></li> </ul> |

<sup>1</sup> Bureau of Reclamation

<sup>2</sup> RIFIA – Reclamation Infrastructure Financing and Innovation Act – pending in Congress

<sup>3</sup> Corps of Engineers

<sup>4</sup> Corps of Engineers WIFIA – pending in Congress

<sup>5</sup> Environmental Protection Agency – funding via state

<sup>6</sup> US Department of Agriculture - Rural Utilities Service

<sup>7</sup> Coronavirus relief – various legislation passed and pending

<sup>8</sup> Formerly known as congressional earmarks



|                                   |                                                                                                                               |                                                                                                                                                                                                                                                                  |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Water tank                        | New water tank                                                                                                                | <ul style="list-style-type: none"> <li>• Bureau WaterSMART – drought resiliency, efficiency grants</li> <li>• FEMA: disaster mitigation</li> <li>• EPA: Multipurpose grants to states</li> <li>• USDA: RUS</li> <li>• Community-Focused Grant Program</li> </ul> |
| Potable water system deficiencies | Fire flow<br><br>Transmission and redundancy <sup>9</sup>                                                                     | <ul style="list-style-type: none"> <li>• Bureau WaterSMART: drought resiliency, efficiency grants</li> <li>• FEMA: disaster mitigation</li> <li>• EPA: Multipurpose grants to states</li> <li>• USDA: RUS</li> <li>• Community-Focused Grant Program</li> </ul>  |
| Flood control                     | Replace old stormwater infrastructure                                                                                         | <ul style="list-style-type: none"> <li>• Corps: Sec. 205</li> <li>• USDA: RUS</li> <li>• Community-Focused Grant Program</li> </ul>                                                                                                                              |
| Fire flow                         | Embarcadero project – replace existing deficient infrastructure                                                               | <ul style="list-style-type: none"> <li>• FEMA: AFG<sup>10</sup> grants</li> </ul>                                                                                                                                                                                |
| Offshore Wind                     | BOEM / Area restrictions<br><br>Dynegy reuse – economic adjustment, training, onshore connection<br><br>Coordinate with CMANC | <ul style="list-style-type: none"> <li>• BOEM <sup>11</sup></li> <li>• DOD &amp; Navy</li> <li>• Commerce - OEA<sup>12</sup></li> <li>• Community-Focused Grant Program</li> </ul>                                                                               |
|                                   |                                                                                                                               |                                                                                                                                                                                                                                                                  |

<sup>9</sup> Chorro Valley, Cal Poly, Los Osos, County redundancy benefits

<sup>10</sup> Assistance to Firefighters grants

<sup>11</sup> Bureau of Offshore Energy Management

<sup>12</sup> Office of Economic Adjustment

|                                 |                                                                                                                                                           |                                                                              |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Public Safety - Fire Department | Air refill apparatus<br>4 new personnel<br>Station remodel                                                                                                | Assistance to Firefighters grant<br>SAFER grant<br>USDA Community Facilities |
| Cloisters Pond Dredging         | (Need more information)                                                                                                                                   |                                                                              |
| Transportation                  | Streetscape improvements (inclusivity, ADA, economic development)<br>Roundabout project                                                                   | BIL grants<br>EDA grants<br>Congressional earmarks                           |
| Broadband and cybersecurity     | Infrastructure undergrounding<br>Business corridor service<br>Ransomware/malware protection – hardware upgrades and contractual services – instant backup |                                                                              |
| Resiliency                      | At-risk shoreline infrastructure – planning and construction funding needed<br>Charging stations                                                          |                                                                              |
| Port                            | T-Pier project<br>Tourism                                                                                                                                 | Congressional earmark<br>EDA                                                 |

## Legislation: Tracking & Advocacy

| <i>Issue</i>                                                                                                                               | <i>Legislation</i>                                                         | <i>Notes</i>                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Coronavirus Response <ul style="list-style-type: none"> <li>- FMLA &amp; credit</li> <li>- Local gov relief</li> <li>- Stimulus</li> </ul> |                                                                            | TFG website <a href="#">link</a> for all current information, enacted legislation and regulations<br><br>Coordinate with NLC, NACo, Conf of Mayors, NGA                                                     |
| Appropriations                                                                                                                             | Interior, Energy & Water, DOD, CDBG<br><br>Community-Focused Grant Program | Tracking and advocating for full funding for all programs relevant to water infrastructure grants and financing programs, including dredging (coordinate with CMANC)<br><br>Community-Focused Grant Program |
| Transportation infrastructure                                                                                                              | Economic stimulus, transportation appropriations and reauthorization,      | Community-Focused Grant Program                                                                                                                                                                             |
| Local Govt Tax-Exempt Status (SALT)                                                                                                        | Municipal bonds tax status                                                 |                                                                                                                                                                                                             |
| Siting for Small Cell Deployment<br><br>Broadband                                                                                          |                                                                            | Local land use decision making protection                                                                                                                                                                   |
| Housing                                                                                                                                    | Affordable housing, workforce housing                                      |                                                                                                                                                                                                             |





AGENDA NO: A-11

MEETING DATE: June 28, 2022

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** June 8, 2022

**FROM:** Greg Kwolek, Public Works Director

**SUBJECT:** Adoption of Resolution No. 51-22 authorizing the City Manager to file an application and execute a grant agreement with the United States Bureau of Reclamation (USBR) for a grant pursuant to the WaterSMART Drought Response Program: Drought Resiliency Projects for Fiscal Year (FY) 2023, for the Morro Wellfield Rehabilitation Project

### **RECOMMENDATION**

Staff recommends City Council adopt Resolution No. 51-22 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 with the United States Bureau of Reclamation (USBR) for a grant pursuant to the WaterSMART Drought Response Program: Drought Resiliency Projects for Fiscal Year (FY) 2023, for the Morro Wellfield Rehabilitation Project"

Specifically, Resolution No. 51-22 authorizes the following action:

1. Authorizes the City Manager to file the application to the USBR for a WaterSMART Drought Response Program: Drought Resiliency Projects for Fiscal Year (FY) 2023, for the Morro Wellfield Rehabilitation 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 WaterSMART Drought Response Program: Drought Resiliency Projects for Fiscal Year (FY) 2023 Grant, for the Morro Wellfield Rehabilitation Project.

### **FISCAL IMPACT**

This project is not currently funded and is not a request in the FY 2022-23 capital budget. However, it has been added to the City's multi-year capital plan in the FY 2022-23 budget document. Cost estimates will be refined after the completion of a condition/needs assessment of the City's extraction wells, which is currently underway. Pursuing this grant provides the opportunity to obtain external grant funding to offset the costs to City rate payers for a project anticipated to be included in the City's future CIP budget. The requested amount of grant funding included in the City's grant application is \$3,484,900. Award of grant funding from the WaterSMART Drought Response Program: Drought Resiliency Projects for Fiscal Year (FY) 2023 Grant will require a 50% of total project cost City match (\$3,484,900 contribution of City Funds or other eligible match funding). Should the City receive a

Prepared By: DH

Dept Review: GK

City Manager Review: SC

City Attorney Review: CFN

grant award, Staff will evaluate and recommend to City Council a preferred financing option to fund the required match. This could impact funding for other OneWater projects.

## **BACKGROUND**

The City's primary source of water is imported water from the California State Water Project (SWP). Extended droughts and climate change impacts throughout the State have severely impacted water supply availability from the SWP and ultimately to the City of Morro Bay. When SWP water is shutdown for its annual maintenance program (2-4 weeks typically) or otherwise limited or unavailable, the City's current alternative is to utilize local groundwater wells. However, the City's Morro Basin groundwater wells are approaching the end of their useful life and are in need of rehabilitation or replacement. The deteriorated condition of the wells and associated infrastructure means the Morro Wellfield may not always be able to reliably provide sufficient water supply during extended droughts or SWP shutdowns.

Due to water quality (nitrate) degradation, Morro Basin well water requires reverse osmosis treatment at the City's Brackish Water Reverse Osmosis facility (BWRO), prior to entering the drinking water distribution system. To operate the BWRO at full capacity (800 gallons per minute), which is required to meet the City's full water demand when SWP water is not available, the City must utilize all six of its active Morro Basin wells. Therefore, if any of the wells were to fail or not be available the City would struggle to meet its customer demands.

The Morro Wellfield Rehabilitation Project (Project) addresses several potential vulnerabilities of the Morro Wellfield by implementing key infrastructure improvements to increase water production capacity, improve operational efficiency, and provide long-term reliability for the City's water production infrastructure. The Project aims to rehabilitate the City's six active wells and install two new wells. The improvements to the existing wells will include rehabilitation or replacement of each of the following components: 1) Electrical, Instrumentation and Control (EI&C); 2) mechanical infrastructure; and 3) site civil and structural. The project components for the new wells will include: 1) well siting; 2) well drilling; 3) well equipping; and, 4) connection to the Brackish Water Reverse Osmosis Facility. These upgrades will provide the City with a resilient water supply that it can rely upon during periods of extended drought or SWP shutdowns/unavailability.

The City's current Water Recovery Facility (WRF) project does not include upgrades or modifications to the City's existing extraction wells. However, the Morro Wellfield is a critical component of the City's water supply portfolio with and without the Indirect Potable Reuse (i.e. injection and extraction of advanced purified water in the Morro Basin) component of the WRF project. Therefore, it is prudent that the City plan for and pursue funding for these critical facilities to ensure that they can reliably provide water during SWP shutdowns and during Indirect Potable Reuse operations.

The U.S. Bureau of Reclamation's (USBR) WaterSMART Drought Response 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 USBR leverages Federal and non-Federal funding to support stakeholder efforts to stretch scarce water supplies and avoid conflicts over water. The WaterSMART Drought Response Program supports a proactive approach to drought by providing financial assistance to develop and update comprehensive drought plans (Drought Contingency Planning) and implement projects that will build long-term resilience to drought (Drought Resiliency Projects).

The maximum award for the WaterSMART Drought Response Program: Drought Resiliency Projects for FY 2023 is \$5,000,000 with a match requirement equivalent to the grant amount (e.g. \$10M Project would be eligible for \$5M grant and require \$5M in matching funds). USBR anticipates awarding 15

to 21 projects under this FY's NOFO. The anticipated award date is March 21, 2023, with anticipated project completion dates of March 31, 2025 or 2026, depending on the amount of funding awarded. The requested amount of grant funding included in the City's grant application is \$3,484,900 and will require a matching \$3,484,900 contribution of City Funds or other eligible match funding.

**ATTACHMENT**

1. Resolution No. 51-22

**RESOLUTION NO. 51-22**

**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 WITH THE UNITED STATES  
BUREAU OF RECLAMATION FOR A GRANT PURSUANT TO THE  
WATERSMART DROUGHT RESPONSE PROGRAM: DROUGHT  
RESILIENCY PROJECTS FOR FISCAL YEAR (FY) 2023, FOR THE  
MORRO WELLFIELD REHABILITATION PROJECT**

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

**WHEREAS**, the United States Bureau of Reclamation (“USBR”) is accepting applications for Drought Resiliency Projects for Fiscal Year (FY) 2023 for the WaterSMART Drought Response Program; and

**WHEREAS**, the City of Morro Bay’s (“City’s”) Morro Wellfield Rehabilitation Project (“Project”) is eligible for the USBR grant funding pursuant to the Notice of Funding Opportunity No. R23AS00005 published eligibility guidelines; and

**WHEREAS**, this City Council (“Council”) wishes to authorize and ratify an application pursuant to the WaterSMART Drought Response Program for the Project for fiscal year 2022-23; 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 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 the 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 Morro Wellfield Rehabilitation Project (“Project”) for an amount of \$3,484,900. The Council has reviewed and supports the application. Any action previously taken by the City staff or City manager in connection with 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 be effective immediately upon its passage and 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 28<sup>th</sup> day of June, 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:

\_\_\_\_\_  
City Clerk

**A PROCLAMATION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY  
DECLARING JULY 2022  
AS “PARKS MAKE LIFE BETTER MONTH”**

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

**WHEREAS**, Parks and Recreation promotes physical, emotional and mental health and wellness through organized and self-directed fitness, play, and activity; and

**WHEREAS**, Parks and Recreation supports the economic vitality of communities by partnering with local businesses and non-profits, and offering events for resident’s engagement; and

**WHEREAS**, Parks and Recreation creates memorable experiences through youth sports and enrichment activities, teen centers and programs, senior activity centers, adult fitness and enrichment programs, free community events, and beyond; and

**WHEREAS**, Parks and Recreation fosters social cohesiveness in communities by celebrating diversity, providing spaces to come together peacefully, modeling compassion, promoting social equity, connecting social networks, and ensuring all people have access to its benefits; and

**WHEREAS**, Parks and Recreation supports human development and endless learning opportunities that foster social, intellectual, physical and emotional growth in people of all ages and abilities; and

**WHEREAS**, Parks and Recreation strengthens community identity by providing facilities and services that reflect and celebrate community character, heritage, culture, history, aesthetics and landscape; and

**WHEREAS**, Parks and Recreation facilitates community problem and issue resolution by providing safe spaces to come together peacefully and serving as key points of service, helping our communities heal both physically and emotionally; and

**WHEREAS**, Parks and Recreation sustains and stewards our natural resources by protecting habitats and open space, connecting people to nature, and promoting the ecological function of parkland; and

**WHEREAS**, Parks and Recreation supports safe, vibrant, attractive, progressive communities that make life better through positive alternatives offered in their recreational opportunities; and

**WHEREAS**, Parks and Recreation remains versatile and innovative in providing vital services to communities through local, national, or global emergencies, all while adhering to guidelines set forth by governing agencies; and

**WHEREAS**, The California Park & Recreation Society has released a statewide public awareness campaign, “Parks Make Life Better!®” to inform citizens of the many benefits of utilizing parks, facilities, programs, and services;

**NOW THEREFORE, BE IT RESOLVED**, that the City Council of the City of Morro Bay recognize the importance of access to local parks, trails, open space, and facilities for the health, wellness, development, inspiration, and safety of all residents and recognize July 2022 as “Parks Make Life Better!®” Month.

IN WITNESS WHEREOF I have hereunto  
set my hand and caused the seal of the City  
of Morro Bay to be affixed this 28<sup>th</sup> day of  
June, 2022

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JOHN HEADDING, MAYOR  
City of Morro Bay, California

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**A PROCLAMATION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY  
DECLARING JUNE 2022 AS PRIDE MONTH**

**WHEREAS**, the City Council of the City of Morro Bay recognizes and proclaims the month of June 2022 as Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ+) "Pride Month" throughout the City of Morro Bay; and

**WHEREAS**, all human beings are born free and equal in dignity and rights; and

**WHEREAS**, LGBTQ+ individuals have had immeasurable impact to the cultural, civic and economic successes of our country; and

**WHEREAS**, the City of Morro Bay is committed to supporting visibility, dignity and equality for LGBTQ+ people in our diverse community; and

**WHEREAS**, while society at large increasingly supports LGBTQ+ equality, it is essential to acknowledge that the need for education and awareness remains vital to end discrimination and prejudice; and

**WHEREAS**, this nation was founded on the principle that every individual has infinite dignity and worth, and the City Council calls upon community members to embrace this principle and work to eliminate prejudice everywhere it exists; and

**WHEREAS**, celebrating Pride Month influences awareness and provides support and advocacy for San Luis Obispo County's LGBTQ+ community, and is an opportunity to take action and engage in dialogue to strengthen alliances, build acceptance and advance equal rights.

**NOW, THEREFORE BE IT RESOLVED** that City Council of the City of Morro Bay hereby proclaims the month of June 2022 as Pride Month in support of the LGBTQ+ community.

IN WITNESS WHEREOF I have hereunto  
set my hand and caused the seal of the City  
of Morro Bay to be affixed this 28<sup>th</sup> day of  
June, 2022

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JOHN HEADDING, MAYOR  
City of Morro Bay, California

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AGENDA NO: B-1

MEETING DATE: June 28, 2022

## Staff Report

**TO:** Honorable Mayor and City Council      **DATE:** June 16, 2022

**FROM:** Greg Kwolek – Public Works Director  
Janeen Burlingame – Management Analyst

**SUBJECT:** Public Hearing for and Consideration of Morro Bay Garbage Service Rate Adjustment Application and Adoption of Resolution No. 63-22

### **STAFF RECOMMENDATION**

Staff recommends the City Council receive the presentation and:

1. Open the “majority protest” public hearing as required by Proposition 218.
2. Take public testimony and accept any additional written protests.
3. Close the Public Hearing, and the Mayor shall ask the City Clerk to provide a count of all protests received.

Provided there is no “majority protest” (50% + 1 of all parcels) against the proposed rate increase, staff recommends the City Council hold a public hearing, consider all evidence and testimony presented and adopt Resolution No. 63-22.

### **ALTERNATIVES**

The City Council could choose not to approve the requested rate increase if it is believed any of the factors identified in the Rate Adjustment Application (Attachment 2) are inaccurate or inflated. Based on staff’s evaluation of the Rate Adjustment Application, the information provided is accurate and reasonable.

Failure to approve the proposed Rate Adjustment would result in the Morro Bay Garbage Service’s (“Contractor” or “MBGS”) inability to meet certain regional and State-mandated regulations, as further outlined below.

Should the Contractor be unable to implement new State mandates, particularly pursuant to Senate Bill (“SB”) 1383, the City would likely be subjected to a progressive enforcement process through State CalRecycle. Such an enforcement process would entail significant State oversight, a violation and reporting plan requiring the expenditure of much City staff time and resources, and ultimately could lead to monetary penalties against the City upwards of \$10,000 per day.

If the proposed rates are not implemented, the City could use general fund revenues to cover the proposed fee increases.

### **FISCAL IMPACT**

Adoption of Resolution No. 63-22 (Attachment 1) would result in the following:

Prepared By: JB

Dept Review: GK

City Manager Review: SC

City Attorney Review: LNL

1. Effective July 1, 2022, a 9.07% increase to MBGS residential and commercial solid waste collection rates. This increase in the MBGS collection rates will be borne by individual residential and commercial customers, and there will be a negligible increase to franchise fee revenues payable to the City.
2. Effective July 1, 2022, per IWMA Resolution No. 2022-03-04, the current San Luis Obispo Integrated Waste Management Authority ("IWMA") Solid Waste Management Fee of \$0.30 per month for residential customers billed under \$50/month and 2% of revenue for commercial customers and residents billed over \$50/month will be rescinded by the IWMA Board and replaced with a fee of 5.4% of gross revenue. This IWMA fee is borne by individual residential and commercial customers and there is no impact to the general fund.

## **DISCUSSION**

The City of Morro Bay provides solid waste and recycling services through a franchised arrangement with MBGS. To provide such services, the City abides by a process and schedule for rate application review and binds MBGS and the City to a method of determining revenue adequacy for the MBGS while ensuring the community is receiving quality service at reasonable rates.

The City Council adopted Resolution No. 48-01 approving the Garbage, Recycling and Greenwaste Franchise Agreement (the "Agreement") for collection service effective January 1, 2002, and setting the initial rates for collection for residential and commercial customers.

Pursuant to Article 8.4 of the Agreement, the City uses the guidelines and approach outlined in the City of San Luis Obispo's "*Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates*" regarding adjustments for base year rate reviews and cost of living increases to the collection rates that occur throughout the contract term. The Rate Setting Manual and Agreement are on file at the City Clerk's office for review.

### **MBGS Proposed Rate Increase**

On April 14, 2022, the City received from MBGS a Rate Adjustment Application with a request for an increase to the solid waste rates (Attachment 2). The request is for a 9.07% increase to the solid waste and recycling rates, effective July 1, 2022. In addition, the application includes information about the IWMA 5.4% fee that would be added as a separate line item on the garbage bill on behalf of the IWMA. MBGS would bill, collect, and pay the Solid Waste Management fee directly to the IWMA, as it does with the current IWMA fee identified in the Fiscal Impact section of this report.

The MBGS 9.07% increase is necessary for MBGS to continue providing safe, environmentally sound, and reliable solid waste, recycling, and green waste/organics collection, transportation, and disposal/processing services to Morro Bay citizens. Several factors contributed to this rate increase including increased costs associated with the purchase and operation of collection vehicles and increased costs associated with the anerobic digester ("AD") facility that processes organic waste.

New law, California Senate Bill (SB) 1383, requires all jurisdictions to provide organic waste collection services to all residents and businesses, and recycle the organic materials using facilities such as the AD. SB 1383 is a recent State law passed with the goal of reducing methane emissions, a potent greenhouse gas, with more than 80 times the warming power of carbon dioxide and a major component of decomposing organic waste. CalRecycle, a branch of the California Environmental Protection Agency, adopted final regulations implementing SB 1383 in the fall of 2020 to reduce the harmful effects of methane gas. Key components of SB 1383 include implementing organic waste collection programs (including food waste), monitoring organic carts for contamination, and reporting data. Similarly, California Assembly Bill (AB) 1826 requires local jurisdictions to develop a program to divert organic waste from landfills to an authorized composting facility like the AD already utilized in this region.

The proposed 9.07% rate increase is comprised of the following:

1. 5.23% is based on increased costs associated with operating the AD constructed by Hitachi Zosen Inova ("HZI") that has been operational since late 2018. The AD, as noted previously, is an important facility in our region's effort to meet SB 1383 requirements and City goals to



be carbon neutral. It was the first of its kind in the United States and there were challenges in initial plant construction, quality and quantity of feedstock resulting in the need for more frequent equipment and parts maintenance, and lower than expected gas production resulting in additional Fats, Oils, and Grease (“FOG”) processing equipment purchases not originally contemplated.

2. 2.62% is based on capital investments for truck replacements due to California Air Resources Board regulations, increased demand of the food/organics program to comply with SB 1383 regulations, and replacement of collection containers and equipment.
3. 1.22% is based on increased AB 939 and franchise fees resulting from the increased revenue requirements.

Based on staff’s evaluation of the Rate Adjustment Application, the information and the rate increase justification provided by MBGS is accurate and reasonable.

### **IWMA Solid Waste Management Fee**

On April 6, 2022, the City received a notice from the IWMA regarding the change in the IWMA Solid Waste Management Fee that is to take effect July 1, 2022 (Attachment 3). The IWMA hired HF&H Consultants, LLC to conduct a “IWMA Solid Waste Management Fee Determination and Cost of Service Study” that was presented to the IWMA Board at its January 12, 2022, February 9, 2022, and March 9, 2022 meetings for review and consideration. At its March 9, 2022, meeting, the IWMA Board adopted Resolution No. 2022.03.04 establishing a 5.4% IWMA Solid Waste Management Fee on gross hauler receipts (Attachment 4, IWMA Staff report). The 5.4% fee will generate the revenue needed to fund current IWMA operations, address regulatory costs associated with implementation of SB 1383, as well as other applicable State mandates, such as AB 341, AB 1826, and others over the years since the IWMA JPA was established, and capital outlay associated with these mandates.

Per IWMA Resolution No. 2022-03-04, this fee is to be paid by any company that has an agreement with a governmental entity that is an IWMA Participating Agency. The City is an IWMA Participating Agency, so MBGS is subject to this fee.

Public Resources Code Section 42652.5, 41901, and 41902 authorize local jurisdictions to collect reasonable and necessary fees to recover the costs associated with the implementation of the IWMA’s Resolution No. 2022-03-04 establishing the 5.4% Solid Waste Management Fee. The City previously authorized MBGS to include the IWMA Solid Waste Management Fee as a separate line item on the MBGS bill, to be collected and paid directly to the IWMA, when the IWMA JPA was established. This IWMA fee is borne by individual residential and commercial customers and is not part of the MBGS operating budget, making MBGS a pass-through for the IWMA fee.

### **California Constitution Article XIII (Proposition 218)**

Proposition 218 noticing and hearing requirements are being followed for review and consideration of the proposed solid waste rate increases to ensure the legal validity of those rates. More specifically, California Constitution Article XIID, § 2 defines “fee” or “charge” as “including a user fee or charge for a property related service.” Notably, these “property-related fees” are a category of charges distinct from other exactions regulated by Proposition 218, such as “assessments” or “taxes,” and as such property-related fees bear a unique procedural protocol—i.e., the “majority protest” process.

Per these requirements, notices were mailed at least 45 days in advance of the public hearing to both property owners and customers on May 13, 2022 (Attachment 5). Any protests must be submitted in writing and received by the City Clerk before the close of the public hearing on June 28, 2022. The person signing the protest must either be the property owner or the customer of

record. In the event a protest is submitted by the owner and also by the tenant responsible for payment of the bill, one valid protest is counted for the parcel.

Protests to the proposed refuse rates must be submitted in writing. Written protests must be received prior to the close of the public hearing. Any written protests received following the close of the public hearing will not be counted. Written protests by electronic mail (e-mail) will not be accepted.

To address the MBGS Rate Adjustment Application and IWMA's Solid Waste Management Fee notice outlined in the Fiscal Impact section of this report, staff included both rate changes in one Proposition 218 notice in order to save on staff time and resources rather than conduct separate 218 notices, as well as facilitating public transparency.

If valid written protests are filed by a majority of customers/property owners, then the applicable proposed rate cannot be imposed. Based on the customer count of 5,353 accounts, 2,677 valid protest votes would need to be filed for this to occur. At the conclusion of the public hearing, the City Clerk will be asked by the Mayor to make a statement indicating the number of valid protests received and indicate whether that amount is a majority of the customers/property owners

### **CONCLUSION**

Provided there is no "majority protest" (50% + 1 of all parcels) against the proposed rate increase, staff recommends the City Council hold a public hearing, consider all evidence and testimony presented and adopt Resolution No. 63-22.

### **ATTACHMENTS**

1. Resolution No. 63-22
2. MBGS April 14, 2022 Rate Adjustment Application
3. IWMA April 6, 2022 Notice of IWMA Solid Waste Management Fee Effective July 1, 2022
4. IWMA March 9, 2022 Staff Report Item 11 – [Link](#)
5. Proposition 218 Notice

**RESOLUTION NO. 63-22**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
APPROVING MORRO BAY GARBAGE SERVICE  
RATE ADJUSTMENT APPLICATION ADJUSTING SOLID WASTE COLLECTION  
RATES AND AUTHORIZING MORRO BAY GARBAGE SERVICE TO INCLUDE THE SAN  
LUIS OBISPO INTEGRATED WASTE MANAGEMENT AUTHORITY SOLID WASTE  
MANAGEMENT FEE AS A SEPARATE LINE ITEM ON ITS BILL TO BE COLLECTED  
AND PAID DIRECTLY TO THE SAN LUIS OBISPO INTEGRATED  
WASTE MANAGEMENT AUTHORITY**

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

**WHEREAS**, the City Council adopted Resolution No. 48-01 approving the Garbage, Recycling and Greenwaste Franchise Agreement with Morro Bay Garbage Service (MBGS) for collection services effective January 1, 2002, and setting the initial rates for collection for residential and commercial customers; and

**WHEREAS**, pursuant to Article 8.4, the City will use the guidelines and approach outlined in the City of San Luis Obispo's "*Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates*," and

**WHEREAS**, on April 14, 2022, MBGS District Manager, Jeff Clarin, submitted a rate adjustment application in conformance with the franchise agreement and rate setting manual requesting a 9.07% increase to solid waste collection rates effective July 1, 2022; and

**WHEREAS**, the increase is necessary for MBGS to continue providing safe, environmentally sound, and reliable solid waste, recycling, and green waste/organics collection, transportation, and disposal/processing services to Morro Bay citizens; and

**WHEREAS**, several factors contributed to this rate increase including, increased costs associated with the purchase and operation of collection vehicles and increased costs associated with the anerobic digester facility that processes organic waste and is an important facility in our region's efforts to meet SB 1383 requirements of reducing methane gas through diversion of organic waste from the landfill; and

**WHEREAS**, on April 6, 2022, San Luis Obispo Integrated Waste Management Authority (IWMA) Accountant, Barbara Aspernelson, submitted to the City a notice regarding the IWMA Board approval of Resolution No. 2022.03.04 establishing a 5.4% Solid Waste Management fee on gross hauler receipts, effective July 1, 2022; and

**WHEREAS**, per IWMA Resolution No. 2022-03-04, this fee is to be paid by any company that has an agreement with a governmental entity that is an IWMA Participating Agency; and

**WHEREAS**, the City is an IWMA Participating Agency, so MBGS is subject to this fee; and

**WHEREAS**, Public Resources Code Section 42652.5, 41901, and 41902 authorize local jurisdictions to collect reasonable and necessary fees to recover the costs associated with the

implementation of the IWMA's Resolution No. 2022-03-04 establishing the 5.4% Solid Waste Management Fee; and

**WHEREAS**, the City previously authorized MBGS to include the IWMA Solid Waste Management Fee as a separate line item on the MBGS bill, to be collected and paid directly to the IWMA, when the IWMA JPA was established; and

**WHEREAS**, the City wishes to continue authorizing MBGS to include the IWMA Solid Waste Management Fee as a separate line item on the MBGS bill, to be collected and paid directly to the IWMA; and

**WHEREAS**, notices regarding the requested MBGS 9.07% rate increase and IWMA 5.4% Solid Waste Management Fee, were sent on May 13, 2022, to all property owners and customers, and a public hearing regarding that matter was held on June 28, 2022; and

**WHEREAS**, sufficient protests were not received to prevent the rate increase; and

**WHEREAS**, a review of the Rate Adjustment Application has been completed in accordance with the adopted solid waste rate setting policies.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, AS FOLLOWS:**

**Section 1.** The City Council approves the Morro Bay Garbage Service's (MBGS) Rate Adjustment Application to increase the solid waste collection rates by 9.07% as outlined in Exhibit A, effective July 1, 2022. The Council hereby ratifies the Proposition 218 process and adopts the solid waste rates proposed by MBGS as set forth in the Notice of Public Hearing mailed to all residential and commercial property owners on May 13, 2022, and pursuant to Proposition 218 finds as follows:

- a) *Fee for Service Provided Only:* Revenues derived from the fee may not be used for any purpose other than that for which the fee was imposed. The fees collected are used to pay MBGS for the solid waste collection and disposal services it provides to the City's residential and commercial customers, and MBGS's accrual of direct and unforeseen costs incurred by MBGS as a result of:
  1. Increased costs associated with the purchase and operation of collection vehicles to comply with California Air Resources Board regulations;
  2. Increased costs associated with operating the first of its kind anaerobic digestion facility in the United States that resulted in challenges with initial plant construction, quality and quantity of organic feedstock leading to more frequent equipment and parts replacement and maintenance, and lower than expected gas production resulting in additional Fats, Oils, and Grease (FOG) processing equipment purchases not originally contemplated; and
  3. Increased AB 939 and franchise fees resulting from the increased revenue requirement.
- b) *Fee not to Exceed Cost of Service:* Revenues derived from the fee may not exceed the funds required to provide solid waste service. The City's cost for solid waste service is established by its agreement with MBGS, which permits MBGS to recover its actual costs. It is found that MBGS's Rate Adjustment Application and requested 9.07% increase of the solid waste collection rates will not result in more fees being collected than are needed to provide collection services. This conclusion is further supported by all findings of fact presented at the City Council hearing, including without

limitation those facts stated in the accompanying staff report, all of which evidence is incorporated herein by this reference.

- c) *Fee not to Exceed Proportional Cost:* The amount of the fee may not exceed the proportional cost of the solid waste service attributable to the parcel. MBGS proposes that the proposed solid waste rates are reasonably proportional and cost-based, and meet the general requirements of fairness and equity under Proposition 218. This conclusion is further supported by all findings of fact presented at the City Council hearing, including without limitation those facts stated in the accompanying staff report, all of which evidence is incorporated herein by this reference.

**Section 2.** The Council has fully considered this matter and has:

- a) Reviewed the information submitted herewith regarding the proposed solid waste service rate adjustment for residential and commercial accounts, the parcels to which the proposed fee adjustment would apply, and the reasons and basis for the adjustment and the fees;
- b) Provided notice of the proposed fee adjustment to the record owners (or renters responsible for payment of the fee) of all parcels to which the proposed fee adjustment would apply in accordance with Article XIII D of the California Constitution;
- c) Heard and received all written protests from any owners (or renters) of real property subject to the fee;
- d) Taken and received oral and documentary evidence pertaining to the proposed fee adjustment; and
- e) Been fully informed of this matter.

**Section 3.** The Council finds that insufficient written protests were presented to prevent the residential and commercial component of the proposed MBGS solid waste rate schedule from being imposed.

**Section 4.** The Council finds that based on these facts and the circumstances and information received during the public hearing, the changes in residential and commercial solid waste rates proposed by MBGS are necessary and are hereby adopted, contingent upon there being no majority protest from a majority of all property owners under an omnibus protest by all those permitted to protest the proposed new rate system. (*Morgan v. Imperial Irrigation District* (2014) 223 Cal.App.4th 892.) Said solid waste rates shall take effect on July 1, 2022.

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**Section 5.** The City Council authorizes Morro Bay Garbage Service to include the San Luis Obispo Integrated Waste Management Authority's (IWMA) 5.4% Solid Waste Management Fee as a separate line item on its bill, to be collected and paid directly to the IWMA, effective July 1, 2022.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 28<sup>th</sup> day of June 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

ATTEST:

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

# EXHIBIT A

## Morro Bay Garbage

Solid Waste Service Rates - Effective 7/1/2022

City of Morro Bay

| Service Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Service Frequency | Currently Monthly Rate Effective 1/1/2022 | Proposed Rate Adjustment | Proposed Monthly Rate Effective 07/01/2022 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------------|--------------------------|--------------------------------------------|
| <b>MONTHLY SINGLE-FAMILY AND MULTI-UNIT RESIDENTIAL SERVICE (4 UNITS OR LESS)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                   |                                           |                          |                                            |
| Price per month for specified waste wheeler collected each week. Residential customers must use the waste wheelers provided by the garbage company. This solid service fee for residential trash collections (container with black or gray lid) includes once a week pick-up of one greenwaste/organics container (green lid), and one recycling container (blue lid). The fees listed below do not include the updated IWMA fee of 5.4 percent of the Garbage Company's gross receipts.                                                                                                                                                                                                               |                   |                                           |                          |                                            |
| <b>MINI-CAN SERVICE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                   |                                           |                          |                                            |
| One 19 gallon waste wheeler container                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1                 | \$14.30                                   | \$1.30                   | \$15.59                                    |
| <b>ECONOMY RATE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                   |                                           |                          |                                            |
| One 32 gallon waste wheeler container                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1                 | \$22.88                                   | \$2.07                   | \$24.95                                    |
| <b>STANDARD RATE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                   |                                           |                          |                                            |
| One 64 gallon waste wheeler container                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1                 | \$45.76                                   | \$4.15                   | \$49.90                                    |
| <b>PREMIUM RATE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                   |                                           |                          |                                            |
| One 96 gallon waste wheeler container                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1                 | \$68.64                                   | \$6.22                   | \$74.86                                    |
| <b>SERVICE AWAY FROM THE STREET CURB (IN YARD)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                   |                                           |                          |                                            |
| Additional per month per can or container charge                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                   | \$12.47                                   | \$1.13                   | \$13.60                                    |
| <b>COMMERCIAL - OTHER CHARGES:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                   |                                           |                          |                                            |
| Rates for all commercial customers include recycling or greenwaste/organics pickup once per week, included with the garbage service rate. Customers can choose from a 64 or 96 gallon blue commingled recycle waste wheeler or a 32 or 64 gallon organics waste wheeler included with the garbage service rate (96 gallon waste wheelers can only be used with green waste due to weight). The fees listed below do not include the updated IWMA fee of 5.4 percent of the Garbage Company's gross receipts.<br><b>If you need more frequent recycling, including organics/greenwaste service, it can be provided at 25% of the garbage service rates for the specified level of service required.</b> |                   |                                           |                          |                                            |
| <b>MONTHLY COMMERCIAL WASTE WHEELERS SERVICE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                   |                                           |                          |                                            |
| One 32 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1                 | \$47.24                                   | \$4.28                   | \$51.52                                    |
| One 32 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 2                 | \$92.21                                   | \$8.36                   | \$100.57                                   |
| One 32 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 3                 | \$120.61                                  | \$10.94                  | \$131.55                                   |
| One 32 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 4                 | \$149.01                                  | \$13.51                  | \$162.52                                   |
| One 32 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 5                 | \$194.02                                  | \$17.59                  | \$211.61                                   |
| One 32 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 6                 | \$238.98                                  | \$21.67                  | \$260.65                                   |
| One 64 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1                 | \$68.54                                   | \$6.21                   | \$74.75                                    |
| One 64 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 2                 | \$120.57                                  | \$10.93                  | \$131.50                                   |
| One 64 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 3                 | \$174.99                                  | \$15.87                  | \$190.86                                   |
| One 64 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 4                 | \$236.56                                  | \$21.45                  | \$258.01                                   |
| One 64 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 5                 | \$295.78                                  | \$26.82                  | \$322.60                                   |
| One 64 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 6                 | \$345.47                                  | \$31.32                  | \$376.79                                   |

| Service Description                                         | Service Frequency | Currently Monthly Rate Effective 1/1/2022 | Proposed Rate Adjustment | Proposed Monthly Rate Effective 07/01/2022 |
|-------------------------------------------------------------|-------------------|-------------------------------------------|--------------------------|--------------------------------------------|
| One 96 Gallon Waste Wheeler                                 | 1                 | \$92.19                                   | \$8.36                   | \$100.55                                   |
| One 96 Gallon Waste Wheeler                                 | 2                 | \$160.76                                  | \$14.58                  | \$175.34                                   |
| One 96 Gallon Waste Wheeler                                 | 3                 | \$236.48                                  | \$21.44                  | \$257.92                                   |
| One 96 Gallon Waste Wheeler                                 | 4                 | \$314.58                                  | \$28.52                  | \$343.10                                   |
| One 96 Gallon Waste Wheeler                                 | 5                 | \$383.21                                  | \$34.74                  | \$417.95                                   |
| One 96 Gallon Waste Wheeler                                 | 6                 | \$468.35                                  | \$42.46                  | \$510.81                                   |
| <b>MONTHLY COMMERCIAL CONTAINER SERVICE - (CUBIC YARDS)</b> |                   |                                           |                          |                                            |
| 1 Yd Container                                              | 1                 | \$116.32                                  | \$10.55                  | \$126.87                                   |
| 1 Yd Container                                              | 2                 | \$180.21                                  | \$16.34                  | \$196.55                                   |
| 1 Yd Container                                              | 3                 | \$232.28                                  | \$21.06                  | \$253.34                                   |
| 1 Yd Container                                              | 4                 | \$291.44                                  | \$26.42                  | \$317.86                                   |
| 1 Yd Container                                              | 5                 | \$336.45                                  | \$30.50                  | \$366.95                                   |
| 1 Yd Container                                              | 6                 | \$419.28                                  | \$38.01                  | \$457.29                                   |
| 1 Yd Container                                              | 7                 | \$633.41                                  | \$57.43                  | \$690.84                                   |
| 1.5 Yd Container                                            | 1                 | \$142.36                                  | \$12.91                  | \$155.27                                   |
| 1.5 Yd Container                                            | 2                 | \$234.69                                  | \$21.28                  | \$255.97                                   |
| 1.5 Yd Container                                            | 3                 | \$315.19                                  | \$28.58                  | \$343.77                                   |
| 1.5 Yd Container                                            | 4                 | \$400.36                                  | \$36.30                  | \$436.66                                   |
| 1.5 Yd Container                                            | 5                 | \$480.84                                  | \$43.60                  | \$524.44                                   |
| 1.5 Yd Container                                            | 6                 | \$573.16                                  | \$51.97                  | \$625.13                                   |
| 1.5 Yd Container                                            | 7                 | \$840.84                                  | \$76.24                  | \$917.08                                   |
| 2 Yd Container                                              | 1                 | \$170.79                                  | \$15.48                  | \$186.27                                   |
| 2 Yd Container                                              | 2                 | \$298.56                                  | \$27.07                  | \$325.63                                   |
| 2 Yd Container                                              | 3                 | \$400.36                                  | \$36.30                  | \$436.66                                   |
| 2 Yd Container                                              | 4                 | \$509.27                                  | \$46.17                  | \$555.44                                   |
| 2 Yd Container                                              | 5                 | \$622.89                                  | \$56.47                  | \$679.36                                   |
| 2 Yd Container                                              | 6                 | \$736.48                                  | \$66.77                  | \$803.25                                   |
| 2 Yd Container                                              | 7                 | \$1,057.67                                | \$95.89                  | \$1,153.56                                 |
| 3 Yd Container                                              | 1                 | \$220.52                                  | \$19.99                  | \$240.51                                   |
| 3 Yd Container                                              | 2                 | \$400.36                                  | \$36.30                  | \$436.66                                   |
| 3 Yd Container                                              | 3                 | \$563.72                                  | \$51.11                  | \$614.83                                   |
| 3 Yd Container                                              | 4                 | \$715.16                                  | \$64.84                  | \$780.00                                   |
| 3 Yd Container                                              | 5                 | \$925.85                                  | \$83.94                  | \$1,009.79                                 |
| 3 Yd Container                                              | 6                 | \$1,067.83                                | \$96.82                  | \$1,164.65                                 |
| 3 Yd Container                                              | 7                 | \$1,442.62                                | \$130.80                 | \$1,573.42                                 |



| Service Description                                                | Service Frequency | Currently Monthly Rate Effective 1/1/2022 | Proposed Rate Adjustment | Proposed Monthly Rate Effective 07/01/2022 |
|--------------------------------------------------------------------|-------------------|-------------------------------------------|--------------------------|--------------------------------------------|
| 4 Yd Container                                                     | 1                 | \$291.44                                  | \$26.42                  | \$317.86                                   |
| 4 Yd Container                                                     | 2                 | \$542.38                                  | \$49.18                  | \$591.56                                   |
| 4 Yd Container                                                     | 3                 | \$753.01                                  | \$68.27                  | \$821.28                                   |
| 4 Yd Container                                                     | 4                 | \$1,006.31                                | \$91.24                  | \$1,097.55                                 |
| 4 Yd Container                                                     | 5                 | \$1,259.57                                | \$114.20                 | \$1,373.77                                 |
| 4 Yd Container                                                     | 6                 | \$1,425.26                                | \$129.22                 | \$1,554.48                                 |
| 4 Yd Container                                                     | 7                 | \$1,853.55                                | \$168.05                 | \$2,021.60                                 |
| 6 Yd Container                                                     | 1                 | \$436.62                                  | \$39.59                  | \$476.21                                   |
| 6 Yd Container                                                     | 2                 | \$792.74                                  | \$71.87                  | \$864.61                                   |
| 6 Yd Container                                                     | 3                 | \$1,116.14                                | \$101.20                 | \$1,217.34                                 |
| 6 Yd Container                                                     | 4                 | \$1,416.04                                | \$128.39                 | \$1,544.43                                 |
| 6 Yd Container                                                     | 5                 | \$1,833.17                                | \$166.20                 | \$1,999.37                                 |
| 6 Yd Container                                                     | 6                 | \$2,114.32                                | \$191.70                 | \$2,306.02                                 |
| 6 Yd Container                                                     | 7                 | \$2,856.40                                | \$258.98                 | \$3,115.38                                 |
| 8 Yd Container                                                     | 1                 | \$577.10                                  | \$52.32                  | \$629.42                                   |
| 8 Yd Container                                                     | 2                 | \$1,073.90                                | \$97.37                  | \$1,171.27                                 |
| 8 Yd Container                                                     | 3                 | \$1,490.97                                | \$135.18                 | \$1,626.15                                 |
| 8 Yd Container                                                     | 4                 | \$1,992.53                                | \$180.65                 | \$2,173.18                                 |
| 8 Yd Container                                                     | 5                 | \$2,493.95                                | \$226.11                 | \$2,720.06                                 |
| 8 Yd Container                                                     | 6                 | \$2,821.97                                | \$255.85                 | \$3,077.82                                 |
| 8 Yd Container                                                     | 7                 | \$3,045.65                                | \$276.13                 | \$3,321.78                                 |
| <b>EXTRA COLLECTION SERVICE OPTIONS</b>                            |                   |                                           |                          |                                            |
| Overstacked Garbage & extra bags Minimum/unit                      | Per Occurrence    | \$11.43                                   | \$1.04                   | \$12.47                                    |
| Overstacked Green waste & extra bags Minimum/unit                  | Per Occurrence    | \$7.42                                    | \$0.67                   | \$8.09                                     |
| Overstacked Blue Bin & extra bags Minimum/unit                     | Per Occurrence    | \$5.72                                    | \$0.52                   | \$6.24                                     |
| Monthly charge for additional 64 or 96-gallon recycle service      | Each              | \$3.82                                    | \$0.35                   | \$4.17                                     |
| Monthly charge for additional 32 or 96-gallon green waste service  | Each              | \$7.42                                    | \$0.67                   | \$8.09                                     |
| Monthly charge for additional commercial 96-gallon recycle service | Each              | \$23.05                                   | \$2.09                   | \$25.14                                    |
| Service level changes more than once per 12 months                 | Per Occurrence    | \$10.44                                   | \$0.95                   | \$11.39                                    |

| Service Description                                                                                                                                                                                                                                        | Service Frequency | Currently Monthly Rate Effective 1/1/2022 | Proposed Rate Adjustment | Proposed Monthly Rate Effective 07/01/2022 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------------|--------------------------|--------------------------------------------|
| Small item pickup (TV, toilet)                                                                                                                                                                                                                             | Each              | \$21.72                                   | \$1.97                   | \$23.69                                    |
| Per white good article/ appliance                                                                                                                                                                                                                          | Each              | \$72.74                                   | \$6.59                   | \$79.33                                    |
| Per mattress or box spring                                                                                                                                                                                                                                 | Each              | \$21.73                                   | \$1.97                   | \$23.70                                    |
| Change waste wheeler size (once per year free)                                                                                                                                                                                                             | Per Occurrence    | \$10.44                                   | \$0.95                   | \$11.39                                    |
| Re-deliver fee-if pulled for collections                                                                                                                                                                                                                   | Per Occurrence    | \$41.56                                   | \$3.77                   | \$45.33                                    |
| Install locking device on bin                                                                                                                                                                                                                              | Each              | \$92.21                                   | \$8.36                   | \$100.57                                   |
| Extra bin cleaning                                                                                                                                                                                                                                         | Each              | \$73.34                                   | \$6.65                   | \$79.99                                    |
| Garbage extras on your scheduled pickup day                                                                                                                                                                                                                | Per Yard          | \$18.90                                   | \$1.71                   | \$20.61                                    |
| Loose Cardboard                                                                                                                                                                                                                                            | Per Yard          | \$9.48                                    | \$0.86                   | \$10.34                                    |
| Garbage extras - NOT ON YOUR SCHEDULED PICKUP DAY                                                                                                                                                                                                          | Per Bag           | \$15.56                                   | \$1.41                   | \$16.97                                    |
| Garbage extras - NOT ON YOUR SCHEDULED PICKUP DAY                                                                                                                                                                                                          | Per Yard          | \$29.99                                   | \$2.72                   | \$32.71                                    |
| Compactors                                                                                                                                                                                                                                                 | Per Ton           | \$61.40                                   | \$5.57                   | \$66.97                                    |
| Bin Rental                                                                                                                                                                                                                                                 | Per Month         | \$43.06                                   | \$3.90                   | \$46.96                                    |
| Temp Bin Rental                                                                                                                                                                                                                                            | Per Day           | \$2.39                                    | \$0.22                   | \$2.61                                     |
| Stand by time                                                                                                                                                                                                                                              | Per Hour          | \$83.40                                   | \$7.56                   | \$90.96                                    |
| Trip charge                                                                                                                                                                                                                                                | Per Occurrence    | \$10.44                                   | \$0.95                   | \$11.39                                    |
| Damage/Destruction of bins or waste wheelers                                                                                                                                                                                                               | Each              | Replacement/repair at market price        |                          |                                            |
| ADDITIONAL INFORMATION ALL CUSTOMERS:                                                                                                                                                                                                                      |                   |                                           |                          |                                            |
| 1. Customers requesting Temporary Bins or Roll-off Box Service can call the office for current rates.                                                                                                                                                      |                   |                                           |                          |                                            |
| 2. Polystyrene (Styrofoam, Plastic #6) is not collected for recycling and should be thrown away as trash. Please bag Styrofoam packing peanuts before placing in trash container.                                                                          |                   |                                           |                          |                                            |
| 3. It is encouraged to bag your trash in the garbage container but do not bag your recyclables or green waste in their respective containers and keep it loose.                                                                                            |                   |                                           |                          |                                            |
| 4. Recycling, Greenwaste/Organics and Garbage containers should be spaced 3 feet apart away from any obstacles (i.e. mailboxes, cars, etc) before 6:00am on collection service day.                                                                        |                   |                                           |                          |                                            |
| 5. The fee schedule above only includes the Garbage Company rates and does not include the IWMA's updated fee of 5.4 percent of the Garbage Company's gross receipts, which are separately noted on the billings.                                          |                   |                                           |                          |                                            |
| 6. Cleaning fees will be billed on a time and materials basis.                                                                                                                                                                                             |                   |                                           |                          |                                            |
| 7. Late Fees are imposed for residential customers over 30 days delinquent. The fee is 1.5% per month of the outstanding charge, with a minimum fee of \$5.00. No prior notice is required, as this late fee policy is stated at the bottom of every bill. |                   |                                           |                          |                                            |
| 8. Customers can be responsible for contamination fees.                                                                                                                                                                                                    |                   |                                           |                          |                                            |
| Any additional recycling, including greenwaste/organic services are charged out at 25% of the garbage rate.                                                                                                                                                |                   |                                           |                          |                                            |



- SAN LUIS GARBAGE
- SOUTH COUNTY SANITARY
- MISSION COUNTRY DISPOSAL
- MORRO BAY GARBAGE



*Safety • Integrity • Service*

April 14, 2022

Ms. Janeen Burlingame  
City of Morro Bay  
595 Harbor Street  
Morro Bay, CA 93442

Subject: Morro Bay Garbage 2022 Extraordinary Interim Rate Increase Request

Dear Ms. Burlingame,

Please find attached Morro Bay Garbage's (MBG) extraordinary interim rate application. Section 1.E, Page I-5 of the Rate Manual allows for MBG to submit an extraordinary interim rate application if cost increases are significant enough to require greater than 5% decrease or increase in rates. We look forward to working with the City of Morro Bay to review our rate application. The City's approval of the rate increase requested in our application will ensure that your citizens are provided with cost-effective yet advanced collection, processing and disposal service.

Throughout our industry, much like other sectors, we are faced with financial and operational headwinds across the spectrum of costs. The increasing regulations along with the unprecedented impacts from the COVID-19 pandemic continue to evolve. We are requesting a 9.07% increase in our rates to cover certain increased costs, broken down as follows:

| Factor                            | Increase % |
|-----------------------------------|------------|
| HZI Digester Expense              | 5.23%      |
| Capital Investment (Depreciation) | 2.62%      |
| AB939 & Franchise Fees            | 1.21%      |
| Total                             | 9.07%      |

## HZI

The anaerobic digester (AD) constructed by HZI has now been operational since late 2018. As the first AD facility of its kind in the United States, HZI encountered numerous challenges, including:

- Initial plant construction overruns in both labor and materials
- Feedstock quality and quantity issues, including

- Accelerated equipment and component part maintenance
- Permit constraints on incoming tonnage
- Lower than expected gas production, which required capital to purchase additional Fats, Oils, and Grease (FOG) processing equipment

The HZI facility remains a key piece in our effort to meet the requirements of SB1383 and City goals to be carbon neutral. The success in meeting the mandates of SB 1383 relies heavily on AD facilities and having this facility operational gives the City an advantage in meeting these goals.

HZI requests an increase \$156,000 per year to offset their investment and increased operating expenses, which will include the cost to process overflow tonnage from the incoming feedstock and outgoing material to be processed for further diversion. This portion of our request will be directly paid to HZI, which does not share common ownership or equity interests with Morro Bay Garbage or Waste Connections.

### **Capital**

Eighteen replacement trucks were delivered to MBG and our affiliated collection operations in SLO County throughout 2021, and we anticipate double digit replacements in 2022. Regulations with California Air Resources Board are pushing to replace older trucks and complying with cleaner emission requirements. Trucks with California specifications now cost approximately \$400,000 - \$500,000 each, representing about \$7.2 million of capital outlay. We've also provided capital to support increased demand of the food/organics program to comply with SB 1383, as well as replacement for other worn containers and equipment. Our application includes net depreciation expense increase for the portion of this equipment dedicated to the MBG.

### **Franchise Fees and AB939 Fees**

Franchise fees and AB939 Fees increase as the overall revenue requirement increases. The application reflects this increase, but the fees are not changing as a percentage of revenue.

### **IWMA Fees**

On March 9, 2022 the IWMA Board approved a 5.4% charge on all residential and commercial revenue, effective July 1, 2022. This charge replaces the current fee of \$0.30 per month for residential customers billed under \$50/month and 2% of revenue for commercial customers and residents billed over \$50/month services. The IWMA fees are a separate line item on the bill, and are therefore not part of the MBG rate application but noted separately in the Prop 218. Below are two examples of how other Cities have disclosed the July 1<sup>st</sup> increase in IWMA fees in their Prop 218.

### **City of San Luis Obispo (final – Mailed to customers March 4)**

Additionally, at the March 9, 2022 San Luis Obispo County Integrated Waste Management Authority (IWMA) Board Meeting, a fee increase to account for operational and capital cost increases due largely to implementation of SB 1383 will be presented for adoption. If adopted, the fee increase will be implemented starting July 1, 2022 and will not exceed 5.4%. If adopted, the Garbage Company is authorized to bill this fee to the rate payers benefiting from these additional services in compliance with Proposition 218.

The IWMA is a Joint Powers Authority formed to plan and implement regional solid waste and hazardous waste programs mandated by State law. The Joint Powers Agreement between the City of San Luis Obispo and the IWMA can be made available by the City upon request or on the IWMA website at [www.iwma.com](http://www.iwma.com).

## City of Arroyo Grande (draft – to be mailed out by April 30)

At the March 9, 2022 San Luis Obispo County Integrated Waste Management Authority (IWMA) Board Meeting, a 5.4% solid waste management fee was adopted to account for operational and capital cost increases due largely to tasks associated with the implementation of SB 1383. These include the following tasks that will be delegated by the City to the IWMA: education and outreach monitoring, inspection, and record keeping programs; establishing, administering, and implementing the edible food recovery requirements; monitoring and education, including, but not limited to, monitoring compliance through route reviews and evaluations, determining the applicability of waivers, and issuing educational notices where necessary and/or appropriate; and required reporting to CalRecycle. The adopted fee will be effective on July 1, 2022. The City has authorized the Garbage Company to bill this additional fee on behalf of the IWMA.

The IWMA is a Joint Powers Authority formed to plan and implement regional solid waste and hazardous waste programs mandated by State law. The Joint Powers Agreement between the City of Arroyo Grande and the IWMA can be made available by the City upon request or on the IWMA website at [www.iwma.com](http://www.iwma.com).

Both Cities are authorizing the garbage company to bill this additional fee on behalf of the IWMA. If the City chooses to do the same, the IWMA fee will be changed on the customer bill effective July 1.

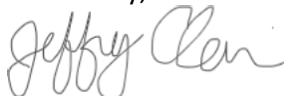
### Conclusion

We thank you in advance for your consideration and review of this extraordinary interim rate application. It should be noted that MBG is facing extreme upward pressure in other operational expenses that are not included in this application. All the other MBG affiliates base year was 2022. They are experiencing rate increases over twenty percent, or forty percent in the north coast area. We are hopeful a July 1<sup>st</sup> implementation of this MBG interim rate increase to recover specific identifiable increased expenses will help reduce the risk of “rate shock” for the 2023 base rate application for MBG.

Our management team has reviewed and accepts responsibility for this rate request. This application is based upon what our management team feels is the best course of action based on the conditions outlined in this letter.

We appreciate our continued partnership between the City and Morro Bay Garbage and allowing us to service our community’s solid waste and recycling collection needs. If you have any questions regarding our submittal, please feel to contact me at 805-748-8041.

Sincerely,



Jeffrey Clarin, P.E.  
District Manager  
Morro Bay Garbage  
Waste Connections

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# Morro Bay Garbage

## 2022 Interim Year Rate Adjustment Application

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### Requested Increase

1. Rate Increase Requested

9.07%

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### Rate Schedule

|                                  | Rate Schedule    | Current<br>Rate | Increased<br>Rate | Adjustment<br>(a) | New<br>Rate |
|----------------------------------|------------------|-----------------|-------------------|-------------------|-------------|
| <b>Single Family Residential</b> |                  |                 |                   |                   |             |
| 2.                               | Mini-Can Service | \$14.29         | \$1.30            |                   | \$15.59     |
| 3.                               | Economy Service  | \$22.88         | \$2.07            |                   | \$24.95     |
| 4.                               | Standard Service | \$45.75         | \$4.15            |                   | \$49.90     |
| 5.                               | Premium Service  | \$68.64         | \$6.22            |                   | \$74.86     |

5.b. **Multifamily Residential and Non-residential**

Rate increases of

9.07%

will be applied to all rates in each structure  
with each rate rounded up to the nearest \$0.01

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### Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the City of San Luis Obispo.

Name: Jeff Clarin

Title: District Manager

Signature:



Date: 04/14/22

# Morro Bay Garbage

## 2022 Interim Year Rate Adjustment Application

### Financial Information

#### Section I-Base Year Costs

##### 2020 Base Year Controllable Costs

|     |        |                                        |             |       |
|-----|--------|----------------------------------------|-------------|-------|
| 6.  |        | Total Allowable Costs                  | \$1,905,183 |       |
| 7.  | Plus   | Allowable Operating Profit             | \$165,668   |       |
| 8a. | Plus   | Interest Expense (to affiliate)        | \$37,494    |       |
| 8b. | Plus   | Transportation Costs (to affiliate)    | \$2,189     |       |
| 8c. | Plus   | Lease Payments to Affiliated Companies | \$35,188    |       |
| 9.  | Equals | Total Controllable costs               | \$2,145,722 | 71.9% |

##### 2020 Base Year Pass Through Costs

|     |        |                            |           |       |
|-----|--------|----------------------------|-----------|-------|
| 10. |        | Tipping Fees               | \$527,095 |       |
| 11. | Plus   | AB 939 and Regulatory Fees | \$311,994 |       |
| 12. | Equals | Total Pass Through Costs   | \$839,089 | 28.1% |

|     |  |                                                     |             |      |
|-----|--|-----------------------------------------------------|-------------|------|
| 13. |  | Base Year Revenue Requirements (less Franchise Fee) | \$2,984,811 | 100% |
|-----|--|-----------------------------------------------------|-------------|------|

#### Section II-Changes in Costs

##### Change in Controllable Cost

|     |        |                                                                 |             |            |
|-----|--------|-----------------------------------------------------------------|-------------|------------|
| 14. |        | Base Year 2020 Depreciation                                     | \$258,047   |            |
| 15. | Plus   | Base Year 2020 Outside Services (Digester Expense)              | \$119,787   |            |
|     | Plus   | Base Year 2020 Remaining Controllable Costs                     | \$1,602,220 |            |
|     | Plus   | Allowable Operating Profit                                      | \$165,668   |            |
| 16. | Equals | Total Base Year Controllable Costs                              | \$2,145,722 |            |
|     |        |                                                                 |             |            |
| 17. |        | Projected Interim Year 2022 Depreciation                        | \$336,383   | % Increase |
| 18. | Plus   | Projected Interim Year 2022 Outside Services (Digester Expense) | \$275,911   | 30%        |
|     | Plus   | Base Year 2020 Remaining Controllable Costs                     | \$1,602,220 | 130%       |
|     | Plus   | Allowable Operating Profit                                      | \$171,171   | 0%         |
| 19. | Equals | Total Projected Interim Controllable costs                      | \$2,385,685 | 3%         |
| 20. |        | Projected Percentage Change Controllable Costs 2020 vs 2022     | 11.18%      | 11%        |

##### Change in Pass Through Cost

|     |        |                                                                |            |  |
|-----|--------|----------------------------------------------------------------|------------|--|
| 21. |        | Base Year 2020 Tipping Fees                                    | \$527,095  |  |
| 22. | Plus   | Base Year 2020 AB939 Fees & Franchise Fees                     | \$ 311,994 |  |
| 23. | Equals | Total Base Year Pass Through Costs                             | \$839,089  |  |
| 24. |        | Projected Interim Year 2022 Tipping Fees                       | \$527,095  |  |
| 25. |        | Projected Interim Year 2022 AB939 Fees & Franchise Fees        | \$ 315,589 |  |
| 26. | Equals | Total Projected Interim Year Pass Through costs                | \$842,683  |  |
| 27. |        | Projected Percentage Change in Pass Through Costs 2020 vs 2022 | 0.43%      |  |

#### Section III-Calculation of Percent Change in Rates

##### Weighted Change in Controllable Costs

|     |               |                                                                   |       |  |
|-----|---------------|-------------------------------------------------------------------|-------|--|
| 28. |               | Controllable Costs as a Percent of Base Year Revenue Requirements | 71.9% |  |
| 29. | Multiplied by | Percent change in Controllable Costs                              | 11.2% |  |
| 30. | Equals        | Weighted Percent Change in Controllable Costs                     | 8.04% |  |

##### Weighted Change in Pass Through Costs

|     |               |                                                                      |       |  |
|-----|---------------|----------------------------------------------------------------------|-------|--|
| 31. |               | 2020 Pass Through Costs as a Percent of Base Yr Revenue Requirements | 28.1% |  |
| 32. | Multiplied by | Percent Change in Pass Through Costs                                 | 0.43% |  |
| 33. | Equals        | Weighted Percent Change in Pass Through Costs                        | 0.12% |  |

##### Total Change

|     |            |                                                          |       |       |
|-----|------------|----------------------------------------------------------|-------|-------|
| 34. |            | Total Percent Change in Cost (Line 24+ Line 27= Line 28) | 8.16% |       |
| 35. | Divided by | Adjustment for Franchise Fee (1-10 percent)              | 90.0% |       |
| 36. | Equals     | Percent change in Existing Rates                         |       | 9.07% |





**SAN LUIS OBISPO COUNTY**  
**INTEGRATED WASTE MANAGEMENT AUTHORITY**  
Connecting the Community to Waste Solutions

Charles Bourbeau - President,  
City of Atascadero

April 6, 2022

Jan Marx - Vice President,  
City of San Luis Obispo

City of Morro Bay  
595 Harbor Street,  
Morro Bay, CA 93442

Robert Enns - Past President,  
Special Districts

John Hamon,  
City of Paso Robles

RE: Notice of IWMA Solid Waste Management Fee Effective July 1, 2022

Jeff Heller,  
City of Morro Bay

To City Manager & Legal Counsel:

Scott Newton,  
City of Pismo Beach

The purpose of this correspondence is to notify you that at the March 9, 2022, IWMA Board Meeting, the board approved Resolution 2022-03-04 Amending the Established Waste Management Fee. The new fee will take effect of July 1, 2022, and is for 5.4% of gross receipts as described in the fee resolution.

Robert Robert,  
City of Grover Beach

Additionally, we have attached the updated fee forms, and a table of content for supporting documentation including a link to the adopted resolution and documents.

Keith Storton,  
City of Arroyo Grande

**IWMA Staff**

Paavo Ogren,  
Interim Executive Director

If you have any questions, please feel free to contact me by phone (805)782-8530 or email [baspernelson@iwma.com](mailto:baspernelson@iwma.com)

Barbara Aspernelson,  
Accountant

Sincerely,

Sasha Del Giorgio,  
Clerk of the Board

A handwritten signature in blue ink, appearing to read "Barbara", written over a horizontal line.

Barbara Aspernelson M.B.A.,

Ivonne Diaz,  
Program Analyst

Accountant

Daisy Tinajero,  
Program Coordinator

Kelly York,  
SB1383 Program Manager

Jeff Minnery  
Legal Counsel





**SAN LUIS OBISPO COUNTY**  
**INTEGRATED WASTE MANAGEMENT AUTHORITY**  
*Connecting the Community to Waste Solutions*

**SAN LUIS OBISPO COUNTY INTEGRATED WASTE MANAGEMENT AUTHORITY (IWMA)**  
**FRANCHISE HAULER SOLID WASTE MANAGEMENT FEE PAYMENT FORM**

Pursuant to IWMA Resolution No 2022-03-04, Service Providers holding a franchise agreement with an IWMA JPA (JOINT POWERS AGREEMENT) Member or MOA (MEMORANDUM OF AGREEMENT) Member to exclusively collect solid waste, recyclables and/or green waste inside the borders of San Luis Obispo County must submit this form for each agreement/member monthly. The solid waste management fee shall be calculated as follows: 5.4% of the gross revenue collected from customers located within the boundaries of the IWMA Participating Agencies.

This fee is due on the 15<sup>th</sup> of the preceding month. Fees received 30 days after due date will be considered delinquent and subject to 1.5% interest on amount due per month it is outstanding.

Company Name: \_\_\_\_\_ Time period (Month/Year) \_\_\_\_\_

| GOVERNMENT ENTITY                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| <b>Cities:</b><br><input type="checkbox"/> Arroyo Grande<br><input type="checkbox"/> Atascadero<br><input type="checkbox"/> Grover Beach<br><input type="checkbox"/> Morro Bay<br><input type="checkbox"/> Pismo Beach<br><input type="checkbox"/> Paso Robles<br><input type="checkbox"/> San Luis Obispo | <b>CSD's</b><br><input type="checkbox"/> Avila Beach CSD<br><input type="checkbox"/> California Valley CSD<br><input type="checkbox"/> Cambria CSD<br><input type="checkbox"/> Cayucos CSD<br><input type="checkbox"/> Ground Squirrel Hollow CSD<br><input type="checkbox"/> Heritage Ranch CSD<br><input type="checkbox"/> Los Osos CSD<br><input type="checkbox"/> Nipomo CSD<br><input type="checkbox"/> Oceano CSD<br><input type="checkbox"/> San Miguel CSD<br><input type="checkbox"/> San Simeon CSD<br><input type="checkbox"/> Templeton CSD | <b>Other:</b><br><input type="checkbox"/> Other _____ |

| Type of Account | Number of locations billed | Gross revenue collected* | IWMA Fee Amount Received 5.4% gross revenue received |
|-----------------|----------------------------|--------------------------|------------------------------------------------------|
| Commercial      |                            |                          |                                                      |
| Multi-Family    |                            |                          |                                                      |
| Residential     |                            |                          |                                                      |

\*The gross revenue collection amount which is used to determine the amount of franchise fee required to be paid under the franchise agreement shall also be used to determine the solid waste management fee.

I certify that the above information represents complete and accurate information.

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

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



**SAN LUIS OBISPO COUNTY  
INTEGRATED WASTE MANAGEMENT AUTHORITY**  
*Connecting the Community to Waste Solutions*

**SAN LUIS OBISPO COUNTY INTEGRATED WASTE MANAGEMENT AUTHORITY  
SOLID WASTE MANAGEMENT FEE PAYMENT FORM**

**PERMITTED HAULER**

Per Resolution No.2022-03-04, any company that possesses a permit issued by the County of San Luis Obispo, Division of Environmental Health pursuant to County Code Chapter 8.12.501 and operates in an IWMA JPA (JOINT POWERS AGREEMENT) Member or MOA (MEMORANDUM OF AGREEMENT) borders shall pay a solid waste management fee that is 5.4% of the gross revenue collected from its customers located in the listed jurisdiction in the chart below.

This fee is due on the 15<sup>th</sup> of the preceding month. Fees received 30 days after due date will be considered delinquent and subject to 1.5% interest on amount due per month it is outstanding.

All state contracts are subject to fees and reporting, including but not limited to, contracts for schools, colleges, universities, parks, hospitals, etc. within the borders of the cities and community service/sanitary districts listed below. If you contract with any of these agencies, please fill out a separate form for each. Gross revenue includes but is not limited to the charge to customers for items such as: delivery of roll-off boxes, roll-off box rental, hauling services, disposal/recycling of the removed material.

Company Name \_\_\_\_\_ Time Period (Month/Year): \_\_\_\_\_

| GOVERNMENT ENTITY LOCATIONS     |                          |                  |                                                                                     |
|---------------------------------|--------------------------|------------------|-------------------------------------------------------------------------------------|
| <b>Member Cities and CSD's:</b> |                          |                  | <b>Other:</b>                                                                       |
| ➤ Arroyo Grande                 | ➤ Avila Beach CSD        | ➤ Los Osos CSD   | <input type="checkbox"/> Name of State<br>Agency/School:<br>_____<br>_____<br>_____ |
| ➤ Atascadero                    | ➤ California Valley CSD  | ➤ Nipomo CSD     |                                                                                     |
| ➤ Grover Beach                  | ➤ Cambria CSD            | ➤ Oceano CSD     |                                                                                     |
| ➤ Morro Bay                     | ➤ Cayucos CSD            | ➤ San Miguel CSD |                                                                                     |
| ➤ Pismo Beach                   | ➤ Ground Squirrel Hollow | ➤ San Simeon CSD |                                                                                     |
| ➤ Paso Robles                   | CSD                      | ➤ Templeton CSD  |                                                                                     |
| ➤ San Luis Obispo               | ➤ Heritage Ranch CSD     |                  |                                                                                     |
|                                 |                          |                  |                                                                                     |

Note: Some member entities may have sole provider contracts for roll-off services please contact city or CSD for more information.

| Gross Revenue Collected* | IWMA Fee Amount Received 5.4 % |
|--------------------------|--------------------------------|
|                          |                                |

\*Gross revenue collected includes but is not limited to the charge to customers for items such as: delivery of roll-off boxes, roll-off box rental, hauling services, disposal/recycling of the removed material.

I certify that the above information represents complete and accurate information.

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

Date: \_\_\_\_\_

Signature \_\_\_\_\_

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

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**TO: San Luis Obispo County Integrated Waste Management Authority**  
**FROM: Paavo Ogren**  
**RE: REVIEW AND CONSIDER THE SB 1383 ACTION PLAN AND ADOPT RESOLUTIONS APPROVING A FEE-SETTING POLICY AND A 5.4% IWMA FEE ON GROSS HAULER RECEIPTS**

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**BACKGROUND:**

On January 12, 2022, your Board reviewed and considered a report entitled "IWMA Solid Waste Management Fee Determination and Cost of Service Study" (Fee Analysis) prepared by HF&H Consultants, including a recommendation to "amend the solid waste management fee to 5.4% of gross hauler receipts" effective July 1, 2022.

On February 9, 2022, your Board tentatively approved the fee. Questions regarding calculating the fee and its applicability have arisen.

Calculating the Fee – How is it calculated?

The term "gross hauler receipts" has been generically used to describe how to calculate the fee. The attached fee resolution, however, includes specific language for determining gross hauler receipts:

*"The gross revenue collection amount, which is used to determine and calculate the amount of franchise fee required to be paid under the franchise agreement, shall also be used to determine the solid waste management fee."*

The language in the attached resolution is the same as used to collect existing fees.

Based on discussion during the February Board meeting regarding fee alternatives that could potentially be based on "net" hauler receipts, Exhibit "C" was prepared so that the Board can review prior direction that has been provided to staff and consider additions or modifications.

Applicability of the Fee - Who pays the fee?

The application of the fee will also be consistent with the existing fee:

*"Effective July 1, 2022, any Company that has an agreement with a governmental entity that is an IWMA Participating Agency to collect garbage in San Luis Obispo County, or possesses a permit issued by the County of San Luis Obispo, Division of Environmental Health pursuant to County Code Chapter 8.12.501, shall be liable for the payment of the applicable solid waste management fee."*

As a result, the fee would not just apply to franchised waste haulers, but others as well, such as roll-off companies.

## Tentative Fee Approval – February 9, 2022

At the February 9 meeting when your Board tentatively approved the fees, your Board also directed staff to return on March 9, 2022, so that the Board can consider final approval along with related actions.

The following provides an overview of each of the three proposed Board actions.

### Fee Setting Policy - Recommendation: adopt by Resolution

The attached Fee Setting Policy was prepared in response to questions and concerns regarding Proposition 218 and other technical details. Prior to your February meeting, the policy was reviewed by a sub-group of staff representing the Participating Agencies who have been coordinating and working with IWMA staff on details. Subsequent to your February Board meeting, additional comments have been received and incorporated into the current version of the policy for final Board approval. The scope of the policy includes the following sections:

- a) Authority to set fees.
- b) Fee setting objectives and determinations.
- c) Data required to support fee determinations.
- d) Fee monitoring.
- e) Administrative requirements including coordination with member and participating agencies, coordination with industry representatives, and public review.

Altogether, the policy is also intended to address new provisions included in the proposed amended Joint Powers Agreement (JPA), which is the subject of a separate agenda item. Revisions to the existing JPA include the addition of the following language regarding new fee proposals:

*“The Authority shall coordinate with the Participating Agency managers in this regard to ensure the facts, data, information, and analyses provided by the Authority is adequate to enable the Participating Agencies to implement the Authority’s proposed rates and fees through the Proposition 218 process if deemed applicable to a Participating Agency by that Agency”*

In addition to helping ensure that IWMA meets the requirements of this new JPA language, the policy is also intended to institutionalize the requirements to help ensure long-term compliance by IWMA even as changes occur in staff and management.

### SB 1383 Action Plan – Recommendation: Adopt

The attached SB 1383 Action Plan has been prepared by modifying the February 2021 draft document. Revisions to the draft Action Plan were needed for the following reasons:

1. To reflect the 2021/22 Adopted IWMA budget & the HF&H Fee Analysis.
2. To reflect the County withdrawal from IWMA.
3. To reflect Board direction that IWMA not act as the enforcement agency, but instead, to coordinate with Participating Agencies on inspection and enforcement requirements mandated by SB 1383.

Revisions were also made to the “Organizational Awareness” section of the Plan, which previously had a focus on “rebranding” IWMA. The current language now focuses on coordinating with Participating Agencies, industry and community interests, including doing so in a “business-friendly” manner.

In summary, the SB 1383 Action Plan has been prepared to provide substantive evidence that the proposed fees are based on regulatory requirements and align with programmatic requirements. Staff worked with HF&H Consultants to update the draft SB 1383 Action Plan and to include it for your Board’s review while considering the attached fee resolution. The SB 1383 Action Plan is incorporated by reference into the fee resolution.

#### Proposed Fees – Recommendation: Adopt by Resolution

The attached resolution “Amending the Establishment of Solid Waste Management Fees” is necessary to adopt at this time to be effective on July 1, 2022, and to provide Participating Agencies with a lead time for subsequent action that many agencies will need to also take, including in some situations, Proposition 218 related requirements. The resolution is substantially similar in form to the resolution adopted in June 2021, but which was not implemented a) due to the County’s withdrawal from the JPA, b) based on a greater level of coordination needed with Participating Agencies and, c) to develop multi-year financial projections with Board adopted reserve targets.

Overall, efforts to amend the IWMA fees have included several milestones since late 2020 / early 2021. At this time, the need for the fee increase is based on the following three reasons:

1. Regulatory costs associated with Senate Bill 1383
2. Structural deficits beginning with fiscal year 2020-21
3. Capital Outlay and Reserve Requirements

The following table has been prepared to illustrate recent milestones associated with fee and cost estimates and how current recommendations have developed from prior efforts.

| Chronology of Fee Milestones |                                        | Tipping Fees               | Gross Hauler Receipts | Fees on Customer Accounts  | Total Revenues | Increase/ (Decrease) | Expenditure Increases |                        |                          |             |
|------------------------------|----------------------------------------|----------------------------|-----------------------|----------------------------|----------------|----------------------|-----------------------|------------------------|--------------------------|-------------|
| FY 20/21                     | Prior Year Fees >>>>                   | Fee Factor<br>\$3.00 / ton | Fee Factor<br>2%      | Fee Factor<br>\$0.30/month | \$1,800,000    | from FY19/20         | SB 1383               | Prior Programs Deficit | Capital Outlay/ Reserves | Total       |
| Jan-21                       | Fee Revenue Review R3Consulting Group  | \$3.00                     | 2%                    | \$0.00                     | \$2,160,000    | \$360,000            |                       |                        |                          | \$360,000   |
| Feb-21                       | Draft SB 1383 Action Plan by HF&H      | \$3.00                     | 2.25%                 | \$0.00                     | \$2,430,000    | \$630,000            | \$630,000             |                        |                          | \$630,000   |
| Jun-21                       | 2021/22 Budget and Fee Recommendations | \$4.00                     | 3.25%                 | \$0.00                     | \$3,335,000    | \$1,535,000          | \$1,535,000           |                        |                          | \$1,535,000 |
| Nov-21                       | County Withdrawal from IWMA            | \$3.00                     | 2%                    | \$0.30/month               | \$1,660,000    | (\$140,000)          |                       |                        |                          | (\$140,000) |
| Jan-22                       | HF&H Fee Report                        | \$3.00                     | 5.4%                  | \$0.00                     | \$3,910,000    | \$2,110,000          | \$1,200,000           | \$475,000              | \$435,000                | \$2,110,000 |
| Mar-22                       | Fee Recommendations                    | \$3.00                     | 5.4%                  | \$0.00                     | \$3,910,000    | \$2,110,000          | \$1,200,000           | \$475,000              | \$435,000                | \$2,110,000 |

Notable points include the following:

- The recommendation to rescind the \$0.30 per month fee on hauler customer accounts of less than \$50 per month is based on the R3 Consulting Group review dated January 2021. [Click here for link.](#)
- Costs associated with SB 1383 draft Action Plan (February 2021) were increased by IWMA management as part of budget and fee recommendations presented to the Board in June 2021.
- The January 2022 HF&H fee recommendations reduce estimated costs of SB 1383 compliance but also recognize a) the need to address IWMA structural deficit that began in fiscal year 2020/21, b) the need to replenish reserve that have been depleted due to ongoing deficits, and c) to assure funding for capital outlay.

Considering the recent “evolving” nature of the fee and cost estimates, additional illustrations are provided in Exhibit “A” and Exhibit “B” for Board consideration.

#### Regulatory Costs Associated with SB 1383 – Exhibit “A”

Exhibit “A” compares the SB 1383 cost estimates of the approved June 2021 fee and budget actions to the current estimates incorporated in the January 2022 HF&H Fee Analysis. Highlights of the comparison include the following:

- Salary and Benefits are the same in both – based on 3 full-time positions with a cost-of-living adjustment included in the HF&H Fee Analysis.
- Education and Monitoring have been reduced by \$45,475 from \$425,000 to \$379,525. The current proposal includes \$300,000 estimated for extensive route reviews, contamination monitoring, and other SB 1383 compliance efforts and approximately \$79,000 for education requirements.
- Other expenditures of \$365,405 in the HF&H Fee Analysis are \$279,595 less than the \$612,000 estimate provided to your Board in June 2021. Although some of the details between the two estimates are comparable, variances in the January 2022 HF&H estimates versus the previous June 2021 IWMA management estimates make some of the details difficult to compare. Nevertheless, from a bottom-line programmatic view, HF&H estimates provide a better balance between IWMA staffing needs, the use of 3<sup>rd</sup> party contractors, and other expenditures.

#### Comparison of Budget and Fee Proposals – Exhibit “B”

Exhibit “B” compares the IWMA budget for the fiscal year 2020/21 (pre-SB 1383) to a) the June 2021 fee and budget recommendations prepared by IWMA management and b) the January 2022 HF&H Fee Analysis. Highlights of the comparison include the following:

- The IWMA budget deficit in 2020/21 was (\$686,885) and the actual deficit was (\$483,977).
- The IWMA budget deficit in 2021/22 increased to (\$1,143,739) even after the June 2021 proposed fee increase.
  - Although the fee increase was only for a partial year, multi-year estimates were not provided.
  - The management fee proposal from June 2021 was not sustainable without other significant budgetary adjustments.

- The HF&H Fee Analysis provides:
  - Estimated costs for SB 1383 (Exhibit “A”) are about \$340,000 less than the IWMA management estimates.
  - Aggregate reductions in Administration, HHW Program Expenditures, and Public Outreach and Education of \$181,924 less than the IWMA budget for the fiscal year 2020/21.
  - Replenishing reserves over the three (3) year study horizon.

### Participating Agency Involvement

The proposed recommendations to concurrently consider the Fee Setting Policy and the SB 1383 Action Plan while amending the IWMA fees have resulted from questions and comments previously identified by representatives of the Participating Agencies. The proposed items help provide additional substantive support for the fee recommendations and improve the foundation for decision-making by your Board.

The recommended fee impacts the cost of waste management, recycling, and related services within the IWMA Region. Participating Agencies are working with local industry on several issues relating to SB 1383, including amendments to their franchise agreements and SB 1383 regulatory requirements.

### Summary

The proposed fee recommendations result from multiple efforts to estimate the fiscal impact of SB 1383 and ongoing IWMA operations based on the best available information at this time.

Implementing fee monitoring requirements are included in the Fee Setting Policy and will help ensure that the fees are modified accordingly. Other staff direction by the Board is included in Exhibit “C” for review and additions as deemed appropriate by your Board.

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### **RECOMMENDATION:**

1. Adopt Resolution 2022-03-03 Establishing a Fee Setting Policy
  2. Adopt SB 1383 Action Plan dated March 2, 2022.
  3. Adopt Resolution #2022-03-04 Amending the Establishment of Solid Waste Management Fees
-



## **FISCAL IMPACT**

Approval of the recommended fees will result in the following:

- A. Increase the cost to haulers by 3.4% for most of their operations and approximately 5% for those operations associated with customers who currently pay less than \$50 per month.
- B. Increase IWMA annual revenues from haulers and landfills to approximately \$3.9 million, or an increase of approximately \$1.8 million (46%) over the fiscal year 2020/21 budget amount of \$2.1 million, for the purposes of funding:
  - a. SB 1383 Implementation Costs
  - b. Structural Budget Deficits
  - c. Replenishment of Reserves
  - d. Capital Project Expenditures
  - e. Fiscal Impact of County Withdrawal from IWMA
- C. For each 0.1% of the fee, \$55,000 - \$60,000 per year of funding is provide for the purposes identified. For example, reducing the proposed fee from 5.4% to 5.0% would require reductions in annual expenditures and/or reserve contributions by \$220,000 - \$240,000 per year.

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## **ATTACHMENT:**

- 1. Exhibit A - IWMA Comparison of June 2021 Fee Proposal to January 2022 Fee Proposal SB 1383 Expenditures
- 2. Exhibit B - IWMA Comparison of Budget and Fee Proposals Fiscal Years 2020-21 through 2022-23
- 3. Exhibit C - San Luis Obispo County IWMA Fee Setting - Staff Direction March 9, 2022
- 4. Resolution 2022-03-03 Establishing Fee Setting Policy
- 5. Resolution 2022-03-04 Amending the Establishment of Solid Waste Management Fees
- 6. SB 1383 IWMA Action Plan
- 7. IWMA Solid Waste Management Fee Determination and Cost of Service Study

**IWMA**  
**Comparison of June 2021 Fee Proposal to January 2022 Fee Proposal**  
**SB 1383 Expenditures**  
**EXHIBIT "A"**

| Descripton                                                   | Budget 21-22 /<br>June 2021 Fee<br>Proposal | HF&H Fee Proposal<br>Jan.2022 | Increase /<br>(Decrease) |
|--------------------------------------------------------------|---------------------------------------------|-------------------------------|--------------------------|
| Salary and Benefits                                          | \$ 370,000                                  | \$ 389,487                    | \$ 19,487                |
| Legal                                                        | \$ 70,000                                   | \$ 70,000                     | \$ -                     |
| Advertising                                                  | 40,180                                      | 2,145                         | (38,035)                 |
| Professional Services                                        | 235,040                                     | 235,040                       | -                        |
| Memberships                                                  | 2,000                                       | 2,000                         | -                        |
| Postage                                                      | 96,000                                      | 26,000                        | (70,000)                 |
| Ministorage                                                  | 2,220                                       | 2,220                         | -                        |
| Mileage                                                      | 56,000                                      | 28,000                        | (28,000)                 |
| Copying / Printing                                           | 104,000                                     |                               | (104,000)                |
| Other                                                        | 6,560                                       |                               | (6,560)                  |
| Compliance Monitoring, Investigations, Waivers & Inspections | \$ 612,000                                  |                               |                          |
| SB 1383 "Other" Expenditures                                 |                                             | \$ 365,405                    |                          |
| <b>Sub-Total "Compliance" vs. "Other"</b>                    | <b>\$ 612,000</b>                           | <b>\$ 365,405</b>             | <b>\$ (246,595)</b>      |
| Contamination Management / Route Reviews                     | 33,000                                      | -                             | (33,000)                 |
| <b>Sub-Total Compliance (Non-Labor)</b>                      | <b>\$ 645,000</b>                           | <b>\$ 365,405</b>             | <b>\$ (279,595)</b>      |
| Monitoring and Education                                     | 425,000                                     | 379,525                       | (45,475)                 |
| Reporting and Data Management                                | 95,000                                      | 56,650                        | (38,350)                 |
| <b>Sub-Total Education and Reporting</b>                     | <b>\$ 520,000</b>                           | <b>\$ 436,175</b>             | <b>\$ (83,825)</b>       |
| <b>Total SB 1383 Expenditures</b>                            | <b>\$ 1,535,000</b>                         | <b>\$ 1,191,067</b>           | <b>\$ (343,933)</b>      |

**IWMA**  
**Comparison of Budget and Fee Proposals**  
**Fiscal Years 2020-21 through 2022-23**  
**EXHIBIT "B"**

| Description                                              | Budget 20-21        | Budget 21-22 / June 2021 Fee Proposal |                       |                                | HF&H Fee Proposal Jan.2022 |                       |                                |
|----------------------------------------------------------|---------------------|---------------------------------------|-----------------------|--------------------------------|----------------------------|-----------------------|--------------------------------|
|                                                          |                     |                                       | Increase / (Decrease) | Percentage Increase / Decrease |                            | Increase / (Decrease) | Percentage Increase / Decrease |
| <b>Revenues</b>                                          |                     |                                       |                       |                                |                            |                       |                                |
| <u>Operating Revenue</u>                                 |                     |                                       |                       |                                |                            |                       |                                |
| Landfill Tipping Fee                                     | \$ 1,100,000        | \$ 1,108,894                          | \$ 8,894              | 1%                             | \$ 812,332                 | \$ (287,668)          | -26%                           |
| Solid Waste Management Fee                               | 1,000,000           | 2,042,201                             | 1,042,201             | 104%                           | 3,093,266                  | 2,093,266             | 209%                           |
| Hazardous Waste Program Fees                             | 60,000              | 78,700                                | 18,700                | 31%                            | 81,061                     | 21,061                | 35%                            |
| Hauler Fees (New)                                        | -                   | -                                     | \$ -                  |                                | -                          | -                     | 100%                           |
| Total Operating Revenue                                  | \$ 2,160,000        | \$ 3,229,796                          | \$ 1,069,796          | 50%                            | \$ 3,986,659               | \$ 1,826,659          | 85%                            |
| <u>Non-Operating Revenue</u>                             |                     |                                       |                       |                                | \$ -                       |                       |                                |
| Grants                                                   | \$ 65,000           | \$ 80,000                             | \$ 15,000             | 23%                            | \$ 80,000                  | \$ 15,000             | 23%                            |
| Interest                                                 | 25,000              | 36,000                                | 11,000                | 44%                            | 36,000                     | 11,000                | 44%                            |
| Other                                                    | 5,000               | 1,000                                 | (4,000)               | -80%                           | 1,000                      | (4,000)               | -80%                           |
| Total Non-Operating Revenue                              | \$ 95,000           | \$ 117,000                            | \$ 22,000             | 23%                            | \$ 117,000                 | \$ 22,000             | 23%                            |
| <b>Total Revenue</b>                                     | <b>\$ 2,255,000</b> | <b>\$ 3,346,796</b>                   | <b>\$ 1,091,796</b>   | <b>48%</b>                     | <b>\$ 4,103,659</b>        | <b>\$ 1,848,659</b>   | <b>82%</b>                     |
| <b>Expenditures</b>                                      |                     |                                       |                       |                                |                            |                       |                                |
| <u>Salary and Benefits</u>                               | \$ 618,085          | \$ 646,678                            | \$ 28,593             | 5%                             | \$ 666,079                 | \$ 47,994             | 8%                             |
| <u>Services and Supplies</u>                             |                     |                                       |                       |                                |                            |                       |                                |
| Administration                                           | \$ 499,000          | \$ 328,325                            | \$ (170,675)          | -34%                           | \$ 276,375                 | \$ (222,625)          | -45%                           |
| SB1383 Expenditures                                      | -                   | 1,530,727                             | 1,530,727             | 100%                           | 1,191,067                  | 1,191,067             | 100%                           |
| HHW Program Expenditures                                 | 759,800             | 928,633                               | 168,833               | 22%                            | 956,492                    | 196,692               | 26%                            |
| Public Outreach and Education                            | 721,000             | 652,171                               | (68,829)              | -10%                           | 565,009                    | (155,991)             | -22%                           |
| Tag Grant                                                | -                   | 40,000                                | 40,000                | 100%                           | -                          | -                     | 0%                             |
| Total Services and Supplies                              | \$ 1,979,800        | \$ 3,479,856                          | \$ 1,500,056          | 76%                            | 2,988,943                  | 1,009,143             | 51%                            |
| Total Operations Expense                                 | \$ 2,597,885        | \$ 4,126,534                          | \$ 1,528,649          | 59%                            | \$ 3,655,022               | \$ 1,057,137          | 41%                            |
| <u>Capital Expenses</u>                                  | 344,000             | 364,000                               | 20,000                | 6%                             | 385,843                    | 41,843                | 12%                            |
| <b>Total Expenditures</b>                                | <b>\$ 2,941,885</b> | <b>\$ 4,490,534</b>                   | <b>\$ 1,548,649</b>   | <b>53%</b>                     | <b>\$ 4,040,865</b>        | <b>\$ 1,098,980</b>   | <b>37%</b>                     |
| <b>Total Sources vs. Uses - "Surplus" or "(Deficit)"</b> | <b>\$ (686,885)</b> | <b>\$ (1,143,739)</b>                 | <b>\$ (456,854)</b>   |                                | <b>\$ 62,794</b>           | <b>\$ 749,679</b>     |                                |
| <b>Reserve Increases / (Decreases)</b>                   |                     |                                       |                       |                                |                            |                       |                                |
| <b>2020/21 Actual Surplus / (Deficit)</b>                | <b>\$ (483,977)</b> |                                       |                       |                                | <b>FY 2022-23</b>          | <b>FY 2023-24</b>     | <b>FY 2024-25</b>              |
| <b>21/22-24/25 Estimated Surplus / (Deficit)</b>         |                     | <b>\$ (1,104,363)</b>                 |                       |                                | <b>\$ 62,794</b>           | <b>\$ 292,565</b>     | <b>\$ 375,179</b>              |

San Luis Obispo County IWMA  
Fee Setting – Staff Direction  
March 9, 2022  
Exhibit “C”

| Date                                                                            | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2/9/2022<br>BOD Meeting                                                         | <u>HF&amp;H Management &amp; Budget (M&amp;B) Review</u> <ul style="list-style-type: none"> <li>To review prior programs, cost efficiencies with SB 1383 programs, minimum measures and to recommend program modifications.</li> <li>To assist IWMA efforts in obtaining CalRecycle approval of program modifications.</li> </ul>                                                                                                                                                   |
| 2/9/2022<br>BOD Meeting                                                         | <u>HF&amp;H Alternative Fee Calculation (Optional Task in M&amp;B Review)</u> <ul style="list-style-type: none"> <li>To provide an estimated fee based on the number of residential and business customers.</li> <li>Timing will be based on Board direction to proceed.</li> </ul>                                                                                                                                                                                                 |
| 2/9/2022<br>BOD Meeting                                                         | <u>Alternative Fee Calculations</u><br>Evaluate Options to establish an IWMA Fee based on Net Hauler Receipts instead of Gross Hauler Receipts                                                                                                                                                                                                                                                                                                                                      |
| Proposed<br>3/9/2022                                                            | <u>Fee Setting Policy Requirements</u> <ul style="list-style-type: none"> <li>Quarterly Fee Monitoring</li> <li>Semi-Annual Review with Mid-Year Budget to Actual Comparison</li> <li>Annual Review during Budget Development</li> </ul>                                                                                                                                                                                                                                            |
| BOD Direction<br>April/May<br>2022<br><br>August 2022<br>BOD Action to<br>Award | <u>Request for Proposals – Professional Services</u> <ul style="list-style-type: none"> <li>General direction to prepare RFPs previously established by BOD</li> <li>Direction on specific approach to be determined               <ul style="list-style-type: none"> <li>Classroom / School Education (prior programs)</li> <li>Business Outreach (SB 1383)</li> <li>Monitoring and Education (SB 1383)</li> <li>HHW (Fiscal Year 2023/24) (prior programs)</li> </ul> </li> </ul> |
| BOD<br>Review &<br>Actions<br>April-June<br>2022                                | <u>2022/23 Budget Development</u> <ul style="list-style-type: none"> <li>April 2022 – Goals &amp; Metrics</li> <li>May 2022 – 3<sup>rd</sup> Quarter Review of Current Year Actuals &amp; Draft Budget</li> <li>June 2022 – Approval of Preliminary Budget</li> </ul> <p>(Note: Approval of Final 2022/23 Budget by September 1<sup>st</sup> is for the purpose of including beginning reserves and encumbrances based on actual prior year (2021/22) year-end actual amounts.</p>  |

RESOLUTION NO. 2022-03-03  
RESOLUTION OF THE SAN LUIS OBISPO COUNTY  
INTEGRATED WASTE MANAGEMENT AUTHORITY  
ESTABLISHING A FEE SETTING POLICY

WHEREAS, the San Luis Obispo County Integrated Waste Management Authority (IWMA) is a Joint Powers Authority established pursuant to a Joint Powers Agreement originally executed on May 10, 1994 including the incorporated cities of Arroyo Grande, Atascadero, El Paso de Robles, Grover Beach, Morro Bay, Pismo Beach, and San Luis Obispo, all being municipal corporations of the State of California and located within the boundaries of the County of San Luis Obispo California, hereinafter called "Cities;" and,

WHEREAS, in or around 2001, a Memorandum of Agreement ("MOA") was executed with certain special districts within the County ("Authorized Districts") amending the Original JPA Agreement to include the Authorized Districts for representation on the IWMA Board; and

WHEREAS, the Cities and Authorized Districts are collectively referred to herein as IWMA Participating Agencies; and,

WHEREAS, Section 5.2 of the Joint Powers Agreement granted the IWMA such powers that each Member could exercise separately; and

WHEREAS, Assembly Bill 341 (Chesbro, 2011) (Recycling of Commercial Solid Waste ("MCR")), Assembly Bill 1826 (Chesbro, 2014) (Recycling of Commercial Organic Waste ("MORE")), and Assembly Bill 827 (McCarty, 2019) were signed into law and established requirements for the diversion of organic waste generated by businesses and commercial solid waste recycling; and

WHEREAS, in 2016, Senate Bill 1383 (Lara, 2016) was signed into law and establishes methane emissions reduction goals of 50 percent in the level of the statewide landfill disposal of organic waste from the 2014 level by 2020, and 75 percent by 2025; and

WHEREAS, Senate Bill 1383 regulations require jurisdictions to implement an organic waste diversion program that includes providing organic waste collection services to businesses and residences, edible food recovery goals, public education and outreach, contamination monitoring and sampling activities, recordkeeping and reporting, organic and edible food recovery, infrastructure capacity planning, procurement of recovered organic waste products, and enforcement; and

WHEREAS, the IWMA requires funding to support the planning, programming, and implementation of the statutory mandates and related regulations established by the State of California; and

WHEREAS, Sections 41901 and 41902 of the Public Resources Code authorize the establishment and collection of a fee in order to fund the costs incurred by the IWMA in the

preparation, maintenance, adoption and implementation of the Integrated Waste Management Plan mandated by Section 40000 et seq. of the Public Resources Code; and

WHEREAS, Public Resources Code Section 42652.5 authorizes local jurisdictions to collect reasonable and necessary fees to recover the costs of implementing Senate Bill 1383 regulations and Title 14, Division 7, Chapter 3, Section 18991.1 of the California Code of Regulations and allows jurisdictions to fund compliance efforts through franchise fees, local assessments or other funding mechanisms; and

WHEREAS, it is in the public interest for IWMA to adopt a fee setting policy to promulgate the regulatory nature of fees that IWMA must establish, and increase from time to time, as a result of statutory mandates and regulations established by the State of California and to establish IWMA requirements that include compliance with legal requirements, fee setting objectives and determinations, data required to support fee determinations, fee monitoring, and administrative requirements including coordination with the Cities and Authorized Districts, coordination with industry representatives, and public review.

NOW, THEREFORE, BE IT RESOLVED, that the San Luis Obispo County Integrated Waste Management Authority:

1. IWMA Fees Fund Services for the IWMA Region.

The fees that IWMA establishes and/or modifies are for the IWMA Region as a whole, which comprises the combined territories of the Participating Agencies. The scope of services provided by IWMA in serving the IWMA Region is based on several guiding requirements included in California statutes and regulations. In accordance with those requirements and the JPA, specific guidance is established by the IWMA Board based on strategic and action plans, annual budgets, letters of designation and agreements from and/or with Participating Agencies, other directives, and duly authorized determinations by the IWMA Executive Director or designee.

2. The IWMA Fees are Needed for Regulatory Compliance

The need for IWMA to establish and/or increase revenues is a result of statutory and regulatory requirements imposed on the local agencies and whether the revenue stream is characterized as a fee, a rate, a charge, or otherwise, the nature and substance of the revenue is that of a regulatory fee.

3. The attached “Fee Setting Policy” is hereby approved.

4. Effective Date.

This Resolution will be effective on March 9, 2022. The Executive Director of the IWMA is authorized to amend Section #1 to reflect any changes in IWMA Participating Agencies that may occur from time to time.

**PASSED AND ADOPTED**, this \_\_\_\_ day of \_\_\_\_\_, 2022, by the following roll call vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

\_\_\_\_\_  
Charles Bourbeau, President

**ATTEST:**

\_\_\_\_\_  
Sasha Del Giorgio, Clerk of the Board

**APPROVED AS TO FORM AND LEGAL EFFECT:**

\_\_\_\_\_  
Jeffrey A. Minnery, Legal Counsel

# FS-1 Fee Setting Policy

San Luis Obispo County Integrated Waste  
Management Authority  
870 Osos Street, San Luis Obispo, CA 93401



|                         |                    |                           |      |                           |
|-------------------------|--------------------|---------------------------|------|---------------------------|
| <b>POLICY NAME</b>      | Fee Setting Policy | <b>POLICY NUMBER</b>      | FS-1 |                           |
| <b>EFFECTIVE DATE</b>   | March 9, 2022      | <b>LAST REVISION DATE</b> |      | <b>VERSION NUMBER</b> .00 |
| <b>IMPLEMENTED DATE</b> |                    |                           |      |                           |

## I. Policy Purpose

This Fee Setting Policy is intended to provide guidance on requirements established in the IWMA Joint Powers Agreement (JPA) that covers the local agencies within the County of San Luis Obispo listed below. This policy recognizes that IWMA's need to establish revenues is a result of statutory and regulatory requirements imposed on the local agencies and whether the revenue stream is characterized as a fee, a rate, a charge, or otherwise, the nature and substance of the revenue is that of a regulatory fee.

## IWMA Participating Agencies

| Cities                             | Special Districts          |                |
|------------------------------------|----------------------------|----------------|
|                                    |                            |                |
| Atascadero                         | Avila Beach CSD            | Oceano CSD     |
| Arroyo Grande                      | California Valley CSD      | San Miguel CSD |
| Grover Beach                       | Cambria CSD                | Templeton CSD  |
| Morro Bay                          | Cayucos Sanitary District  |                |
| Pismo Beach                        | Ground Squirrel Hollow CSD |                |
| San Luis Obispo                    | Heritage Ranch CSD         |                |
| Paso Robles                        | Nipomo CSD                 |                |
| *CSD – Community Services District |                            |                |
|                                    |                            |                |



Specifically, the intent of this policy is to provide information and/or guidance on the following:

- a) Authority to set fees.
- b) Fee setting objectives and determinations.
- c) Data required to support fee determinations.
- d) Fee monitoring.
- e) Administrative requirements including coordination with member and participating agencies, coordination with industry representatives, and public review.

## **II. Scope**

This policy applies to all actions that may be recommended for consideration by the Board of Directors to establish and increase fees.

Revenues that are generated from IWMA fees shall be used solely for IWMA costs incurred and reserves needed for the scope of services provided by IWMA while serving the IWMA Region. The scope of some services provided by IWMA may also be implemented in cooperation with other agencies, including the County of San Luis Obispo, Participating Agencies, and/or others subject to an agreement approved by the IWMA Board.

The scope of services provided by IWMA in serving the IWMA Region is based on several guiding requirements included in California statutes and regulations. In accordance with those requirements and the JPA, specific guidance is established by the IWMA Board based on strategic and action plans, annual budgets, letters of designation and agreements from and/or with Participating Agencies, other directives, and duly authorized determinations by the IWMA Executive Director or designee.

## **III. Authority to Set Fees**

The IWMA authority to set fees is derived from both statutory authority and the JPA. The JPA identifies several types or categories of fees that the IWMA may consider. Prior to establishing a new fee category, the IWMA Board shall consider and adopt an attachment to this policy that addresses the following policy requirements specific to that category of fee.

- a) Description of the fee
- b) Authority to set the fee
- c) Fee setting objectives and determinations
- d) Data requirements to support fee determinations
- e) Other requirements

Three categories of fees including tipping fees, customer fees, and fees based on gross hauler revenues have been implemented by IWMA prior to the adoption of this policy. Thus, Attachment “A” incorporates each of those fee categories in this policy.

For new fee categories adopted and established by the IWMA under this policy, subsequent modifications to that fee are subject to the requirements of this policy.

All fees are subject to current and future statutory and other legal requirements. If a conflict is identified between this policy and legal requirements, the legal requirements shall supersede this policy.

#### **IV. Fee Setting Objectives and Determinations**

Fee setting objectives and determinations are based on a) the regional nature of IWMA services and b) evaluations incorporated into fee studies.

##### **Objective #1: Fee Requirements are Based on Regional Services**

IWMA services are provided on behalf of constituents within the combined territories of the Participating Agencies, herein referred to as the “IWMA Region.” Some specific services may be provided outside of the IWMA Region on behalf of constituents within the IWMA Region.

IWMA fees can only be used to pay costs and fund necessary reserves applicable to constituents within the IWMA Region. As a Joint Powers Authority providing regional services, the IWMA recognizes that there will be variations in the nature and extent of services provided within the individual communities represented by the Participating Agencies, and that matching revenues generated from constituents in individual communities to expenses incurred specifically on behalf of the constituents of those individual communities is neither required by or the intent of the JPA, nor a known requirement of law. This IWMA policy, consistent with the JPA, recognizes that the IWMA provides its scope of services and establishes fees based on the IWMA Region as a whole, and that the JPA does not require nor does it intend for the IWMA to provide its scope of services on a community-by-community basis, nor to a) track IWMA costs on a community-by-community basis, b) match revenues with costs on a community-by-community basis, c) negotiate services with each Participating Agency on a community-by-community basis d) establish fees on a community-by-community basis, or e) seek reimbursement from the Participating Agencies for costs that might otherwise be incurred on a community-by-community basis.

##### **Objective #2: Fee Determinations Require Fee Studies**

Prior to establishing or increasing a fee, a Fee Study shall be prepared for the IWMA by a qualified consultant selected through the Request for Proposal process for consideration by the IWMA Board. Any action approved by the IWMA Board to establish or increase fees shall incorporate the final Fee Study and any applicable plan and/or determinations regarding the scope of services provided within the IWMA Region that necessitates the action to establish or increase a fee.

#### **V. Data Required to Support Fee Determinations**

Specific fee recommendations shall be based on and shall not exceed the estimated cost of IWMA services and the funding of necessary reserves. Fee Studies shall describe, document, and illustrate the estimated cost of services, the revenue and reserve requirements, and relevant calculations and evidence used to determine the specific fee recommendations. The Fee Study shall include all necessary facts,

data, information, and analyses related to justification and/or explanation of the proposed fees that meet all applicable legal requirements to support their adoption.

Cost and reserve requirements shall be projected over a period of not-less-than 3 years with the intent that fee recommendations are based on multi-year projections. Additionally, the Fee Study shall include current year estimates and at least one year of prior actual costs and reserve balances.

Reserve requirements shall be included in fee determinations based on legal requirements established by statute, regulations or agreement and those specifically approved by the IWMA Board either by resolution, separate policy or budgetary action.

## **VI. Fee Monitoring**

Revenues that are generated from IWMA fees will be monitored by the IWMA Executive Director and reported to the IWMA Board as follows:

- a) On a quarterly basis - a comparison of actual revenue versus expected revenue for that quarter and year-to-date.
- b) On a semi-annual basis – a comparison of actual revenue versus budgeted revenue, together with a comparison of actual to budget for the entire IWMA budget.
- c) Final year-end comparisons of actual revenue versus budgeted revenue should be included in subsequent year proposed and final budget documents.

Additionally, fee monitoring stated above shall include a comparison of targeted reserves versus actual reserves.

The reports provided to the Board of Directors shall be placed on regular or special meeting agendas. The semi-annual budget review and the review of the proposed and final budgets shall be coordinated with Participating Agencies.

## **VII. Administrative Requirements**

The Executive Director or designee shall coordinate the review of Fee Studies, fee recommendations, and monitoring of fees, and the development and monitoring of the IWMA proposed and final budgets with Participating Agencies. The Executive Director shall develop administrative procedures in collaboration with the Participating Agencies to ensure that IWMA efforts undertaken to establish, increase or otherwise modify IWMA fees will be coordinated with the Participating Agencies in a timely and organized manner with a goal that IWMA fee modifications are scheduled to coincide with normal recurring fee processes conducted by the Participating Agencies. The IWMA shall coordinate with the Participating Agency managers in this regard to ensure the facts, data, information, and analyses provided by the IWMA is adequate to enable the Participating Agencies to implement the IWMA's proposed fees and fees through the Proposition 218 process, if deemed applicable to a Participating Agency by that Agency.

## VIII. Forms and Attachments

- A1 – Tipping Fees
- A2 – Fees Based on Customer Accounts
- A3 – Fees on Gross Hauler Revenues

| VERSION HISTORY |             |               |                       |        |
|-----------------|-------------|---------------|-----------------------|--------|
| VERSION         | APPROVED BY | REVISION DATE | DESCRIPTION OF CHANGE | AUTHOR |
|                 |             |               |                       |        |
|                 |             |               |                       |        |
|                 |             |               |                       |        |

# Policy FS-1: Fee Setting

## Attachment A-1

### Tipping Fees



San Luis Obispo County Integrated  
Waste Management Authority  
870 Osos Street, San Luis Obispo, CA 93401

| POLICY NAME                                     |               | POLICY NUMBER                                                                                                                                                                       |     |
|-------------------------------------------------|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Fee Setting Policy                              |               | FS-1                                                                                                                                                                                |     |
| EFFECTIVE DATE                                  | March 9, 2022 | LAST REVISION DATE                                                                                                                                                                  |     |
| IMPLEMENTED DATE                                |               | VERSION NUMBER                                                                                                                                                                      | .00 |
| Description of the Fee                          |               |                                                                                                                                                                                     |     |
| Authority to Set the Fee                        |               | JPA, Public Resources Codes 41901, 41902, 42625.5, and Tipping Fee Memorandum of Agreement between the County and Cities.                                                           |     |
| Fee Setting Objectives and Determinations       |               | The objective of setting tipping fees is to develop revenues in proportion to waste disposed.                                                                                       |     |
| Data Requirements to Support Fee Determinations |               | Tonnage of waste disposed at the landfill.                                                                                                                                          |     |
| Other Requirements                              |               | Coordination with waste haulers, landfill operators and the County of San Luis to ensure revenues that are allocated to IWMA are based on materials generated from the IWMA Region. |     |

# Policy FS-1: Fee Setting

## Attachment A-2

### Fees on Customer Accounts



San Luis Obispo County Integrated  
Waste Management Authority  
870 Osos Street, San Luis Obispo, CA 93401

| POLICY NAME                                     | Fee Setting Policy |                                                                                                                                         | POLICY NUMBER | FS-1           |     |
|-------------------------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|-----|
| EFFECTIVE DATE                                  | March 9, 2022      | LAST REVISION DATE                                                                                                                      |               | VERSION NUMBER | .00 |
| IMPLEMENTED DATE                                |                    |                                                                                                                                         |               |                |     |
|                                                 |                    |                                                                                                                                         |               |                |     |
| Description of the Fee                          |                    | Fees on Customers Accounts are charged to haulers based on the types and number of customers accounts by type.                          |               |                |     |
| Authority to Set the Fee                        |                    | JPA and Public Resources Codes 41901, 41902 and 42625.5                                                                                 |               |                |     |
| Fee Setting Objectives and Determinations       |                    | The objective of setting fees based on the type and number of customer accounts is to develop revenues in proportion to those accounts. |               |                |     |
| Data Requirements to Support Fee Determinations |                    | Number of customer accounts by type.                                                                                                    |               |                |     |
| Other Requirements                              |                    | Coordination with Participating Agencies and waste haulers, to ensure revenues paid to IWMA by haulers are accurate for IWMA Region.    |               |                |     |
|                                                 |                    |                                                                                                                                         |               |                |     |

# Policy FS-1: Fee Setting

## Attachment A-3

### Fees on Gross Hauler Receipts



San Luis Obispo County Integrated  
Waste Management Authority  
870 Osos Street, San Luis Obispo, CA 93401

| POLICY NAME                                     | Fee Setting Policy |                                                                                                                                                                                | POLICY NUMBER | FS-1           |     |
|-------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|-----|
| EFFECTIVE DATE                                  | March 9, 2022      | LAST REVISION DATE                                                                                                                                                             |               | VERSION NUMBER | .00 |
| IMPLEMENTED DATE                                |                    |                                                                                                                                                                                |               |                |     |
|                                                 |                    |                                                                                                                                                                                |               |                |     |
| Description of the Fee                          |                    | Fees on Gross Hauler Receipts are charged to haulers based on the revenues generated from customer accounts.                                                                   |               |                |     |
| Authority to Set the Fee                        |                    | JPA and Public Resources Codes 41901, 41902 and 42625.5                                                                                                                        |               |                |     |
| Fee Setting Objectives and Determinations       |                    | The objective of setting fees based on the gross hauler receipts is to develop revenues in proportion to revenues collected from customers and services provided to customers. |               |                |     |
| Data Requirements to Support Fee Determinations |                    | Gross hauler receipts.                                                                                                                                                         |               |                |     |
| Other Requirements                              |                    | Coordination with Participating Agencies and waste haulers, to ensure revenues paid to IWMA by haulers are accurate for IWMA Region.                                           |               |                |     |
|                                                 |                    |                                                                                                                                                                                |               |                |     |

RESOLUTION NO. 2022-03-04  
RESOLUTION OF THE SAN LUIS OBISPO COUNTY  
INTEGRATED WASTE MANAGEMENT AUTHORITY  
AMENDING THE ESTABLISHMENT OF SOLID WASTE MANAGEMENT FEES

WHEREAS, this Resolution rescinds Resolution 21-06-02, which was adopted on June 9, 2021, but not enacted; and

WHEREAS, this Resolution supersedes and replaces Resolution 07-03 (c) adopted on or about September 12, 2007, which established a solid waste management fee on any company that has an agreement with a government entity (including the County of San Luis Obispo, an incorporated city, or a district empowered to regulate or provide for solid waste collection) to collect garbage in San Luis Obispo County (“Company”). Resolution 07-03 (c) calculated the fee as follows: (1) two percent (2%) of the gross revenue collected from commercial customers; and (2) the solid waste management fee of \$0.30 per month for residential accounts charged less than \$50 per month and a 2% fee for residential accounts paying more than \$50 a month; and

WHEREAS, Section 5.2 of the Joint Powers Agreement granted the IWMA such powers that each Member could exercise separately; and

WHEREAS, the solid waste management fee provides the revenue to fund the reasonable and necessary costs incurred by the San Luis Obispo County Integrated Waste Management Authority (“IWMA”) in the preparation, maintenance, adoption and implementation of the Countywide Integrated Waste Management Plan mandated by Section 40000 *et seq.* of the Public Resources Code, which includes, but is not limited to providing IWMA staff, operation of the county level of the State's Disposal Reporting System, operating the Household Hazardous Waste Facilities and other functions of IWMA; and

WHEREAS, Assembly Bill 341 (Chesbro, 2011) (Recycling of Commercial Solid Waste (“MCR”)), Assembly Bill 1826 (Chesbro, 2014) (Recycling of Commercial Organic Waste (“MORE”)), and Assembly Bill 827 (McCarty, 2019) were signed into law and established requirements for the diversion of organic waste generated by businesses and commercial solid waste recycling; and

WHEREAS, in 2016, Senate Bill 1383 (Lara, 2016) was signed into law and establishes methane emissions reduction goals of 50 percent in the level of the statewide landfill disposal of organic waste from the 2014 level by 2020, and 75 percent by 2025; and

WHEREAS, Senate Bill 1383 regulations require jurisdictions to implement an organic waste diversion program that includes providing organic waste collection services to businesses and residences, edible food recovery goals, public education and outreach, contamination monitoring and sampling activities, recordkeeping and reporting, organic and edible food recovery, infrastructure capacity planning, procurement of recovered organic waste products, and enforcement; and



WHEREAS, the IWMA will require additional funding to support the planning, programming, and implementation of the SB 1383 regulations and other mandates; and

WHEREAS, Public Resources Code section 42652.5 authorizes local jurisdictions to collect reasonable and necessary fees to recover the costs of implementing Senate Bill 1383 regulations and Title 14, Division 7, Chapter 3, Section 18991.1 of the California Code of Regulations and allows jurisdictions to fund compliance efforts through franchise fees, local assessments or other funding mechanisms; and

WHEREAS, Sections 41901 and 41902 of the Public Resources Code authorize the establishment and collection of a fee in order to fund the costs incurred by the IWMA in the preparation, maintenance, adoption and implementation of the Countywide Integrated Waste Management Plan mandated by Section 40000 et seq. of the Public Resources Code; and

WHEREAS, in order to fund statutory mandates approved by the State of California and regulations established by CalRecycle, this Resolution increases the solid waste management fee from 2% to 5.4% of gross receipts on any Company which has an agreement with a governmental entity that is an IWMA Participating Agency to collect garbage in San Luis Obispo County or possesses a permit issued by the County of San Luis Obispo, Division of Environmental Health pursuant to County Code Chapter 8.12.501.

NOW, THEREFORE, BE IT RESOLVED, that the San Luis Obispo County Integrated Waste Management Authority:

1. Participating Agencies.

The IWMA Participating Agencies include the cities within San Luis Obispo County who are Members of IWMA and special districts within San Luis Obispo County that possess solid waste management authority and who have executed or agreed to the terms and condition of the Joint Powers Agreement for the San Luis Obispo County Integrated Waste Management Authority.

2. Payment of Fees.

Effective July 1, 2022, any Company that has an agreement with a governmental entity that is an IWMA Participating Agency to collect garbage in San Luis Obispo County, or possesses a permit issued by the County of San Luis Obispo, Division of Environmental Health pursuant to County Code Chapter 8.12.501, shall be liable for the payment of the applicable solid waste management fee.

The solid waste management fee shall become due and payable on the 15th day of each month for the solid waste disposed of during the preceding month. Fees shall be deemed delinquent 30 days after they are due and payable and shall be subject to the late-payment provisions set forth herein.

Fees shall be made payable to the "San Luis Obispo County Integrated Waste Management Authority" and transmitted to the San Luis Obispo County Integrated Waste Management Authority, 870 Osos Street, San Luis Obispo, CA 93401, or at such address as the authority may

designate. Payment of fees shall be accompanied by 1) a statement from the Company specifying the gross revenue collected during the preceding month; 2) a form to be provided by the IWMA Executive Director to each hauler which includes the certification; and 3) the itemization of revenue collected by jurisdiction.

No acceptance of any payment shall be construed as an accord that the amount is in fact the correct amount, nor shall acceptance of payment be construed as a release of any claim the IWMA may have for further or additional sums payable under the provisions of this Resolution. All amounts shall be subject to audit, which if adverse to hauler with respect to any underpayment, shall be charged to hauler in addition to any interest owed as a late fee or interest as a delinquent payment.

### 3. Calculation of Solid Waste Management Fee and Finding of Fact.

For Companies with an agreement with a governmental entity for the collection of solid waste, recyclables or green waste that is an IWMA Participating Agency, the solid waste management fee shall be 5.4% of the gross revenue. The gross revenue collection amount, which is used to determine and calculate the amount of franchise fee required to be paid under the franchise agreement, shall also be used to determine the solid waste management fee.

Any Company that possesses a permit issued by the County of San Luis Obispo, Division of Environmental Health pursuant to County Code Chapter 8.12.501 and does not pay a fee under the above paragraph, shall pay a solid waste management fee that is 5.4% of the gross revenue collected from its customers which are located within the boundaries of IWMA Participating Agencies. Gross revenue shall include, but not be limited to, the cost charged to customers for items such as delivery, roll-off box rental, hauling service and disposal/recycling of the removed material.

The IWMA Board makes the following findings of fact: (1) statutory authority, including but not limited to Public Resources Code Sections 42652.5, 41901, and 41902 authorize local jurisdictions to collect reasonable and necessary fees to recover the costs associated with the implementation of this Resolution; and (2) the fees and costs identified herein are reasonable and necessary to support the funding of state mandates and further substantiated in the Countywide Integrated Waste Management Plan mandated by Section 40000 *et seq.* of the Public Resources Code, the “IWMA Solid Waste Management Fee Determination and Cost of Service Study” prepared by HF&H Consultants, dated January 7, 2022, the “SB 1383 Action Plan” prepared by HF&H Consultants dated March 2, 2022 and additional reports and information presented to the IWMA Board in considering this resolution.

### 4. Record Retention and Access to Records.

Each Company shall maintain records, information, and documentation that substantiate the gross revenue collected during each calendar month. The records, information, and documentation shall include the procedures the Company used to determine and measure the gross revenues collected. The Company shall maintain such records, information, and documentation for a period of three years from the date such revenue was collected. Upon receipt of a minimum of three business days’ written notice from the IWMA Executive Director, the Company shall provide the IWMA

Executive Director with access for inspection and copying of all records, information, or documentation necessary to substantial gross revenue as provided by this Section.

5. Delinquent Solid Waste Management Fees.

In the event that any payment is not received within thirty (30) days after it is due, the Company shall pay interest on the outstanding balance at the rate of one and one-half percent (1.5%) per month from the date of Company's failure to pay.

6. Recission of Previous Resolution.

This Resolution supersedes and replaces Resolution No. 21-06-02 adopted on June 9, 2021, and Resolution No. 07-03 (c) adopted on or about September 12, 2007. All ordinances, resolutions, or administrative actions by the IWMA Board of Directors or the Executive Director which are inconsistent with any provision of this Resolution are hereby superseded only to the extent of such inconsistency.

7. Effective Date.

This Resolution will be effective on July 1, 2022.

**PASSED AND ADOPTED**, this \_\_\_\_ day of \_\_\_\_\_, 2022, by the following roll call vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

\_\_\_\_\_  
Charles Bourbeau, President

**ATTEST:**

\_\_\_\_\_  
Sasha Del Giorgio, Clerk of the Board

**APPROVED AS TO FORM AND LEGAL EFFECT:**

\_\_\_\_\_  
Jeffrey A. Minnery, Legal Counsel





# San Luis Obispo County Integrated Waste Management Authority FINAL DRAFT - SB 1383 Action Plan







## California SB 1383 regulations are driving new organics diversion programs.

Increased reduction in organics landfill disposal is required by California's SB 1383 regulations to reduce methane gas emissions and long-term impacts of climate change. SB 1383 requires all jurisdictions to increase organics diversion through expanded organics programs and policies and new efforts. This Action Plan presents SLO IWMA's approach to compliance.

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# Executive Summary





## EXECUTIVE SUMMARY

The San Luis Obispo County Integrated Waste Management Authority ("SLO IWMA" or "IWMA") Board of Directors unanimously adopted the organization's first strategic plan on January 14, 2021. That strategic plan is designed to guide the organization through 2025 and is focused heavily on supporting residents, businesses, and local governments throughout the IWMA Region to implement the significant new requirements of SB 1383 – the most significant legislative change to waste and recycling programming in California in over thirty years. The plan: highlights the IWMA's mission, vision, and values; details the strategic objectives for the IWMA through 2025; and, provides individual action plans for each strategic plan element that describe the activities that will need to be performed to achieve the objectives of the plan.



**MISSION:** *The mission of the IWMA is to provide coordinated efforts to comply with state waste and recycling policy on behalf of member agencies through practical, cost-effective programs, education, and technical support.* This mission reflects the value that the Board and member communities see in the ability of the IWMA to provide economies of scale and to have consistency across the IWMA Region. It focuses the resources of the organization on state mandates related to waste and recycling and responds with practical and supportive efforts like programming, education, and assistance, to avoid enforcement.

**VISION for 2025:** *The IWMA will make continuous progress towards reducing waste in San Luis Obispo County.* This vision of the IWMA for 2025 is both aspirational and practical. It aspires to continue, beyond the minimum requirements of the law, to take actions in the IWMA Region to reduce waste and its negative impacts. At the same time, the IWMA's vision is practical in that the Board specifically rejected the idea of a numerical target, instead preferring a model that focuses on incremental learning and development.

**VALUES:** The decisions of the IWMA Board of Directors, staff, and contractors will be guided by the following values as they perform their respective roles.

- ***Community Education:*** The IWMA values engaging the community in waste reduction and recycling efforts and prioritizes education over enforcement.
- ***Stewardship:*** The IWMA values the responsible planning and management of its economic resources as well as the environmental resources that the IWMA's programs are designed to protect.
- ***Cost-Effectiveness:*** The IWMA values delivering its programs, education, and technical support in a manner that leverages regional economies of scale and consistency.
- ***Transparency:*** The IWMA values conducting its business in a manner that is open and responsive to the public's interest in the organization's governance, management, finances, and operations.
- ***Professionalism:*** The IWMA values conducting the work of the organization and interacting with stakeholders with a high degree of respect, responsiveness, technical competence, and integrity.



**STRATEGIC PLAN OBJECTIVES:** The strategic plan elements described in the following action plans are designed to accomplish the following five objectives:

1. Provide cost-effective implementation of SB 1383 through practical use of combined resources.
2. Provide consistent community education on waste reduction and recycling throughout the IWMA Region.
3. Serve as a technical resource for member agencies and industry on waste reduction and recycling issues, including supporting innovation and economic development in recycling.
4. Develop the IWMA organization through systems, processes, staff, and board development and modernize the governance structure to match the new organization.
5. Revise the Joint Powers Agreement to support the strategic plan objectives adopted by the Board.

**The below table summarizes the tasks to be completed for each of the objectives of the strategic plan.**

| Objective 1:<br>Implementation<br>of SB 1383 | Objective 2:<br>IWMA Region<br>Education | Objective 3:<br>Technical<br>Resource on<br>Industry | Objective 4:<br>Fully Developed<br>IWMA | Objective 5:<br>Revise JPA           |
|----------------------------------------------|------------------------------------------|------------------------------------------------------|-----------------------------------------|--------------------------------------|
| 1.1 Franchise                                | 2.1 General Public Information           | 3.1 Local Task Force (Technical Advisory Committee)  | 4.1 Systems                             | 5.1 Update JPA Documents             |
| 1.2 Policy                                   | 2.2 Target Outreach to Businesses/MFD    | 3.2 Industry Working Group                           | 4.2 Organizational Awareness            | 5.2 Update Exec Committee Bylaws     |
| 1.3 Contamination Monitoring                 | 2.3 Youth Classroom Education            | 3.3 Recycling Industry Economic Development          | 4.3 On-Boarding Manual                  | 5.3 Update IWMA Rules & Procedures   |
| 1.4 Edible Food Recovery                     | 2.4 Facility Tours                       | 3.4 Franchise Management                             | 4.4 Recruiting Strategy                 | 5.4 Update MOA's (Special Districts) |
| 1.5 Procurement                              |                                          | 3.5 Research & Development                           | 4.5 Training/Industry Certifications    |                                      |
| 1.6 Education                                |                                          |                                                      | 4.6 Internship Program                  |                                      |
| 1.7 Recordkeeping & Reporting                |                                          |                                                      |                                         |                                      |
| 1.8 Monitoring & Enforcement                 |                                          |                                                      |                                         |                                      |

**RECENT DEVELOPMENTS:** The IWMA received official notice of the Unincorporated County's withdrawal from the IWMA on October 15, 2021, effective November 15, 2021. On November 23, 2021 the IWMA Board approved a Memorandum of Understanding ("MOU") between the Unincorporated County and the IWMA for the IWMA to provide reimbursable services to the Unincorporated County related to household hazardous waste collection, as well as school education programs through the remainder of the 2021-2022 school year. This Plan anticipates that while the IWMA and Unincorporated County will continue to coordinate as appropriate, and the IWMA and Unincorporated County's partnership will continue to evolve, the Unincorporated County will not rejoin the IWMA.

The IWMA, its Member Agencies, solid waste service providers, and the general public continue to face challenges caused by COVID-19 that impact the strategic objectives of the IWMA, including but not limited to restrictions on in-person interactions, staffing disruptions, and a shifting landscape regarding the types of organic materials frequently



discarded, as well as the proportion of organic materials discarded in the commercial versus residential sector. The IWMA will continue to adapt to trends created by COVID-19 and other external factors.

**FISCAL IMPACT:** This plan is estimated to increase the annual operating costs of the IWMA by approximately \$1,190,000 per year, including adding 3 additional full-time equivalent staff. These costs are primarily related to the implementation of Objective 1, due to SB 1383. All other strategic plan elements are designed to leverage off existing resources, or resources that will be required, because of SB 1383. While this includes many out-of-pocket costs like designing, producing, and distributing various educational materials, the largest cost is labor-related. The significant factors influencing the range are related to staffing and decisions about hiring or contracting certain functions. The plan specifically identifies the following key positions that the IWMA or member agencies will either need to hire or contract for.

- SB 1383 Program Manager (early 2021) – Responsible for managing all projects and staff associated with the IWMA’s implementation of SB 1383.
- Management Analyst (mid 2021) – Responsible for implementing monitoring, recordkeeping, and reporting systems required by state law (HHW, AB 939, SB 1383, AB 901, etc.) and to track IWMA revenues from haulers and facilities. This should be a full-time employee.
- Program Coordinator (mid 2021) – Responsible for supporting existing (HHW, education, outreach) and new (SB 1383) programs. This could be an employee, contract, or intern position but likely requires ~40 hours per week.

**FUNDING:** In order to fund the new and ongoing expenses described in this Plan, the IWMA will need to increase revenues. This requires modification to one or more of the existing fees collected by the IWMA, as detailed in the IWMA’s recent audit, draft reserve policy, and fee recommendations. IWMA financial staff should closely monitor the IWMA’s actual experience with cost increases and revenue changes as these fee changes and the strategic plan are implemented, and adjust course accordingly.





# Action Plans



## OBJECTIVE 1: IMPLEMENTATION OF SB 1383



### Executive Summary

It is important to note that in order to effectively implement the requirements of SB 1383 beginning January 1, 2022, SLO IWMA must start many of the action items in this Objective 1 as soon as possible. It is also necessary for SLO IWMA to work with numerous parties for the purpose of providing cost-effective and efficient implementation of SB 1383 through practical use of combined resources. Such combined efforts that must take priority include franchise amendments, policy development, regionwide education (edible food recovery, contamination monitoring, record keeping and reporting). The remaining actions may be started later in the year.

### Implementation Plan

| Action Item |                          | Collaborators                                                                                 | Linked Objectives |
|-------------|--------------------------|-----------------------------------------------------------------------------------------------|-------------------|
| 1.1         | Franchise                | Member Agencies, Haulers, Third Party Consultant                                              | 1.2               |
| 1.2         | Policy                   | Member Agencies, Haulers, Third Party Consultant                                              | 1.1               |
| 1.3         | Contamination Monitoring | Member Agencies, Third Party Contamination Monitor, Third Party Education Contractor, Haulers | 1.2, 1.7, 1.8     |



# SLO IWMA

## FINAL DRAFT ACTION PLAN: Objective 1

### IWMA Region Community Education

2020 – 2025

|     | Action Item                | Collaborators                                                                                                        | Linked Objectives  |
|-----|----------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------|
| 1.4 | Edible Food Recovery       | Member Agencies, Food Recovery Organizations, Edible Food Generators, SLO County, County Health Departments, Haulers | 1.6, 1.7, 1.8      |
| 1.5 | Procurement                | Member Agencies, Haulers, Recyclist, CalRecycle, CNG Provider                                                        | 1.1, 1.2, 1.7      |
| 1.6 | Education                  | Member Agencies, Third Party Education Contractor                                                                    | 2                  |
| 1.7 | Record Keeping & Reporting | Haulers, Member Agencies, Local Organizations, Recyclist                                                             | 1.1                |
| 1.8 | Monitoring                 | Member Agencies                                                                                                      | 1.2, 1.4, 1.8, 4.4 |

### Original Implementation Schedule\*

| Objective 1:<br>Implementation of SB 1383 | 2021 |   |   |   |   |   |   |   |   |   |   |   | 2022 |   |   |   |   |   |   |   |   |   |   |   | 2023 |   |   |   |   |   |   |   |   |   |   |   | 2024 |   |   |   |   |   |   |   |   |   |   |   | 2025 |  |  |  |  |  |  |  |  |  |  |  |
|-------------------------------------------|------|---|---|---|---|---|---|---|---|---|---|---|------|---|---|---|---|---|---|---|---|---|---|---|------|---|---|---|---|---|---|---|---|---|---|---|------|---|---|---|---|---|---|---|---|---|---|---|------|--|--|--|--|--|--|--|--|--|--|--|
|                                           | 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 |      |  |  |  |  |  |  |  |  |  |  |  |
| 1.1 Franchise                             |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |  |  |  |  |  |  |  |  |  |  |  |
| 1.2 Policy                                |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |  |  |  |  |  |  |  |  |  |  |  |
| 1.3 Contamination Monitoring              |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |  |  |  |  |  |  |  |  |  |  |  |
| 1.4 Edible Food Recovery                  |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |  |  |  |  |  |  |  |  |  |  |  |
| 1.5 Procurement                           |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |  |  |  |  |  |  |  |  |  |  |  |
| 1.6 Education                             |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |  |  |  |  |  |  |  |  |  |  |  |
| 1.7 Recordkeeping & Reporting             |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |  |  |  |  |  |  |  |  |  |  |  |
| 1.8 Monitoring & Enforcement              |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |  |  |  |  |  |  |  |  |  |  |  |

| LEGEND                     |
|----------------------------|
| Planning                   |
| Development                |
| Negotiation/Stakeholdering |
| Approval                   |
| Implementation             |
| Ongoing Operation          |

\*This implementation schedule, along with all implementation schedules provided in this Plan, reflect the original schedules proposed in the IWMA's draft Plan of February 2021. Since the development of these original implementation schedules, some objectives have been completed, and some current timelines have been revised.





#### 1.1: Project Summary – Franchise

SLO IWMA, with the support of Public Works and Legal Counsel of each Member Agency, is to adapt CalRecycle's Model SB 1383 Franchise Agreement for each Member Agency. These adaptations will bring each Franchise Agreement into compliance with the requirements of SB 1383 and delegate certain jurisdictional responsibilities to Franchise Haulers. Franchise Agreements must be updated for transitional tasks, such as equipment ordering and Customer outreach.

Key changes to be addressed in the Franchise Agreement amendments for SB 1383 compliance include:

- Accommodate the collection of all organics, which includes green waste and food waste, and recyclable materials; include language that describes the exact processing expectations for each waste type.
- Expand complaint resolution requirements to align with SB 1383 requirements, primarily enhanced reporting procedures and tracking of complaints, from receipt up until resolution.
- Include support of third-party contamination monitoring.
- Expand reporting requirements.
- Expand education requirements. This will allow IWMA to leverage the hauler's interactions with their customers while minimizing strain of IWMA resources. A coordinated effort with third party educator would create a unified message to generators and ultimately a more effective education and outreach campaign.
- Support or delegation of Member Agency organic waste procurement targets.

#### TIPS

- Develop Mandatory Recycling and Organics Ordinance (1.2) concurrently with Franchise Agreements to ensure consistency of hauler requirements.

#### Implementation Plan

|       | Action Item                                                                                                                                                                                                                                                                                                                                                                                                            | Collaborators                                   | Linked Objectives |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------|
| 1.1.1 | <b>Convert State Model Franchise into Amendments:</b> Revise the CalRecycle Model Franchise Agreement into the format of an amendment that reflects the local approach to SB 1383 implementation identified in the SB 1383 action plans. This includes revising the model definitions to match local terminology, where appropriate, and will include all operative text that needs to be negotiated with each hauler. | Third Party Consultant                          | N/A               |
| 1.1.2 | <b>Receive Input from Franchising Agencies:</b> Meet with member agency staff (including legal) to review and discuss the terms of the proposed amendments. Compile the comments received from the group, including proposed resolution of key issues.                                                                                                                                                                 | Member Agencies, Hauler, Third Party Consultant | N/A               |
| 1.1.3 | <b>Modify Agreement to Reflect Member Agency Input:</b> Based on the input of the member agencies, revise the draft amendment language and prepare that language for negotiation with service providers.                                                                                                                                                                                                               | Member Agencies, Third Party Consultant         | 1.2               |





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#### 1.2: Project Summary – Policy

SLO IWMA, with the support of the Public Works department and Legal Counsel of each Member Agency, is to adapt CalRecycle's Model SB 1383 Ordinance and Procurement policy to create a model ordinance and model procurement policy that addresses the requirements of SB 1383. These model documents can then be adapted by each member agency into their municipal code.

#### TIPS

- Develop Mandatory Recycling and Organics Ordinance concurrently with Franchise Agreements (1.1) to ensure consistency of hauler requirements.

Key requirements to be addressed in the Ordinance include:

- Hauler collection requirements such as 3 stream containers and transportation to correct facility.
- Self-hauler requirements such as source separation of organic waste, hauling to recovery facility, and recordkeeping of delivery receipts, weight tickets, and material tonnage.
- Commercial Edible Food Generators (Tier 1 & Tier 2) required arrangements, contracts, and recordkeeping surrounding edible food recovery.
- Food recovery organizations required recordkeeping requirements surrounding edible food recovery.
- Inspections and investigations protocols, including definitions of prohibited container contaminants and the right of the IWMA or its designee to perform route inspections for contaminants.
- Assisting member agencies in developing enforcement protocols, including the responsibility, process, education timeline and penalty amounts for noncompliance.
- Compliance with CALGreen and the Model Water Efficient Landscape Ordinance (MWELo).

The CalRecycle Model Ordinance will also be leveraged to create template policies for Member Agencies surrounding organic waste procurement, including recycled paper content. IWMA is to also develop a model Environmental Purchasing Policy that follows the requirements of the ordinance to the extent applicable for each member agency, and assist each member agency in adopting their Policy.



# SLO IWMA

## FINAL DRAFT ACTION PLAN: Objective 1

### IWMA Region Community Education

2020 – 2025

#### Implementation Plan

|       | Action Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Collaborators                                                  | Linked Objectives |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-------------------|
| 1.2.1 | <b>Convert State Model Policy into Local Model:</b> Determine which SB 1383 related policies will be adopted by each member agency. And create a model policy to use for guidance of member agencies. Within those subgroupings, it may be necessary to further segment the documents (e.g. mandatory recycling/organics, edible food, purchasing, building issues). Each agency's legal counsel will need to map the specific sections of each member agency's municipal code. | Third Party Consultant                                         | N/A               |
| 1.2.2 | <b>Receive Input from Member Agencies:</b> Once draft policy documents have been prepared, meet with Member Agency staff (including legal) to review and discuss the terms of the proposed policies. Compile comments received from the group, including proposed resolution of key issues.                                                                                                                                                                                     | Member Agencies, City Attorney Offices, Third Party Consultant | N/A               |
| 1.2.3 | <b>Modify Policies to Reflect Member Agency Input:</b> Based on the input of the member agencies, revise the policy language and prepare the documents for distribution to each Member Agency that needs to adopt them.                                                                                                                                                                                                                                                         | Member Agencies, Third Party Consultant                        | 1.1               |
| 1.2.4 | <b>Support Local Counsel in Final Policy Preparation:</b> Respond to questions or issues that arise from member agency legal counsels during their review of the draft policy documents or as they are compiling the final documents for their elected bodies.                                                                                                                                                                                                                  | City Attorney Offices, Member Agencies, Third Party Consultant | N/A               |
| 1.2.5 | <b>Support Member Agency Presentation of Policies to Elected Bodies:</b> Prepare a presentation template that can be adapted by each of the franchising agencies' staffs to present at City Council and/or Board of Directors meetings.                                                                                                                                                                                                                                         | Member Agencies, Third Party Consultant                        | N/A               |
| 1.2.6 | <b>Support Member Agency Education and Enforcement:</b> Provide guidance ensuring that each regulator is set up for enforcement and recordkeeping that is in ordinance. Coordinate community education and outreach efforts to inform public regarding approved policies.                                                                                                                                                                                                       | Member Agencies                                                | 1.6, 1.7, 1.8     |



# 2020 – 2025

### Original Implementation Schedule\*

[illegible][illegible]

| LEGEND                   |
|--------------------------|
| Planning                 |
| Development              |
| Negotiation/Stakeholding |
| Approval                 |
| Implementation           |
| Ongoing Operation        |

\*This implementation schedule, along with all implementation schedules provided in this Plan, reflect the original schedules proposed in the IWMA's draft Plan of February 2021. Since the development of these original implementation schedules, some objectives have been completed, and some current timelines have been revised.



### 1.3: Project Summary – Contamination Monitoring

SLO IWMA is to develop contamination monitoring protocols based on the regulatory requirements of SB 1383. It is important to note that SLO IWMA should begin planning for this program in January 2021, to ensure the protocols are compliant with the requirements of SB 1383. It is recommended that the SLO IWMA coordinates with Member Agencies and Haulers to schedule general timelines and requirements of contamination monitoring with enough time for education and outreach to be provided to the affected parties prior to the effective date of January 1, 2022. Furthermore, it is suggested that SLO IWMA coordinates and contracts with a third party and establishes a monitoring task force as opposed to fulfilling this requirement internally. SLO IWMA must make sure that said third party will commence container inspections, route reviews, and to maintain documentation of such efforts by April 1, 2022.

#### TIPS

- Check if hauler is supplementing minimum SB 1383 requirements; they may wish to do additional contamination management.
- Ensure contamination monitoring policies are integrated into the Mandatory Recycling and Organics Ordinance.

#### Implementation Plan

|       | Action Item                                                                                                                                                                                                                                                                                                                                                | Collaborators                                                                        | Linked Objectives |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------|
| 1.3.1 | <b>Establish Monitoring Protocols:</b> In coordination with Member Agencies, develop regionwide protocols for customer compliance reviews, contamination monitoring route reviews, receipt and investigation of complaints, , based on regulatory requirements. This includes conducting annual route reviews.                                             | Member Agencies                                                                      | 1.2               |
| 1.3.2 | <b>Contract Third Party for Contamination Monitoring:</b> Issue RFP for contamination monitoring services based on monitoring protocols established. Respond to questions and concerns from proposers, and issue amendments to protocols as needed. Select third party.                                                                                    | Member Agencies                                                                      | N/A               |
| 1.3.3 | <b>Establish Monitoring Schedule:</b> Coordinate with Member Agencies, Third Party Contamination Monitor, and Haulers to schedule general timelines of contamination monitoring. Conduct test monitoring to refine estimates for time required, based on frequency contamination is found and actual time required to inspect and document each container. | Member Agencies, Third Party Contamination Monitor, Haulers                          | N/A               |
| 1.3.4 | <b>Establish Contamination Monitoring Task Force:</b> Coordinate with contracted third party to set up a contamination monitoring task force. The task force will manage the information flow and task delegation from the third party's contamination monitoring to education efforts and Member Agency enforcement.                                      | Member Agencies, Third Party Contamination Monitor, Third Party Education Contractor | 1.8               |



## 2020 – 2025

### Original Implementation Schedule\*

| LEGEND                     |
|----------------------------|
| Planning                   |
| Development                |
| Negotiation/Stakeholdering |
| Approval                   |
| Implementation             |
| Ongoing Operation          |



#### 1.4: Project Summary – Edible Food Recovery

SLO IWMA is to establish an edible food recovery program based on the regulatory requirements of SB 1383 through coordinated efforts with Haulers and County Health Department. SB 1383 requires jurisdictions to identify Edible Food Generators that are either Tier 1 or Tier 2, and businesses under either tier must have an edible food recovery program in place by January 1, 2022. SLO IWMA should identify Tier 1 and Tier 2 commercial Edible Food Generators. It is important to note that this must be done in concurrence with developing educational material and drafting enforceable ordinances in compliance with the requirements of SB 1383 for these generators.

#### TIPS

- The third party contracted by IWMA for business technical assistance may also support identification of edible food generators.
- The City of Oceanside developed a private partnership for food upcycling hosted in the City's Senior Center; this program is a potential model for IWMA to use.



#### Implementation Plan

|       | Action Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Collaborators                                                              | Linked Objectives |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-------------------|
| 1.4.1 | <b>Develop Edible Food Generator List:</b> Create a list of Tier 1 and Tier 2 commercial edible food generators by working with Haulers and County Health Department. Note that hauler support is required because not all edible food generators are regulated by the County Health Department (i.e., generators that do not serve food like food packing houses or distributors).                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Haulers,<br>County Health Department,<br>Recyclist                         | N/A               |
| 1.4.2 | <b>Develop a List of Food Recovery Organizations and Service Providers:</b> Utilize Member Agency food recovery organization lists, supplemented by lists from nonprofit directories and other sources identified, to post a comprehensive list of Food Recovery Organizations and Service Providers in the IWMA Region on the SLO IWMA website, and each member agency's website.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Member Agencies                                                            | N/A               |
| 1.4.3 | <b>Prepare Food Recovery Education Material:</b> Coordinate food recovery information to be provided in educational and outreach materials for edible food generators, services, and the public.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Third Party Education Contractor                                           | 1.6               |
| 1.4.4 | <b>Educate Edible Food Generators:</b> Begin notifying Edible Food Generators of upcoming SB 1383 requirements in July – October 2021. In December 2021, provide direct outreach and technical assistance services to Tier 1 generators, including providing CalRecycle's model food recovery agreement. Beginning in 2022, provide all commercial edible food generators with annual education and outreach that includes information about the following: edible food recovery programs, edible food generator requirements for food recovery and record keeping, food recovery organizations and food recovery services operating within the jurisdiction, where a list of those food recovery organizations and food recovery services can be found, and actions that commercial edible food generators can take to prevent the creation of food waste. | Third Party Education Contractor                                           | 1.6               |
| 1.4.5 | <b>Maintain and Update Records for Edible Food Recovery Programs:</b> Establish protocol to maintain and update list of Tier 1 and Tier 2 Commercial Edible Food Generators, as well as list of food recovery organizations. Update lists annually at minimum.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Member Agencies,<br>Food Recovery Organizations,<br>Edible Food Generators | 1.7               |
| 1.4.6 | <b>Perform Compliance Inspections:</b> Perform compliance inspections on Tier 1 commercial edible food generators and food recovery organizations and services beginning January 1, 2022. Perform compliance inspections on Tier 2 commercial edible food generators and food recovery organizations and services beginning January 1, 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Member Agencies                                                            | 1.8               |







#### 1.5: Project Summary – Procurement

SLO IWMA must calculate the requisite organic waste procurement target, as well as access to organic waste and recycled paper in the IWMA Region. SB 1383 requires jurisdictions to procure specific amounts of product(s) that are derived from organic waste recovered in California on a per capita basis.

SLO IWMA should assist Member Agencies in coordinating these efforts through assessing current budgets and financial options of purchasing organic waste, including negotiating contracts and/or fees to meet the funding needs of the IWMA Region. Before the start of procuring these products on January 1, 2022, SLO IWMA must develop education and technical assistance programs for member agencies to support use of the required organic waste products and recycled content paper from June 2021 through December 2021.

Jurisdictions are required to procure paper products derived from recycled content in accordance with Public Contracts Code Sections 22150-22154. Municipalities must give preference to suppliers of recycled products, as long as quality is equal to and cost is less than or equal to non-recycled items. It is also required that businesses certify minimum percentage of post-consumer material in their offered products, among other requirements. Documentation and records of purchases will need to be maintained in the IWMA's implementation record.

#### TIPS

- Jurisdictions can delegate organic waste procurement requirements under Section 18981.2 of SB 1383. It is recommended that procurement responsibility is delegated to franchise hauler(s) or another private entity.

#### Implementation Plan

|       | Action Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Collaborators                   | Linked Objectives |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------|
| 1.5.1 | <b>Calculate IWMA Region Organic Waste Product Procurement Target:</b> The scope of these products includes renewable natural gas (RNG) used for transportation, electricity or heating applications, electricity produced from biomass conversion, mulch, compost or a combination of those mentioned. The minimum procurement target, which must be achieved annually, is calculated by multiplying the jurisdiction's population by a per capita procurement target of 0.08 tons per resident. Not all recovered organics waste products are considered equal, however, as each has varying impacts on greenhouse gas emissions reductions, and thus each is assigned different conversion factors. Determine procurement targets for compost, mulch, and RNG assuming that the target is met completely with only one of the three sources. | CalRecycle                      | N/A               |
| 1.5.2 | <b>Assess Access to Organic Waste Products:</b> Determine availability of organic waste products for procurement. This includes Hauler and third-party supplies of compost and mulch, and potential electricity credits for the local anaerobic digester (HZI). Periodically check with CNG provider for availability of RNG (wheeled energy), as well as with Haulers for RNG availability for their vehicle fleets.                                                                                                                                                                                                                                                                                                                                                                                                                           | Waste Connections, CNG Provider | 1.1               |



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**1.6: Project Summary – Education**

It is recommended that SLO IWMA coordinates and contracts with a third party in order to plan and develop educational outreach material for IWMA's website, schools, residents and commercial businesses, as well as develop an annual educational campaign as required by SB 1383.

It is important to note that all educational material provided to organic waste generators must be updated on an annual basis beginning on January 1, 2022. SB 1383 has varying minimum standards for distributed educational information depending on the entity.

**Implementation Plan**

|       | <b>Action Item</b>                                                                                                                                                                                                                                                                                           | <b>Collaborators</b>   | <b>Linked Objectives</b> |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------|
| 1.6.1 | <b>Contract Third Party for Education Services:</b> Select a public education service provider, potentially through an RFP process.                                                                                                                                                                          | Member Agencies        | 2.2                      |
| 1.6.2 | <b>Update Annual Postcard Mailers:</b> For source separation and food recovery. Consider utilizing the current Education & Outreach Subconsultant. There is a minimum SB 1383 requirement to distribute mailers 1x per year that this meets.                                                                 | Third Party Contractor | 2.1                      |
| 1.6.3 | <b>Distribute Postcard Mailers:</b> Print and send the postcards to all generators. Post the updated educational material onto the IWMA's website for each respective sector.                                                                                                                                | Third Party Contractor | 2.1                      |
| 1.6.4 | <b>Update School Educational Material:</b> Include the updated educational material on separating materials, organic waste, and food reduction in the current school education and outreach program.                                                                                                         | Third Party Contractor | 2.3                      |
| 1.6.5 | <b>Update Residential Educational Material:</b> Include the updated educational material on separating materials, organic waste, food reduction, and contamination monitoring in bill inserts and residential newsletters for residential service recipients.                                                | Third Party Contractor | 2.1                      |
| 1.6.6 | <b>Update Commercial Educational Material:</b> Include the updated educational material on separating materials, organic waste, reducing food waste, food recovery organizations, and generators recordkeeping requirements in bill inserts, commercial newsletters, or workshops for commercial businesses. | Third Party Contractor | 2.2                      |
| 1.6.7 | <b>Translate Educational Material:</b> Translate all educational collateral into non-English languages spoken by a substantial number of the public (if applicable).                                                                                                                                         | Third Party Contractor | 2.1                      |



## 2020 – 2025

### Original Implementation Schedule\*

| LEGEND                     |
|----------------------------|
| Planning                   |
| Development                |
| Negotiation/Stakeholdering |
| Approval                   |
| Implementation             |
| Ongoing Operation          |



#### 1.7: Project Summary – Recordkeeping & Reporting

SLO IWMA shall establish reporting systems and processes required to ensure and coordinate recordkeeping to fulfil SB 1383 inspection and reporting requirements. The IWMA shall gather, monitor, and manage all data from haulers, local groups, and organizations related to edible food and compliance associated with SB 1383 for reporting to CalRecycle. It is recommended that SLO IWMA subscribe to an electronic reporting system (Recyclist) between January and March 2021 and begin gathering data from the identified parties in April 2021. It is important to note that all recordkeeping and reporting must be updated on an ongoing basis beginning on January 1, 2022 in order to comply with the requirements of SB 1383.

#### TIPS

- Require franchisees to provide data through reporting system in FA.

SB 1383 requires that jurisdictions maintain records demonstrating their compliance with SB 1383 in a central location, physical or electronic, that can readily be accessed by CalRecycle within ten business days of request. Required records include, but are not limited to: ordinances, contracts, franchise agreements, a written description of the jurisdiction's inspection and enforcement program, organic waste collection service records, contamination minimization records, waiver and exemption records, education and outreach, edible food recovery program records, recovered organic waste procurement records, recycled content paper purchase records, inspection records, and enforcement records. All records and information required shall be included in the Implementation Record within 60 days of the event and shall be maintained for a minimum of five (5) years. SB 1383 contains three primary reporting mechanisms: an Initial Jurisdiction Compliance Report; an Annual Report; and an Implementation Record. The Initial Jurisdiction Compliance Report is due April 1, 2022 and shall include copies of ordinances and other enforceable mechanisms adopted pursuant to SB 1383, the contact information for the primary reporting contact, and information on the implementation of organic waste collection programs.

#### Implementation Plan

|       | Action Item                                                                                                                                                                                                                                                                                 | Collaborators                                            | Linked Objectives |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------|
| 1.7.1 | <b>Subscribe to Recyclist:</b> By March 2021, begin implementation of the required subscription level for the web-based platform Recyclist for SB 1383 information housing.                                                                                                                 | Recyclist                                                | N/A               |
| 1.7.2 | <b>Develop Reporting Protocols:</b> Create reporting processes and schedules by April 2021. Resolve budget issues (e.g. hauler compensation requests, increased software requests). Ensure reporting requirements are integrated into relevant contracts (e.g., Franchise Agreements).      | Haulers, Member Agencies, Local Organizations            | 1.1               |
| 1.7.3 | <b>Upload Reporting Data:</b> Collect and upload required information (e.g., customer data) from SLO IWMA records, Member Agencies, haulers, and other local groups and organizations. Test online reporting features in the fourth quarter of 2021 to troubleshoot any before Jan 1, 2022. | Haulers, Member Agencies, Local Organizations, Recyclist | N/A               |



### Original Implementation Schedule\*

[illegible]

\*This implementation schedule, along with all implementation schedules provided in this Plan, reflect the original schedules proposed in the IWMA's draft Plan of February 2021. Since the development of these original implementation schedules, some objectives have been completed, and some current timelines have been revised.

#### 1.8: Project Summary – Monitoring

SLO IWMA shall begin developing programs to monitor Tier 1 and Tier 2 commercial food generators to ensure compliance with SB 1383. These monitoring programs shall include generator-level monitoring, noticing, technical support. This will allow opportune time for generators to be educated on the requirements of SB 1383 and notices related to non-compliance for a few years before any enforcement action is required to take place starting January 1, 2024 (to be carried out by Member Agencies). Such programs must be coordinated with Member Agencies as any resulting enforcement actions necessary after January 1, 2022 shall be carried out by Member Agency code enforcement officials, unless otherwise delegated by Member Agencies.

#### TIPS

- Create waivers that can accommodate, and be responsive to, different conditions across the IWMA Region.
- Utilize County GIS map to track low population waiver areas.

Generally, SB 1383 requires a desktop review of all commercial garbage accounts generating over two cubic yards of solid waste and all multi-family garbage accounts with five (5) or more units. The regulations also mandate additional inspection for certain regulated entities, route reviews, and monitoring for container contaminants for all generators. SB 1383 requires distribution of education and issuance of NOVs and/or fines to non-compliant entities.

#### Implementation Plan

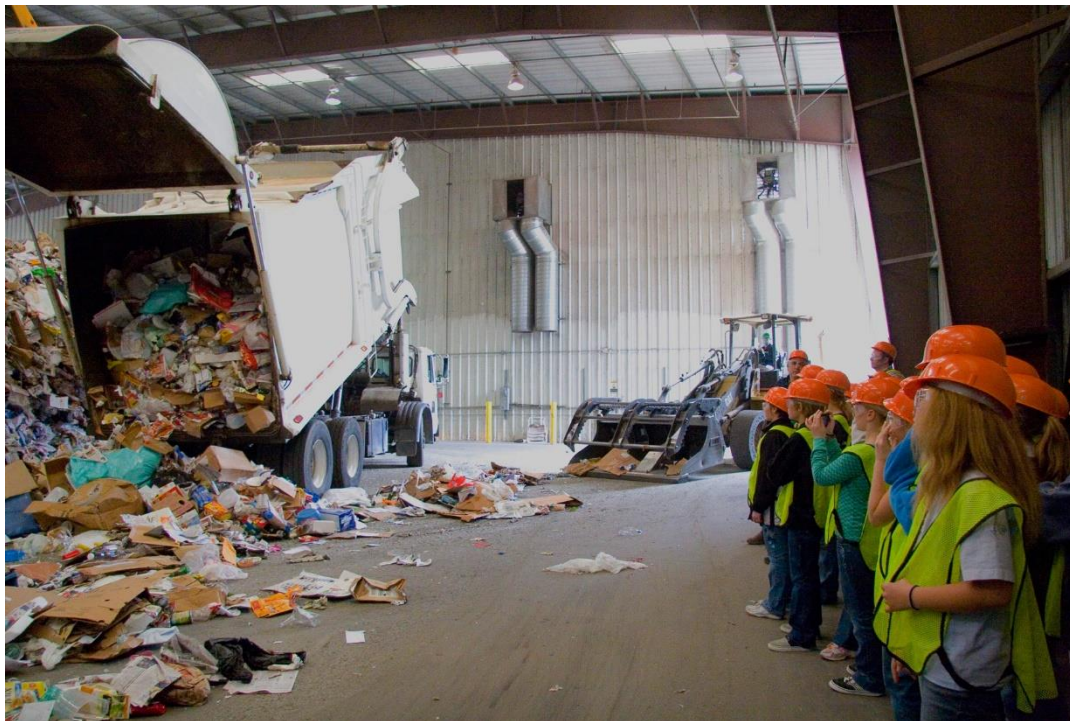
|       | Action Item                                                                                                                                                                                                                                                                                                                                                                                                                      | Collaborators   | Linked Objectives |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------|
| 1.8.1 | <b>Increase Staffing:</b> Hire additional support or other IWMA staff dedicated to SB 1383 compliance monitoring.                                                                                                                                                                                                                                                                                                                | Member Agencies | 4.4               |
| 1.8.2 | <b>Develop Monitoring Plan:</b> Develop monitoring plan . The plan should include a desktop audit once per year ensuring each customer has organics and recycling services. Align waiver program and verification with ordinance development. Establish system for physical and de minimis waiver tracking by IWMA, as well as processes for referring noncompliant generators to local member agencies for enforcement efforts. | Member Agencies | 1.2               |
| 1.8.3 | <b>Coordinate with Member Agencies on Monitoring and Enforcement Programs:</b> Align programs and procedures, including timelines for educational material vs. enforcement actions taken by member agencies, and/or by IWMA if delegated by member agencies.                                                                                                                                                                     | Member Agencies | 1.8               |
| 1.8.4 | <b>Tier 1 Food Generator Monitoring:</b> Beginning January 1, 2022 begin investigation of Tier 1 commercial edible food generators and food recovery organizations complaints, and provide educational material for non-compliance.                                                                                                                                                                                              | Member Agencies | 1.4               |
| 1.8.5 | <b>Tier 2 Food Generator Monitoring:</b> Beginning January 1, 2024 expand investigation to Tier 2 commercial edible food generators, and provide educational material for non-compliance.                                                                                                                                                                                                                                        | Member Agencies | 1.4               |





### Original Implementation Schedule\*

## OBJECTIVE 2: IWMA REGION COMMUNITY EDUCATION



### Executive Summary

IWMA will provide consistent community education on waste reduction and recycling throughout the IWMA Region. IWMA will determine what collateral and materials will be distributed (e.g., food pails) and secure appropriate budget approvals. IWMA will increase staffing or contracting as prudent to support successfully meeting Objective 2. In 2021, educational efforts will focus on ensuring compliance prior to the SB 1383 effective date of January 1, 2022. SB 1383 requires that jurisdictions provide education to all generators regarding their compliance responsibilities, which include the following groups: residents, businesses, franchise haulers, permitted haulers, self-haulers, and food recovery organizations/services.

#### TIPS

- Align hauler education requirements in franchise agreements with IWMA education strategy.
- Consistent with Section 7295 of the Government Code, translate educational materials into any non-English language spoken by a substantial number of the public that is provided organic waste collection services.

### Implementation Plan

|     | Action Item                         | Collaborators                                                 | Linked Objectives |
|-----|-------------------------------------|---------------------------------------------------------------|-------------------|
| 2.1 | General Public Information          | Member Agencies, Haulers, Recyclist, Environmental Nonprofits | 1.6, 2.2, 4.2     |
| 2.2 | Targeted Outreach to Businesses/MFD | Member Agencies, Haulers, SLO Green Business Program          | 1.6, 2.1, 4.4     |
| 2.3 | Youth Classroom Education           | Haulers, Schools                                              | 1.6               |
| 2.4 | Facility Tours                      | Haulers                                                       | 1.6               |





#### 2.1: Project Summary – General Public Information

SB 1383 requires that jurisdictions provide generators with education through print or electronic media. IWMA will expand and enhance the universal public information resources it provides, including a recycling/reuse information database and search bar, to ensure common messaging on programs throughout the IWMA Region. In addition, IWMA will establish workshops, videos, and multimedia engagement tools to inform the public regarding waste reduction, reuse, recycling, composting, and safe HHW disposal, on an ongoing basis.

#### TIPS

- Consider partnering with local nonprofits to host source reduction workshops.
- Utilize Community Based Social Marketing (CBSM) techniques.

#### Implementation Plan

|       | Action Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Collaborators                       | Linked Objectives |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------|
| 2.1.1 | <b>Review and Revise Existing Materials:</b> Ensure alignment of collateral with SB 1383, consistency with IWMA brand identity, and consistency with other IWMA educational resources (e.g., multifamily outreach materials). Consider procuring third party designer for updates.                                                                                                                                                                                                                                                                                                                                  | Third Party Designer                | 1.6, 4.2          |
| 2.1.2 | <b>What Goes Where Database:</b> Establish an information system and search bar to inform the public on how and where to properly reuse and/or recycle various materials in the IWMA Region. Develop a process for updating content, clearly defining the flow of information for different types of updates and responsible parties. Create a schedule for updating content, taking into consideration the time required to update, maintain, and troubleshoot the platform. Review search data to identify content that is most commonly being searched for and target such information in educational materials. | Recyclist, Member Agencies, Haulers | N/A               |
| 2.1.3 | <b>Source Reduction Workshops:</b> Establish educational videos and workshops to support residents and businesses in waste reduction (e.g., purchasing decisions, food storage) and reuse (e.g., fix it clinics). Enable recording and other accessibility features (e.g., captions) where possible. Identify partner-created videos and workshops to cross-promote. Review indicators of the public's current understanding of waste reduction and reuse (e.g., surveys, focus groups, stakeholder engagement, waste characterizations, contamination data) to determine highest priority topics.                  | Environmental Nonprofits            | 2.2               |





## 2.2: Project Summary – Targeted Outreach to Businesses/MFD

IWMA will develop targeted outreach programs specific to different business types, as well as to multi-family dwellings, to support business and multi-family generators in waste reduction and proper program participation. In 2021, this will include updating current materials, assessing outreach demand, and conducting individual generator assessments. Once initial assessments are completed, follow-up training and ongoing outreach will be conducted. IWMA should prioritize outreach that helps businesses meet state and local mandates with source-separated materials, food recovery, and hard to handle waste.

### TIPS

Provide outreach as a messaging series in smaller bites. For example, provide information on rate increases, tips of using food pails, and overcoming barriers in separate weeks.

### Implementation Plan

|       | Action Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Collaborators                                                                      | Linked Objectives |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------|
| 2.2.1 | <b>Review and Revise Existing Collateral:</b> Ensure alignment of material with SB 1383, consistency with IWMA brand identity, and consistency with other IWMA educational resources (e.g., webpages). Coordinate with the SLO Green Business Association on messaging. Consider procuring third party designer for updates. Determine whether multifamily kits or other collateral will be distributed.                                                                                                                                                                                                                                          | Member Agencies                                                                    | 2.1               |
| 2.2.2 | <b>Assess Outreach Demand:</b> Work with each Member Agency to determine the number of Businesses, Multi-Family Residences, and Edible Food Generators in their respective jurisdictions. Compile existing contact information for property managers, business owners, and other key decisionmakers at target generators.                                                                                                                                                                                                                                                                                                                         | Member Agencies                                                                    | N/A               |
| 2.2.3 | <b>Update Outreach Staffing Levels:</b> Update staffing and organizational structure to ensure unified outreach messaging. This should include hiring and/or contracting for outreach services. Ensure updates are prepared in time for budget approval.                                                                                                                                                                                                                                                                                                                                                                                          | Member Agencies                                                                    | 4.4               |
| 2.2.4 | <b>Conduct Individual Assessments:</b> Determine generators service level changes needed for SB 1383 compliance in 2021. Conduct individual assessments of generators, engaging directly with a key decisionmaker at each generator dwelling or business. A form or checklist will provide efficiency for each assessment. The checklist should include elements such as current level of service, space for additional containers, and services provided at facility, among others. Use assessments as an opportunity to notify generators of upcoming regulatory requirements. Prioritize individual outreach for major solid waste generators. | Businesses, Multi-Family Residences, Third Party Outreach Services (if applicable) | N/A               |



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**2.3: Project Summary - Youth Classroom Education**

Continue performing elementary school classroom education and begin engaging high-school age students (e.g., Environmental Clubs) for recycling demonstration projects by September 2021. Students who receive classroom education in organics, recycling, and/or waste reduction programming can drive-community wide behavior change by influencing behavior in their household and other spheres of influence.

**TIPS**

Consider how to maximize interactive nature of programming.

**Implementation Plan**

|       | Action Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Collaborators                           | Linked Objectives |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------|
| 2.3.1 | <b>Evaluate and Update Classroom Education Program</b><br><b>Content:</b> In 2021, perform a peer-review of the content presented by third-party education provider (currently, Science Discovery) in school presentations to identify potential revisions to the content, specifically to include education supporting SB 1383 implementation. Solicit feedback from school administrators to understand what related programming is currently being offered and how to keep programming aligned with curriculum standards. | Schools, Third Party Education Provider | 1.6, 2.1, 2.2     |
| 2.3.2 | <b>Establish Relationships with High School Environmental/Sustainability Clubs:</b> Leverage student groups to perform and provide expanded community education, including demonstration projects. Provide avenues for students to receive training. Collaborate with club advisors and student administrators on aligning programs with curriculum standards and student interests.                                                                                                                                         | Third Party Education Provider          | 1.6, 2.1, 2.2     |
| 2.3.3 | <b>Refresh Content Annually:</b> Review classroom education formats, including curriculum that educators can implement, as well as IWMA staff presentations.                                                                                                                                                                                                                                                                                                                                                                 | Third Party Education Provider          | 1.6, 2.1, 2.2     |







#### 2.4: Project Summary – Facility Tours

IWMA will continue offering school-age facility tours for landfill, recycling, composting, and HHW infrastructure, including virtual tours. IWMA will expand tours to include periodic tours available to the general public.

#### TIPS

Consider providing facility tours in multiple languages.

#### Implementation Plan

|       | Action Item                                                                                                                                                                                                                                                                                                                                                          | Collaborators                                            | Linked Objectives |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------|
| 2.4.1 | <b>Evaluate and Update Facility Tour Content:</b> Review the content presented by third-party education provider (currently, Science Discovery) to identify potential updates and/or refinements to the content, especially to include education supporting SB 1383 implementation. Solicit feedback from schools on alignment with current curriculum requirements. | Facility Operators,<br>Third Party<br>Education Provider | 1.6               |
| 2.4.2 | <b>Establish General Public Tours:</b> Edit school-age facility tour content for appropriateness for a general audience.                                                                                                                                                                                                                                             | Facility Operators,<br>Third Party<br>Education Provider | 1.6               |
| 2.4.3 | <b>Refresh Content Annually:</b> Update facility tour programming based on relevant external changes, such as available facilities, regulatory requirements, and curriculum standards. Update third-party education provider's scope of work as needed.                                                                                                              | Facility Operators,<br>Third Party<br>Education Provider | 1.6               |

#### Original Implementation Schedule\*

| Objective 2:<br>Countywide Community<br>Education | 2021    |   |   |   |          |   |   |   |       |   |   |   |       |   |   |   |     |   |   |   |      |   |   |   |      |   |   |   |        |   |   |   |           |   |   |   |         |   |   |   |          |   |   |   |          |   |   |   |  |  |  |
|---------------------------------------------------|---------|---|---|---|----------|---|---|---|-------|---|---|---|-------|---|---|---|-----|---|---|---|------|---|---|---|------|---|---|---|--------|---|---|---|-----------|---|---|---|---------|---|---|---|----------|---|---|---|----------|---|---|---|--|--|--|
|                                                   | January |   |   |   | February |   |   |   | March |   |   |   | April |   |   |   | May |   |   |   | June |   |   |   | July |   |   |   | August |   |   |   | September |   |   |   | October |   |   |   | November |   |   |   | December |   |   |   |  |  |  |
|                                                   | 1       | 2 | 3 | 4 | 1        | 2 | 3 | 4 | 1     | 2 | 3 | 4 | 1     | 2 | 3 | 4 | 1   | 2 | 3 | 4 | 1    | 2 | 3 | 4 | 1    | 2 | 3 | 4 | 1      | 2 | 3 | 4 | 1         | 2 | 3 | 4 | 1       | 2 | 3 | 4 | 1        | 2 | 3 | 4 | 1        | 2 | 3 | 4 |  |  |  |
| 2.4 Facility Tours                                |         |   |   |   |          |   |   |   |       |   |   |   |       |   |   |   |     |   |   |   |      |   |   |   |      |   |   |   |        |   |   |   |           |   |   |   |         |   |   |   |          |   |   |   |          |   |   |   |  |  |  |

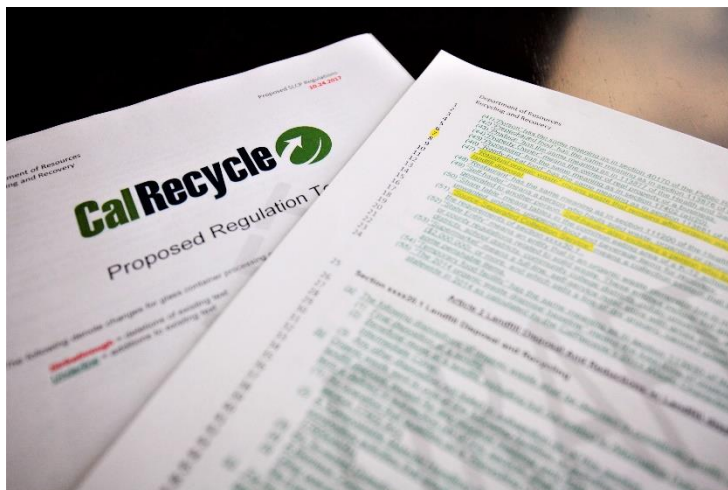
| Objective 2:<br>Countywide Community<br>Education | 2021               |   |   |   |   |   |   |   |   |   |   |   | 2022 |   |   |   |   |   |   |   |   |   |   |   | 2023 |   |   |   |   |   |   |   |   |   |   |   | 2024 |   |   |   |   |   |   |   |   |   |   |   | 2025 |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|                                                   | 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 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                                   | 2.4 Facility Tours |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

| LEGEND                     |
|----------------------------|
| Planning                   |
| Development                |
| Negotiation/Stakeholdering |
| Approval                   |
| Implementation             |
| Ongoing Operation          |

\*This implementation schedule, along with all implementation schedules provided in this Plan, reflect the original schedules proposed in the IWMA's draft Plan of February 2021. Since the development of these original implementation schedules, some objectives have been completed, and some current timelines have been revised.



## OBJECTIVE 3: TECHNICAL RESOURCE ON THE INDUSTRY



### Executive Summary

SLO IWMA is to serve as a technical resource for member agencies and industry on waste reduction and recycling issues, including convening specialized task forces and working groups. In 2021, SLO IWMA will focus on providing resources for franchise management and SB 1383 compliance. SLO IWMA will lead coordination and planning to ensure effective implementation of SB 1383 by January 2022. In 2023, SLO IWMA will begin developing new programs to support innovation and economic development in recycling.

#### TIPS

Align with updates to Joint Powers Agreement (Objective 5).

### Implementation Plan

| Action Item |                                                 | Collaborators                                                         | Linked Objectives |
|-------------|-------------------------------------------------|-----------------------------------------------------------------------|-------------------|
| 3.1         | Local Task Force (Technical Advisory Committee) | Member Agencies                                                       | 3.2               |
| 3.2         | Industry Working Group                          | Haulers                                                               | 3.1               |
| 3.3         | Recycling Industry Economic Development         | Haulers, Member Agencies                                              | 3.5               |
| 3.4         | Franchise Management                            | Member Agencies, Haulers                                              | 1.1               |
| 3.5         | Research & Development                          | Local Educational Institutions, Community Partners, Industry Partners | 3.3, 4.6          |





#### 3.1: Project Summary – Local Task Force (Technical Advisory Committee)

The SLO IWMA is to convene Member Agency Technical Advisory Committee (TAC) meetings. The TAC will assist IWMA in the development, implementation, and monitoring of Member Agency source reduction and recycling efforts, help and recommendations on solid waste legislation, and review elements and plans. In 2021, the TAC's efforts will focus on ensuring compliance with SB 1383. Upon implementation of SB 1383 changes, the TAC will concentrate on longer term planning needs.

#### TIPS

Annually review what the appropriate meeting frequency is for current needs.

#### Implementation Plan

|       | Action Item                                                                                                                                                                                                                                            | Responsible Party | Collaborators         | Linked Objectives |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------|-------------------|
| 3.1.1 | <b>Coordinate SB 1383 Compliance and Planning:</b> Review and provide guidance on SB 1383 related franchise amendments, ordinances, and other elements throughout 2021.                                                                                | TAC               | Member Agencies, IWMA | 1                 |
| 3.1.2 | <b>Plan for Long Term:</b> Beginning in 2022, conduct long-term planning, including coordinating with the County in the development of the Countywide Integrated Waste Management Plan as appropriate (e.g., hazardous waste planning and compliance). | TAC               | IWMA                  | 5                 |
| 3.1.3 | <b>Adapt TAC Role Over Time:</b> Periodically review TAC Bylaws for relevance to new solid waste legislation and other changes impacting IWMA activities.                                                                                              | IWMA              | TAC, Member Agencies  | 3.2               |





2020 – 2025

### 3.3: Project Summary – Recycling Industry Economic Development

SLO IWMA is to serve as a technical resource to member agencies economic development and private sector recycling businesses to support local recycling and waste reduction infrastructure. SLO IWMA will identify an effective structure for recycling industry economic development program by engaging key stakeholders in 2023, including member agency economic development FTEs and potential program participants. A program outline and budget will be approved in 2024 for program refinement and launch by 2025.

#### TIPS

SLO IWMA may identify opportunities prior to program launch on a reactive basis and explore these opportunities as appropriate.

#### Implementation Plan

|       | Action Item                                                                                                                                                                                                                                                                                     | Responsible Party | Collaborators                                                              | Linked Objectives |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------------------------------------------------------------|-------------------|
| 3.3.1 | <b>Develop relationships with Member Agency Economic Development Professionals:</b> Beginning in 2023, coordinate with local economic development agencies to determine priority opportunities for recycling industry economic development to play a role.                                      | IWMA              | Member Agencies                                                            | 3.5               |
| 3.3.2 | <b>Conduct business outreach:</b> IWMA to coordinate with local economic development and community development departments. Introduce SLO IWMA goals to target businesses.                                                                                                                      | IWMA              | Member Agencies<br>Economic and<br>Community<br>Development<br>Departments | 2.2               |
| 3.3.3 | <b>Develop program and budget proposal:</b> With input from member agencies and IWMA board members, create a draft proposal. Ensure budget approval by July 2024. Possible programs include but are not limited to Recycling Market Development Zones (RMDZs), grants, or technical assistance. | IWMA              | Member Agencies                                                            | 3.5               |
| 3.3.4 | <b>Engage potential program candidates:</b> Conduct stakeholder engagement with potential program candidates to refine program details and eligibility.                                                                                                                                         | IWMA              | Haulers, Recycling<br>Businesses                                           | 2.2               |
| 3.3.5 | <b>Launch program:</b> In 2025, implement selected economic development program(s) and provide ongoing support.                                                                                                                                                                                 | IWMA              | Recycling<br>Businesses                                                    | 3.5               |







#### 3.4: Project Summary – Franchise Management

SLO IWMA is to provide support to member agencies in the management of franchise agreements, franchise programs, and rate requests. This technical assistance will supplement the model amendment to Franchise Agreements for SB 1383 compliance (Objective 1.1) that SLO IWMA will develop for member agencies in 2021. SLO IWMA's support for member agencies in franchise management will help ensure timely, quality reporting and delivery of services from Haulers on an ongoing basis.

#### TIPS

Compare rates, terms, and reporting proposed by haulers for member agencies to ensure greatest value and consistency.

#### Implementation Plan

|       | Action Item                                                                                                                                                                                                                      | Responsible Party | Collaborators   | Linked Objectives |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|-------------------|
| 3.4.1 | <b>Provide subject matter expertise:</b> Serve as a resource for negotiations and best practices regarding ongoing franchise agreement management.                                                                               | IWMA              | Member Agencies | 1.1               |
| 3.4.2 | <b>Provide support for franchise agreement amendments:</b> Share guidance regarding extraordinary rate adjustments, agreement extensions, and changes in scope.                                                                  | IWMA              | Member Agencies | 1.1               |
| 3.4.3 | <b>Review and approve relevant hauler requests:</b> Provide day-to-day management for member agencies on review and approvals for hauler submissions such as non-collection notices, public education plans, and data reporting. | IWMA              | Haulers         | 1.7               |





### 3.5: Project Summary – Research & Development

SLO IWMA is to leverage local educational institutions, such as California Polytechnic State University (Cal Poly), and/or other local research partners to support research and development (R&D) related to local/regional waste reduction and recycling innovation. In 2023, SLO IWMA will conduct stakeholder engagement to identify focus areas for R&D projects, as well as potential research partners. Once key R&D topics are selected, SLO IWMA will work with local educational institutions and other selected research partners to refine R&D deliverables for the research partners to provide, and deadlines for deliverables.

#### TIPS

Review lessons learned from previous successful R&D partnerships (e.g., CRV Center feasibility research with Cal Poly students) to inform how future partnerships are structured.

#### Implementation Plan

| Action Item |                                                                                                                                                                                                                                | Responsible Party | Collaborators          | Linked Objectives |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------|-------------------|
| 3.5.1       | <b>Engage community groups:</b> Beginning in 2023, reach out to community groups, including businesses and environmental organizations, to identify innovation gaps and determine key R&D needs.                               | IWMA              | Community groups       | 3.3               |
| 3.5.2       | <b>Research potential partners:</b> Develop relationships with potential research partners once R&D priorities are identified, including but not limited to local educational institutions and non-governmental organizations. | IWMA              | Industry Working Group | 3.3               |



# SLO IWMA

## FINAL DRAFT ACTION PLAN: Objective 3

## Technical Resource on the Industry

# 2020 – 2025

### Original Implementation Schedule\*

[illegible][illegible]

| LEGEND                     |
|----------------------------|
| Planning                   |
| Development                |
| Negotiation/Stakeholdering |
| Approval                   |
| Implementation             |
| Ongoing Operation          |

\*This implementation schedule, along with all implementation schedules provided in this Plan, reflect the original schedules proposed in the IWMA's draft Plan of February 2021. Since the development of these original implementation schedules, some objectives have been completed, and some current timelines have been revised.



## OBJECTIVE 4: FULLY DEVELOPED IWMA ORGANIZATION



### Executive Summary

SLO IWMA will develop the IWMA Organization through updates to information systems and processes, development tools, and modernizing the staff structure to match the new organization. SLO IWMA will also be increasing its capacity via an expanded staff and new internship program. SLO IWMA will deepen the professional development of its staff through advanced industry trainings and certifications.

### Implementation Plan

|     | Action Item                      | Collaborators                                       | Linked Objectives |
|-----|----------------------------------|-----------------------------------------------------|-------------------|
| 4.1 | Systems                          | Member Agencies, Haulers, Generators, Recyclist     | 1.7               |
| 4.2 | Organizational Awareness         | Member Agencies, Haulers                            | 2, 4.5            |
| 4.3 | On-Boarding Manual               | Board, Staff, Committees<br>Key Outside Contractors | 4.5               |
| 4.4 | Recruiting Strategy              | County HR, Member Agencies                          | 4.2, 4.5          |
| 4.5 | Training/Industry Certifications | Industry Organizations                              | 4.3, 4.4          |
| 4.6 | Internship Program               | Local Educational Institutions                      | 3.5, 4.4          |



## 2020 – 2025

[illegible]

| LEGEND                     |
|----------------------------|
| Planning                   |
| Development                |
| Negotiation/Stakeholdering |
| Approval                   |
| Implementation             |
| Ongoing Operation          |

\*This implementation schedule, along with all implementation schedules provided in this Plan, reflect the original schedules proposed in the IWMA's draft Plan of February 2021. Since the development of these original implementation schedules, some objectives have been completed, and some current timelines have been revised.



#### 4.1: Project Summary – Systems

SLO IWMA will organize, maintain, and develop systems to monitor, control, and report on the operations and programs of the IWMA and member agencies. IWMA should first review existing information systems and processes, documenting and implementing changes required for SB 1383 compliance. After current systems are reviewed and any gaps are identified, new information system technology should be procured, as necessary, and data should be transferred as appropriate.

#### TIPS

Conduct pilot user testing prior with any proposed new technology prior to procurement.

#### Implementation Plan

|       | Action Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Collaborators                           | Linked Objectives |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------|
| 4.1.1 | <b>Review and Update Information Systems &amp; Processes:</b> Make necessary updates to ensure that information systems (e.g., reporting & recordkeeping systems, accounting systems) are compliant with SB 1383. Identify gaps in current information systems that must be supplemented by new tools. Document updated protocols for the flow of information from a data provider (e.g., Hauler) to an information system, and to a regulator (e.g., CalRecycle) as applicable. Document updated processes for quality control of system data. | Recyclist                               | 1.7               |
| 4.1.2 | <b>Procure Technology:</b> Procure any additional technological tools required, based on gaps identified in 4.1.1. Confirm compatibility of new technology with current systems. Ensure budget for new technology is approved.                                                                                                                                                                                                                                                                                                                  | Information System Technology Providers | 1.7               |
| 4.1.3 | <b>Transfer Data:</b> Convert and transfer information to any new information systems as appropriate. Perform a data quality control review during and after the transfer.                                                                                                                                                                                                                                                                                                                                                                      | IWMA                                    | 1.7               |







## 2020 – 2025

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#### 4.3: Project Summary – On-Boarding Manual

SLO IWMA to develop on-boarding manuals and processes for new staff, board members, committee members, and key outside contractors. All on-boarding manuals should include, for example: an overview of IWMA’s mission, services, organizational chart, regulatory requirements (e.g., reporting) of the relevant onboarding group – including SB 1383 requirements, and the role of the applicable group in IWMA.

#### TIPS

- Leverage the Board on-boarding manual as starting point to develop additional onboarding manuals.
- Format on-boarding manuals for simple, frequent updating.

#### Implementation

#### Plan

|       | Action Item                                                                                                                                                                                                                                                                 | Collaborators                                                                       | Linked Objectives |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------|
| 4.3.1 | <b>Update Board Manual:</b> Complete new on-boarding manual for IWMA Board. Include Board-specific roles and responsibilities, such as parliamentary procedure.                                                                                                             | IWMA Executive Committee, IWMA Board                                                | 4.2               |
| 4.3.2 | <b>Develop Staff Manual:</b> Develop new on-boarding manual for IWMA staff. Include guidance for specific functions within the IWMA staff, such as legal, programmatic operation, and strategy. Integrate with general employee on-boarding training (e.g., HR procedures). | IWMA Staff, Legal Counsel                                                           | 4.5               |
| 4.3.3 | <b>Develop Committee On-Boarding Manuals:</b> Complete on-boarding manual for IWMA committees. This includes on-boarding for the Executive Committee, Industry Working Group, and the Local Task Force / TAC.                                                               | IWMA Executive Committee, Industry Working Group, Local Task Force / TAC Committees | 3.1, 3.2          |
| 4.3.4 | <b>Develop Contractor On-Boarding Manuals:</b> Complete new on-boarding manual for IWMA contractors. Provide on-boarding materials appropriate for, and specific to, functions that significantly rely on third parties (e.g., outreach).                                   | Key Outside Contractors/Stakeholders                                                | N/A               |



### Original Implementation Schedule\*

[illegible]

| LEGEND                     |
|----------------------------|
| Planning                   |
| Development                |
| Negotiation/Stakeholdering |
| Approval                   |
| Implementation             |
| Ongoing Operation          |

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# SLO IWMA

## FINAL DRAFT ACTION PLAN: Objective 4

### Fully Developed IWMA Organization

2020 – 2025

#### 4.4: Project Summary – Recruiting Strategy

As staffing requirements increase for SLO IWMA, and many other jurisdictions, for SB 1383 implementation, the IWMA must be as proactive as possible and begin hiring a new managerial staff for SB 1383 implementation in January 2021. Then SLO IWMA is to develop a strategy for sourcing and developing additional local talent with solid waste industry expertise and create a recruiting strategy for securing talent outside of the County.

#### Implementation Plan

|       | Action Item                                                                                                                                                                                                                                                                                                                                                                                                                 | Collaborators                                                          | Linked Objectives |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------|
| 4.4.1 | <b>Develop Recruiting Strategy:</b> Draw on feedback from new managerial staff for SB 1383 and other staff to develop a workforce planning timeline for all new and vacant roles. Create strategy for attracting talent to apply for positions with IWMA, including proactive sourcing, and externally facing employee branding and culture. SLO IWMA will likely need to extend its recruitment efforts beyond the County. | Member Agencies                                                        | 4.2               |
| 4.4.2 | <b>Identify Workforce Development Opportunities:</b> Review prior IWMA recruitment data to identify common skills gaps that could be supplemented / alleviated by local workforce development programs. Reach out to Member Agency workforce development programs and academic institutions such as Cal Poly to identify existing programs that address the relevant skills gaps.                                           | Local Educational Institutions, Industry Associations, Member Agencies | 4.5               |

#### Original Implementation Schedule\*

| Objective 4:<br>Fully Developed IWMA<br>Organization | 2021    |   |   |   |          |   |   |   |       |   |   |   |       |   |   |   |     |   |   |   |      |   |   |   |      |   |   |   |        |   |   |   |           |   |   |   |         |   |   |   |          |   |   |   |          |   |   |   |
|------------------------------------------------------|---------|---|---|---|----------|---|---|---|-------|---|---|---|-------|---|---|---|-----|---|---|---|------|---|---|---|------|---|---|---|--------|---|---|---|-----------|---|---|---|---------|---|---|---|----------|---|---|---|----------|---|---|---|
|                                                      | January |   |   |   | February |   |   |   | March |   |   |   | April |   |   |   | May |   |   |   | June |   |   |   | July |   |   |   | August |   |   |   | September |   |   |   | October |   |   |   | November |   |   |   | December |   |   |   |
|                                                      | 1       | 2 | 3 | 4 | 1        | 2 | 3 | 4 | 1     | 2 | 3 | 4 | 1     | 2 | 3 | 4 | 1   | 2 | 3 | 4 | 1    | 2 | 3 | 4 | 1    | 2 | 3 | 4 | 1      | 2 | 3 | 4 | 1         | 2 | 3 | 4 | 1       | 2 | 3 | 4 | 1        | 2 | 3 | 4 | 1        | 2 | 3 | 4 |
| 4.4 Recruiting Strategy                              |         |   |   |   |          |   |   |   |       |   |   |   |       |   |   |   |     |   |   |   |      |   |   |   |      |   |   |   |        |   |   |   |           |   |   |   |         |   |   |   |          |   |   |   |          |   |   |   |

| Objective 4:<br>Fully Developed IWMA<br>Organization | 2021 |   |   |   |   |   |   |   |   |   |   |   | 2022 |   |   |   |   |   |   |   |   |   |   |   | 2023 |   |   |   |   |   |   |   |   |   |   |   | 2024 |   |   |   |   |   |   |   |   |   |   |   | 2025 |  |  |  |  |  |  |  |  |  |  |  |
|------------------------------------------------------|------|---|---|---|---|---|---|---|---|---|---|---|------|---|---|---|---|---|---|---|---|---|---|---|------|---|---|---|---|---|---|---|---|---|---|---|------|---|---|---|---|---|---|---|---|---|---|---|------|--|--|--|--|--|--|--|--|--|--|--|
|                                                      | 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 |      |  |  |  |  |  |  |  |  |  |  |  |
|                                                      |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |  |  |  |  |  |  |  |  |  |  |  |
| 4.4 Recruiting Strategy                              |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |   |   |   |   |   |   |   |   |   |   |   |      |  |  |  |  |  |  |  |  |  |  |  |

| LEGEND                     |
|----------------------------|
| Planning                   |
| Development                |
| Negotiation/Stakeholdering |
| Approval                   |
| Implementation             |
| Ongoing Operation          |

\*This implementation schedule, along with all implementation schedules provided in this Plan, reflect the original schedules proposed in the IWMA's draft Plan of February 2021. Since the development of these original implementation schedules, some objectives have been completed, and some current timelines have been revised.



#### 4.5: Project Summary – Training/Industry Certifications

SLO IWMA is to create specialized training plans for new and veteran staff. This training will occur on an on-going basis, and address skills gaps identified in the IWMA staff, as well as provide cross-training opportunities to ensure more effective IWMA services in the future.

#### TIPS

Provide staff with a formal mechanism for sharing learnings from offsite trainings with their colleagues.

#### Implementation Plan

|       | Action Item                                                                                                                                                                                                                                                                                                  | Collaborators                                  | Linked Objectives |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-------------------|
| 4.5.1 | <b>Develop Training Plans for Staff:</b> Conduct Skills/Expertise Gap Analysis to identify highest priority training opportunities for staff. Create tailored plans for professional development based on each employee and their role.                                                                      | IWMA Staff                                     | 4.4               |
| 4.5.2 | <b>Secure Solid Waste Industry Training/Certification:</b> Ensure designated staff obtain formal certification and training in solid waste, such as zero waste certification. Leverage trainings and certifications offered by industry associations such as SWANA, NAHMMA, and CRRA, for more junior staff. | Industry Associations                          | 4.4               |
| 4.5.3 | <b>Update IWMA-Specific Training:</b> Refresh training for IWMA tasks such as program operations, recycling education, inspections and monitoring, and internal policies for industry engagement.                                                                                                            | N/A                                            | 4.3               |
| 4.5.4 | <b>Update Government Process Training:</b> Refresh training for regulated procedures including training on government finance, the Public Records Act, and restrictions on Conflicts of Interest. Leverage local government training resources and associations where feasible.                              | Local Government Associations, Member Agencies | 4.4               |

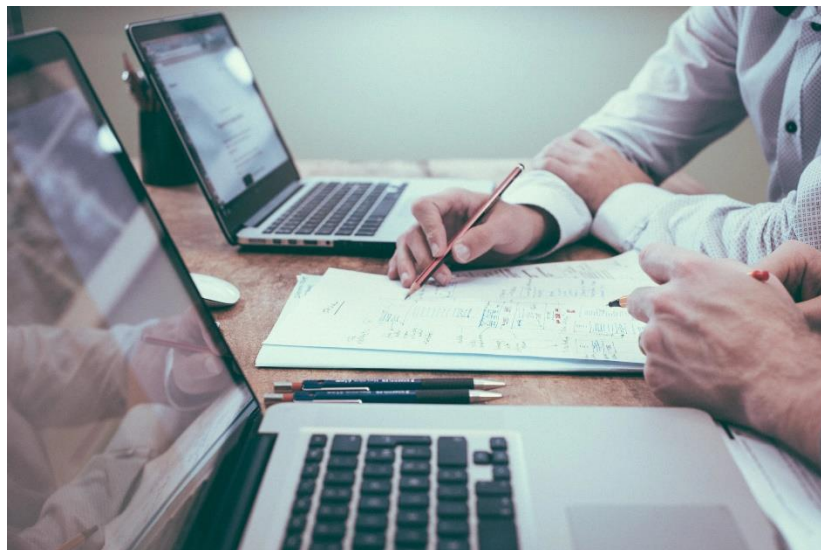




## 2020 – 2025



## OBJECTIVE 5: REVISE JPA



### Executive Summary

SLO IWMA will revise its JPA to support implementation of the Strategic Plan, including delegating certain SB 1383 compliance tasks to IWMA. JPA documents include the Joint Powers Agreement, Memorandums of Agreement (MOAs) Between Member Jurisdictions (including Special Districts). Executive Committee Bylaws, and IWMA Rules & Procedures. Completion of the updates of all JPA documents should be executed in tandem to ensure legal and procedural alignment.

#### TIPS

Include JPA updates in on-boarding manuals (Objective 4).

### Implementation Plan

|     | Action Item                        | Collaborators                                | Linked Objectives  |
|-----|------------------------------------|----------------------------------------------|--------------------|
| 5.1 | Update JPA Documents               | Member Agencies                              | 1.1, 1.2, 5.2, 5.3 |
| 5.2 | Update Executive Committee By laws | IWMA Executive Committee                     | 3.1, 3.2, 5.1      |
| 5.3 | Update IWMA Rules & Procedures     | Local Task Force/TAC, Industry Working Group | 5.1                |



### Original Implementation Schedule\*

[illegible]

| LEGEND                     |
|----------------------------|
| Planning                   |
| Development                |
| Negotiation/Stakeholdering |
| Approval                   |
| Implementation             |
| Ongoing Operation          |

\*This implementation schedule, along with all implementation schedules provided in this Plan, reflect the original schedules proposed in the IWMA's draft Plan of February 2021. Since the development of these original implementation schedules, some objectives have been completed, and some current timelines have been revised.



**5.1: Project Summary – Update JPA Documents**

SLO IWMA is to conduct preliminary engagement with Member Agencies and CalRecycle on plans to update JPA.

**Implementation Plan**

|       | <b>Action Item</b>                                                                                                                                                                                                                                                                   | <b>Collaborators</b>                         | <b>Linked Objectives</b> |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------|
| 5.1.1 | <b>Draft New JPA:</b> Develop first draft of updated JPA based on the latest franchise agreements approved for SB 1383 compliance. Ensure alignment of JPA with IWMA ordinances, IWMA's strategic plan, and SB 1383 requirements and related ordinances by May 2021.                 | Member Agencies                              | 1.1, 1.2                 |
| 5.1.2 | <b>Collect Stakeholder Feedback:</b> Engage stakeholders, including member agencies, haulers, and community members, in review of the draft JPA. Reach out to IWMA Board for feedback.                                                                                               | Member Agencies, Haulers, General Public     | N/A                      |
| 5.1.3 | <b>Revise JPA Draft:</b> Direct jurisdictions to consult with their legal counsel to ensure that the proposed JPA complies with the applicable legal requirements for delegating their authority to a JPA. Updates to the draft language will be made as needed.                     | Member Agencies                              | 5.2, 5.3, 5.4            |
| 5.1.4 | <b>Secure JPA approval from Member Agencies:</b> Member Agencies must each approve the updated JPA via their respective City Council or Board of Directors.                                                                                                                          | Member Agencies                              | 5.2, 5.3, 5.4            |
| 5.1.5 | <b>Revise MOAs:</b> Memorandums of Agreement for each member agency, including special districts, need to be updated to align with the updated Joint Powers Agreement. Collect feedback from member agencies and their legal counsels, updating MOA language as needed for approval. | Member Agencies (includes Special Districts) | N/A                      |





2020 – 2025



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# Fiscal & Resource Impacts





## FISCAL IMPACT

This plan is estimated to increase the annual operating costs of the IWMA and member agencies by approximately \$1,190,000 per year. The new costs are a result of the expanded IWMA responsibility under SB 1383 for education, monitoring, contamination management, and reporting under the law. In 2024, an enforcement component will be required, and that cost will be borne by each member agency either as added staff or additional workload for existing code enforcement and legal staff. All other



strategic plan elements were designed to leverage off existing resources or resources that will be required because of SB 1383. The new costs and staffing requirements are summarized in Figure 1 below and described in greater detail below.

**Figure 1 – Summary of Estimated New Costs and Staffing Requirement**

| Spend Category                     | Annual Cost Estimate |                     |
|------------------------------------|----------------------|---------------------|
| Salaries and Benefits              |                      | \$ 389,000          |
| Reporting                          |                      | \$ 57,000           |
| Education                          | \$ 79,000            |                     |
| Monitoring                         | \$ 300,000           |                     |
| Subtotal: Education and Monitoring |                      | \$ 379,000          |
| Other SB 1383 Expenditures         |                      | \$ 365,000          |
| <b>Total New Costs</b>             |                      | <b>\$ 1,190,000</b> |

### Education

The IWMA has a robust education and outreach program including collateral materials, a school education program, facility tours, and a business technical assistance program. These form a solid foundation to support the implementation of the strategic plan. Some of those resources (especially technical assistance) may need to be reallocated and focused in 2021 and 2022 on supporting businesses and multi-family customers in adoption of the new services required by SB 1383. The new costs reflected in this category include:

1. Annual Source Separation Mailer: This includes design, printing, and distribution costs to all generators in the IWMA Region for the annually required source-separation education.
2. Edible Food Recovery Mailer: This includes design and printing costs to all Edible Food Generators and Food Recovery Services/Organizations in the IWMA Region. Distribution is intended to occur as part of technical assistance and/or inspection of Edible Food Generators under the “Monitoring” section.
3. Contamination Education: This includes the cost of designing, producing, and distributing an educational tag informing the generator of the contamination identified in their container(s) and the proper placement of those materials in the future.

## Monitoring

The IWMA has not historically taken an active role in monitoring performance data for programs operated by the member agencies' franchised waste haulers. This is a significant element of the jurisdictional requirements under SB 1383 and will require new people, processes, and systems for the IWMA to meet these requirements. The new costs reflected in this category include:

1. Annual Desk-Based Compliance Review: This includes gathering and analyzing data on all commercial and multi-family service levels and identification of any generators who do not currently subscribe to or have a waiver for recycling and/or organics services. This also includes time to provide education to any non-compliant entities to notify them of the requirements and their options for compliance. There is a wide range of estimated costs for this program due to the lack of understanding of the haulers' current data systems and significant risk associated with managing data from more than 20 different franchises on a quarterly basis.
2. Edible Food Recovery Inspections: This includes gathering data about food serving businesses in the IWMA Region, identifying regulated food generators and recovery services/organizations, and performing an annual on-site inspection at each location to determine compliance with the edible food recovery requirements. This budget assumes that there is adequate capacity in the edible food recovery system and that no additional funding will be required from the IWMA to expand capacity.
3. Self-Haul and Self-Management Monitoring: This includes monitoring of and gathering data from each multi-family or business that either self-hauls or self-manages their organic waste. This involves tracking all such properties that use a landscaper who hauls material away from the property and every grocery store or chain that back-hauls their organics to a central receiving location.
4. Waiver Administration: This includes administering waivers that generators can be granted under specified conditions (e.g. low-population, de-minimis, and space constraint). Waivers must be reviewed for validity and inspected periodically to verify that the condition is persistent over time.
5. Investigation of Complaints: This includes conducting and documenting investigations of any reasonable complaints related to a generator, property owner, or hauler not complying with SB 1383 requirements. Most initial complaints will be related to a tenant or customer lacking access to recycling and organics services that should be provided by the property owner. Starting in 2024, these complaints will include the IWMA's outreach, inspections, assistance, and education in an effort to avoid escalation to enforcement.

## Reporting

The IWMA has historically prepared the annual reporting for AB 939, however SB 1383 will require a significant expansion in regulatory reporting to CalRecycle, with ten new reporting areas added under SB 1383 and the obligation to track and report data distinctly by jurisdiction. The costs reflected in this category are the costs related to data management and reporting only; the costs related to monitoring and data gathering are reflected in other costs above. The new costs reflected in this category include:

1. Cloud-Based Tracking & Reporting Software: This includes the cost of acquiring and configuring a cloud-based system for tracking the data required for SB 1383, including all reporting capabilities described in numbers 2 through 10 below.



2. Implementation Record: This includes the data gathering, organization, and maintenance of all items required to be maintained in the implementation record for all of the jurisdictions within the IWMA Region.
3. Generator Collection Services Reports: This includes all reporting required by SB 1383 related to the collection services provided to all regulated generators in the IWMA Region, including waivers granted to generators.
4. Contamination Monitoring Reports: This includes all reporting required by SB 1383 related to the contamination monitoring program described above.
5. Education & Outreach Reports: This includes all reporting required by SB 1383 related to the education and outreach performed by the IWMA, haulers, jurisdictions, or others that supported implementation of SB 1383.
6. Hauler Reports: This includes all reporting required by SB 1383 related to the regulation and monitoring of haulers and self-haulers in the IWMA Region.
7. Green Building Reports: This includes all reporting required by SB 1383 related to compliance with the CALGreen building code standards. This assumes that all jurisdictions' building/permit counters are participating in uploading data to the cloud-based platform to maintain the records throughout the year, thereby minimizing the effort at the time the reports are due.
8. Edible Food Recovery Reports: This includes all reporting required by SB 1383 related to the implementation, development, education, and monitoring of regulated edible food generators, food recovery services, and food recovery organizations within the IWMA Region.
9. Organic Product Procurement Reports: This includes all reporting required by SB 1383 related to the purchasing of: i) qualified recovered organic waste products; and, ii) recycled content paper products by jurisdictions. This assumes that all jurisdictions' purchasing departments are participating in uploading data to the cloud-based platform to maintain the records throughout the year, thereby minimizing the effort at the time the reports are due.
10. Monitoring & Enforcement Reports: This includes all reporting required by SB 1383 to document the IWMA and jurisdictions' efforts to monitor programs and enforce the requirements of the mandated ordinances.



## FUNDING

In order to fund these new and ongoing expenses, the IWMA will need to increase revenues. This requires modification to one or more of the existing fees collected by the IWMA. This issue has been the focus of a recent audit and recommendations. As a result, this plan will not go into detail on the recommended changes to the fee system except to support the recommendations provided therein.

IWMA financial staff should closely monitor the IWMA's actual experience with cost increases and revenue changes as these fee changes and the strategic plan are implemented. The percentage of this fee may need to be adjusted (up or down) to ensure that it is providing adequate revenue to cover costs and a reasonable reserve, but is not generating excessive reserves.



## STAFFING

The IWMA has historically been a small agency, often with only one or two employees and a reliance on outside contractors to perform core functions. The staff has grown recently to ensure professional management of financial matters and increased administrative support. This strategic plan and the requirements of SB 1383 will demand more from the IWMA and the human resources will be critical to the success of the IWMA in achieving its mission.

Figure 1 above on page 65 illustrates the additional funding resources that will be required by functional area, with a total new labor requirement of 5,427 additional hours per year. This is approximately 3 new full-time equivalents after considering training, administrative, and leave hours.

Based on the type of work and competencies required, HF&H recommends adding the following mix of staffing or contractors. These new staffing resources will work primarily on SB 1383, but certain current responsibilities of the Executive Director and Deputy Director may be delegated to new staff in order to create senior management capacity to oversee the implementation of SB 1383.

**Figure 2: Recommended Staffing Positions**

| Position                                               | Target Date  | Role                                                                                                                                                                                                                                  |
|--------------------------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SB 1383 Program Manager</b><br>3-5 Years Experience | Feb-Mar 2021 | Responsible for managing all projects and staff associated with the IWMA's implementation of SB 1383. This should be a full-time employee.                                                                                            |
| <b>Program Coordinator</b><br>Entry Level              | Jul-Aug 2021 | Responsible for supporting existing (HHW, education, outreach) and new (SB 1383) programs. This could be an employee, contract, or intern position but likely requires ~40 hours per week.                                            |
| <b>Management Analyst</b><br>2+ Years Experience       | Jul-Aug 2021 | Responsible for implementing monitoring, recordkeeping, and reporting systems required by state law (HHW, AB 939, SB 1383, AB 901, etc.) and to track IWMA revenues from haulers and facilities. This should be a full-time employee. |





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January 7, 2022

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870 Osos Street  
San Luis Obispo, CA  
93401-2717

**Subject: IWMA Solid Waste Management Fee Determination and Cost of Service Study**

Dear Board of Directors,

In September of 2021, the San Luis Obispo County Integrated Waste Management Authority (IWMA) Board redirected HF&H Consultants, LLC (HF&H) to complete an analysis to determine the financial impact of the Unincorporated County and Los Osos Community Service District's (Unincorporated County) intent to withdraw from the IWMA, and to recommend an associated adjustment to the IWMA solid waste management fee. In October of 2021, HF&H presented a draft analysis to the IWMA's Executive Committee for review. In November of 2021, HF&H convened key representatives from Member Agencies (MAs), including City Managers and Special District General Managers, to provide input for the draft analysis. The following report titled "Analysis of SB 1383 Impacts on IWMA Budget and Associated Revenue Streams" (Report) represents HF&H's final analysis.

HF&H used assumptions that reflect the current operations and projected expenditures that the IWMA will incur to implement the regulatory requirements associated with SB 1383 and other applicable state mandates. No jurisdictions in the State currently have operational experience with SB 1383 programs included in this analysis; furthermore, the IWMA does not have prior experience operating without the Unincorporated County; as a result, these estimates may vary from actual experience. Should there be any future material changes to this information, or within three years regardless of such changes, it is recommended that the IWMA review the calculated impacts and any associated fees that might be established.

## **Executive Summary**

HF&H's analysis of the IWMA's currently proposed budget and estimated expenditures for SB 1383 implementation, coupled with gross receipt estimates for each Member Agency have resulted in a recommendation to amend the solid waste management fee to 5.4% of hauler gross receipts. In a prior draft report, HF&H provided a recommendation for a new IWMA hauler fee of 4.5% that would supplement the existing solid waste management fee. In this final analysis, HF&H's recommendation replaces rather than supplements the existing solid waste management fee. This time period includes the first phase of SB 1383 program implementation (including public education and outreach, recordkeeping and reporting infrastructure, and other programs) and the first two years of SB 1383 compliance monitoring. The revised solid waste management fee is aligned with the IWMA's reserve policy of maintaining an operating fund balance to equal 25% of the IWMA's annual operating expenditures. It is recommended that the IWMA

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review its actual operating results during fiscal year (FY) 23-24 of this projection period to determine if any changes (up or down) to the solid waste management fee are needed. Due to one-time expenditures incurred by SB 1383 program implementation, evaluation in the first few years of the budget cycle may not accurately reflect the on-going funding requirement for compliance. It is imperative that the IWMA adopt the amended fee in a timely manner, as FY 21-22 expenditures are anticipated to exceed revenues by \$1.45 million, which will significantly impact the operating fund balance.

## Background

The IWMA currently collects revenue through hauler fees, grants, and other sources. The IWMA's primary sources of revenue are (1) a solid waste management fee consisting of 2% of the gross revenue collected from commercial customers, \$0.30 per month for residential accounts charged less than \$50 per month, and 2% of gross revenue for residential accounts that are charged more than \$50 a month; and (2) a landfill tipping fee surcharge of \$3 per ton at the landfill facilities within the County.

On June 9, 2021, the IWMA Board approved an increase in the IWMA's solid waste management fee to 3.25% and a landfill tipping fee surcharge increase to \$4 per ton to meet the anticipated increased revenue requirement associated with compliance with the state mandates under SB 1383 regulations. However, the approved increases were not implemented, and on September 8, 2021, the IWMA Board requested that HF&H prepare a study to reassess the proposed increases in light of the Unincorporated County's potential withdrawal from the IWMA. The IWMA received official notice of the Unincorporated County's withdrawal from the IWMA on October 15, 2021, effective November 15, 2021.

On November 23, 2021 the IWMA Board approved a Memorandum of Understanding ("MOU") between the Unincorporated County and the IWMA for the IWMA to provide reimbursable services to the Unincorporated County related to household hazardous waste collection, as well as school education programs through the remainder of the 2021-2022 school year.

On December 8, 2021 the IWMA Board approved a reserve policy setting the IWMA's target unrestricted (operating) reserve balance of 25% of budgeted operating expenditures. The reserve policy also includes the maintenance of an emergency reserve of \$300,000 for use during operational or financial emergencies, and a restricted reserve of \$1,000,000, as mandated by the Department of Toxic Substance Control ("DTSC"), for household hazardous waste ("HHW") facility closures.

The aforementioned actions require additional analysis to determine the fiscal impact on the IWMA. Revisions to the solid waste management fee percentage will be necessary to ensure that the IWMA generates enough revenue to meet its obligations to each member agency, while maintaining an operating fund balance equivalent to 25% of annual operating expenditures as required by the IWMA's reserve policy.

## Methodology

The methodology used to estimate the revised solid waste management fee percentage is described below.



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## Revenue Determination

The IWMA provided their approved budget for FY 21-22, including both operating and non-operating revenues. HF&H adjusted the revenue from the solid waste management hauler fee by 94% to account for the 6% reduction in serviced accounts with the Unincorporated County's departure from the IWMA. HF&H also adjusted the operating revenue from the landfill tipping fee by a factor of 94% to account for an anticipated decrease in the amount of overall tonnage subject to a fee by the IWMA. The best available tonnage information combined the Unincorporated County tonnage with the community service districts' (CSD) tonnage, requiring that HF&H estimate the reduction in the per-ton landfill tipping fee revenue resulting from the Unincorporated County's departure based on provided service account data. HF&H assumed that the County's MOU with the IWMA providing for the IWMA to provide the Unincorporated County with reimbursable hazardous waste services would not have a net impact on the IWMA's revenue from hazardous waste program revenue. No adjustments were made for non-operating revenue (i.e. capital expenditures and transfers to reserve funds).

## Expenditure Determination

The approved budget for FY 21-22 included the IWMA's proposed expenditures, including SB 1383 expenditures, hazardous waste program expenditures, and expenditures for public outreach and education, among others. HF&H adjusted expenditures as appropriate to account for the Unincorporated County's intent to withdraw from the IWMA, as well as the Unincorporated County's MOU with the IWMA for some reimbursable services; these adjustments are described below.

### SB 1383 Expenditures

HF&H worked with IWMA staff to develop an updated SB 1383 expenditures estimation given the Unincorporated County's intent to withdraw from the IWMA. HF&H determined that SB 1383 education and monitoring expenditures would be reduced commensurate with the reduction in customer accounts being served by the IWMA, and applied a factor of 94% to the FY 21-22 projected budget accordingly.

Based on input from IWMA staff, HF&H reduced projected SB 1383 salary and expense expenditures for FY 21-22 based on an existing vacancy in the SB 1383 Program Coordinator position, and a temporary historical vacancy in the SB 1383 Management Analyst position. Projections for FY 22-23 onward assume no position vacancies.

### Public Education and Outreach (Non-SB 1383) Expenditures

The IWMA provides non-SB 1383 related public outreach and education to schools, multi-family residences, and businesses through a third party. With guidance from the IWMA, HF&H separated this expenditure into a "schools" portion and a "businesses" (including multi-family residences) portion. HF&H reduced the proposed expenditure of public outreach and education for schools by 5% and reduced the proposed expenditure of public outreach and education for businesses by 19% (an aggregate weighted reduction of 13%) for FY 22-23 onward. Given the MOU between the IWMA and the Unincorporated County that delegates the IWMA to provide outreach to schools in the Unincorporated County through the 2021-2022 school year, and still-pending potential amendments to the agreement with the school and business education service

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provider Science Discovery, the projected expenditure for non-SB 1383 public outreach to schools and businesses for FY 21-22 was not adjusted.

### **Capital Expenditures**

The projected budget of \$300,000 for FY 21-22 for structure and improvements (S&I) for a planned office upgrade and the planned development of a new HHW facility in San Miguel was deferred to FY 22-23 by the Board; this deferment is reflected in the projected budget. For FY 23-24 and FY 24-25, based on input from IWMA staff, no expenditures for S&I were projected. The projected budgets for FY 21-22 through FY 24-25 for equipment were updated to reflect the expected purchase dates of equipment (e.g., forklifts) based on the equipment depreciation schedule provided to HF&H by the IWMA. No adjustments specific to the departure of the Unincorporated County from the IWMA were determined to be applicable.

### **Other Expenditures**

HF&H reduced projected expenditures for administration and TAG grants based on input from IWMA staff; administration expenditures for a media consultant was eliminated, and all TAG grant funding was eliminated.

HF&H also reduced, based on input from IWMA staff, projected non-SB 1383 salary and expense expenditures for FY 21-22 based on savings from a temporary vacancy in the Executive Director position. As stated in. Projections for FY 22-23 onward assume no position vacancies.

### **IWMA Gross Receipts Determination**

IWMA Staff provided HF&H with the total franchise fees collected per member agency and the total gross receipts from each hauler, specified by member agency, for FY 20-21 and provided this data to HF&H. HF&H then divided each member agency's franchise fee by the franchise fee percentage specified by the member agency and added current IWMA solid waste management fees and landfill tipping fees to determine gross receipts per hauler per jurisdiction; these amounts were subsequently summed to derive total gross receipts for haulers of the IWMA member agencies for FY 20-21.

HF&H then estimated the total gross receipts anticipated for FY 21-22 by increasing the FY 20-21 gross receipts by a CPI of 3% to account for typical annual CPI increases in franchised hauler rates. HF&H assumed in its calculations that additional rate increases, such as SB 1383 compliant services, would take effect July 1 2022, the beginning of the IWMA's FY 22-23.

HF&H estimated the total gross receipts anticipated for FY 22-23 utilizing gross receipts projections provided by member agencies. While these projections were provided as increases for FY 21-22, and included special rate increases including but not limited to SB 1383 implementations, HF&H assumed for the purposes of these calculations that such rate increases would not take effect until FY 22-23. Most member agencies provided either an estimate for a percentage increase to FY 21-22 gross receipts compared to FY 20-21, or an estimated total for gross receipts for FY 21-22. HF&H made the following adjustments to data provided by member agencies to improve the consistency of our methodology:

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- In instances where member agencies provided an estimated percentage increase, HF&H applied the percentage increase to gross receipts beginning July 1, 2022.
- If a member agency provided an estimate range for a percentage increase rather than a single estimate, HF&H utilized the midpoint of the range provided.
- In instances where the member agencies provided gross receipt projections that included a presumed 3.25% IWMA solid waste management fee, HF&H removed this portion of the projection.
- For jurisdictions where the member agency did not provide an estimate for gross receipts, HF&H used a default assumption of a 5% increase in gross receipts from FY 21-22.
- In instances where member agencies projected a decrease in gross receipts compared to FY 20-21 without a stated cause, HF&H instead assumed that FY 22-23 gross receipts were equal to FY 21-22 gross receipts calculated.

### **Budget Projection**

After projecting an amended budget for FY 21-22, HF&H forecasted the IWMA's budget for FY 22-23, FY 23-24, and FY 24-25. HF&H multiplied each budget line item in the projected FY 21-22 budget by the appropriate inflation index, if applicable, to determine the projected FY 22-23 budget. Revenue for the solid waste management fee for FY 22-23 budget onward was set to zero in order to determine the revised overall solid waste management fee recommendation for this report, rather than add an additional separate fee to the existing solid waste management fees (2% commercial, 2% residential accounts over \$50, \$0.30 per month residential accounts under \$50). In cases where anomalies occurred in the FY 21-22 expenditure projections (e.g. staff vacancies) additional adjustments were incorporated as described in the prior sections of this Report. The FY 23-24 budget and FY 24-25 budget were each projected by multiplying each budget line item from the prior fiscal year by the appropriate inflation index, if applicable. In addition to accounting for the ongoing operating expenditures, HF&H also incorporated into its calculations the reserve policy requirement to maintain a fund balance of 25% of annual operating expenditures. As noted in this report, it is critical that the IWMA amend its fees or cost structure materially in order to achieve a fund balance that meets or exceeds the fiscal reserve policy requirements. The primary intent of the operating reserve fund is to set aside cash in the event revenues decline or the IWMA incurs unexpected expenses. Because the expenses (or revenue decline) will happen in future periods, HF&H has followed the industry standard of using the following year's budgeted operating expenses to set the current year's target ending fund balance.

### **Solid Waste Management Fee Determination**

HF&H subtracted the total projected revenue (excluding proposed new solid waste management hauler fee revenue increase) from the revenue requirement to determine the hauler fee revenue requirement. HF&H accounted for the compounding impact of an increased solid waste management fee to potential rate increases, and thus total gross receipts. Acknowledging that revenues and expenditures fluctuate on an annual basis, the IWMA would require a different fee percentage annually to maintain a fund balance equivalent to exactly 25%. Instead, to introduce rate and fee stability, HF&H recommends using a rounded weighted average to ensure that the hauler fee can remain constant over time, while enabling the IWMA to

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generate enough revenue to meet its obligations to its member agencies and ultimately achieve a fund balance equivalent to 25% of operating expenditures. Setting the hauler fee percentage to equal the rounded weighted average of 5.4% would sustain the IWMA's revenues over time and ensure adequate funding for ongoing program stability.

## Analysis

Table 1 displays a summary of the revised hauler fee percentage calculation, along with key P&L line items such as projected revenues and expenditures. Table 2 provides a breakdown of the expenditures by category, projected for FY 21-22 through FY 24-25. Similarly, Table 3 provides a breakdown of the revenue categories, projected for FY 21-22 through FY 24-25. Please see Attachment 1 for the overall projected revenues and expenditures.

**Table 1: Revised Hauler Fee Percentage Determination**

| Description                                                                     | Projected Actuals<br>FY 21-22 | FY 22-23            | FY 23-24            | FY 24-25            |
|---------------------------------------------------------------------------------|-------------------------------|---------------------|---------------------|---------------------|
| <b>EXPECTED UNRESTRICTED OPENING FUND BALANCE - JULY 1, 2021 <sup>(1)</sup></b> | \$ 1,745,474                  | \$ 304,658          | \$ 367,452          | \$ 660,017          |
| <b>PROJECTED EXPENDITURES</b>                                                   |                               |                     |                     |                     |
| Operating Expenditures                                                          | \$ 3,256,329                  | \$ 3,655,022        | \$ 3,764,673        | \$ 3,877,615        |
| Capital Expenditures                                                            | \$ 140,108                    | \$ 385,843          | \$ 141,650          | \$ 44,181           |
| Transfers to Restricted Funds                                                   | \$ -                          | \$ -                | \$ -                | \$ -                |
| <b>REVENUE REQUIREMENT</b>                                                      | <b>\$ 3,396,437</b>           | <b>\$ 4,040,865</b> | <b>\$ 3,906,323</b> | <b>\$ 3,921,796</b> |
| <b>PROJECTED REVENUES</b>                                                       |                               |                     |                     |                     |
| Operating Revenue <sup>(2)</sup>                                                | \$ 891,032                    | \$ 893,393          | \$ 895,825          | \$ 898,330          |
| Non-Operating Revenue                                                           | \$ 117,000                    | \$ 117,000          | \$ 117,000          | \$ 117,000          |
| Hauler Fee Revenue                                                              | \$ 947,589                    | \$ 3,093,266        | \$ 3,186,063        | \$ 3,281,645        |
| <b>TOTAL REVENUE</b>                                                            | <b>\$ 1,955,621</b>           | <b>\$ 4,103,659</b> | <b>\$ 4,198,888</b> | <b>\$ 4,296,975</b> |
| <b>GROSS RECEIPTS</b>                                                           | \$ 48,478,933                 | \$ 57,282,695       | \$ 59,001,175       | \$ 60,771,211       |
| <b>HAULER FEE REVENUE</b>                                                       | \$ 947,589                    | \$ 3,093,266        | \$ 3,186,063        | \$ 3,281,645        |
| <b>REVISED HAULER FEE %</b>                                                     | <b>N/A</b>                    | <b>5.40%</b>        | <b>5.40%</b>        | <b>5.40%</b>        |
| <b>PROJECTED UNRESTRICTED FUND CLOSING BALANCE</b>                              |                               |                     |                     |                     |
| Unrestricted Fund Closing Balance                                               | \$ 304,658                    | \$ 367,452          | \$ 660,017          | \$ 1,035,196        |
| Target Unrestricted Fund Closing Balance <sup>(3)</sup>                         | 25%                           | 25%                 | 25%                 | 25%                 |
| Unrestricted Fund Closing Target Balance                                        | \$ 913,756                    | \$ 941,168          | \$ 969,404          | \$ 998,486          |
| Closing Fund Balance Surplus/(Shortfall)                                        | \$ (609,098)                  | \$ (573,717)        | \$ (309,387)        | \$ 36,711           |

<sup>(1)</sup> Does not include Funds held for HHW closure or Emergency fund

<sup>(2)</sup> Includes Landfill Tipping Fees and Hazardous Waste Program Fees

<sup>(3)</sup> Target Unrestricted Fund Closing Balance is 25% of the next fiscal year's operating expenditures

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**Table 2: Expenditures**

| Description                                          | Projected Actuals<br>FY 21-22 | FY 22-23         | FY 23-24         | FY 24-25         |
|------------------------------------------------------|-------------------------------|------------------|------------------|------------------|
| <b>EXPENDITURES</b>                                  |                               |                  |                  |                  |
| Salary and Benefits <sup>(1)</sup>                   | \$ 540,092                    | \$ 666,079       | \$ 686,061       | \$ 706,643       |
| Administration/State Reporting Expenditures          | \$ 268,325                    | \$ 276,375       | \$ 284,666       | \$ 293,206       |
| SB 1383 Expenditures                                 |                               |                  |                  |                  |
| SB 1383 Employee Salary and Benefits                 | \$ 190,920                    | \$ 389,487       | \$ 401,172       | \$ 413,207       |
| Report Tracking System                               | \$ 55,000                     | \$ 56,650        | \$ 58,350        | \$ 60,101        |
| SB 1383 Education and Monitoring                     | \$ 368,471                    | \$ 379,525       | \$ 390,911       | \$ 402,638       |
| Other SB 1383 Expenditures <sup>(2)</sup>            | \$ 354,762                    | \$ 365,405       | \$ 376,367       | \$ 387,658       |
| Subtotal: SB 1383 Expenditures                       | \$ 969,153                    | \$ 1,191,067     | \$ 1,226,800     | \$ 1,263,604     |
| Hazardous Waste Program Expenditures                 |                               |                  |                  |                  |
| Electronic Waste Disposal                            | \$ 62,700                     | \$ 64,581        | \$ 66,518        | \$ 68,514        |
| Curbside Used Motor Oil and Filter Disposal          | \$ 8,000                      | \$ 8,240         | \$ 8,487         | \$ 8,742         |
| Universal Waste Disposal                             | \$ 515,000                    | \$ 530,450       | \$ 546,364       | \$ 562,755       |
| Rechargeable Battery Disposal                        | \$ 60,000                     | \$ 61,800        | \$ 63,654        | \$ 65,564        |
| Other Hazardous Waste Programs                       | \$ 282,933                    | \$ 291,421       | \$ 300,164       | \$ 309,169       |
| Subtotal: Hazardous Waste Program Expenditures       | \$ 928,633                    | \$ 956,492       | \$ 985,187       | \$ 1,014,744     |
| Public Education and Outreach Expenditures           |                               |                  |                  |                  |
| AB 1826 Public Outreach and Education                | \$ 146,799                    | \$ 151,203       | \$ 155,739       | \$ 160,411       |
| Business and Multi-Family Outreach Programs          | \$ 403,327                    | \$ 413,806       | \$ 426,220       | \$ 439,007       |
| Subtotal: Public Education and Outreach Expenditures | \$ 550,126                    | \$ 565,009       | \$ 581,959       | \$ 599,418       |
| TAG Grant Expenditures                               | \$ -                          | \$ -             | \$ -             | \$ -             |
| <b>TOTAL OPERATIONS EXPENDITURES</b>                 | <b>\$ 3,256,329</b>           | <b>3,655,022</b> | <b>3,764,673</b> | <b>3,877,615</b> |
| Capital Expenditures                                 |                               |                  |                  |                  |
| Structure and Improvements (S&I)                     | \$ -                          | \$ 300,000       | \$ -             | \$ -             |
| Equipment                                            | \$ 140,108                    | \$ 85,843        | \$ 141,650       | \$ 44,181        |
| <b>TOTAL CAPITAL EXPENDITURES</b>                    | <b>\$ 140,108</b>             | <b>385,843</b>   | <b>141,650</b>   | <b>44,181</b>    |
| Transfers to Restricted Funds                        |                               |                  |                  |                  |
| HHW Closure Fund                                     | \$ -                          | \$ -             | \$ -             | \$ -             |
| HHW Emergency Fund                                   | \$ -                          | \$ -             | \$ -             | \$ -             |
| Capital Replacement Fund                             | \$ -                          | \$ -             | \$ -             | \$ -             |
| <b>TOTAL TRANSFERS TO RESTRICTED FUNDS</b>           | <b>\$ -</b>                   | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| <b>TOTAL EXPENDITURES</b>                            | <b>3,396,437</b>              | <b>4,040,865</b> | <b>3,906,323</b> | <b>3,921,796</b> |

<sup>(1)</sup> SB 1383 salaries and benefits are included in the 'SB 1383 Employee Salary and Benefits' line item

<sup>(2)</sup> Other SB 1383 Expenses include but are not limited to professional services, outside legal counsel, printing, postage, and mileage reimbursements.

**Table 3: Revenues**

| Description                         | Projected Actuals<br>FY 21-22 | FY 22-23         | FY 23-24         | FY 24-25         |
|-------------------------------------|-------------------------------|------------------|------------------|------------------|
| <b>REVENUE</b>                      |                               |                  |                  |                  |
| Operating Revenue                   |                               |                  |                  |                  |
| Landfill Tipping Fees               | \$ 812,332                    | \$ 812,332       | \$ 812,332       | \$ 812,332       |
| Current Solid Waste Management Fees | \$ 947,589                    | \$ -             | \$ -             | \$ -             |
| Hazardous Waste Program Fees        | \$ 78,700                     | \$ 81,061        | \$ 83,493        | \$ 85,998        |
| Hauler Fees (New)                   | \$ -                          | \$ 3,093,266     | \$ 3,186,063     | \$ 3,281,645     |
| Subtotal: Operating Revenue         | \$ 1,838,621                  | \$ 3,986,659     | \$ 4,081,888     | \$ 4,179,975     |
| Non-Operating Revenue               |                               |                  |                  |                  |
| Grants                              | \$ 80,000                     | \$ 80,000        | \$ 80,000        | \$ 80,000        |
| Interest                            | \$ 36,000                     | \$ 36,000        | \$ 36,000        | \$ 36,000        |
| Other                               | \$ 1,000                      | \$ 1,000         | \$ 1,000         | \$ 1,000         |
| Subtotal: Non-Operating Revenue     | \$ 117,000                    | \$ 117,000       | \$ 117,000       | \$ 117,000       |
| <b>TOTAL REVENUE</b>                | <b>\$ 1,955,621</b>           | <b>4,103,659</b> | <b>4,198,888</b> | <b>4,296,975</b> |

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**Table 4: Account Information**

| Member Agency Type                          | Estimated Residential Accounts | Estimated Commercial & Multi-Family Accounts | Estimated Total Accounts |
|---------------------------------------------|--------------------------------|----------------------------------------------|--------------------------|
| Cities                                      | 46,464                         | 5,054                                        | 51,518                   |
| Unincorporated County (UC) + CSDs           | 21,080                         | 2,648                                        | 23,728                   |
| Total Accounts in the IWMA Prior to UC exit | 67,544                         | 7,702                                        | 75,246                   |
| UC + CSDs                                   | 21,080                         | 2,648                                        | 23,728                   |
| CSDs                                        | (17,733)                       | (1,183)                                      | (18,916)                 |
| Subtotal: Accounts Exiting the IWMA         | 3,347                          | 1,465                                        | 4,812                    |
| Total Accounts Remaining in the IWMA        | 64,197                         | 6,237                                        | 70,434                   |
| % Decrease                                  | 5%                             | 19%                                          | 6%                       |

**Table 5: Calculated Gross Receipts**

| Member Agency (MA)              | FY 20-21 Data                              |                     | FY 21-22 Data                          |                                        | FY 22-23 Data                         |                                       |                                         |
|---------------------------------|--------------------------------------------|---------------------|----------------------------------------|----------------------------------------|---------------------------------------|---------------------------------------|-----------------------------------------|
|                                 | FY 20-21 Franchise Fee Collected by MA (A) | Franchise Fee % (B) | FY 20-21 Calculated Gross Receipts (C) | FY 21-22 Calculated Gross Receipts (D) | Estimated % Change <sup>(1)</sup> (G) | Projected FY 22-23 Gross Receipts (H) | Final Projected FY 22-23 Gross Receipts |
| <b>Formula</b>                  |                                            |                     | <b>A / B</b>                           | <b>C * 1 + .03</b>                     | <b>Provided by MA</b>                 | <b>D * (1 + G)</b>                    |                                         |
| Arroyo Grande                   | \$ 321,460                                 | 10%                 | \$ 3,214,605                           | \$ 3,311,043                           | 24.7%                                 | \$ 4,127,215                          | \$ 3,993,080                            |
| City of SLO                     | \$ 986,343                                 | 10%                 | \$ 9,863,427                           | \$ 10,159,330                          | 14.0%                                 | \$ 11,581,636                         | \$ 11,581,636                           |
| Grover Beach                    | \$ 206,436                                 | 10%                 | \$ 2,064,360                           | \$ 2,126,291                           | 2%                                    | \$ 2,168,817                          | \$ 2,168,817                            |
| Heritage Ranch - CSD            | \$ 81,535                                  | 10%                 | \$ 815,347                             | \$ 839,807                             | 6%                                    | \$ 890,196                            | \$ 890,196                              |
| Nipomo - CSD                    | \$ 167,174                                 | 10%                 | \$ 1,671,744                           | \$ 1,721,897                           | 5%                                    | \$ 1,807,991                          | \$ 1,807,991                            |
| Oceano - CSD <sup>(2)</sup>     | \$ 52,705                                  | 5%                  | \$ 831,758                             | \$ 856,710                             | 23.4%                                 | \$ 1,056,752                          | \$ 1,022,408                            |
| Paso Robles                     | \$ 1,206,727                               | 11.5%               | \$ 10,493,279                          | \$ 10,808,077                          | 6%                                    | \$ 11,456,562                         | \$ 11,456,562                           |
| Templeton - CSD                 | \$ 176,064                                 | 10%                 | \$ 1,760,644                           | \$ 1,813,463                           | 18.5%                                 | \$ 2,148,954                          | \$ 2,148,954                            |
| <b>Formula</b>                  |                                            |                     | <b>A / B</b>                           | <b>C * 1 + .03</b>                     | <b>5%</b>                             | <b>D * (1 + G)</b>                    |                                         |
| Avila Beach - CSD               | \$ 21,978                                  | 10%                 | \$ 219,776                             | \$ 226,369                             | Default                               | \$ 237,688                            | \$ 229,963                              |
| Ground Squirrel Hollow - CSD    | \$ 18,320                                  | 10%                 | \$ 183,195                             | \$ 188,691                             | Default                               | \$ 198,126                            | \$ 198,126                              |
| <b>Formula</b>                  |                                            |                     | <b>A / B</b>                           | <b>C * 1 + .03</b>                     | <b>(H / D) - 1</b>                    | <b>Provided by MA</b>                 |                                         |
| Atascadero                      | \$ 521,870                                 | 10%                 | \$ 5,218,704                           | \$ 5,375,265                           | 22.2%                                 | \$ 6,569,494                          | \$ 6,569,494                            |
| California Valley - CSD         | N/A                                        |                     | \$ 39,681                              | \$ 40,871                              | -12.4%                                | \$ 35,820                             | \$ 35,820                               |
| Cambria - CSD <sup>(3)</sup>    | \$ 110,452                                 | 6%                  | \$ 1,840,870                           | \$ 1,896,096                           | 0%                                    | \$ 1,896,096                          | \$ 1,896,096                            |
| Cayucos - CSD <sup>(3)</sup>    | \$ 84,625                                  | 10%                 | \$ 846,247                             | \$ 871,634                             | 0%                                    | \$ 871,634                            | \$ 871,634                              |
| Morro Bay                       | \$ 287,997                                 | 10%                 | \$ 2,879,968                           | \$ 2,966,367                           | 20.4%                                 | \$ 3,571,276                          | \$ 3,571,276                            |
| Pismo Beach                     | \$ 273,003                                 | 10%                 | \$ 2,730,026                           | \$ 2,811,927                           | 22.4%                                 | \$ 3,440,762                          | \$ 3,440,762                            |
| San Miguel - CSD <sup>(3)</sup> | \$ 44,194                                  | 8%                  | \$ 552,425                             | \$ 568,998                             | 0%                                    | \$ 568,998                            | \$ 568,998                              |
| San Simeon - CSD                | N/A                                        |                     | \$ 1,896,096                           | \$ 1,896,096                           | N/A                                   | \$ 1,896,096                          | \$ 1,896,096                            |

<sup>(1)</sup> Estimated percentage increases were provided either provided by the MA or Projected FY 21-22 Gross Receipts amount was provided by the Member Agency and the percentage change from FY 20-21 was calculated.

<sup>(2)</sup> FY 20-21 Calculated Gross Receipts for Oceano - CSD are calculated slightly differently because the CSD had a 10% franchise fee in January of 2020 and the rest of the months have a 5% franchise fee.

<sup>(3)</sup> In instances where a Member Agency (MA) projected a decrease in gross receipts compared to FY 20-21 Calculated Gross Receipts without a stated cause, it was assumed that Projected FY 22-23 Gross Receipts were equal to FY 21-22 Calculated Gross Receipts.

## Key Assumptions

The analysis relied in part on the following key assumptions, provided largely by the IWMA, seven cities, eleven CSDs, and five haulers, and supplemented with data from other sources as noted.

## Revenue Determination

- The revenue from the landfill tipping fee in the proposed FY 21-22 budget are reduced by 6% (equivalent to 94% of the current revenue) in the projected FY 21-22 budget. This assumes that the revenue will decrease proportionally with the number of accounts in the Unincorporated County that intend to withdraw from the IWMA. The landfill tipping fee is assumed to remain at \$3/ton through FY 24-25.

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- The revenue from the hauler HHW fee will be unaffected by the Unincorporated County's notification of intent to withdraw from the IWMA, given the IWMA's MOU with the Unincorporated County to continue to provide reimbursable hazardous waste program services.

## Expenditure Determination

- There were 67,544 residential accounts in the IWMA prior to the Unincorporated County notifying the IWMA of its intent to withdraw. This assumes that the number of solid waste containers is proportional to the number of residential accounts in the IWMA, and that the data provided is accurate.
- There are 17,407 residential accounts located in the CSDs. This assumes that data provided by CSDs was accurate. In instances where CSDs did not provide residential account data, HF&H assumed that data from [www.point2homes.com](http://www.point2homes.com) accurately captures the number of homes in each of the applicable CSDs remaining in the IWMA, and that the *State of California Department of Finance E-5 Population and Housing Estimates for Cities, Counties, and the State, 2011-2021 with 2010 Census Benchmark* report's occupancy ratio of 83.9% for the Unincorporated County accurately represents the region.
- The total remaining residential accounts is projected to be 64,197 accounts.
- There were 7,692 commercial accounts in the IWMA prior to the Unincorporated County notifying the IWMA of its intent to withdraw. This assumes that the hauler-provided and CSD-provided data is accurate.
- There are 1,173 commercial accounts located in the CSDs. This number was determined based on data supplied by the CSDs and haulers. In instances where both the CSD and hauler provided data, data provided by the CSD was used.
- The total remaining commercial accounts is projected to be 6,227 accounts.
- The total number of service accounts (residential and commercial) in the IWMA will decrease by 6% due to the Unincorporated County's notification of intent to withdraw from the IWMA.
- The IWMA will conduct public education and compliance monitoring through 2025 for the Member Agencies.
- Hazardous waste program expenditures will be unaffected by the Unincorporated County's notification of intent to withdraw from the IWMA, given the IWMA's MOU with the Unincorporated County to continue to provide reimbursable hazardous waste program services
- 40% of the expenditure for public education and outreach for current school, multi-family, and business program (non-SB 1383) in the proposed FY 21-22 budget will be used for school programs and 60% of the expenditure will be used for business and multi-family programs.
- The expenditure for the school portion of the school, multi-family, and business program in the proposed FY 21-22 budget is reduced by 5% in the projected FY 22-23 budget onwards. This assumes that the expenditure will decrease by the same proportion of total accounts in the Unincorporated County. This also assumes that the County's current MOU with the IWMA for the IWMA to provide



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school programs for the County will not be renewed after its current expiration at the end of the 2021-2022 school year.

- The expenditure for the business and multi-family portion of the school, multi-family, and business program in the proposed FY 21-22 budget is reduced by 19% in the projected FY 22-23 budget onwards. This assumes that the expenditure will decrease by the same proportion of commercial accounts in the Unincorporated County.
- All other non-SB 1383 public education and outreach expenditures will be unaffected by the Unincorporated County's notification of intent to withdraw from the IWMA.

### **IWMA Gross Receipts Determination**

- The total amount of franchise fees collected by the member agencies in FY 20-21 was \$4,580,623. This assumes that the amounts reported by each individual member agency are accurate.
- The total amount of gross receipts for FY 20-21 was \$47,888,245. This assumes that each hauler operating in the IWMA provided accurate data to make this calculation.
- The estimated gross receipts for FY 21-22 was based on a 3% CPI increase from FY 20-21 gross receipts.
- The estimated gross receipts for FY 22-23 was based on projections provided by Member Agencies for FY 21-22 gross receipts, with HF&H assuming that the provided increases would go into effect July 1, 2022. In cases where the Member Agency did not provide an estimate, a default assumption of a 5% increase from FY 20-21 gross receipts. In cases where the member agency provided an estimated range of increase in gross receipts for FY 21-22, the midpoint of the range was used. In instances where the member agencies provided gross receipt projections that included a presumed 3.25% IWMA solid waste management fee, HF&H removed this portion of the projection. In instances where member agencies projected a decrease in gross receipts compared to FY 20-21, HF&H instead assumed that FY 22-23 gross receipts were equal to FY 21-22 gross receipts calculated.

### **Budget Projection**

- The CPI inflation index is 3% in FY 22-23, FY 23-24, and FY 24-25.
- The labor rate inflation index is 3% in FY 22-23, FY 23-24, and FY 24-25.
- The household hazardous waste fee inflation factor is 3% in FY 22-23, FY 23-24, and FY 24-25.
- The landfill tipping fee is expected to remain constant at \$3/ton for this projection period.
- The target unrestricted fund balance is equal to 25%.

Using the assumptions noted above, the revised solid waste management fee percentage was calculated following the previously described methodology.



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## Limitations

- This analysis is based on the various assumptions noted, including those to account for insufficient data regarding service account information and average tonnage generated in the Unincorporated County. Changes to these assumptions may have a material impact on the analysis.
- No jurisdictions in the State currently have operational experience with SB 1383 programs included in this analysis; furthermore, the IWMA does not have prior experience operating without the Unincorporated County; as a result, these estimates may vary from actual experience.
- Member agencies are currently engaged in negotiations with their respective waste haulers. Final negotiations may result in future rate adjustments for FY 21-22, and associated gross receipts, differing from the estimates provided by member agencies and utilized by HF&H. Furthermore, the rate adjustments may become effective at a date differing from that assumed for the purposes of this analysis, July 1 2022.

## Recommendations

HF&H recommends that the IWMA Board revises its solid waste management fee to equal 5.4% to generate the revenue required to fund the ongoing obligations of the IWMA member agencies. Expenditures are projected to exceed available funds by the first quarter of FY 22-23 if the IWMA does not significantly increase its revenue, through this fee adjustment or otherwise, or significantly lower expenditures.

\* \* \* \*

HF&H appreciates the opportunity to be of service to the IWMA Board. If you have any questions regarding this submittal, please do not hesitate to call me directly at (925) 977-6959.

Very truly yours,  
HF&H CONSULTANTS, LLC



Rob Hilton, CMC  
President

Attachment:

A. Projected Revenues and Expenditures

# ATTACHMENT A: PROJECTED REVENUES AND EXPENDITURES

| Budget Items                                                                    | Projected Actuals<br>FY 21-22 | FY 22-23            | FY 23-24            | FY 24-25            |
|---------------------------------------------------------------------------------|-------------------------------|---------------------|---------------------|---------------------|
| <b>EXPECTED UNRESTRICTED OPENING FUND BALANCE - JULY 1, 2021 <sup>(1)</sup></b> | \$ 1,745,474                  | \$ 304,658          | \$ 367,452          | \$ 660,017          |
| <b>REVENUE</b>                                                                  |                               |                     |                     |                     |
| Operating Revenue                                                               |                               |                     |                     |                     |
| Landfill Tipping Fees                                                           | \$ 812,332                    | \$ 812,332          | \$ 812,332          | \$ 812,332          |
| Current Solid Waste Management Fees                                             | \$ 947,589                    | \$ -                | \$ -                | \$ -                |
| Hazardous Waste Program Fees                                                    | \$ 78,700                     | \$ 81,061           | \$ 83,493           | \$ 85,998           |
| Hauler Fees (New)                                                               | \$ -                          | \$ 3,093,266        | \$ 3,186,063        | \$ 3,281,645        |
| Subtotal: Operating Revenue                                                     | \$ 1,838,621                  | \$ 3,986,659        | \$ 4,081,888        | \$ 4,179,975        |
| Non-Operating Revenue                                                           |                               |                     |                     |                     |
| Grants                                                                          | \$ 80,000                     | \$ 80,000           | \$ 80,000           | \$ 80,000           |
| Interest                                                                        | \$ 36,000                     | \$ 36,000           | \$ 36,000           | \$ 36,000           |
| Other                                                                           | \$ 1,000                      | \$ 1,000            | \$ 1,000            | \$ 1,000            |
| Subtotal: Non-Operating Revenue                                                 | \$ 117,000                    | \$ 117,000          | \$ 117,000          | \$ 117,000          |
| <b>TOTAL REVENUE</b>                                                            | <b>\$ 1,955,621</b>           | <b>\$ 4,103,659</b> | <b>\$ 4,198,888</b> | <b>\$ 4,296,975</b> |
| <b>EXPENDITURES</b>                                                             |                               |                     |                     |                     |
| Salary and Benefits <sup>(2)</sup>                                              | \$ 540,092                    | \$ 666,079          | \$ 686,061          | \$ 706,643          |
| Administration/State Reporting Expenditures                                     | \$ 268,325                    | \$ 276,375          | \$ 284,666          | \$ 293,206          |
| SB 1383 Expenditures                                                            |                               |                     |                     |                     |
| SB 1383 Employee Salary and Benefits                                            | \$ 190,920                    | \$ 389,487          | \$ 401,172          | \$ 413,207          |
| Report Tracking System                                                          | \$ 55,000                     | \$ 56,650           | \$ 58,350           | \$ 60,101           |
| SB 1383 Education and Monitoring                                                | \$ 368,471                    | \$ 379,525          | \$ 390,911          | \$ 402,638          |
| Other SB 1383 Expenditures                                                      | \$ 354,762                    | \$ 365,405          | \$ 376,367          | \$ 387,658          |
| Subtotal: SB 1383 Expenditures                                                  | \$ 969,153                    | \$ 1,191,067        | \$ 1,226,800        | \$ 1,263,604        |
| Hazardous Waste Program Expenditures                                            |                               |                     |                     |                     |
| Electronic Waste Disposal                                                       | \$ 62,700                     | \$ 64,581           | \$ 66,518           | \$ 68,514           |
| Curbside Used Motor Oil and Filter Disposal                                     | \$ 8,000                      | \$ 8,240            | \$ 8,487            | \$ 8,742            |
| Universal Waste Disposal                                                        | \$ 515,000                    | \$ 530,450          | \$ 546,364          | \$ 562,755          |
| Rechargeable Battery Disposal                                                   | \$ 60,000                     | \$ 61,800           | \$ 63,654           | \$ 65,564           |
| Other Hazardous Waste Programs                                                  | \$ 282,933                    | \$ 291,421          | \$ 300,164          | \$ 309,169          |
| Subtotal: Hazardous Waste Program Expenditures                                  | \$ 928,633                    | \$ 956,492          | \$ 985,187          | \$ 1,014,744        |
| Public Education and Outreach Expenditures                                      |                               |                     |                     |                     |
| AB 1826 Public Outreach and Education                                           | \$ 146,799                    | \$ 151,203          | \$ 155,739          | \$ 160,411          |
| Business and Multi-Family Outreach Programs                                     | \$ 403,327                    | \$ 413,806          | \$ 426,220          | \$ 439,007          |
| Subtotal: Public Education and Outreach Expenditures                            | \$ 550,126                    | \$ 565,009          | \$ 581,959          | \$ 599,418          |
| TAG Grant Expenditures                                                          | \$ -                          | \$ -                | \$ -                | \$ -                |
| <b>TOTAL OPERATIONS EXPENDITURES</b>                                            | <b>\$ 3,256,329</b>           | <b>\$ 3,655,022</b> | <b>\$ 3,764,673</b> | <b>\$ 3,877,615</b> |
| Capital Expenditures                                                            |                               |                     |                     |                     |
| Structure and Improvements (S&I)                                                | \$ -                          | \$ 300,000          | \$ -                | \$ -                |
| Equipment                                                                       | \$ 140,108                    | \$ 85,843           | \$ 141,650          | \$ 44,181           |
| <b>TOTAL CAPITAL EXPENDITURES</b>                                               | <b>\$ 140,108</b>             | <b>\$ 385,843</b>   | <b>\$ 141,650</b>   | <b>\$ 44,181</b>    |
| Transfers to Restricted Funds                                                   |                               |                     |                     |                     |
| HHW Closure Fund                                                                | \$ -                          | \$ -                | \$ -                | \$ -                |
| HHW Emergency Fund                                                              | \$ -                          | \$ -                | \$ -                | \$ -                |
| Capital Replacement Funds                                                       | \$ -                          | \$ -                | \$ -                | \$ -                |
| <b>TOTAL TRANSFERS TO RESTRICTED FUNDS</b>                                      | <b>\$ -</b>                   | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |
| <b>TOTAL AVAILABLE UNRESTRICTED FUNDS</b>                                       | <b>304,658</b>                | <b>367,452</b>      | <b>660,017</b>      | <b>1,035,196</b>    |
| Restricted Funds                                                                |                               |                     |                     |                     |
| HHW Closure Fund                                                                | \$ 1,000,000                  | \$ 1,000,000        | \$ 1,000,000        | \$ 1,000,000        |
| HHW Emergency Fund                                                              | \$ 300,000                    | \$ 300,000          | \$ 300,000          | \$ 300,000          |
| Capital Replacement Fund                                                        | \$ -                          | \$ -                | \$ -                | \$ -                |
| <b>PROJECTED YEAR-END BALANCE JUNE 30, 2021</b>                                 | <b>\$ 1,604,658</b>           | <b>\$ 1,667,452</b> | <b>\$ 1,960,017</b> | <b>\$ 2,335,196</b> |

<sup>(1)</sup> Does not include Funds held for HHW closure or Emergency fund

<sup>(2)</sup> SB 1383 salaries and benefits are included in the 'SB 1383 Employee Salary and Benefits' line item

## **Notice of Public Hearing Regarding Proposed Solid Waste Rate Increase**

### **Property Owners and Tenants - Customers:**

This notice is to inform you the City of Morro Bay ("the City") will hold a public hearing regarding solid waste disposal rate increases (the "Proposed Rate Increase") proposed by Morro Bay Garbage Service, Inc. ("Morro Bay Garbage") for properties and customers receiving solid waste services within the City. The Proposed Rate Increase will be considered by the Morro Bay City Council at the date, time and location specified below. Consistent with the requirements of Proposition 218, this notice also provides you with the following information:

- The Date, Time, and Place of the Public Hearing;
- The Reason for the Proposed Rate Increase; and
- The Basis for the Proposed Rate Increase; and
- The Majority Protest Procedures; and
- Proposed Rate Increase Amounts.

### **NOTICE OF PUBLIC HEARING**

**The Public Hearing for the Proposed Rate Increase within the City limits will be held on:**

**Date: June 28, 2022**

**Time: 5:30 PM**

**Place: Morro Bay City Council Chambers, Veterans Memorial Building, 209 Surf Street, Morro Bay, CA**

**At the Public Hearing, the Council will consider all public comment in support of and in opposition to the Proposed Rate Increase and whether or not a Majority Protest exists pursuant to the California Constitution (as described below). If approved, the Proposed Rate Increase would become effective on July 1, 2022.**

### **Reason for the Proposed Rate Increase**

The Proposed Rate Increase equates to (i) a 9.07 percent increase for solid waste, recycling, and green waste/organics collection services as needed to implement new State of California legal mandates, and (ii) a 5.4 percent fee charged upon Morro Bay Garbage's gross receipts by the San Luis Obispo County Integrated Waste Management Authority (IWMA), all as further described below.

The 9.07 percent increase is necessary for Morro Bay Garbage to continue to provide safe, environmentally sound, and reliable solid waste, recycling, green waste/organics collection, transportation and disposal/processing services to the citizens of the City. Several factors contributed to this rate increase including, increased costs associated with the purchase and operation of collection vehicles and increased costs associated with the organics digester facility.

The organics digester facility is required by California Senate Bill 1383 (SB 1383), and previously approved State mandates in California Assembly Bill 1826 (AB 1826). SB 1383 is a recent State law passed with the goal of reducing methane. Methane is a potent greenhouse gas, with more than 80 times the warming power of carbon dioxide, and is a major component of decomposing organic waste. In response to the harmful effects of methane gas, CalRecycle (a branch of the California Environmental Protection Agency) adopted regulations implementing SB 1383 in the fall of 2020. Key components of SB 1383 include implementing organic waste collection programs (including food waste), monitoring organics carts for contamination, and reporting data. AB 1826 requires local jurisdictions to develop a program to divert organic waste from landfills to an authorized composting facility like an anaerobic digester.

### **Basis of the Proposed Rate Increase**

The total Proposed Rate Increase of 9.07% percent is based on the following cost increases incurred by Morro Bay Garbage:

1. 2.62 percent of the Proposed Rate Increase is for capital investment costs of new collection vehicles, replacement containers and additional containers to meet the demands of SB 1383 compliance.
2. 5.23 percent of the Proposed Rate Increase is for increased capital equipment investments and escalating operating expenses related to the Anaerobic Digester.
3. 1.22 percent of the Proposed Rate Increase is for increases in AB939 and franchise fees.

In addition to these amounts, the San Luis Obispo County IWMA has mandated a 5.4 percent increase to solid waste services in the City. The IWMA is a Joint Powers Authority formed to plan and implement regional solid waste and hazardous waste programs mandated by State law. The Joint Powers Agreement between the City of Morro Bay and the IWMA can be made available by the City upon request or on the IWMA website at [www.iwma.com](http://www.iwma.com).

More specifically, at the IWMA Board Meeting of March 9, 2022, the IWMA adopted a 5.4 percent solid waste management fee upon Morro Bay Garbage's gross receipts to account for IWMA's operational and capital cost increases due largely to tasks associated with the implementation of SB 1383. These include the following tasks that will be delegated by the City to the IWMA: education and outreach monitoring, inspection, and record keeping programs; establishing, administering, and implementing the edible food recovery requirements; monitoring and education, including, but not limited to, monitoring compliance through route reviews and evaluations, determining the applicability of waivers, and issuing educational notices where necessary and/or appropriate; and required reporting to CalRecycle. The adopted fee will be effective on July 1, 2022. The City has authorized Morro Bay Garbage to bill this additional fee on behalf of the IWMA.

A copy of the 2022 Interim Year Rate Adjustment Application, which provides additional information on the proposed rate increases, is available at the City Clerk's Office located at 595 Harbor Street, Morro Bay, CA 93442.

### **How Do I Protest the Proposed Rate Increase?**

Pursuant to Section 6 of Article XIII D of the California Constitution, the following persons may submit a written protest against the Proposed Rate Increase to the City Clerk before the close of the Public Hearing referenced above.

- An owner(s) of property (parcel(s)) receiving solid waste, recycling, and green waste services within the City limits. If the person(s) signing the protest, as an owner, is not shown on the last equalized assessment roll as the owner of the parcel(s) then the protest must contain or be accompanied by written evidence that such person signing the protest is the owner of the parcel(s) receiving services;
- or
- A tenant(s) whose name appears on Morro Bay Garbage's records as the customer of record for the corresponding parcel receiving solid waste, recycling, and green waste services within the City limits (tenant-customer).

**A valid written protest must contain: 1) a statement that you protest the Proposed Rate Increase; 2) the address or Assessor's Parcel Number (APN) of the parcel or parcels which receive solid waste, recycling, and green waste services; and, 3) a signature by either the owner or the tenant-customer of the parcel or parcels.** One written protest per parcel shall be counted in calculating a majority protest to the Proposed Rate Increase subject to the requirements of Section 6 of Article XIII D of the California Constitution. Written protests will not be accepted by e-mail or by facsimile. Verbal protests will not be counted in determining the existence of a majority protest. To be counted, a protest must be received in writing by the City Clerk before the close of the Public Hearing referenced above.

Written protests regarding the solid waste rate increase and/or the IWMA fee increase may be mailed to:

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

Written protests may also be personally delivered to the City Clerk's Office located at 595 Harbor Street, Morro Bay, CA 93442.

If valid written protests are presented by a majority of owners and/or tenants-customers of parcels receiving solid waste service within the City's limits, then the City will not adjust/increase the solid waste disposal rates. Only one protest per parcel will be counted in determining whether or not a majority protest exists.

**Morro Bay Garbage**

Solid Waste Service Rates - Effective 7/1/2022

City of Morro Bay

| Service Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Service Frequency | Currently Monthly Rate Effective 1/1/2022 | Proposed Rate Adjustment | Proposed Monthly Rate Effective 07/01/2022 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------------|--------------------------|--------------------------------------------|
| <b>MONTHLY SINGLE-FAMILY AND MULTI-UNIT RESIDENTIAL SERVICE (4 UNITS OR LESS)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                   |                                           |                          |                                            |
| Price per month for specified waste wheeler collected each week. Residential customers must use the waste wheelers provided by the garbage company. This solid service fee for residential trash collections (container with black or gray lid) includes once a week pick-up of one greenwaste/organics container (green lid), and one recycling container (blue lid). The fees listed below do not include the updated IWMA fee of 5.4 percent of the Garbage Company's gross receipts.                                                                                                                                                                                                               |                   |                                           |                          |                                            |
| <b>MINI-CAN SERVICE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                   |                                           |                          |                                            |
| One 19 gallon waste wheeler container                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1                 | \$14.30                                   | \$1.30                   | \$15.59                                    |
| <b>ECONOMY RATE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                   |                                           |                          |                                            |
| One 32 gallon waste wheeler container                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1                 | \$22.88                                   | \$2.07                   | \$24.95                                    |
| <b>STANDARD RATE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                   |                                           |                          |                                            |
| One 64 gallon waste wheeler container                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1                 | \$45.76                                   | \$4.15                   | \$49.90                                    |
| <b>PREMIUM RATE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                   |                                           |                          |                                            |
| One 96 gallon waste wheeler container                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1                 | \$68.64                                   | \$6.22                   | \$74.86                                    |
| <b>SERVICE AWAY FROM THE STREET CURB (IN YARD)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                   |                                           |                          |                                            |
| Additional per month per can or container charge                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                   | \$12.47                                   | \$1.13                   | \$13.60                                    |
| <b>COMMERCIAL - OTHER CHARGES:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                   |                                           |                          |                                            |
| Rates for all commercial customers include recycling or greenwaste/organics pickup once per week, included with the garbage service rate. Customers can choose from a 64 or 96 gallon blue commingled recycle waste wheeler or a 32 or 64 gallon organics waste wheeler included with the garbage service rate (96 gallon waste wheelers can only be used with green waste due to weight). The fees listed below do not include the updated IWMA fee of 5.4 percent of the Garbage Company's gross receipts.<br><b>If you need more frequent recycling, including organics/greenwaste service, it can be provided at 25% of the garbage service rates for the specified level of service required.</b> |                   |                                           |                          |                                            |
| <b>MONTHLY COMMERCIAL WASTE WHEELERS SERVICE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                   |                                           |                          |                                            |
| One 32 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1                 | \$47.24                                   | \$4.28                   | \$51.52                                    |
| One 32 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 2                 | \$92.21                                   | \$8.36                   | \$100.57                                   |
| One 32 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 3                 | \$120.61                                  | \$10.94                  | \$131.55                                   |
| One 32 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 4                 | \$149.01                                  | \$13.51                  | \$162.52                                   |
| One 32 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 5                 | \$194.02                                  | \$17.59                  | \$211.61                                   |
| One 32 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 6                 | \$238.98                                  | \$21.67                  | \$260.65                                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                   |                                           |                          |                                            |
| One 64 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1                 | \$68.54                                   | \$6.21                   | \$74.75                                    |
| One 64 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 2                 | \$120.57                                  | \$10.93                  | \$131.50                                   |
| One 64 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 3                 | \$174.99                                  | \$15.87                  | \$190.86                                   |
| One 64 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 4                 | \$236.56                                  | \$21.45                  | \$258.01                                   |
| One 64 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 5                 | \$295.78                                  | \$26.82                  | \$322.60                                   |
| One 64 Gallon Waste Wheeler                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 6                 | \$345.47                                  | \$31.32                  | \$376.79                                   |

| Service Description                                         | Service Frequency | Currently Monthly Rate Effective 1/1/2022 | Proposed Rate Adjustment | Proposed Monthly Rate Effective 07/01/2022 |
|-------------------------------------------------------------|-------------------|-------------------------------------------|--------------------------|--------------------------------------------|
| One 96 Gallon Waste Wheeler                                 | 1                 | \$92.19                                   | \$8.36                   | \$100.55                                   |
| One 96 Gallon Waste Wheeler                                 | 2                 | \$160.76                                  | \$14.58                  | \$175.34                                   |
| One 96 Gallon Waste Wheeler                                 | 3                 | \$236.48                                  | \$21.44                  | \$257.92                                   |
| One 96 Gallon Waste Wheeler                                 | 4                 | \$314.58                                  | \$28.52                  | \$343.10                                   |
| One 96 Gallon Waste Wheeler                                 | 5                 | \$383.21                                  | \$34.74                  | \$417.95                                   |
| One 96 Gallon Waste Wheeler                                 | 6                 | \$468.35                                  | \$42.46                  | \$510.81                                   |
| <b>MONTHLY COMMERCIAL CONTAINER SERVICE - (CUBIC YARDS)</b> |                   |                                           |                          |                                            |
| 1 Yd Container                                              | 1                 | \$116.32                                  | \$10.55                  | \$126.87                                   |
| 1 Yd Container                                              | 2                 | \$180.21                                  | \$16.34                  | \$196.55                                   |
| 1 Yd Container                                              | 3                 | \$232.28                                  | \$21.06                  | \$253.34                                   |
| 1 Yd Container                                              | 4                 | \$291.44                                  | \$26.42                  | \$317.86                                   |
| 1 Yd Container                                              | 5                 | \$336.45                                  | \$30.50                  | \$366.95                                   |
| 1 Yd Container                                              | 6                 | \$419.28                                  | \$38.01                  | \$457.29                                   |
| 1 Yd Container                                              | 7                 | \$633.41                                  | \$57.43                  | \$690.84                                   |
| 1.5 Yd Container                                            | 1                 | \$142.36                                  | \$12.91                  | \$155.27                                   |
| 1.5 Yd Container                                            | 2                 | \$234.69                                  | \$21.28                  | \$255.97                                   |
| 1.5 Yd Container                                            | 3                 | \$315.19                                  | \$28.58                  | \$343.77                                   |
| 1.5 Yd Container                                            | 4                 | \$400.36                                  | \$36.30                  | \$436.66                                   |
| 1.5 Yd Container                                            | 5                 | \$480.84                                  | \$43.60                  | \$524.44                                   |
| 1.5 Yd Container                                            | 6                 | \$573.16                                  | \$51.97                  | \$625.13                                   |
| 1.5 Yd Container                                            | 7                 | \$840.84                                  | \$76.24                  | \$917.08                                   |
| 2 Yd Container                                              | 1                 | \$170.79                                  | \$15.48                  | \$186.27                                   |
| 2 Yd Container                                              | 2                 | \$298.56                                  | \$27.07                  | \$325.63                                   |
| 2 Yd Container                                              | 3                 | \$400.36                                  | \$36.30                  | \$436.66                                   |
| 2 Yd Container                                              | 4                 | \$509.27                                  | \$46.17                  | \$555.44                                   |
| 2 Yd Container                                              | 5                 | \$622.89                                  | \$56.47                  | \$679.36                                   |
| 2 Yd Container                                              | 6                 | \$736.48                                  | \$66.77                  | \$803.25                                   |
| 2 Yd Container                                              | 7                 | \$1,057.67                                | \$95.89                  | \$1,153.56                                 |
| 3 Yd Container                                              | 1                 | \$220.52                                  | \$19.99                  | \$240.51                                   |
| 3 Yd Container                                              | 2                 | \$400.36                                  | \$36.30                  | \$436.66                                   |
| 3 Yd Container                                              | 3                 | \$563.72                                  | \$51.11                  | \$614.83                                   |
| 3 Yd Container                                              | 4                 | \$715.16                                  | \$64.84                  | \$780.00                                   |
| 3 Yd Container                                              | 5                 | \$925.85                                  | \$83.94                  | \$1,009.79                                 |
| 3 Yd Container                                              | 6                 | \$1,067.83                                | \$96.82                  | \$1,164.65                                 |
| 3 Yd Container                                              | 7                 | \$1,442.62                                | \$130.80                 | \$1,573.42                                 |

| Service Description                                                | Service Frequency | Currently Monthly Rate Effective 1/1/2022 | Proposed Rate Adjustment | Proposed Monthly Rate Effective 07/01/2022 |
|--------------------------------------------------------------------|-------------------|-------------------------------------------|--------------------------|--------------------------------------------|
| 4 Yd Container                                                     | 1                 | \$291.44                                  | \$26.42                  | \$317.86                                   |
| 4 Yd Container                                                     | 2                 | \$542.38                                  | \$49.18                  | \$591.56                                   |
| 4 Yd Container                                                     | 3                 | \$753.01                                  | \$68.27                  | \$821.28                                   |
| 4 Yd Container                                                     | 4                 | \$1,006.31                                | \$91.24                  | \$1,097.55                                 |
| 4 Yd Container                                                     | 5                 | \$1,259.57                                | \$114.20                 | \$1,373.77                                 |
| 4 Yd Container                                                     | 6                 | \$1,425.26                                | \$129.22                 | \$1,554.48                                 |
| 4 Yd Container                                                     | 7                 | \$1,853.55                                | \$168.05                 | \$2,021.60                                 |
| 6 Yd Container                                                     | 1                 | \$436.62                                  | \$39.59                  | \$476.21                                   |
| 6 Yd Container                                                     | 2                 | \$792.74                                  | \$71.87                  | \$864.61                                   |
| 6 Yd Container                                                     | 3                 | \$1,116.14                                | \$101.20                 | \$1,217.34                                 |
| 6 Yd Container                                                     | 4                 | \$1,416.04                                | \$128.39                 | \$1,544.43                                 |
| 6 Yd Container                                                     | 5                 | \$1,833.17                                | \$166.20                 | \$1,999.37                                 |
| 6 Yd Container                                                     | 6                 | \$2,114.32                                | \$191.70                 | \$2,306.02                                 |
| 6 Yd Container                                                     | 7                 | \$2,856.40                                | \$258.98                 | \$3,115.38                                 |
| 8 Yd Container                                                     | 1                 | \$577.10                                  | \$52.32                  | \$629.42                                   |
| 8 Yd Container                                                     | 2                 | \$1,073.90                                | \$97.37                  | \$1,171.27                                 |
| 8 Yd Container                                                     | 3                 | \$1,490.97                                | \$135.18                 | \$1,626.15                                 |
| 8 Yd Container                                                     | 4                 | \$1,992.53                                | \$180.65                 | \$2,173.18                                 |
| 8 Yd Container                                                     | 5                 | \$2,493.95                                | \$226.11                 | \$2,720.06                                 |
| 8 Yd Container                                                     | 6                 | \$2,821.97                                | \$255.85                 | \$3,077.82                                 |
| 8 Yd Container                                                     | 7                 | \$3,045.65                                | \$276.13                 | \$3,321.78                                 |
| <b>EXTRA COLLECTION SERVICE OPTIONS</b>                            |                   |                                           |                          |                                            |
| Overstacked Garbage & extra bags Minimum/unit                      | Per Occurrence    | \$11.43                                   | \$1.04                   | \$12.47                                    |
| Overstacked Green waste & extra bags Minimum/unit                  | Per Occurrence    | \$7.42                                    | \$0.67                   | \$8.09                                     |
| Overstacked Blue Bin & extra bags Minimum/unit                     | Per Occurrence    | \$5.72                                    | \$0.52                   | \$6.24                                     |
| Monthly charge for additional 64 or 96-gallon recycle service      | Each              | \$3.82                                    | \$0.35                   | \$4.17                                     |
| Monthly charge for additional 32 or 96-gallon green waste service  | Each              | \$7.42                                    | \$0.67                   | \$8.09                                     |
| Monthly charge for additional commercial 96-gallon recycle service | Each              | \$23.05                                   | \$2.09                   | \$25.14                                    |
| Service level changes more than once per 12 months                 | Per Occurrence    | \$10.44                                   | \$0.95                   | \$11.39                                    |



| Service Description                                                                                                                                                                                                                                        | Service Frequency | Currently Monthly Rate Effective 1/1/2022 | Proposed Rate Adjustment | Proposed Monthly Rate Effective 07/01/2022 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------------|--------------------------|--------------------------------------------|
| Small item pickup (TV, toilet)                                                                                                                                                                                                                             | Each              | \$21.72                                   | \$1.97                   | \$23.69                                    |
| Per white good article/ appliance                                                                                                                                                                                                                          | Each              | \$72.74                                   | \$6.59                   | \$79.33                                    |
| Per mattress or box spring                                                                                                                                                                                                                                 | Each              | \$21.73                                   | \$1.97                   | \$23.70                                    |
| Change waste wheeler size (once per year free)                                                                                                                                                                                                             | Per Occurrence    | \$10.44                                   | \$0.95                   | \$11.39                                    |
| Re-deliver fee-if pulled for collections                                                                                                                                                                                                                   | Per Occurrence    | \$41.56                                   | \$3.77                   | \$45.33                                    |
| Install locking device on bin                                                                                                                                                                                                                              | Each              | \$92.21                                   | \$8.36                   | \$100.57                                   |
| Extra bin cleaning                                                                                                                                                                                                                                         | Each              | \$73.34                                   | \$6.65                   | \$79.99                                    |
| Garbage extras on your scheduled pickup day                                                                                                                                                                                                                | Per Yard          | \$18.90                                   | \$1.71                   | \$20.61                                    |
| Loose Cardboard                                                                                                                                                                                                                                            | Per Yard          | \$9.48                                    | \$0.86                   | \$10.34                                    |
| Garbage extras - NOT ON YOUR SCHEDULED PICKUP DAY                                                                                                                                                                                                          | Per Bag           | \$15.56                                   | \$1.41                   | \$16.97                                    |
| Garbage extras - NOT ON YOUR SCHEDULED PICKUP DAY                                                                                                                                                                                                          | Per Yard          | \$29.99                                   | \$2.72                   | \$32.71                                    |
| Compactors                                                                                                                                                                                                                                                 | Per Ton           | \$61.40                                   | \$5.57                   | \$66.97                                    |
| Bin Rental                                                                                                                                                                                                                                                 | Per Month         | \$43.06                                   | \$3.90                   | \$46.96                                    |
| Temp Bin Rental                                                                                                                                                                                                                                            | Per Day           | \$2.39                                    | \$0.22                   | \$2.61                                     |
| Stand by time                                                                                                                                                                                                                                              | Per Hour          | \$83.40                                   | \$7.56                   | \$90.96                                    |
| Trip charge                                                                                                                                                                                                                                                | Per Occurrence    | \$10.44                                   | \$0.95                   | \$11.39                                    |
| Damage/Destruction of bins or waste wheelers                                                                                                                                                                                                               | Each              | Replacement/repair at market price        |                          |                                            |
| ADDITIONAL INFORMATION ALL CUSTOMERS:                                                                                                                                                                                                                      |                   |                                           |                          |                                            |
| 1. Customers requesting Temporary Bins or Roll-off Box Service can call the office for current rates.                                                                                                                                                      |                   |                                           |                          |                                            |
| 2. Polystyrene (Styrofoam, Plastic #6) is not collected for recycling and should be thrown away as trash. Please bag Styrofoam packing peanuts before placing in trash container.                                                                          |                   |                                           |                          |                                            |
| 3. It is encouraged to bag your trash in the garbage container but do not bag your recyclables or green waste in their respective containers and keep it loose.                                                                                            |                   |                                           |                          |                                            |
| 4. Recycling, Greenwaste/Organcis and Garbage containers should spaced 3 feet apart away from any obstacles (i.e mailboxes, cars, etc) before 6:00am on collection service day.                                                                            |                   |                                           |                          |                                            |
| 5. The fee schedule above only includes the Garbage Company rates and does not include the IWMA’s updated fee of 5.4 percent of the Garbage Company’s gross receipts, which are separately noted on the billings.                                          |                   |                                           |                          |                                            |
| 6. Cleaning fees will be billed on a time and materials basis.                                                                                                                                                                                             |                   |                                           |                          |                                            |
| 7. Late Fees are imposed for residential customers over 30 days delinquent. The fee is 1.5% per month of the outstanding charge, with a minimum fee of \$5.00. No prior notice is required, as this late fee policy is stated at the bottom of every bill. |                   |                                           |                          |                                            |
| 8. Customers can be responsible for contamination fees.                                                                                                                                                                                                    |                   |                                           |                          |                                            |
| Any additional recycling, including greenwaste/organic services are charged out at 25% of the garbage rate.                                                                                                                                                |                   |                                           |                          |                                            |

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AGENDA NO: B-2

MEETING DATE: June 28, 2022  
(continued from June 14, 2022)

# Staff Report

**TO:** Honorable Mayor and City Council      **DATE:** June 7, 2022

**FROM:** Janeen Burlingame – Management Analyst

**SUBJECT:** Public Hearing to Report on Delinquent Solid Waste Collection Accounts and Adopt Resolution No. 57-22 Authorizing San Luis Obispo County Assessor to Assess Amounts Due on Delinquent Solid Waste Collection Accounts as Tax Liens Against the Properties

## **RECOMMENDATION**

Staff recommends the City Council conduct a public hearing to receive the report on delinquent solid waste collection fees, hear any objections or protests to the report, and adopt Resolution No. 57-22.

## **FISCAL IMPACT**

The City will receive the 10% franchise fee per the Garbage, Recycling, & Green Waste Agreement on all liens paid in addition to a 2% administrative fee for costs associated with the processing of the liens with the San Luis Obispo County Assessor. Total revenue to be received will be \$88.13.

## **BACKGROUND**

Per the Garbage, Recycling, & Green Waste Agreement, between the City and Waste Connections (operating as Morro Bay Garbage Service), the City Council establishes solid waste collection fees and Morro Bay Garbage Service (MBGS) bills for and collects these fees from residential and commercial customers.

Morro Bay Municipal Code (MBMC) §8.16.170 and §8.16.375 establish all places and premises in the City in or on which solid waste is created, accumulated or produced must use the solid waste collection and disposal service provided by the City's franchisee (MBGS).

MBMC §8.16.170 also states, for the purposes of establishing responsibility for the payment of fees and charges, the person who has applied for water service within the City is responsible for paying for the solid waste service. In addition, the owner of the property, which is furnished solid waste service, if different from that water customer, is jointly responsible for the payment of all solid waste rates, charges and fees, including penalties. Any unpaid obligations shall run with the land and lead to delinquency for the property involved.

MBMC §8.16.385 addresses delinquent solid waste accounts held by the City's franchisee, and defines the methodology related to collecting those debts including the preparation of a list of property owners whose accounts are more than 120 days past due, sending a certified letter to the property owner requesting payment within 45 calendar days, and presenting to the City a list of property owners that have failed to make the requested payment by the due date.

Prepared By: J Burlingame

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

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

City Attorney Review: \_\_\_CFN\_\_\_

Government Code §38790.1 states any city collecting garbage fees or charges may collect delinquent fees or charges in the manner provided in Government Code §25831. This latter code section details activities that need to be performed when doing so, including at least once a year the preparation of a report on delinquent fees; fixing a time, date, and place for hearing the report and any objections or protests to said report; and mailing a notice of the hearing to property owners listed on the report 10 days prior to the date of the hearing.

## **DISCUSSION**

Morro Bay Garbage Services has taken the actions prescribed within the MBMC §8.16.385 to collect delinquent solid waste collection accounts and on April 22, 2022 submitted to the City a list of delinquent solid waste collection accounts that did not pay by the due date after being properly noticed so that City staff could report these delinquent fees to the City Council and request authorization of the San Luis Obispo County Assessor to assess these amounts due as tax liens against the properties.

The properties listed in the report submitted to the City were Assessor Parcel Numbers (APN):

- 065-150-004 in the amount of \$188.17
- 066-081-015 in the amount of \$199.33
- 066-152-003 in the amount of \$160.33
- 068-264-013 in the amount of \$186.55

The amounts reported to the City do not include the 2% administration fee assessed by the City for costs associated with the processing of the liens with the San Luis Obispo County Assessor. With the addition of the administration fee, the total fees staff recommends the City Council authorize the San Luis Obispo County Assessor to assess as tax liens against the above four properties is as follows:

- \$191.33 for 065-150-004
- \$203.32 for 066-081-015
- \$163.54 for 066-152-003
- \$190.28 for 068-264-013

On June 1, 2022 staff confirmed with MBGS that the fees due by the April 22, 2022 date were still outstanding. Per the Government Code, on June 3, 2022, staff sent letters by certified mail notifying the property owners for the APNs listed above of the City Council public hearing date, time, and location, to receive the report of delinquent solid waste fees as well as any objections or protests to said report. The scheduled public hearing for June 14, 2022 was continued on June 14, 2022 to June 28, 2022 because of a change in venue for the hearing. On June 16, 2022, staff sent letters by certified mail notifying the property owners for the APNs listed above of the City Council public hearing date, time, and location, to receive the report of delinquent solid waste fees as well as any objections or protests to said report.

## **CONCLUSION**

MBGS has gone through the process outlined in the MBMC and submitted the final list of property owners that failed to make the requested payment by the due date. In addition, City staff has gone through the process outlined in the Government Code by setting a hearing date to report to the City Council on delinquent solid waste fees, presenting to Council this report on delinquent fees, and notifying the affected property owners of the date, time, and location of the public hearing not less than 10 days prior to the hearing date. Staff recommends the City Council conduct a public hearing to receive the report on delinquent solid waste collection fees, hear any objections or protests to the report, and adopt Resolution No. 57-22.

## **ATTACHMENT**

1. Resolution No. 57-22

**RESOLUTION NO. 57-22**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
AUTHORIZING THE SAN LUIS OBISPO COUNTY ASSESSOR  
TO ASSESS AMOUNTS DUE ON DELINQUENT  
SOLID WASTE COLLECTION AND DISPOSAL ACCOUNTS AS  
TAX LIENS AGAINST THE PROPERTIES  
PURSUANT TO GOVERNMENT CODE SECTIONS 38790.1 AND 25828**

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

**WHEREAS**, Government Code section 38790.1 states “any city collecting garbage fees or charges may collect delinquent fees or charges in the manner provided in Section 25831 for counties;” and

**WHEREAS**, Government Code section 25831 states that at least once a year, a report shall be prepared of delinquent fees, and the City shall fix a time, date, and place for hearing the report and any objections or protests to the report; and

**WHEREAS**, the City send by certified mail notice of the hearing to the landowners listed on the report not less than 10 days prior to the date of the hearing; and

**WHEREAS**, at the hearing, the Council shall hear any objections or protests of landowners liable to be assessed for delinquent fees and may make revisions or corrections to the report as it deems just; and

**WHEREAS**, Sections 8.16.170 and 8.16.375 of the Morro Bay Municipal Code (MBMC) establish all places and premises in the City in or on which solid waste is created, accumulated or produced must use the solid waste collection and disposal service provided by the City's franchisee and the franchisee is responsible for collecting fees for the service; and

**WHEREAS**, Subsections 8.16.170 C. and D. of the MBMC states, for the purposes of establishing responsibility for the payment of fees and charges, the customer, who has applied for water service within the City and the owner of the property, which is furnished solid waste service, if different from that customer, shall jointly be responsible for the payment of all rates, charges and fees including penalties and unpaid obligations shall run with the land and shall lead to delinquency for the property involved; and

**WHEREAS**, Section 8.16.385 of the MBMC further provides a method by which the franchisee may take actions to collect fees from the owners of properties involved in delinquent solid waste collection and disposal accounts which includes requesting the City to file a tax lien; and

**WHEREAS**, the franchisee, Morro Bay Garbage Service, has taken the actions required within the MBMC to collect fees from delinquent accounts as certified by franchisee and incorporated herein, and has provided the required list of debtors whose account is still delinquent; and

**WHEREAS**, City staff has taken actions required within the Government Code to prepare a report on delinquent solid waste fees, set a hearing date for the City Council to hear the report and any objections or protests to said report, and sent by certified mail notice of the hearing to the landowners listed on the report not less than 10 days prior to the date of the hearing.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, pursuant to Government Code sections 38790.1 and 25831 and MBMC section 8.16.385:

1. After conducting the public hearing to hear the report of delinquent solid waste collection fees and any objections or protests of landowners liable on the report on delinquent solid waste fees, the delinquent fees as reported below are confirmed:

| Parcel Number | Total Amount |
|---------------|--------------|
| 065-150-004   | \$188.17     |
| 066-081-015   | \$199.33     |
| 066-152-003   | \$160.33     |
| 068-264-013   | \$186.55     |

2. The San Luis Obispo County Assessor is hereby authorized to assess the amounts due on delinquent accounts, as established and certified by the franchisee Morro Bay Garbage Service as liens against the properties listed below with the additional 2% City administration fee added:

| Parcel Number | Total Amount |
|---------------|--------------|
| 065-150-004   | \$191.93     |
| 066-081-015   | \$203.32     |
| 066-152-003   | \$163.54     |
| 068-264-013   | \$190.28     |

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 28<sup>th</sup> day of June 2022 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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

ATTEST:

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



AGENDA NO: B-3

MEETING DATE: June 28, 2022

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** June 20, 2022

**FROM:** Eric Riddiough, PE – City Engineer

**SUBJECT:** Adoption of Resolution No. 64-22 Directing the Levy of the Annual Assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District

### **RECOMMENDATION**

Staff recommends the City Council conduct the final public hearing and adopt Resolution No. 64-22, approving the levy of the annual assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District (LLMAD) for Fiscal Year 2022/23 (FY 2022/23).

### **ALTERNATIVE**

Not adopt Resolution No. 64-22 and provide specific alternative direction for staff.

### **FISCAL IMPACT**

By adopting Resolution No. 64-22, \$148,944 will be collected through an assessment of all benefitting parcel owners in the Cloisters subdivision for the Cloisters LLMAD for the maintenance of the Cloisters Park and Open Space.

### **SUMMARY**

At the May 10, 2022, City Council meeting, Council adopted Resolution No. 41-22 approving the Engineer's Report describing the annual maintenance to be completed at the Cloisters Park and Open Space and declaring the City's intent to levy an annual assessment to finance this maintenance. The assessment, projected at \$1,241.20 per assessable lot in the Cloisters subdivision, will be collected by the County Assessor.

The true costs of maintaining Cloisters Park, Open Space, trails, as well as the medians and parkways within the district, exceed the revenue received in the assessment amount. All maintenance costs in excess of the district's available revenues will be subsidized by the General Fund per City Council direction on May 24, 2004, which has been subsequently incorporated into annual budget adoption resolutions since. As part of the assessment process, the City ordered the preparation of an Engineer's Report, approved May 10, 2022, adopted a resolution of intention to levy an assessment, and set June 28, 2022 as the public hearing date on the proposed levy of assessment. The required noticing was published in the local newspaper per State requirements. The Council must hold a public hearing before considering continuing the levy of the annual assessment.

Prepared By: ER

Dept Review: GK

City Manager Review: SC

City Attorney Review: CFN

## **BACKGROUND/DISCUSSION**

Cloisters LLMAD was formed with the development of Tract 1996 in the Fall of 1996, just prior to the passage of Proposition 218. In 2004, a court determined, due to a lawsuit filed by three Cloisters residents, there are many special benefits associated with the Cloisters LLMAD. The Cloisters' lots directly benefit from the Cloisters open space and close proximity of the public park, bicycle pathway, right of way landscaping, Environmentally Sensitive Habitat restoration areas and coastal access. There was also created and reserved in favor of each owner in the Cloisters development, easements for view, open space, scenic, passive recreation and coastal access across the entirety of LOTS 121, 122 and 123, which shall not be developed with any improvements or structures, unless necessary and proper for the restoration and maintenance of the Environmentally Sensitive Habitat Area. That court determined further special benefits include: improved aesthetic appeal of nearby parcels, improved dust control, enhanced adaptation of the urban environment within the natural environment, improved erosion resistance, improved drainage and flood control, enhanced crime deterrence and aid to police protection, increased nighttime safety on roads and highways, improved visibility for pedestrians and motorists, improved ingress and egress to property, reduced vandalism and other criminal acts and damage to improvements or property, improved traffic circulation, reduced nighttime accidents, and special enhancement to property value resulting from the above benefits.

The court also determined the City does not need to, nor is it required to, prepare an annual redetermination of the separation of special and general benefits. The court specially held:

*"When the special assessment district was formed the owner of all of the parcels consented to its formation. Moreover, the owner did not object to the amount of the assessment, which the City based upon the cost of the special benefits being conferred on the properties within the assessment district, nor to the specific amount allocated to each parcel as its proportionate share. Because express consent to the amount and allocation of the assessment was given by petitioners' predecessor, and petitioner's purchased their properties with actual or constructive knowledge of the amount of the assessment, it is too late for them now to withdraw the consent and attack the amount of the assessment."*

Up until 2015, this required public hearing was advertised as a "protest hearing," where those in the assessment district could file protests to the continuation. State law does not require a protest hearing so long as there are no increases in the assessment. Currently, there are no proposed increases to the assessment amount.

Staff continues to recognize the importance of proper maintenance of the Cloisters Park and Open Space, which are outlined in the Engineer's Report, but occasionally the level of maintenance does not meet the expectations of some residents. Due to funding limitations, resources required for District maintenance are utilized as efficiently as possible. The increase in the cost of goods and services now precludes a fund surplus for carryover to be set aside for capital projects. The fund surplus reserved for capital and larger maintenance projects is detailed in the Engineer's Report approved by City Council on May 10, 2022. Once the remaining surplus funds are exhausted, the City will propose capital improvements through the normal budget process with the use of General Funds, Measure Q & E Funds, or other sources such as grant funding.

## **CONCLUSION**

Staff recommends continuation of the assessment of the property owners within the Cloisters LLMAD to fund the City's maintenance of the Cloisters Park and Open Space with supplemental funding

coming from the general fund.

**ATTACHMENT**

1. Resolution No. 64-22

**RESOLUTION NO. 64-22**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT  
FOR THE CLOISTERS LANDSCAPING AND LIGHTING  
MAINTENANCE ASSESSMENT DISTRICT PURSUANT TO THE  
“LANDSCAPING AND LIGHTING ACT OF 1972”  
(STREETS AND HIGHWAYS SECTIONS 22500 ET. SEQ.)**

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

**WHEREAS**, on May 10, 2022, the City Council adopted Resolution No. 41-22 declaring the Council’s intent to levy an assessment for the annual maintenance of the Cloisters Park and Open Space within the Cloisters Landscaping and Lighting Maintenance Assessment District (the “District”) and approving the Engineers Report; and

**WHEREAS**, a public hearing for the levy of the annual assessment of the District was scheduled for June 28, 2022, at or about 5:30 p.m., in a hybrid format with both an in-person meeting at the Morro Bay Veterans Memorial Building, 209 Surf Street, Morro Bay, CA 93442 as well as through remote teleconferencing; or, consistent with the public health and safety, only through remote teleconferencing pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953; and

**WHEREAS**, notices regarding the proposed assessment listing the date, time and location of the public hearing were published in the local newspaper; and

**WHEREAS**, the City Council did take public testimony from all interested parties as to the levy of the annual assessment for the District on June 28, 2022, in a hybrid format with both an in-person meeting at the Morro Bay Veterans Memorial Building, 209 Surf Street, Morro Bay, CA 93442 as well as through remote teleconferencing; or, consistent with the public health and safety, only through remote teleconferencing pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953.

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

1. The annual levy for the maintenance of the District, generally located as shown on Exhibit “A” attached hereto, is hereby ordered and the assessment of \$148,944 to be equally distributed per assessable parcel for the Fiscal Year 2022/23 is hereby confirmed.

2. Adoption of this Resolution shall constitute the levy of an assessment for the Fiscal Year 2022/23 and the City Clerk shall file the diagram and assessment with the County of San Luis Obispo Auditor.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held this 28<sup>th</sup> day of June 2022 by the following roll call vote:

AYES:  
NOES:  
ABSENT:

\_\_\_\_\_  
JOHN HEADDING, MAYOR

ATTEST:

\_\_\_\_\_  
DANA SWANSON, CITY CLERK



**CLOISTERS  
LANDSCAPING AND LIGHTING  
MAINTENANCE ASSESSMENT DISTRICT**





AGENDA NO: B-4

MEETING DATE: June 28, 2022

## Staff Report

**TO:** Honorable Mayor and City Council      **DATE:** June 20, 2022

**FROM:** Eric Riddiough, PE – City Engineer

**SUBJECT:** Adoption of Resolution No. 65-22 Directing the Levy of the Annual Assessment for the North Point Natural Area Landscaping and Lighting Maintenance Assessment District

### **RECOMMENDATION**

Staff recommends the City Council conduct the public hearing and approve the levy of the annual assessment for the North Point Natural Area Landscaping and Lighting Maintenance District (LLMAD) by adopting Resolution No. 65-22.

### **ALTERNATIVES**

Not adopt Resolution No. 65-22 and provide alternative specific direction for staff.

### **FISCAL IMPACT**

By adopting Resolution No. 65-22, \$5,645 will be collected through an assessment of all parcel owners in the North Point subdivision for the maintenance of the North Point LLMAD and Natural Area.

### **SUMMARY**

At the May 10, 2022, City Council meeting, the Council adopted Resolution No. 42-22 approving the Engineer's Report describing the annual maintenance to be completed at the North Point Natural Area and declaring the City's intent to levy an annual assessment to finance the maintenance. The assessment of the North Point subdivision is \$5,645 or \$564.50 per parcel for Fiscal Year 2022/23 (FY 2022/23), and will be collected by the County Assessor.

The approved Engineer's Report detailed that the costs for maintenance of the North Point Natural Area exceed the revenue received in the assessment amount. Costs not covered by the North Point assessments are covered by the City's General Fund. As part of the assessment process, the City ordered the preparation of an Engineer's Report, approved May 10, 2022, adopted a resolution of intention to levy an assessment, and set June 28, 2022 as the public hearing date on the proposed levy of assessment. The required noticing was published in the local newspaper per State requirements. The Council must hold a public hearing before considering continuing the levy of the annual assessment.

Prepared By: ER

Dept Review: GK

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

City Attorney Review: CFN

**CONCLUSION**

Staff recommends continuation of the annual assessment of the property owners within the North Point Natural Area LLMAD, for maintenance needs, by adopting Resolution No. 65-22.

**ATTACHMENT**

1. Resolution No. 65-22

**RESOLUTION NO. 65-22**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT FOR THE NORTH POINT  
NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE  
ASSESSMENT DISTRICT PURSUANT TO THE  
“LANDSCAPING AND LIGHTING ACT OF 1972”  
(STREETS AND HIGHWAYS SECTIONS 22500 *ET. SEQ.*)**

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

**WHEREAS**, on May 10, 2022, the City Council adopted Resolution No. 42-22 declaring the Council’s intent to levy an assessment for the annual maintenance of the North Point Natural Area Landscaping and Lighting Maintenance Assessment District (the “District”) and approving the Engineers Report; and

**WHEREAS**, a public hearing regarding the levy of the annual assessment of the District was scheduled for June 28, 2022 at or about 5:30 p.m., in a hybrid format with both an in-person meeting at the Morro Bay Veterans Memorial Building, 209 Surf Street, Morro Bay, CA 93442 as well as through remote teleconferencing; or, consistent with the public health and safety, only through remote teleconferencing pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953.; and

**WHEREAS**, notices regarding the continuation of the proposed assessment listing the date, time and location of the hearing were published in the local newspaper; and

**WHEREAS**, the City Council did take public testimony from all interested parties as to the levy of the annual assessment for the District on June 28, 2022, in a hybrid format with both an in-person meeting at the Morro Bay Veterans Memorial Building, 209 Surf Street, Morro Bay, CA 93442 as well as through remote teleconferencing; or, consistent with the public health and safety, only through remote teleconferencing pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953.

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

1. The annual levy for the maintenance of the District generally located as shown on Exhibit “A,” attached hereto, is hereby ordered and the assessment of \$5,645 to be equally distributed per assessable parcel for the Fiscal Year 2022/23 is hereby confirmed.

2. Adoption of this Resolution shall constitute the levy of an assessment for the Fiscal Year 2022/23 and the City Clerk shall file the diagram and assessment with the County of San Luis Obispo Auditor.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting held this 28<sup>th</sup> day of June, 2022 by the following roll call vote:

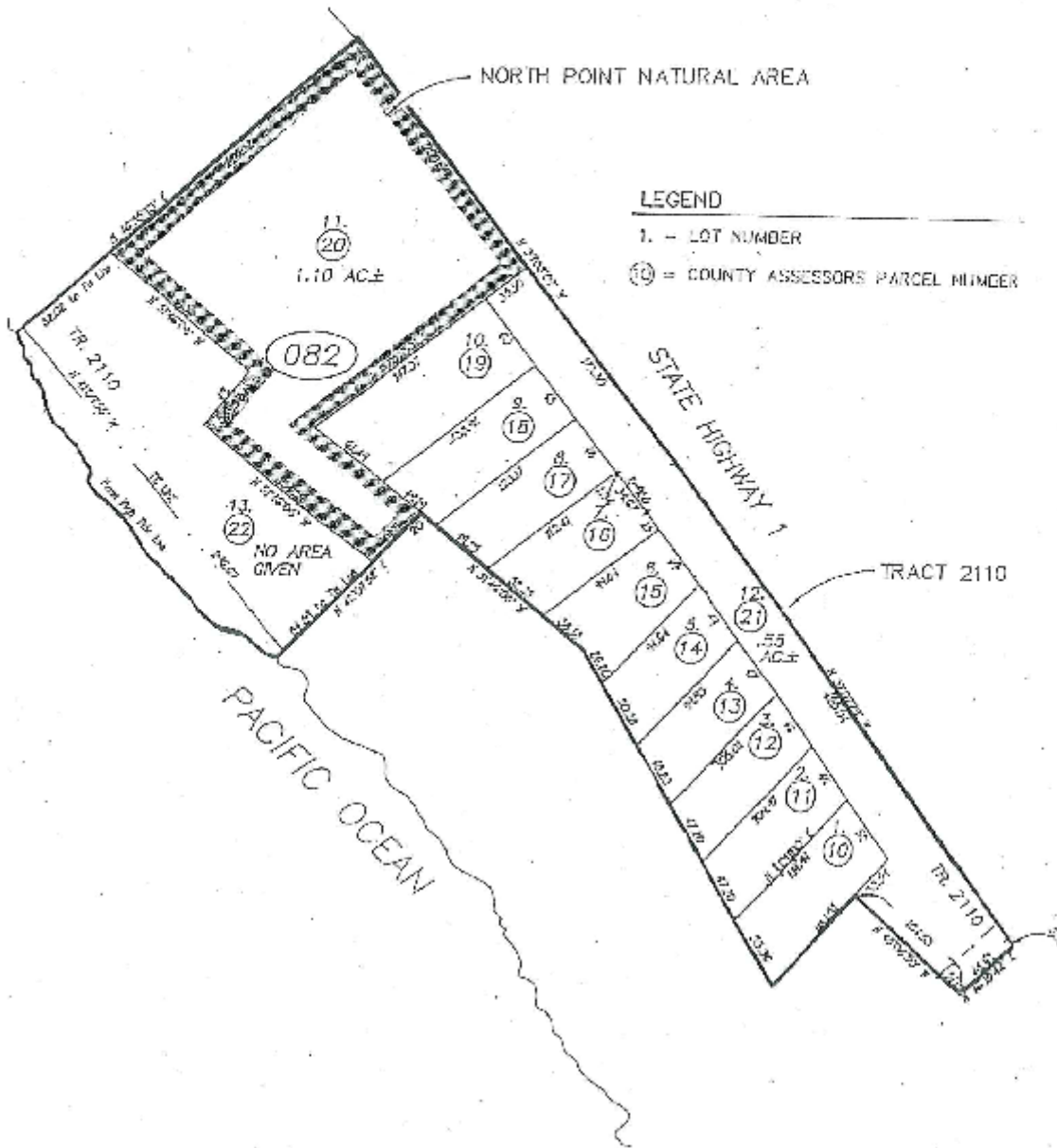
AYES:  
NOES:  
ABSENT:

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

ATTEST:

NORTH POINT NATURAL AREA  
LANDSCAPING AND LIGHTING  
MAINTENANCE ASSESSMENT DISTRICT

## ASSESSMENT DIAGRAM





AGENDA NO: B-5

MEETING DATE: June 28, 2022

## Staff Report

TO: Honorable Mayor and City Council

DATE: June 14, 2022

FROM: Sarah Johnson-Rios, Assistant City Manager/Admin Services Dir.

SUBJECT: Public Hearing, and Adoption of Resolution No. 66-22, for Minor Revisions to the Adopted Fiscal Year 2022-23 (FY 2022-23) Master Fee Schedule

### **RECOMMENDATION**

Staff recommends that the City Council hold the public hearing, consider the proposed amendments to the Master Fee Schedule for FY 2022-23, and then adopt Resolution No. 66-22 (Attachment 1), which updates the City's Master Fee Schedule for FY 2022-23 to correct liveaboard fees.

### **DISCUSSION**

Annually, the City reviews and revises the adopted Master Fee Schedule, which specifies what charges are approved for various City provided services. "Fee" activities are services and functions provided by the City to individuals who receive some direct material benefit above and beyond services offered to residents at general taxpayer expense. Council has directed this annual process be revised to have one consolidated fee schedule brought forward in late Spring. This format allows staff to implement any revised fees into budget preparations for the upcoming fiscal year.

On April 12, 2022 the City Council approved the Master Fee Schedule for FY 2022-23, effective July 1, 2022. In the process of preparing for implementation of the new fees, a clerical error in the Master Fee Schedule was identified within the Harbor Department Fees.

Two liveaboard fees, which were part of prior fee schedules, were inadvertently omitted from the final FY 2022-23 Master Fee Schedule, and are as follows:

| <i>Liveaboard Fees</i>                                           | <i>FY 2021-22 Fee</i> | <i>FY 2022-23 Fee</i> |
|------------------------------------------------------------------|-----------------------|-----------------------|
| Liveaboard Permit Administration-Monthly                         | \$45.70               | \$49.00               |
| Liveaboard Permit Inspection-biennial (if done by Harbor Patrol) | \$153.00              | \$163.00              |

### **FISCAL IMPACT**

The FY 2022-23 Master Fee Schedule was adopted by Council April 12, 2022, and the specific fees identified in the report above will have a negligible fiscal impact.

Prepared By: SJR

Dept Review: SJR

City Manager Review: SC

City Attorney Review: CFN

**RECOMMENDATION**

Staff recommends the Council conduct a public hearing, and then adopt Resolution No. 66-22, which makes minor revisions to the adopted FY 2022-23 Master Fee Schedule

**ATTACHMENTS**

1. Resolution No. 66-22 Revising the FY 2022-23 Master Fee Schedule
  - a. [Link](#) to FY 2022-23 Revised Adopted Master Fee Schedule



**RESOLUTION NO. 66-22**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
ADOPTING AMENDMENTS TO APPROVED FISCAL YEAR 2022-23  
MASTER FEE SCHEDULE**

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

**WHEREAS**, the City Council finds fees and charges for City services are annually and from time to time in need of review in general and for possible updating to reflect changes in the cost of providing those services; and

**WHEREAS**, pursuant to the California Constitution, with certain exceptions, if a City fee exceeds the City's cost for providing the service covered by that fee, that fee is considered a tax; and

**WHEREAS**, on April 12, 2022 the City Council reviewed a proposed Fiscal Year 2022-23 Master Fee Schedule, and found that it does not exceed the actual cost of providing related services when that limitation is applicable; and

**WHEREAS**, the City Council adopted Resolution No. 33-22 approving the Fiscal Year 2022-23 Master Fee Schedule on April 12, 2022; and

**WHEREAS**, the City has reviewed the attached amendments to the FY 2022-23 Master Fee Schedule, and finds they do not exceed actual costs of providing related services when that limitation is applicable; and

**WHEREAS**, on July 1, 2022, the Fiscal Year 2022-23 Master Fee Schedule will become effective pursuant to Resolution No. 33-22 approved by Council subsequent to a public hearing held on April 12, 2022; and

**WHEREAS**, pursuant to government Code section 66016, *et seq.*, specific fees to be charged for services must be adopted by City Council resolution, after providing notice and holding a public hearing, which was satisfied for the proposed amendments to the Fiscal Year 2022-23 Master Fee Schedule, at a June 28, 2022 City Council public hearing; and

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

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

**SECTION 2.** Amend and revise the FY 2022-23 Master Fee Schedule, which was approved by Resolution No. 33-22 to be adopted and effective on July 1, 2022, with the following changes, as provided for in attached Exhibit 1 incorporated herein by reference, being revised FY 2022-23 Master Fee Schedule:

| Harbor Department Fees<br><i>Liveaboard Fees</i>                       | <i>FY 2021-22 Fee</i> | <i>FY 2022-23 Fee</i> |
|------------------------------------------------------------------------|-----------------------|-----------------------|
| Liveaboard Permit<br>Administration-Monthly                            | \$45.70               | \$49.00               |
| Liveaboard Permit<br>Inspection-biennial (if done<br>by Harbor Patrol) | \$153.00              | \$163.00              |

**SECTION 3.** On July 1, 2022, all fees, included in Resolution No. 33-22 (except for when in conflict with the amendments provided herein) and as applicable included in this Resolution 66-22, became effective.

**SECTION 4.** On June 28, 2022, Resolution No. 33-22 shall be rescinded, in so far as, and only to the extent, it conflicts with this Resolution No. 66-22, and otherwise the remaining sections and details of Resolution No. 33-22 shall continue to be operative and effective.

**SECTION 5.** This Resolution shall take effect immediately upon its adoption by the City Council, and 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 28th day of June 2022, by the following vote:

AYES:  
NOES:  
ABSENT:

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

ATTEST:

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



AGENDA NO: C-1

MEETING DATE: June 28, 2021

## Staff Report

**TO:** Honorable Mayor and City Council **DATE:** June 28, 2022

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

**SUBJECT:** Adopt: Resolution No. 67-22 Adopting the Fiscal Year 2022-23 Operating and Capital Budgets; Resolution No. 68-22 Adopting the City's Master Combined Salary Schedule; Resolution No. 69-22 Readopting the City's Investment Policy; and, Resolution No. 70-22 Adopting the FY 2022-23 GANN Appropriations Limit.

### **RECOMMENDATION**

Staff recommends the City Council:

1. Adopt Resolution No. 67-22 authorizing the Fiscal Year (FY) 2022-23 Operating and Capital Budgets; and
2. Adopt Resolution No. 68-22 approving the FY 2022-23 Master Combined Salary Schedule; and
3. Adopt Resolution No. 69-22 readopting the City's Investment Policy; and
4. Adopt Resolution No. 70-22 setting the FY 2022-23 GANN Appropriations Limit at \$32,958,496.

### **FISCAL IMPACT**

The total Revised Proposed Citywide revenue budget for FY 2022-23 is \$69.8 million and the proposed citywide expenditure budget for FY 2022-23 is \$77.4 million. The difference comes from available fund balance to be used for one-time capital projects in the Water and Sewer Funds. The City maintains an operating surplus and strong reserve levels.

### **BACKGROUND**

The City Council conducted two budget study sessions, May 24 and 25, 2022. During these discussions, the Council reviewed the City's Operating and Capital Budget and provided feedback. Previously, Council reviewed and updated the City's reserve policies on April 26, 2022, adding a pension reserve policy. The Citizens Finance Advisory Committee (CFAC) reviewed the Measure Q & E Budget on April 28, 2022, and the General Fund and associated fund budgets on May 17, 2022, providing individual comments for Council consideration at the Budget Study Sessions in late May

### **DISCUSSION**

**Budget Changes:** Staff has developed a list of changes to the FY 2022-23 Revised Proposed Budget from the Proposed Budget that Council reviewed in May 2022. The changes are summarized as follows and are included as Exhibit 1 to Resolution No. 67-22 (Attachment 1). Revenues and

Prepared By: SJR

Dept Review: SJR

City Manager Review: SC

City Attorney Review: CFN

Transfers in are increasing by \$510,000, though the increase is only \$5,000 net of transfers. Expenditures and transfers out are increasing by \$850,184, though the increase net of transfers is only \$345,184.

1. Increasing the Community Grants program budget by \$10,000 for a total appropriation of \$60,000 in FY 2022-23, per Council direction on May 24<sup>th</sup>.
2. Increasing City rental income revenue by \$5,000, to account for new lease agreements with Visit Morro Bay and the Morro Bay Chamber of Commerce.
3. Updating personnel budget changes to reflect reclassifications for three existing employees and the result of broader labor negotiations. Labor negotiations have been finalized with all unrepresented groups and with two of the three of the City's three bargaining groups. The Revised Proposed Budget includes a reduction of approximately \$170,000 citywide from the Proposed Budget personnel projections, which included highly conservative placeholders to account for ongoing labor negotiations at the time of the Proposed Budget drafting. All City employees will receive a six percent cost of living adjustment in FY 2022-23, as well as several measures to bring City positions closer to the regional mean compensation where possible. This effort will also be aided by the Classification and Compensation study, which will be completed in FY 2022-23 and is included in the budget for implementation.
4. A proposed net increase of \$475,000 to one water fund Water Tank Rehab Capital Improvement Project (CIP) in FY 2022-23, which will be more than offset by project budget reductions in subsequent fiscal years for an overall project cost reduction.
5. Proposed additional funding of \$30,000 to the existing Bocce Ball Courts CIP due to higher than anticipated bids that were received since the May Budget Study Sessions.

Changes to the multi-year CIP plan were also made to reflect the most updated information regarding Water and Sewer capital projects. Changes included adding a Morro Basin Wellfield Project to the Water Fund CIP plan for future years, reducing budget numbers for the Water Tank Rehab Capital Improvement Project for out years, and correcting a typo in the Wastewater Treatment Plant Decommissioning project budget.

The five-year forecasts for the five major funds that were presented at the Budget Study Sessions were also updated to reflect changes to the FY 2022-23 budget and to out-year CIP planning. Updated forecasts are included in the Revised Proposed Budget in a new Long-Range Financial Plans section of the budget, found in the "Budget Overview" section.

As concerns regarding a potential recession increase, it is important to note that the Revised Proposed Budget represents a balanced budget with operating surpluses in all funds and robust reserve levels. In the General Fund specifically, ongoing revenues (net of the one-time American Rescue Plan Act Funds) are approximately \$17.7 million. Ongoing General Fund expenditures (net of one-time transfers and expenditures) are approximately \$17.3 million. This includes an assumption that capital improvements will continue to be funded at approximately \$0.5 million per year from the General Fund. This projected ongoing operating surplus of \$0.4 million (or up to \$0.9 million if capital contributions had to be temporarily paused) will help maintain stability in the General Fund should a mild recession occur.

The City's strong reserve levels will protect the City's ability to continue to deliver core services in the event of a more severe or prolonged recession. The Revised Proposed Budget projects that the City

will have a total of over \$13.5 million in reserves at the conclusion of the budget year, which equates to approximately 38% of the Citywide operating budget in FY 2022-23.

**Salary Schedule:** To implement the changes in pay and other personnel related matters consistent with the FY 2022-23 operating budget, staff recommends the Council approve the Master Salary Schedule (Attachment 2).

**Fiscal Policies:** In preparing this budget, staff took its primary direction from the guidelines established in the City of Morro Bay Fiscal Policies. There are several key fiscal policies that rise to the level of Council review and approval standards and are reviewed regularly by City Council. These policies are referenced and summarized in the City's Budget document and posted in full on the City's web site. In April 2022, Council reviewed and updated the City's Reserve Policies. This report includes a resolution for Council to readopt the City's Investment Policy with minor changes to the reporting and review timeline language to be consistent with current practice and updated Advisory Body Bylaws.

Other policies that City Council has reviewed recently but do not require changes at this time include the following, which were last reviewed and updated with the Council resolutions noted: Debt Management Policy (Reso. 43-18), Short-Term Fiscal Emergency Plan (Reso. 97-18), Long-Term Financial Planning Policy (Reso. 09-19), Financial Policies Related to Capital Assets (Reso. 59-19), and Donations and Grant Management Policies (Reso. 61-29). These policies are available in full on the City's website.

**GANN Limit:** State law requires the adoption of an annual appropriations limit, which restricts the growth of tax-funded programs and services by limiting the appropriation of proceeds of taxes. For FY 2022-23, the City of Morro Bay remains well under its appropriations limit. Proposition 4, known as the Gann Initiative, was approved by the California electorate in 1979. It is intended to restrict growth of tax-funded programs and services by limiting the appropriation of the proceeds of taxes to the 1978-79 base year limit, as adjusted annually for changes in population and inflation. Proceeds of taxes in excess of the appropriations limit, with some exceptions, must be returned to the taxpayers by refund or reduction in tax rates, unless an extension of the limit is approved by majority popular vote. Proceeds of taxes include tax revenues and investment earnings related to those tax revenues, proceeds from licenses and users/charges to the extent that they exceed the cost to cover those services, and discretionary tax funds used for contingency, emergency, unemployment, reserve and retirement sinking funds, trust, or similar funds.

In June 1990, the California voters approved Proposition 111, amending the Gann Initiative to provide local agencies with the option of using either the city or county population change percentage (whichever is greater). Another provision of the amendment states that the Gann limit would be triggered only if tax proceeds exceed the limit for two consecutive fiscal years. Additionally, the proposition requires an annual review of the appropriations limit calculation by a qualified independent auditor, in conjunction with the annual financial audit.

The City is calculating this limit using the San Luis Obispo County population change and the California Per Capita Personal Income, referred to as the Price Factor (explained in exhibits to Attachment 5). According to the California Department of Finance, the population of San Luis Obispo County increased by 0.28 percent between January 1, 2021 and January 1, 2022. The Per Capita Cost of Living increased by 7.55 percent. Applying these factors results in the following:

2022-23 Population and Per Capita Cost of Living Change Calculation:

- Per Capita Cost of Living Change = 7.55 percent

- Population Change = 0.28 percent
- Per Capita Cost of Living converted to a ratio:  $(7.55 + 100)$  divided by 100 = 1.0755
- Population converted to a ratio:  $(0.28 + 100)/100 = 1.0028$

Calculation Factor for FY 2022-23:  $1.0755 \times 1.0028 = 1.0785114$

|                                     |   |                     |
|-------------------------------------|---|---------------------|
| Prior year limit                    |   | \$30,559,247        |
| Calculation Factor per DOF guidance | x | <u>1.0785114</u>    |
| Equals Appropriation Limit          | = | <u>\$32,958,496</u> |

The FY 2022-23 budget estimate of revenues from the proceeds of taxes is \$16,657,676 which is well below the appropriations limit (by \$16,300,820 or 49%). Thus, the City's finances are not impacted by the appropriation limit. The calculation of estimated proceeds of taxes for FY 2022-23 is shown in detail in Exhibit 2 to Attachment 5. The calculation of FY 2022-23 Appropriations Limit is shown in Exhibit 3 to Attachment 5, along with a historical listing of prior year limits. Exhibit 4 is a copy of the California Department of Finance's change in population estimates between January 1, 2021 and January 1, 2022 and the California Department of Finance's published price factor.

## **CONCLUSION**

Staff is recommending adoption of Resolution No. 67-22, which adopts the Fiscal Year 2022-23 Operating and Capital Budget, including the changes presented as an exhibit to the resolution. Amendments made during the Council meeting, if any, will be incorporated into the final budget document. Staff also recommends approval of the Resolution No's 68-22, 69-22, and 70-22 associated with the Master Salary Schedule, readopted investment policy, and the GANN appropriations limit.

## **ATTACHMENTS**

1. Resolution No. 67-22 Adopting the FY 2022-23 Operating and Capital Budget as amended by changes contained in Exhibit 1.
  - a. Exhibit 1 – Changes since May 24-25 Budget Study Sessions
  - b. Exhibit 2 - Link to Revised Proposed Budget for FY 2022-23
    - i. [Digital Interactive Version, at https://city-morro-bay-ca-budget-book.cleargov.com/4923/introduction/transmittal-letter](https://city-morro-bay-ca-budget-book.cleargov.com/4923/introduction/transmittal-letter)
    - ii. [Printable PDF Version, at https://www.morro-bay.ca.us/DocumentCenter/View/16764/FY-2022-23-Revised-Proposed-Budget-as-of-6-22-22](https://www.morro-bay.ca.us/DocumentCenter/View/16764/FY-2022-23-Revised-Proposed-Budget-as-of-6-22-22)
2. Resolution No. 68-22 Adopting City's Master Salary Schedule
3. Resolution No. 69-22 Readopting the Investment Policy
4. Resolution No. 70-22 Adopting the GANN Appropriations Limit for FY 2022-23

## RESOLUTION NO. 67-22

### RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, ADOPTING THE FISCAL YEAR 2022-23 OPERATING AND CAPITAL BUDGET

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

**WHEREAS**, the City of Morro Bay is required to appropriate and expend funds, to conduct the day-to-day business activity of the City; and

**WHEREAS**, the Morro Bay City Council finds and determines those appropriations and expenditures are necessary for continued efficiency, economy, and effectiveness of the City government operations; and

**WHEREAS**, the continuing efforts of staff to operate the business of the City, within an approved budget, and to create savings, wherever feasible, are acknowledged by the City Council; and

**WHEREAS**, the City Council reviewed the Proposed Budget on May 24<sup>th</sup> and 25<sup>th</sup>, 2022 and provided input and there have been a handful of subsequent changes since which are outlined in detail in Exhibit 1, "Changes to the Proposed Budget since the May 24-25, 2022 Budget Study Sessions," attached hereto and incorporated herein by reference; and

**WHEREAS**, the City Council recognizes that Capital Improvement Projects and one-time expenditures of American Rescue Plan Act (ARPA) funds that were authorized and approved in the current and prior fiscal years, may not be completed by June 30, 2022; and

**WHEREAS**, the Revised Proposed Citywide revenue budget for FY 2022-23 is \$69.8 million and the proposed citywide expenditure budget is \$77.4 million; and

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

1. The Fiscal Year 2022-23 Operating and Capital Budget, attached hereto as Exhibit 2, at [Digital Interactive Version and at https://city-morro-bay-ca-budget-book.cleargov.com/4923/introduction/transmittal-letter](https://city-morro-bay-ca-budget-book.cleargov.com/4923/introduction/transmittal-letter), and incorporated herein by reference, including any amendments made during the City Council meeting dated June 28, 2022, are adopted and incorporated herein by reference; and ; and
2. Staff is directed to prepare and publish a final adopted budget document, with approved amendments; and
3. Subject to paragraph 4, below, the City Manager is authorized to transfer appropriations within the adopted budget, including from and to capital projects or capital outlay items, so long as those changes do not significantly and negatively prevent implementation of any City Council direction or policy, and total appropriations are not exceeded; and
4. City Council approval is required to transfer appropriations between funds and may approve amendments to adopted budget by adoption of one or more resolutions; and
5. City Council authorizes and directs the carry forward of unspent budget balances for capital projects and ARPA-funded projects approved in the current and prior fiscal years, but not

completed by June 30, 2022, to the Capital Improvement Project and ARPA Project budgets for the FY 2022-23 fiscal year; and

6. City Council approval is required for any proposed increase to the number of CalPERS benefited, budgeted positions, hired; and
7. Per City Council minute order May 24, 2004, any expenditures, in excess of the assessments received for the Cloister Assessment District, will be subsidized by the General Fund, without additional request made to the City Council; and

**PASSED AND ADOPTED**, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 28<sup>th</sup> day of June 2022, by the following vote:

AYES:

NOES:

ABSENT:

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

ATTEST:

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



## Exhibit 1. Changes to the Proposed Budget since the May 24-25, 2022 Budget Study Sessions

### Rvenues/Transfers In

| Description                                      | Fund                 | Object                        | Account       | Department   | Original<br>Proposed<br>Budget | Increase/<br>(Decrease) | Revised<br>Proposed<br>Budget |
|--------------------------------------------------|----------------------|-------------------------------|---------------|--------------|--------------------------------|-------------------------|-------------------------------|
| Rent for Chamber of Commerce and Visit Morro Bay | General              | Rental Income                 | 001-3515-3730 | Non-Dept     | -                              | 5,000                   | 5,000                         |
| Additional Water Tank Rehab Project budget       | Water Capital        | Intrafund Revenues Transfers  | 921-7710-3802 | Public Works | 444,000                        | 475,000                 | 919,000                       |
| Additional Funding for Bocce Ball project        | General Govt Capital | Transfer from Special Revenue | 915-771-3820  | Public Works | 765,000                        | 30,000                  | 795,000                       |
| <b>Total Revenues/Transfers In</b>               |                      |                               |               |              | <b>1,209,000</b>               | <b>510,000</b>          | <b>1,719,000</b>              |
| <b>Total Revenue Change Net of Transfers</b>     |                      |                               |               |              |                                | <b>5,000</b>            |                               |

### Expenditures/Transfers Out

| Description                                            | Fund                   | Object                   | Account       | Department     | Original<br>Proposed<br>Budget | Increase/<br>(Decrease) | Revised<br>Proposed<br>Budget |
|--------------------------------------------------------|------------------------|--------------------------|---------------|----------------|--------------------------------|-------------------------|-------------------------------|
| Additional funding per council request                 | General                | Payment to Other Agency  | 001-2110-8721 | City Council   | 26,000                         | 10,000                  | 36,000                        |
| Personnel budget changes to reflect labor negotiations | General                | Personnel - various      | 001-various   | Various        | 12,823,342                     | (236,852)               | 12,586,490                    |
| Telephone budget changes to reflect employee stipends  | General                | Telephone                | 001-various   | Various        | 3,452,396                      | 15,607                  | 3,468,003                     |
| Personnel budget changes to reflect labor negotiations | Measure Q & E          | Personnel - various      | 003-various   | Various        | 2,118,951                      | 17,636                  | 2,136,587                     |
| Personnel budget changes to reflect labor negotiations | Special Safety Grants  | Personnel - various      | 282-various   | Police         | 60,850                         | (128)                   | 60,722                        |
| Personnel budget changes to reflect labor negotiations | Water Operating        | Personnel - various      | 311-various   | Public Works   | 1,188,302                      | 17,524                  | 1,205,826                     |
| Telephone budget changes to reflect employee stipends  | Water Operating        | Telephone                | 311-5240-6201 | Public Works   | 5,775                          | 660                     | 6,435                         |
| Additional Water Tank Rehab Project budget             | Water Operating        | Transfer to Capital Fund | 311-7710-8540 | Public Works   | 444,000                        | 475,000                 | 919,000                       |
| Personnel budget changes to reflect labor negotiations | Sewer Operating        | Various                  | 321-various   | Public Works   | 1,651,313                      | 11,375                  | 1,662,688                     |
| Telephone budget changes to reflect employee stipends  | Sewer Operating        | Telephone                | 321-5251-6201 | Public Works   | 4,500                          | 1,260                   | 5,760                         |
| Personnel budget changes to reflect labor negotiations | Harbor Operating       | Various                  | 331-various   | Harbor         | 1,141,290                      | 7,924                   | 1,149,214                     |
| Personnel budget changes to reflect labor negotiations | Information Technology | Various                  | 450-various   | Admin Services | 366,693                        | (5,542)                 | 361,151                       |
| Telephone budget changes to reflect employee stipends  | Information Technology | Telephone                | 450-3520-6201 | Admin Services | 3,000                          | 720                     | 3,720                         |
| Additional Funding for Bocce Ball project              | Development Impact Fee | Transfer Out             | 900-7710-8501 | Public Works   | -                              | 30,000                  | 30,000                        |
| Additional Funding for Bocce Ball project              | General Govt Capital   | Consulting Services      | 915-8029-6105 | Public Works   | -                              | 30,000                  | 30,000                        |
| Additional Water Tank Rehab Project budget             | Water Capital          | Contractual Services     | 921-9944-6106 | Public Works   | 125,000                        | 475,000                 | 600,000                       |
| <b>Total Expenditures/Transfers Out</b>                |                        |                          |               |                | <b>23,411,412</b>              | <b>850,184</b>          | <b>24,261,596</b>             |
| <b>Total Expenditure Change Net of Transfers</b>       |                        |                          |               |                |                                | <b>345,184</b>          |                               |

**RESOLUTION NO. 68-22**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
APPROVING THE FISCAL YEAR 2022-2023 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 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 adoption of the Salary Schedule for Fiscal Year 2022-23, 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 approve the Master Salary Schedules attached hereto as Exhibit A.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 28<sup>th</sup> day of June 2022 by the following vote:

AYES:  
NOES:  
ABSENT:

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

ATTEST:

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

|                                              |              |                          |                          |                          |                          |                          |                          |
|----------------------------------------------|--------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>CITY OF MORRO BAY</b>                     |              |                          |                          |                          |                          |                          |                          |
| <b>COMBINED SALARY SCHEDULE</b>              |              |                          |                          |                          |                          |                          |                          |
| <b>FISCAL YEAR 2022-23: Effective 7/1/22</b> |              |                          |                          |                          |                          |                          |                          |
|                                              |              |                          |                          |                          |                          |                          |                          |
| <b>TITLE</b>                                 | <b>GROUP</b> | <b>STEP 1<br/>Annual</b> | <b>STEP 2<br/>Annual</b> | <b>STEP 3<br/>Annual</b> | <b>STEP 4<br/>Annual</b> | <b>STEP 5<br/>Annual</b> | <b>STEP 6<br/>Annual</b> |
| ACCOUNT CLERK IN-TRAINING                    | S            | 36,128                   | 37,934                   | 39,831                   | 41,823                   | 43,914                   |                          |
| ACCOUNT CLERK I                              | S            | 43,677                   | 45,861                   | 48,154                   | 50,562                   | 53,090                   |                          |
| CONSOLIDATED MAINTENANCE WRK I               | S            | 43,677                   | 45,861                   | 48,154                   | 50,562                   | 53,090                   |                          |
| OFFICE ASST. III                             | S            | 43,677                   | 45,861                   | 48,154                   | 50,562                   | 53,090                   |                          |
| OFFICE ASST. IV                              | S            | 47,222                   | 49,583                   | 52,062                   | 54,665                   | 57,399                   |                          |
| ACCOUNT CLERK II                             | S            | 49,060                   | 51,513                   | 54,089                   | 56,793                   | 59,633                   |                          |
| CONSOLIDATED MAINTENANCE WRK II              | S            | 49,060                   | 51,513                   | 54,089                   | 56,793                   | 59,633                   |                          |
| ACCOUNT CLERK III                            | S            | 52,545                   | 55,173                   | 57,931                   | 60,828                   | 63,869                   |                          |
| CONSOLIDATED MAINTENANCE WRK III             | S            | 52,545                   | 55,173                   | 57,931                   | 60,828                   | 63,869                   |                          |
| ADMINISTRATIVE TECHNICIAN                    | S            | 53,473                   | 56,146                   | 58,954                   | 61,901                   | 64,996                   |                          |
| BUILDING PERMIT TECHNICIAN I                 | S            | 53,473                   | 56,146                   | 58,954                   | 61,901                   | 64,996                   |                          |
| SUPPORT SERVICES TECHNICIAN                  | S            | 53,473                   | 56,146                   | 58,954                   | 61,901                   | 64,996                   |                          |
| PROPERTY EVIDENCE CLERK                      | S            | 53,473                   | 56,146                   | 58,954                   | 61,901                   | 64,996                   |                          |
| COMMUNITY SERVICES OFFICER                   |              | 53,473                   | 56,146                   | 58,954                   | 61,901                   | 64,996                   |                          |
| MECHANIC                                     | S            | 55,184                   | 57,943                   | 60,840                   | 63,882                   | 67,076                   |                          |
| RECREATION COORDINATOR                       | S            | 55,184                   | 57,943                   | 60,840                   | 63,882                   | 67,076                   |                          |
| ENGINEERING TECHNICIAN III                   | S            | 62,504                   | 65,629                   | 68,911                   | 72,356                   | 75,974                   |                          |
| MAINTENANCE LEADWORKER                       | S            | 62,504                   | 65,629                   | 68,911                   | 72,356                   | 75,974                   |                          |
| RECREATION SUPERVISOR                        | S            | 62,504                   | 65,629                   | 68,911                   | 72,356                   | 75,974                   |                          |
| BUILDING PERMIT TECHNICIAN II                | S            | 62,504                   | 65,629                   | 68,911                   | 72,356                   | 75,974                   |                          |
| UTILITY OPERATOR                             | S            | 62,600                   | 65,730                   | 69,017                   | 72,468                   | 76,091                   |                          |
| UTILITY SUPPORT COORDINATOR                  | S            | 62,600                   | 65,730                   | 69,017                   | 72,468                   | 76,091                   |                          |
| ASSISTANT PLANNER                            | S            | 62,893                   | 66,038                   | 69,340                   | 72,806                   | 76,447                   |                          |
| HARBOR PATROL OFFICER                        | S            | 63,870                   | 67,064                   | 70,417                   | 73,938                   | 77,635                   |                          |
| BUILDING INSPECTOR                           | S            | 65,405                   | 68,675                   | 72,109                   | 75,715                   | 79,500                   |                          |
| BUILDING INSPECTOR/CODE ENF OFFICER          | S            | 65,405                   | 68,675                   | 72,109                   | 75,715                   | 79,500                   |                          |
| UTILITY OPERATOR MC (MULTIPLE CERT)          | S            | 66,982                   | 70,332                   | 73,848                   | 77,541                   | 81,418                   |                          |
| HARBOR BUSINESS COORD                        | S            | 71,323                   | 74,889                   | 78,634                   | 82,565                   | 86,694                   |                          |
| IT SYSTEMS ANALYST                           | S            | 73,196                   | 76,856                   | 80,699                   | 84,734                   | 88,970                   |                          |
| ENGINEERING TECHNICIAN IV                    | S            | 73,196                   | 76,856                   | 80,699                   | 84,734                   | 88,970                   |                          |
| ASSISTANT ENGINEER                           | S            | 73,196                   | 76,856                   | 80,699                   | 84,734                   | 88,970                   |                          |
| ASSOCIATE PLANNER                            | S            | 73,196                   | 76,856                   | 80,699                   | 84,734                   | 88,970                   |                          |
| BUILDING INSPECTOR/PLANS EXAMINER            | S            | 73,196                   | 76,856                   | 80,699                   | 84,734                   | 88,970                   |                          |
| CONSOLIDATED MAINT FIELD SUPV                | S            | 73,196                   | 76,856                   | 80,699                   | 84,734                   | 88,970                   |                          |
| LEAD UTILITY OPERATOR                        | S            | 74,660                   | 78,393                   | 82,313                   | 86,428                   | 90,750                   |                          |
| HARBOR PATROL SUPERVISOR                     | S            | 75,234                   | 78,995                   | 82,945                   | 87,092                   | 91,447                   |                          |
| OPERATIONAL TECHNOLOGY SPECIALIST            | S            | 78,318                   | 82,234                   | 86,346                   | 90,663                   | 95,196                   |                          |
| ASSOCIATE ENGINEER                           | S            | 84,175                   | 88,383                   | 92,802                   | 97,443                   | 102,315                  |                          |
| WASTEWATER SYSTEMS SUPV                      | S            | 84,175                   | 88,383                   | 92,802                   | 97,443                   | 102,315                  |                          |
|                                              |              |                          |                          |                          |                          |                          |                          |
|                                              |              |                          |                          |                          |                          |                          |                          |
| <b>MORRO BAY PEACE OFFICERS ASSOC.</b>       |              |                          |                          |                          |                          |                          |                          |
| POLICE OFFICER                               | P            | 73,199                   | 76,859                   | 80,702                   | 84,737                   | 88,973                   | 93,422                   |
| POLICE DETECTIVE                             | P            | 76,859                   | 80,702                   | 84,737                   | 88,974                   | 93,423                   | 98,094                   |
| POLICE SCHOOL RESOURCE OFFICER               | P            | 76,859                   | 80,702                   | 84,737                   | 88,974                   | 93,423                   | 98,094                   |
| POLICE SENIOR OFFICER                        | P            | 76,859                   | 80,702                   | 84,737                   | 88,974                   | 93,423                   | 98,094                   |
| POLICE SERGEANT                              | P            | 93,845                   | 98,538                   | 103,465                  | 108,638                  | 114,070                  | 119,773                  |
|                                              |              |                          |                          |                          |                          |                          |                          |

|                                              |              |                          |                          |                          |                          |                          |                          |
|----------------------------------------------|--------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>CITY OF MORRO BAY</b>                     |              |                          |                          |                          |                          |                          |                          |
| <b>COMBINED SALARY SCHEDULE</b>              |              |                          |                          |                          |                          |                          |                          |
| <b>FISCAL YEAR 2022-23: Effective 7/1/22</b> |              |                          |                          |                          |                          |                          |                          |
|                                              |              |                          |                          |                          |                          |                          |                          |
| <b>TITLE</b>                                 | <b>GROUP</b> | <b>STEP 1<br/>Annual</b> | <b>STEP 2<br/>Annual</b> | <b>STEP 3<br/>Annual</b> | <b>STEP 4<br/>Annual</b> | <b>STEP 5<br/>Annual</b> | <b>STEP 6<br/>Annual</b> |
| <b>MORRO BAY FIRE FIGHTERS ASSOCIATION</b>   |              |                          |                          |                          |                          |                          |                          |
| FIREFIGHTER                                  | F            | 62,018                   | 65,119                   | 68,375                   | 71,794                   | 75,384                   |                          |
| FIRE ENGINEER                                | F            | 67,802                   | 71,192                   | 74,751                   | 78,489                   | 82,413                   |                          |
| FIRE CAPTAIN                                 | F            | 77,938                   | 81,835                   | 85,927                   | 90,223                   | 94,735                   |                          |
| FIRE MARSHAL                                 | F            | 92,520                   | 97,146                   | 102,003                  | 107,103                  | 112,458                  |                          |
|                                              |              |                          |                          |                          |                          |                          |                          |
| <b>UNREPRESENTED CONFIDENTIAL</b>            |              |                          |                          |                          |                          |                          |                          |
| HUMAN RESOURCES ANALYST I                    | C            | 60,871                   | 63,914                   | 67,110                   | 70,465                   | 73,988                   |                          |
| EXECUTIVE ASSISTANT/DEPUTY CLERK             | C            | 65,405                   | 68,675                   | 72,109                   | 75,715                   | 79,500                   |                          |
| SENIOR ACCOUNTING TECHNICIAN                 | C            | 67,989                   | 71,389                   | 74,958                   | 78,706                   | 82,642                   |                          |
| FISCAL ANALYST                               | C            | 73,196                   | 76,856                   | 80,699                   | 84,734                   | 88,970                   |                          |
| HUMAN RESOURCES ANALYST II                   | C            | 73,196                   | 76,856                   | 80,699                   | 84,734                   | 88,970                   |                          |
| <b>UNREPRESENTED MANAGEMENT</b>              |              |                          |                          |                          |                          |                          |                          |
| MANAGEMENT ANALYST                           | M            | 74,742                   | 78,479                   | 82,403                   | 86,523                   | 90,849                   |                          |
| POLICE SUPPORT SERVICES MANAGER              | M            | 74,742                   | 78,479                   | 82,403                   | 86,523                   | 90,849                   |                          |
| CITY CLERK                                   | M            | 87,407                   | 91,777                   | 96,366                   | 101,184                  | 106,243                  |                          |
| MAINTENANCE SUPERINTENDENT                   | M            | 87,407                   | 91,777                   | 96,366                   | 101,184                  | 106,243                  |                          |
| ENVIRONMENTAL PROGRAMS MANAGER               | M            | 87,407                   | 91,777                   | 96,366                   | 101,184                  | 106,243                  |                          |
| INFORMATION SYSTEMS TECHNICIAN               | M            | 87,407                   | 91,777                   | 96,366                   | 101,184                  | 106,243                  |                          |
| RECREATION SERVICES MANAGER                  | M            | 87,407                   | 91,777                   | 96,366                   | 101,184                  | 106,243                  |                          |
| SR. ADMINISTRATIVE SERVICES ANALYST          | M            | 87,407                   | 91,777                   | 96,366                   | 101,184                  | 106,243                  |                          |
| SENIOR PLANNER                               | M            | 87,407                   | 91,777                   | 96,366                   | 101,184                  | 106,243                  |                          |
| CHIEF BUILDING INSP/PLANS EXAMINER           | M            | 87,407                   | 91,777                   | 96,366                   | 101,184                  | 106,243                  |                          |
| PLANNING MANAGER                             | M            | 96,148                   | 100,956                  | 106,004                  | 111,304                  | 116,869                  |                          |
| HUMAN RESOURCES/RISK MANAGER                 | M            | 96,148                   | 100,956                  | 106,004                  | 111,304                  | 116,869                  |                          |
| FINANCE MANAGER                              | M            | 96,148                   | 100,956                  | 106,004                  | 111,304                  | 116,869                  |                          |
| SENIOR CIVIL ENGINEER                        | M            | 96,148                   | 100,956                  | 106,004                  | 111,304                  | 116,869                  |                          |
| CITY CLERK/HR MANAGER                        | M            | 111,971                  | 117,570                  | 123,448                  | 129,620                  | 136,101                  |                          |
| CITY ENGINEER                                | M            | 113,312                  | 118,977                  | 124,926                  | 131,173                  | 137,731                  |                          |
| UTILITY DIVISION MANAGER                     | M            | 113,312                  | 118,977                  | 124,926                  | 131,173                  | 137,731                  |                          |
| OPERATIONS INTERFACE MANAGER                 | M            | 113,312                  | 118,977                  | 124,926                  | 131,173                  | 137,731                  |                          |
| FIRE MARSHAL/DIVISION CHIEF                  | M            | 116,798                  | 122,638                  | 128,770                  | 135,209                  | 141,969                  |                          |
| POLICE COMMANDER                             | M            | 127,216                  | 133,577                  | 140,256                  | 147,268                  | 154,632                  |                          |
| <b>DEPARTMENT HEADS / EXECUTIVE</b>          |              |                          |                          |                          |                          |                          |                          |
| COMMUNITY DEVELOPMENT DIRECTOR               | E            | 138,885                  | 145,830                  | 153,121                  | 160,777                  | 168,816                  |                          |
| ASST CITY MANAGER/ADMIN SERVICES DIR         | E            | 144,066                  | 151,269                  | 158,832                  | 166,774                  | 175,113                  |                          |
| PUBLIC WORKS DIRECTOR                        | E            | 144,066                  | 151,269                  | 158,832                  | 166,774                  | 175,113                  |                          |
| HARBOR DIRECTOR                              | E            | 146,753                  | 154,090                  | 161,795                  | 169,885                  | 178,379                  | sworn                    |
| FIRE CHIEF                                   | E            | 146,753                  | 154,090                  | 161,795                  | 169,885                  | 178,379                  | sworn                    |
| POLICE CHIEF                                 | E            | 146,753                  | 154,090                  | 161,795                  | 169,885                  | 178,379                  | sworn                    |
| CITY MANAGER                                 | E            | 194,179                  | 199,034                  | 204,010                  | 209,110                  | 214,338                  |                          |

**RESOLUTION NO. 69-22**

**A RESOLUTION OF THE CITY COUNCIL OF  
THE CITY OF MORRO BAY, CALIFORNIA  
RESCINDING RESOLUTION NO. 50-21, DESIGNATING AND AUTHORIZING  
INVESTMENT TRANSACTION OFFICERS AND ESTABLISHING  
INTERNAL CONTROL POLICY FOR INVESTMENT TRANSACTIONS**

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

**WHEREAS**, the City of Morro Bay has cash in its possession that exceeds the amount needed for day-to-day transactions; and

**WHEREAS**, the City of Morro Bay has an obligation to its citizens to effectively and safely manage that money while optimizing its earning potential; and

**WHEREAS**, it is necessary to designate, via Resolution, the transaction officers who have the authority to invest the City's funds; and

**WHEREAS**, on June 22, 2021, the Morro Bay City Council adopted Resolution No. 50-21, which established the transaction officers with the authority to invest the City's funds; and

**WHEREAS**, with this Resolution, the Morro Bay City Council is rescinding Resolution No. 50-21 in its entirety; and

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

1. Resolution No. 50-21, relating to designating and authorizing investment transaction officers is rescinded in its entirety and replaced with this Resolution.
2. The "Investment Policy" as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved and hereby established as City policy.
3. The individuals holding the City offices/positions listed below are designated as transaction officers who are authorized to open and close investment accounts within the scope of the City's Investment Policy:
  - City Manager
  - Assistant City Manager-Administrative Services Director/Treasurer
  - Finance Manager
  - Senior Accounting Technician
4. For purposes of internal controls, the City will require written approval of one of the above designated authorized representatives, prior to another one of the designated authorized representatives initiating a deposit, withdrawing funds or making any other change in the account (added to the Safekeeping/Internal Controls Section of Exhibit A).

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5. Provision for socially responsible investing have been incorporated as previously adopted by the City Council.

**PASSED AND ADOPTED**, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 28<sup>th</sup> day of June 2022, by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
JOHN HEADING, Mayor

ATTEST:

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

## EXHIBIT “A”

### CITY OF MORRO BAY INVESTMENT POLICY

#### PURPOSE

This investment policy establishes the practices and procedures to be used in managing the City of Morro Bay's (City) portfolio in accordance with the requirements of the State of California Government Code and the guidelines provided by the California Debt and Investment Advisory Commission (CDIAC) and the Government Finance Officers Association (GFOA).

#### SCOPE OF THE POLICY

This policy governs the investment of money that is not required to meet the immediate needs of the City.

#### LEGAL AUTHORITY

*Government Code Sections:* California Government Code Sections 53600 to 53609, 53635, and 16429.1 govern the investment of local agency funds.

*Legislative Changes:* Any applicable legislative actions will be acted on as of their effective dates and will be incorporated into the policy annually, specifying the California Government Code sections that have been added, deleted or amended.

#### OBJECTIVES

The City Treasurer will consider the following factors in priority order when assessing investment opportunities:

*Safety:* The primary objective is the preservation of principal. Capital losses will be avoided, whether from default or erosion of market value, meaning that the City will not sell or trade an investment because of market fluctuation. The two types of risk to be minimized are:

1. Credit risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations; and
2. Interest rate or market risk – the risk that changes in interest rates will adversely affect the fair value of an investment.

*Liquidity:* The second objective is the liquidity of the portfolio. The portfolio should remain sufficiently flexible to enable the City to meet the operating requirements that are reasonably anticipated. In order to ensure liquidity, the investment policy must recognize that calculating cash flows are the basis of any good investment strategy. Meeting the daily cash flow demand goes hand-in-hand with meeting the City's liquidity needs.

*Yield:* The third objective, behind safety and liquidity, is attaining a market rate of return throughout the budgetary and economic cycles.

While managing the portfolio, the Treasurer, and designated staff, will strive to maintain public trust by avoiding any transactions that might impair public confidence in the City. When selecting investment instruments, the Treasurer, and designated staff, will remain cognizant of any social and policy considerations that have been established and defined in this policy.

## GENERAL STRATEGY

The Treasurer, and designated staff, may follow a passive or active investment strategy. Passive investment policies adhere to the investment goal of holding investments to maturity. Active investment strategy is the buying and selling of investments to achieve a certain benchmark objective. Great care, coupled with the advice of a fiscal agent, should be followed with an active investment policy.

The City follows the passive investment strategy of holding investments to maturity.

## STANDARD OF CARE

*Prudent Investor Standard:* The prudence standard for trust investing traces back to Harvard College v. Amory, 26 Mass. (9 Pick.) 446 (1830). Judge Samuel Putnam stated that trustees should "observe how men of prudence, discretion and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety, of the capital to be invested."

This standard will be followed by the Treasurer, and designated staff.

*Ethics and Conflict of Interest:* The Treasurer, and designated staff, shall refrain from personal business activities that could conflict with the proper execution of the investment program or which could impair their ability to make impartial decisions.

*Delegation of Authority:* The following positions and corresponding City personnel are delegated the power to invest the funds of the City:

City Manager  
Assistant City Manager-Administrative Service Director/Treasurer  
Finance Manager  
Senior Accounting Technician

These designations may change with the annual affirmation of this policy. Each delegate is required to adhere to the requirements set forth in the investment policy.

## SAFEKEEPING AND CUSTODY

*Third-party Safekeeping:* Ownership of the City's investment securities will be protected through third-party custodial safekeeping. The custodian will provide the City with a safekeeping receipt or monthly, itemized statement. Exceptions to this requirement are made for certificates of deposit, money market funds and investment pools.

*Internal Controls:* These are designed to ensure that the assets of the City are protected from theft, loss, or misuse. Such internal controls that are in place include:

1. Control of collusion;
2. Separation of duties;
3. Safekeeping of securities; and
4. Written confirmation of telephone transactions and wire transfers.

The City will separate the person who authorizes or performs the transaction from the person or people who ultimately record or otherwise account for the transaction to achieve separation of duties. Moreover, the City will require written approval of one of the above designated authorized representatives who is not also recording the transaction, prior to another one of the designated authorized representatives initiating a deposit, withdrawing funds or making any other change in the account.



*Delivery vs. Payment:* All investment transactions should be conducted using standard delivery vs. payment procedures. In delivery vs. payment, the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian and ensures that securities are deposited in an eligible financial institution prior to the release of funds.

## **AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

The City will only conduct business with approved banks, savings and loans, credit unions, and securities brokers/dealers. A list of financial dealers and institutions is to be maintained. Broker/dealers and institutions must meet all requirements established by federal and state law.

## **SUITABLE AND AUTHORIZED INVESTMENTS**

*Authorized Investment Types:* The City, by virtue of California Government Code Sections 53600 – 09, has the ability to invest in numerous types of instruments. The City has looked at its goals, objectives, and standards of care in establishing a list of authorized investment types that also meet statutory requirements. Those types of investment instruments that meet the criteria for the City are:

1. Securities of the U. S. Government, or its agencies;
2. California's Local Agency Investment Fund (LAIF) pool;
3. FDIC Insured Certificates of Deposit up to \$250,000;
4. Bankers' Acceptances (not exceeding 40% of the City's portfolio/max maturity 180 days);
5. Money Market funds;
6. Collateralized deposits;
7. Passbook savings accounts; and
8. Repurchase agreements and reverse repurchase agreements (no more than 25% of the City's portfolio).

*Prohibited Investment Types:* In addition to a listing of authorized investments, California Government Code Section 53601.6 prohibits local agencies from investing in the following instruments:

1. Inverse floaters;
2. Range notes or mortgage-derived, interest-only strips;
3. Any security that could result in zero interest accrual if held to maturity;
4. Stock; and
5. Futures or options.

There may be additional investment instruments in which the City does not want the Treasurer to invest, and those will be defined in future investment policies.

## **INVESTMENT PARAMETERS**

*Diversification of Investments:* The City may choose to impose more stringent restrictions or further restrictions on other investment instruments, depending on its investment goals and risk tolerances, than those proposed in the California Government Code Sections 53600 - 09. The City has indicated those authorized investments as follows:

1. Money market funds;
2. Collateralized deposits;
3. Securities of any one issuer, not to exceed 5% of the City's portfolio, except those obligations of the U.S. government, U.S. governmental agencies, and U.S. government-sponsored enterprises;
4. Mutual funds; and
5. FDIC insured certificates of deposits.

*Maximum Maturity:* California Government Code Section 53601 lists the maximum maturity for any instrument as five (5) years. The exception to this time frame is made for investments with LAIF or collateralized deposits.

*Minimum Credit Requirements:* The City has chosen to follow the California Government Code Section 53601 that sets the minimum credit rating required for certain investment instruments as follows:

1. Short-term debt shall be rated at least "A-1" by Standard & Poor's Corporation, "P-1" by Moody's Investors Service, Inc., or "F-1" by Fitch Ratings. If the issuer of short-term debt has also issued long-term debt, this long-term debt rating shall be rated at least "A," without regard to +/- or 1, 2, 3 modifiers, by Standard & Poor's Corporation, Moody's Investors Service, Inc., or Fitch Ratings.
2. Long-term debt shall be rated at least "A," without regard to +/- or 1, 2, 3 modifiers, by Standard & Poor's Corporation, Moody's Investors Service, Inc., or Fitch Ratings.

*Maximum Weighted Average Maturity of a Portfolio:* As part of the monthly portfolio performance report that is provided to the City Council, a weighted average maturity (WAM) of the portfolio is calculated. While there are no requirements under state law for a maximum WAM of a portfolio, CDIAC's Local Agency Investment Guidelines suggest that local agencies include and monitor WAM to arrive at an acceptable range for future implementation of a maximum benchmark.

*Social Responsibility:* Priority will be given to investments that are in compliance with socially responsible goals, to the extent that such investments achieve equivalent safety, liquidity and yield compared to other investments that do not meet the City's socially responsible goals. When not impacting yield, safety and liquidity, priority will be given to investments that support community well-being through safe, environmentally sound, practices and fair labor practices. Investments are encouraged in entities that support combating climate change and equality of rights regardless of race, sex, religion, age, national or ethnic origin, sexual orientation, or disability.

## **PORTFOLIO MANAGEMENT ACTIVITY**

*Active or Passive Portfolio Management:* In active portfolio management, treasurers buy and sell securities based on how to maximize portfolio values over a given timeframe. In passive portfolio management, the goal is to match a market rate of return (usually a benchmark). Weighing the pros and cons of each strategy in light of staff resources and investment, the City has chosen to follow a passive portfolio management strategy.

*Competitive Bidding:* Investments are purchased in the most cost effective and efficient manner utilizing approved brokers/dealers on all investment transactions.

*Reviewing and Monitoring of the Portfolio:* The portfolio requires monthly staff review to ensure the investments are being properly tracked and reported, and quarterly reporting to the Citizens Finance Advisory Committee.

*Portfolio Adjustments:* If the portfolio demonstrates non-compliance with the investment policy, the Treasurer, and designated staff, may hold the affected securities to maturity to avoid losses; however, the Treasurer may choose to rebalance the portfolio earlier to bring it back into compliance **only** if the portfolio will not suffer any losses for selling the investment prior to maturity.

*Performance Standards:* The objective of investing is to obtain a rate of return throughout budgetary and economic cycles, commensurate with investment risk constraints and cash flow needs.

## REPORTING

*Reporting Methods:* On a quarterly basis, the investment portfolio will be presented at a City Council meeting, along with the quarterly financial reports, and will list the following components:

1. Types of investment;
2. Issuer names;
3. Dates of maturity;
4. Par amounts;
5. Dollar amounts;
6. Market values;
7. Descriptions of programs under the management of contracted parties;
8. A statement of compliance with the investment policy; and
9. A statement of the ability to meet cash flow needs for six months.

*Governmental Accountings Standards Board (GASB) Statement No. 31 - Marking to Market:* The City's portfolio is to be marked-to-market for the monthly investment report provided to the City Council and at minimum, annually for the financial statements. Market values are to be obtained from a reputable and independent source and disclosed to the City Council in the monthly written report. The independent source of pricing should not be one of the parties to the transaction being valued. Such an independent source could include a broker or other financial institution that was not counterparty to the transaction, the custodial bank if the bank was not a counterparty to the transaction, publicly available publications such as *The Wall Street Journal*, or other pricing services for which a separate fee would be paid.

This is consistent with GASB Statement No. 31, which requires that governmental entities report investments at fair value, and with the California Governmental Code, which also requires market values of investments be reported.

*Calculation of Yield and Costs:* All yield rates on investments will be presented at book value.

*Investment Policy Adoption, Review, and Amendment:* The investment policy will be reviewed, amended, and presented to the City Council annually with budget adoption. The review should ensure that the policy is consistent with the overall objectives of preservation of principal, liquidity, and return, and is in conformance with the law, financial and economic trends, and the cash flow needs of the local agency.

*Definitions or Glossary of Terms:* This investment policy includes a definition section (Appendix A) in order to establish a common vocabulary between the Treasurer, and designated staff, the City Council, and the public.

## APPENDIX A – INVESTMENT POLICY TERMINOLOGY

The following are examples of terminology commonly found in California City investment policies. The inclusion of these sections provides clarity to investment policies and better enables readers to understand important concepts.

**Authorized Financial Dealers and Institutions:** A list of financial institutions authorized to provide investment services. May also include a list of approved security broker/dealers with which the City can do business. These institutions and broker/dealers are usually selected by their ability to add value to the investment process. Some criteria to consider when choosing an approved broker/dealer include creditworthiness, expertise, and the products in which the financial dealer or institution is familiar. GFOA suggests that all entities qualifying for investment transactions provide audited financial statements; proof of industry group (National Association of Securities Dealers [NASD]) certification; proof of state registration; completed broker/dealer questionnaire; and certification of having read, understood, and agreeing to comply with the investment policy.

**Bankers' Acceptance:** A draft, bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**Certificate of Deposit:** A time deposit with a specific maturity evidenced by a certificate.

**Collateralization:** Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security. California Government Code Section 53601 requires that all repurchase agreements be secured by eligible securities with a market value of 102 percent or greater of the funds borrowed. California Government Code requires public deposits to be collateralized at 110%.

**Delegation of Authority:** The granting of authority to manage the investment program to designated officials. Such authority is usually derived from code sections, ordinance, charters, or statutes. Government Code Section 53607, for example, allows the City Council to delegate, for a one-year period, its authority to invest or reinvest funds or to sell or exchange securities held by the local government.

**Delivery vs. Payment:** A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian. It ensures that securities are deposited in an eligible financial institution prior to the release of funds. A third-party custodian as evidenced by safekeeping receipts should hold securities.

**Diversification:** A process of investing assets among a range of security types by sector, maturity, credit rating, and call type or structure. This reduces exposure to risk by combining a variety of investments, which are unlikely to all move in the same direction. GFOA suggests diversifying a city's investment portfolio by limiting investments to avoid exposure to a specific sector, limiting investment in securities with higher credit risks, investing in instruments with varying maturities, and continuously investing a portion of the portfolio in readily available funds such as a local government investment pool, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

**Ethics and Conflicts of Interest:** The California Political Reform Act of 1974 requires certain designated public officials at all levels of government to publicly disclose their private economic interests and requires all public officials to disqualify themselves from participating in decisions in which they have a financial interest. As part of this requirement, local agencies are required to adopt and promulgate a Conflict of Interest Code, with certain required sections. To further promulgate this Code, investment policies sometimes include language requiring the ethical conduct of investment officers and statements regarding refraining from personal business activity that could conflict with the

proper execution and management of the investment program or that could impair their ability to make impartial decisions. To avoid conflicts, GFOA recommends that investment officers disclose material interests in financial institutions with which they do business, disclose personal financial interests that could be related to the performance of the investment portfolio, and refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the local government.

**Exemption:** Language that grandfathers prohibited investments into the investment policy because they may have been held in the portfolio prior to the prohibition. When these investments mature or are liquidated, the money should be reinvested as provided by the policy and the exemption language should be removed from the policy.

**FDIC:** Federal Deposit Insurance Corporation is a federal agency that insures bank deposits up to \$250,000 per deposit.

**General Objectives:** The section of an investment policy that illustrates the three main objectives (safety, liquidity, and yield), in order of priority, of a good investment policy. In addition to these commonly included objectives, there are a myriad of other objectives for which an investment policy can strive. Safety is the preservation of principal. Liquidity is how easily an investment may be redeemed for cash. Yield is the current rate of return on a security generally expressed as a percentage of its current price. As per California Government Code Section 53600.5, safeguarding the principal of the funds under its control should be the primary objective of local agencies. Liquidity also should be a principal objective of a portfolio. The portfolio should maintain sufficient liquidity to meet operating requirements. To accomplish this, a local agency can structure a portfolio so that investments mature when cash is needed and also by investing in liquid securities with an active secondary market. Yield should be the last objective an investment portfolio should strive for, behind safety and liquidity. Since there are many different ways for yield to be calculated, the investment policy should specify how it is to be calculated.

**Internal Controls:** The system used to ensure that the local government assets are protected from loss, theft, or misuse. Such a system should provide a reasonable assurance that such loss, theft, or misuse can be prevented. Examples include separation of duties, delegation of authority, and documentation. GFOA suggests that an internal control system address the following points: control of collusion, separation of transaction authority from accounting and recordkeeping, custodial safekeeping, avoidance of physical delivery of securities, clear delegation of authority to subordinate staff, written confirmation of transactions for investments and wire transfers, and development of a wire transfer agreement with the lead bank and third-party custodian.

**Investment Parameters:** Specified restrictions on investments to limit the amount of risk in a portfolio. These parameters may be specified in the California Government Code; however, the local agency may choose to further restrict investment options depending on its risk tolerance. Such parameters may include diversification of investments types, percentages, or dollar limits per issuer and setting maximum maturities.

**Investment Types:** A recitation of the investment types the local agency has been given authority in which to invest. This may be a list of securities allowable under California Government Code Section 53601 et seq., and may be further restricted by the agency itself. For a description of the allowable California local agency investment instruments, please see CDIAC's latest version of its Local Agency Investment Guidelines, available on its website at [www.treasurer.ca.gov/cdiac](http://www.treasurer.ca.gov/cdiac). GFOA recommends the investment in the following types of securities: U.S. government securities and agency obligations; highly-rated certificates of deposit, bankers' acceptances, commercial paper; investment-grade state and local government obligations; repurchase agreements securitized by the previously-mentioned securities; SEC-regulated, dollar-denominated money market mutual funds; and local government investment pools.

**LAIF:** Local Agency Investment Fund, the State of California's investment pool in which cities, counties and special districts may participate.

**Liquidity:** A liquid asset is one that can be quickly and easily converted into cash without loss in value.

**Market Value:** The price at which a security is trading at a point in time. Selling an investment at market value can result in a gain (\$500,000 investment sold for \$515,000 = \$15,000 gain) or loss (\$500,000 investment sold for \$498,000 = \$2,000 loss). Gains and losses are dependent on changes in the current rate of interest as compared to the interest rate of the investment that is being considered for sale.

**Marking-to-Market:** The act of recording the price or value of a security to reflect its current market value rather than its book value.

**Maximum Maturities:** Maturity is the date on which the security or obligation is redeemed by the issuer in exchange for cash. California law states that local governments cannot invest in instruments with terms remaining to maturity in excess of five years unless they receive express authority from their legislative bodies to do so. Local governments should attempt to match investment maturities with anticipated cash flow requirements. There is no requirement under California law for local governments to have a weighted average maturity (WAM) restriction for their portfolio, although CDIAC's Local Agency Investment Guidelines suggests that local agencies consider adopting a WAM restriction.

**Performance Standards:** The criteria by which a stated goal is measured. An investment portfolio's performance and risk exposure should be evaluated against appropriate benchmarks on a regular basis. One standard that should be strived for should be a market rate of return in a given interest rate environment.

**Policy Considerations:** The local ordinances or other requirements that place restrictions on the policy. Local governments should consider what should be exempted from the policy and also when, or under what circumstances, the policy should be amended.

**Pooling of Funds:** A statement in the investment policy that except for certain restricted or special funds, cash balances should be consolidated from all funds to maximize investment earnings.

**Portfolio:** The collection of investment instruments held.

**Prudent Investor Standard:** Legal maxim that all investments should be made with care, skill, prudence and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the professional management of their business affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

**Reporting:** Presentation of evaluation data or other information to communicate processes, roles, and results. Investment policies should include reporting requirements such as methods of reporting investments, the standards against which investments should be reported, and the requirement for calculating market value.

**Reporting Methods:** Ways in which investment outcomes are reported including listing of instrument values, dollar value returns, percentage yields, etc. GFOA suggests that local governments prepare investment reports at least quarterly. In California, investment reports are no longer required to be submitted to legislative bodies. This requirement is now permissive. If a local government chooses

to submit an investment report in accordance with California Government Code Section 53646 to their legislative bodies, they are still required to submit copies to CDIAC for the second and fourth quarter of every calendar year until January 1, 2007. GFOA goes on to list some suggested components of investment reports including listing of securities, gains and losses, average weighted yield to maturity as compared to benchmarks, listing of investment by maturity date, and percentage of the total portfolio which each type of investment represents.

**Repurchase Agreements:** A repurchase agreement is a form of short-term borrowing for dealers in government securities, which are highly valued and thus considered a good source of collateral. The dealer sells the government securities to investors, usually on an overnight basis, and buys them back the following day. Investments in repurchase agreements may be made when the term of the agreement does not exceed one year.

**Risk:** Two of the most common risks associated with local government portfolio investing are credit risk and interest rate risk. Credit risk is the risk to an investor that an issuer will default in the timely payment of interest and/or principal on a security. Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Limiting investment to the safest types of securities, pre-qualifying financial institutions, broker/dealers, and others with which the local agency will do business, and diversifying the number of issuers in an investment portfolio can minimize credit risk. Interest rate risk can be minimized by structuring the portfolio so that investments mature at the same time that cash is required or investing operating funds in highly liquid, shorter-term securities (e.g., U.S. Treasury bills or notes).

**Safekeeping and Custody:** Rules derived to ensure the safety of an investment and within whose control the investment resides. Some examples include third-party safekeeping, developing lists of authorized financial dealers and institutions, developing internal controls, and using a delivery vs. payment standard for transactions. Local agencies should consider requiring securities to be held by third-party custodians, evidenced by timely statements illustrating the balance held by these custodians.

**Scope:** The types of funds that the policy covers (e.g., operating funds, bond proceeds, etc.). In general, investment policies cover short-term operating funds. Longer-term funds such as retirement funds are covered by other policies. The investment of bond funds usually is governed by the bond documents such as the trust indenture.

**Standards of Care:** The degree of care that a reasonably prudent person would exercise in the investment of local agency funds.

**RESOLUTION NO. 70-22**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
ESTABLISHING THE ANNUAL PROPOSITION 4  
APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2022-23**

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

**WHEREAS**, Article XIII B of the California Constitution restricts the appropriation of tax proceeds that the City receives in any given fiscal year; and

**WHEREAS**, the City has calculated the FY 2022-23 appropriations limit, in accordance with the provisions of Article XIII B of the California Constitution; and

**WHEREAS**, in June 1990, the California voters approved Proposition 111, amending the Gann Initiative to provide local agencies with the option of using either the city or county population change percentage, whichever is greater. The City is calculating this limit using the San Luis Obispo County population change and the California Per Capita Personal Income, referred to as the Price Factor (outlined in Exhibit 3, attached hereto); and

**WHEREAS**, the City has complied with Government Code 7910.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, to adopt Resolution No. 70-22, which accepts the calculation of the FY 2022-23 appropriations limit, as prepared by the Morro Bay Finance Department, and establishes the FY 2022-23 appropriations limit at \$32,958,496, based on the calculation detailed in Exhibits 1 and 2 attached hereto.

**PASSED AND ADOPTED**, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 28<sup>th</sup> day of June 2022, by the following vote:

AYES:  
NOES:  
ABSENT:

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JOHN HEADDING, Mayor

ATTEST:

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DANA SWANSON, City Clerk



**CITY OF MORRO BAY  
APPROPRIATION LIMIT DOCUMENTATION  
FISCAL YEAR 2022/23**

|                                | 001        | 003                   | 007    | 515-2340 | 051  | 052          | 250              | 201-206 | 280               | 282           | 301     | 303          | 302              | 019       | 925                       |
|--------------------------------|------------|-----------------------|--------|----------|------|--------------|------------------|---------|-------------------|---------------|---------|--------------|------------------|-----------|---------------------------|
|                                | General    | District<br>Trans Tax | MBTBID | CTMD     | GFER | GF Fac Maint | State<br>Gas Tax | CDBG    | Traffic<br>Safety | SLESF<br>COPS | Transit | LTF<br>Roads | LTF<br>Bikepaths | ARPA      | Triangle Lot<br>Boat Yard |
| Property taxes                 | 5,037,900  | -                     | -      | -        | -    | -            | -                | -       | -                 | -             | -       | -            | -                | -         | -                         |
| Intergovernmental Revenues     | 108,970    | -                     | -      | -        | -    | -            | 300,362          | -       | -                 | 100,000       | 392,153 | -            | 14,085           | -         | -                         |
| Other taxes:                   |            |                       |        |          |      |              |                  |         |                   |               |         |              |                  |           |                           |
| Sales and Use Tax              | 2,690,000  | 4,292,000             | -      | -        | -    | -            | -                | -       | -                 | -             | -       | -            | -                | -         | -                         |
| Cannabis City Tax              | 480,000    | -                     | -      | -        | -    | -            | -                | -       | -                 | -             | -       | -            | -                | -         | -                         |
| Transient Occupancy Tax        | 4,006,000  | -                     | -      | -        | -    | -            | -                | -       | -                 | -             | -       | -            | -                | -         | -                         |
| Franchise fees                 | 623,460    | -                     | -      | -        | -    | -            | -                | -       | -                 | -             | -       | -            | -                | -         | -                         |
| Other                          | -          | -                     | -      | -        | -    | -            | -                | -       | -                 | -             | -       | -            | -                | -         | -                         |
| Licenses/permits               | 582,245    | -                     | -      | -        | -    | -            | -                | -       | -                 | -             | -       | -            | -                | -         | -                         |
| Revenues From Current Services | 2,054,049  | -                     | -      | -        | -    | -            | -                | -       | -                 | -             | 10,100  | -            | -                | -         | -                         |
| Fines/Forfeitures              | 10,300     | -                     | -      | -        | -    | -            | -                | -       | 10,000            | -             | -       | -            | -                | -         | -                         |
| Other Revenues                 | 162,960    | -                     | -      | -        | -    | -            | -                | -       | -                 | -             | -       | -            | -                | -         | -                         |
| Use of money and property:     |            |                       |        |          |      |              |                  |         |                   |               |         |              |                  |           |                           |
| Interest                       | -          | -                     | -      | -        | -    | -            | -                | -       | -                 | -             | -       | -            | -                | -         | -                         |
| Rent                           | 491,000    | -                     | -      | -        | -    | 38,000       | -                | -       | -                 | -             | -       | -            | -                | -         | 46,000                    |
| Revenue from other agencies:   |            |                       |        |          |      |              |                  |         |                   |               |         |              |                  |           |                           |
| State                          | -          | -                     | -      | -        | -    | -            | -                | -       | -                 | -             | -       | -            | -                | -         | -                         |
| State/County grants            | -          | -                     | -      | -        | -    | -            | -                | -       | -                 | -             | -       | -            | -                | -         | -                         |
| Federal grants                 | -          | -                     | -      | -        | -    | -            | -                | 4,036   | -                 | -             | -       | -            | -                | 1,261,055 | -                         |
|                                | 16,246,884 | 4,292,000             | -      | -        | -    | 38,000       | 300,362          | 4,036   | 10,000            | 100,000       | 402,253 | -            | 14,085           | 1,261,055 | 46,000                    |

|                                | 311       | 321       | 331                       | 500                              | 570 & 575                            | 599            | 900           | 515-        | 924                  | 941                | 951            | 952            | 953             | All Funds                  | TOTAL<br>ESTIMATED<br>REVENUES |
|--------------------------------|-----------|-----------|---------------------------|----------------------------------|--------------------------------------|----------------|---------------|-------------|----------------------|--------------------|----------------|----------------|-----------------|----------------------------|--------------------------------|
|                                | Water Ops | Sewer Ops | Harbor Ops<br>& Equipment | Special<br>Assessmt<br>Districts | Special<br>Assessmt LMD<br>Cloisters | MB/CSD<br>WWTF | Gov<br>Impact | PEG<br>Fees | State Park<br>Marina | Housing<br>In-Lieu | Water<br>Accum | Sewer<br>Accum | Harbor<br>Accum | Capital<br>Project Revenue |                                |
| Property taxes                 | -         | -         | -                         | -                                | 148,944                              | -              | -             | -           | -                    | -                  | -              | -              | -               | -                          | 5,186,844                      |
| Intergovernmental Revenues     | -         | -         | 23,000                    | -                                | -                                    | -              | -             | -           | -                    | -                  | -              | -              | -               | 233,281                    | 1,171,851                      |
| Other taxes:                   |           |           |                           |                                  |                                      |                |               |             |                      |                    |                |                |                 |                            |                                |
| Sales and Use Tax              | -         | -         | -                         | -                                | -                                    | -              | -             | -           | -                    | -                  | -              | -              | -               | -                          | 6,982,000                      |
| Cannabis City Tax              | -         | -         | -                         | -                                | -                                    | -              | -             | -           | -                    | -                  | -              | -              | -               | -                          | 480,000                        |
| Transient Occupancy Tax        | -         | -         | -                         | -                                | -                                    | -              | -             | -           | -                    | -                  | -              | -              | -               | -                          | 4,006,000                      |
| Franchise fees                 | -         | -         | -                         | -                                | -                                    | -              | -             | 38,000      | -                    | -                  | -              | -              | -               | -                          | 661,460                        |
| Other                          | -         | -         | -                         | 2,832                            | -                                    | -              | -             | -           | -                    | -                  | -              | -              | -               | -                          | 2,832                          |
| Licenses/permits               | -         | -         | -                         | -                                | -                                    | -              | -             | -           | -                    | -                  | -              | -              | -               | -                          | 582,245                        |
| Revenues From Current Services | 7,649,200 | 9,460,000 | 2,334,464                 | -                                | -                                    | -              | 35,750        | -           | -                    | 20,000             | -              | -              | -               | -                          | 21,563,563                     |
| Fines/Forfeitures              | 55,000    | 30,000    | 3,000                     | -                                | -                                    | -              | -             | -           | -                    | -                  | -              | -              | -               | -                          | 108,300                        |
| Other Revenues                 | -         | -         | 500                       | -                                | -                                    | -              | 11,000        | -           | -                    | -                  | -              | -              | -               | -                          | 174,460                        |
| Use of money and property:     |           |           |                           |                                  |                                      |                |               |             |                      |                    |                |                |                 |                            |                                |
| Interest                       | -         | -         | -                         | -                                | -                                    | -              | -             | -           | -                    | -                  | -              | -              | -               | -                          | -                              |
| Rent                           | -         | 20,000    | -                         | -                                | -                                    | -              | -             | -           | 95,000               | -                  | -              | -              | -               | -                          | 690,000                        |
| Revenue from other agencies:   |           |           |                           |                                  |                                      |                |               |             |                      |                    |                |                |                 |                            |                                |
| State                          | -         | -         | -                         | -                                | -                                    | -              | -             | -           | -                    | -                  | -              | -              | -               | -                          | -                              |
| State/County grants            | -         | -         | -                         | -                                | -                                    | -              | -             | -           | -                    | -                  | -              | -              | -               | 96,800                     | 96,800                         |
| Federal grants/loans           | -         | -         | -                         | -                                | -                                    | -              | -             | -           | -                    | -                  | -              | -              | -               | -                          | 1,265,091                      |
|                                | 7,704,200 | 9,510,000 | 2,360,964                 | 2,832                            | 148,944                              | -              | 46,750        | 38,000      | 95,000               | 20,000             | -              | -              | -               | 330,081                    | 42,971,446                     |

**CITY OF MORRO BAY  
APPROPRIATION LIMIT DOCUMENTATION  
FISCAL YEAR 2022/23**

| <b><u>PROCEEDS OF TAXES CALCULATION</u></b> |                                      |                                          |                                         | <b><u>APPROPRIATION LIMIT CALCULATION</u></b>  |                                           |                                      |                      |
|---------------------------------------------|--------------------------------------|------------------------------------------|-----------------------------------------|------------------------------------------------|-------------------------------------------|--------------------------------------|----------------------|
|                                             | <u>[1]<br/>PROCEEDS<br/>OF TAXES</u> | <u>PROCEEDS<br/>OTHER THAN<br/>TAXES</u> | <u>TOTAL<br/>ESTIMATED<br/>REVENUES</u> | <u>YEAR</u>                                    | <u>[2]<br/>CALIFORNIA<br/>PCPI CHANGE</u> | <u>[3]<br/>POPULATION<br/>CHANGE</u> | <u>LIMIT</u>         |
| PROPERTY TAXES                              | \$ 5,186,844                         | \$ -                                     | \$ 5,186,844                            | 1978-79                                        | BASE YEAR                                 |                                      | \$ 3,046,393         |
| INTERGOVERNMENTAL                           | -                                    | 1,171,851                                | 1,171,851                               | 1979-80                                        | 10.17%                                    | 1.38%                                | 3,402,527            |
| OTHER TAXES                                 | 11,470,832                           | 661,460                                  | 12,132,292                              | 1980-81                                        | 10.53%                                    | 0.26%                                | 3,770,591            |
| PERMITS                                     | -                                    | 582,245                                  | 582,245                                 | 1981-82                                        | 9.12%                                     | 1.39%                                | 4,171,660            |
| REVENUE FROM AGENCIES                       |                                      |                                          |                                         | 1982-83                                        | 6.79%                                     | 2.04%                                | 4,545,796            |
| STATE                                       | -                                    | -                                        | -                                       | 1983-84                                        | 2.35%                                     | 1.81%                                | 4,736,835            |
| STATE/COUNTY GRANTS                         | -                                    | 96,800                                   | 96,800                                  | 1984-85                                        | 4.74%                                     | 1.75%                                | 5,048,185            |
| FEDERAL GRANTS                              | -                                    | 1,265,091                                | 1,265,091                               | 1985-86                                        | 3.74%                                     | 1.62%                                | 5,321,826            |
| USE OF MONEY & PROPERTY                     |                                      |                                          |                                         | 1986-87                                        | 2.30%                                     | 4.12%                                | 5,668,530            |
| INTEREST                                    | -                                    | -                                        | -                                       | 1987-88                                        | 3.04%                                     | 2.93%                                | 6,011,990            |
| RENT                                        | -                                    | 690,000                                  | 690,000                                 | 1988-89                                        | 3.93%                                     | 3.83%                                | 6,487,570            |
| FINES & FORFEITURES                         | -                                    | 108,300                                  | 108,300                                 | 1989-90                                        | 4.98%                                     | 3.92%                                | 7,077,629            |
| CHARGES FOR SERVICES                        | -                                    | 21,563,563                               | 21,563,563                              | 1990-91                                        | 4.21%                                     | 4.59%                                | 7,714,137            |
| OTHER REVENUES                              | -                                    | 174,460                                  | 174,460                                 | 1991-92                                        | 4.14%                                     | 3.04%                                | 8,277,721            |
|                                             | <u>\$ 16,657,676</u>                 | <u>\$ 26,313,770</u>                     | <u>\$ 42,971,446</u>                    | 1992-93                                        | -0.64%                                    | 1.00%                                | 8,306,991            |
|                                             |                                      |                                          |                                         | 1993-94                                        | 2.72%                                     | 1.86%                                | 8,691,654            |
|                                             |                                      |                                          |                                         | 1994-95                                        | 0.71%                                     | 1.40%                                | 8,875,912            |
|                                             |                                      |                                          |                                         | 1995-96                                        | 4.72%                                     | 1.60%                                | 9,443,573            |
|                                             |                                      |                                          |                                         | 1996-97                                        | 4.67%                                     | 2.31%                                | 10,112,922           |
|                                             |                                      |                                          |                                         | 1997-98                                        | 4.67%                                     | 2.06%                                | 10,803,250           |
|                                             |                                      |                                          |                                         | 1998-99                                        | 4.15%                                     | 2.70%                                | 11,555,378           |
|                                             |                                      |                                          |                                         | 1999-2000                                      | 4.53%                                     | 2.28%                                | 12,354,234           |
|                                             |                                      |                                          |                                         | 2000-01                                        | 4.91%                                     | 2.46%                                | 13,279,663           |
|                                             |                                      |                                          |                                         | 2001-02                                        | 7.82%                                     | 1.60%                                | 14,547,223           |
|                                             |                                      |                                          |                                         | 2002-03                                        | -1.27%                                    | 1.80%                                | 14,620,998           |
|                                             |                                      |                                          |                                         | 2003-04                                        | 2.31%                                     | 1.32%                                | 15,156,198           |
|                                             |                                      |                                          |                                         | 2004-05                                        | 3.28%                                     | 1.15%                                | 15,833,334           |
|                                             |                                      |                                          |                                         | 2005-06                                        | 5.26%                                     | 1.19%                                | 16,864,495           |
|                                             |                                      |                                          |                                         | 2006-07                                        | 3.96%                                     | 0.73%                                | 17,660,315           |
|                                             |                                      |                                          |                                         | 2007-08                                        | 4.42%                                     | 0.96%                                | 18,617,934           |
|                                             |                                      |                                          |                                         | 2008-09                                        | 4.29%                                     | 1.12%                                | 19,634,110           |
|                                             |                                      |                                          |                                         | 2009-10                                        | 0.62%                                     | 1.01%                                | 19,955,375           |
|                                             |                                      |                                          |                                         | 2010-11                                        | -2.54%                                    | 0.87%                                | 19,617,710           |
|                                             |                                      |                                          |                                         | 2011-12                                        | 2.51%                                     | 1.09%                                | 20,329,315           |
|                                             |                                      |                                          |                                         | 2012-13                                        | 3.77%                                     | 0.47%                                | 21,194,880           |
|                                             |                                      |                                          |                                         | 2013-14                                        | 5.12%                                     | 0.52%                                | 22,395,914           |
|                                             |                                      |                                          |                                         | 2014-15                                        | -0.23%                                    | 0.09%                                | 22,364,513           |
|                                             |                                      |                                          |                                         | 2015-16                                        | 3.82%                                     | 0.78%                                | 23,399,944           |
|                                             |                                      |                                          |                                         | 2016-17                                        | 5.37%                                     | 0.77%                                | 24,846,376           |
|                                             |                                      |                                          |                                         | 2017-18                                        | 3.69%                                     | 0.59%                                | 25,915,210           |
|                                             |                                      |                                          |                                         | 2018-19                                        | 3.67%                                     | 0.35%                                | 26,960,330           |
|                                             |                                      |                                          |                                         | 2019-20                                        | 3.85%                                     | 0.24%                                | 28,065,499           |
|                                             |                                      |                                          |                                         | 2020-21                                        | 3.73%                                     | -0.42%                               | 28,990,070           |
|                                             |                                      |                                          |                                         | 2021-22                                        | 5.73%                                     | -0.30%                               | 30,559,247           |
|                                             |                                      |                                          |                                         | 2022-23                                        | 7.55%                                     | 0.28%                                | 32,958,496           |
|                                             |                                      |                                          |                                         | PROCEEDS OF TAXES                              |                                           |                                      | <u>16,657,676</u>    |
|                                             |                                      |                                          |                                         | PROCEEDS OF TAXES<br>UNDER APPROPRIATION LIMIT |                                           |                                      | <u>\$ 16,300,820</u> |

[1] Per City of Morro Bay FY 22/23 Proposed Annual Budget, total *All Funds Revenues* less transfers.

[2] Per State Department of Finance (per capita personal income); FY 21/22 = 7.55%

[3] Per State Department of Finance (population growth of City or County, whichever is greater); FY 21/22 MB = -1.62%; SLO County = +0.28%

Dear Fiscal Officer:

**Subject: Price Factor and Population Information**

**Appropriations Limit**

California Revenue and Taxation Code section 2227 requires the Department of Finance to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2022, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2022-23. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2022-23 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

**Population Percent Change for Special Districts**

Some special districts must establish an annual appropriations limit. California Revenue and Taxation Code section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The code section and the California Constitution can be accessed at the following website: <http://leginfo.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

**Population Certification**

The population certification program applies only to cities and counties. California Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2022.**

**Please Note:** The prior year's city population estimates may be revised. The per capita personal income change is based on historical data.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

KEELY MARTIN BOSLER  
Director  
By:

ERIKA LI  
Chief Deputy Director

Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2022-23 appropriation limit is:

| Per Capita Personal Income |                                      |
|----------------------------|--------------------------------------|
| Fiscal Year<br>(FY)        | Percentage change<br>over prior year |
| 2022-23                    | 7.55                                 |

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2022-23 appropriation limit.

**2022-23:**

Per Capita Cost of Living Change = 7.55 percent  
Population Change = -0.30 percent

Per Capita Cost of Living converted to a ratio:  $\frac{7.55 + 100}{100} = 1.0755$

Population converted to a ratio:  $\frac{-0.30 + 100}{100} = 0.997$

Calculation of factor for FY 2022-23:  $1.0755 \times 0.997 = 1.0723$

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Alameda                |                              |                                                   |               |                                    |
| Alameda                | -0.62                        | 76,855                                            | 76,377        | 77,784                             |
| Albany                 | 5.38                         | 20,542                                            | 21,648        | 21,648                             |
| Berkeley               | 2.72                         | 121,269                                           | 124,563       | 124,563                            |
| Dublin                 | -0.31                        | 71,930                                            | 71,706        | 72,932                             |
| Emeryville             | -0.95                        | 12,617                                            | 12,497        | 12,497                             |
| Fremont                | 0.26                         | 228,872                                           | 229,476       | 229,476                            |
| Hayward                | -0.71                        | 161,744                                           | 160,591       | 160,591                            |
| Livermore              | -1.42                        | 87,388                                            | 86,149        | 86,149                             |
| Newark                 | 0.15                         | 47,157                                            | 47,229        | 47,229                             |
| Oakland                | -1.31                        | 430,100                                           | 424,464       | 424,464                            |
| Piedmont               | -1.45                        | 11,138                                            | 10,977        | 10,977                             |
| Pleasanton             | -1.67                        | 78,924                                            | 77,609        | 77,609                             |
| San Leandro            | -1.69                        | 89,926                                            | 88,404        | 88,404                             |
| Union City             | -1.66                        | 69,301                                            | 68,150        | 68,150                             |
| Unincorporated         | -1.59                        | 151,853                                           | 149,445       | 149,506                            |
| County Total           | -0.62                        | 1,659,616                                         | 1,649,285     | 1,651,979                          |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Alpine                 |                              |                                                   |               |                                    |
| Unincorporated         | 0.42                         | 1,195                                             | 1,200         | 1,200                              |
| County Total           | 0.42                         | 1,195                                             | 1,200         | 1,200                              |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Amador                 |                              |                                                   |               |                                    |
| Amador                 | -1.04                        | 193                                               | 191           | 191                                |
| Ione                   | 4.15                         | 4,863                                             | 5,065         | 8,888                              |
| Jackson                | 0.00                         | 5,028                                             | 5,028         | 5,028                              |
| Plymouth               | -1.04                        | 1,056                                             | 1,045         | 1,045                              |
| Sutter Creek           | -0.76                        | 2,640                                             | 2,620         | 2,620                              |
| Unincorporated         | -0.49                        | 22,602                                            | 22,491        | 22,525                             |
| County Total           | 0.16                         | 36,382                                            | 36,440        | 40,297                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Butte                  |                              |                                                   |               |                                    |
| Biggs                  | -1.77                        | 1,974                                             | 1,939         | 1,939                              |
| Chico                  | 0.52                         | 102,359                                           | 102,892       | 102,892                            |
| Gridley                | -2.81                        | 7,413                                             | 7,205         | 7,205                              |
| Oroville               | -6.24                        | 20,119                                            | 18,863        | 18,863                             |
| Paradise               | 25.55                        | 6,137                                             | 7,705         | 7,705                              |
| Unincorporated         | -8.21                        | 68,638                                            | 63,004        | 63,004                             |
| County Total           | -2.44                        | 206,640                                           | 201,608       | 201,608                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.



Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Calaveras              |                              |                                                   |               |                                    |
| Angels City            | -0.49                        | 3,641                                             | 3,623         | 3,623                              |
| Unincorporated         | -0.39                        | 41,525                                            | 41,363        | 41,426                             |
| County Total           | -0.40                        | 45,166                                            | 44,986        | 45,049                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Colusa                 |                              |                                                   |               |                                    |
| Colusa                 | 0.42                         | 6,356                                             | 6,383         | 6,383                              |
| Williams               | 0.60                         | 5,530                                             | 5,563         | 5,563                              |
| Unincorporated         | -0.26                        | 9,887                                             | 9,861         | 9,861                              |
| County Total           | 0.16                         | 21,773                                            | 21,807        | 21,807                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County</b>  | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total</u></b> |
|----------------|------------------------------|---------------------------------------------------|---------------|---------------------|
| <b>City</b>    | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>     |
| Contra Costa   |                              |                                                   |               |                     |
| Antioch        | -0.06                        | 115,142                                           | 115,074       | 115,074             |
| Brentwood      | 0.18                         | 64,224                                            | 64,342        | 64,342              |
| Clayton        | -0.92                        | 10,964                                            | 10,863        | 10,863              |
| Concord        | -0.90                        | 124,755                                           | 123,634       | 123,634             |
| Danville       | -0.05                        | 43,373                                            | 43,352        | 43,352              |
| El Cerrito     | -0.08                        | 25,671                                            | 25,650        | 25,650              |
| Hercules       | -1.01                        | 26,357                                            | 26,091        | 26,091              |
| Lafayette      | -0.61                        | 25,217                                            | 25,064        | 25,064              |
| Martinez       | -0.77                        | 37,195                                            | 36,908        | 36,908              |
| Moraga         | -0.59                        | 17,206                                            | 17,105        | 17,105              |
| Oakley         | 2.08                         | 43,627                                            | 44,533        | 44,533              |
| Orinda         | -0.09                        | 19,496                                            | 19,478        | 19,478              |
| Pinole         | -1.01                        | 18,819                                            | 18,628        | 18,628              |
| Pittsburg      | -0.83                        | 75,788                                            | 75,156        | 75,156              |
| Pleasant Hill  | -0.90                        | 34,335                                            | 34,026        | 34,026              |
| Richmond       | -0.13                        | 114,643                                           | 114,489       | 114,489             |
| San Pablo      | -0.89                        | 31,793                                            | 31,510        | 31,510              |
| San Ramon      | -0.48                        | 84,226                                            | 83,820        | 83,820              |
| Walnut Creek   | -0.96                        | 70,566                                            | 69,891        | 69,891              |
| Unincorporated | -0.55                        | 177,843                                           | 176,857       | 176,941             |
| County Total   | -0.41                        | 1,161,240                                         | 1,156,471     | 1,156,555           |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Del Norte              |                              |                                                   |               |                                    |
| Crescent City          | -0.88                        | 4,111                                             | 4,075         | 6,060                              |
| Unincorporated         | -0.50                        | 21,219                                            | 21,112        | 21,158                             |
| County Total           | -0.56                        | 25,330                                            | 25,187        | 27,218                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| El Dorado              |                              |                                                   |               |                                    |
| Placerville            | 0.09                         | 10,636                                            | 10,646        | 10,646                             |
| South Lake Tahoe       | -1.44                        | 21,508                                            | 21,199        | 21,199                             |
| Unincorporated         | -0.19                        | 158,845                                           | 158,538       | 158,620                            |
| County Total           | -0.32                        | 190,989                                           | 190,383       | 190,465                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Fresno                 |                              |                                                   |               |                                    |
| Clovis                 | 1.64                         | 121,667                                           | 123,665       | 123,665                            |
| Coalinga               | -0.69                        | 13,453                                            | 13,360        | 17,277                             |
| Firebaugh              | 3.37                         | 8,164                                             | 8,439         | 8,439                              |
| Fowler                 | 1.44                         | 6,863                                             | 6,962         | 6,962                              |
| Fresno                 | 0.17                         | 542,416                                           | 543,346       | 543,660                            |
| Huron                  | -0.10                        | 6,176                                             | 6,170         | 6,170                              |
| Kerman                 | 3.51                         | 16,074                                            | 16,639        | 16,639                             |
| Kingsburg              | -0.22                        | 12,533                                            | 12,506        | 12,506                             |
| Mendota                | -0.47                        | 12,499                                            | 12,440        | 12,440                             |
| Orange Cove            | -0.59                        | 9,553                                             | 9,497         | 9,497                              |
| Parlier                | -0.38                        | 14,553                                            | 14,497        | 14,497                             |
| Reedley                | 0.21                         | 24,929                                            | 24,982        | 24,982                             |
| Sanger                 | -0.96                        | 26,558                                            | 26,304        | 26,304                             |
| San Joaquin            | -0.95                        | 3,674                                             | 3,639         | 3,639                              |
| Selma                  | -0.73                        | 24,702                                            | 24,522        | 24,522                             |
| Unincorporated         | -0.80                        | 160,081                                           | 158,799       | 160,074                            |
| County Total           | 0.19                         | 1,003,895                                         | 1,005,767     | 1,011,273                          |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Glenn                  |                              |                                                   |               |                                    |
| Orland                 | -0.63                        | 8,319                                             | 8,267         | 8,267                              |
| Willows                | 1.29                         | 6,345                                             | 6,427         | 6,427                              |
| Unincorporated         | -0.48                        | 14,124                                            | 14,056        | 14,056                             |
| County Total           | -0.13                        | 28,788                                            | 28,750        | 28,750                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Humboldt               |                              |                                                   |               |                                    |
| Arcata                 | 2.42                         | 17,633                                            | 18,059        | 18,059                             |
| Blue Lake              | -1.20                        | 1,165                                             | 1,151         | 1,151                              |
| Eureka                 | -1.35                        | 27,134                                            | 26,768        | 26,768                             |
| Ferndale               | -0.65                        | 1,376                                             | 1,367         | 1,367                              |
| Fortuna                | -0.73                        | 12,523                                            | 12,432        | 12,432                             |
| Rio Dell               | -1.12                        | 3,380                                             | 3,342         | 3,342                              |
| Trinidad               | -1.33                        | 300                                               | 296           | 296                                |
| Unincorporated         | -0.29                        | 71,953                                            | 71,743        | 71,753                             |
| County Total           | -0.23                        | 135,464                                           | 135,158       | 135,168                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.



Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Imperial               |                              |                                                   |               |                                    |
| Brawley                | 1.14                         | 26,648                                            | 26,952        | 26,952                             |
| Calexico               | -0.50                        | 38,906                                            | 38,711        | 38,711                             |
| Calipatria             | -1.55                        | 3,539                                             | 3,484         | 6,367                              |
| El Centro              | -0.81                        | 44,871                                            | 44,508        | 44,508                             |
| Holtville              | 1.11                         | 5,504                                             | 5,565         | 5,565                              |
| Imperial               | 3.65                         | 20,755                                            | 21,513        | 21,513                             |
| Westmorland            | -0.64                        | 2,017                                             | 2,004         | 2,004                              |
| Unincorporated         | -1.22                        | 30,917                                            | 30,541        | 33,709                             |
| County Total           | 0.07                         | 173,157                                           | 173,278       | 179,329                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Inyo                   |                              |                                                   |               |                                    |
| Bishop                 | 0.03                         | 3,868                                             | 3,869         | 3,869                              |
| Unincorporated         | -0.05                        | 15,058                                            | 15,050        | 15,109                             |
| County Total           | -0.04                        | 18,926                                            | 18,919        | 18,978                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Kern                   |                              |                                                   |               |                                    |
| Arvin                  | -0.98                        | 19,833                                            | 19,639        | 19,639                             |
| Bakersfield            | 0.67                         | 406,129                                           | 408,865       | 408,865                            |
| California City        | -1.00                        | 12,927                                            | 12,798        | 14,952                             |
| Delano                 | 0.56                         | 43,906                                            | 44,152        | 51,258                             |
| Maricopa               | -0.97                        | 1,028                                             | 1,018         | 1,018                              |
| McFarland              | -0.94                        | 14,034                                            | 13,902        | 13,902                             |
| Ridgecrest             | 0.21                         | 27,363                                            | 27,421        | 28,061                             |
| Shafter                | 2.69                         | 19,950                                            | 20,486        | 20,486                             |
| Taft                   | 0.44                         | 6,980                                             | 7,011         | 7,011                              |
| Tehachapi              | -0.47                        | 9,346                                             | 9,302         | 12,375                             |
| Wasco                  | -0.06                        | 22,723                                            | 22,710        | 26,689                             |
| Unincorporated         | -0.86                        | 305,655                                           | 303,036       | 305,557                            |
| County Total           | 0.05                         | 889,874                                           | 890,340       | 909,813                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Kings                  |                              |                                                   |               |                                    |
| Avenal                 | -0.75                        | 9,417                                             | 9,346         | 13,186                             |
| Corcoran               | -0.74                        | 13,574                                            | 13,474        | 22,047                             |
| Hanford                | -0.42                        | 58,544                                            | 58,299        | 58,299                             |
| Lemoore                | -0.61                        | 27,225                                            | 27,058        | 27,058                             |
| Unincorporated         | -1.02                        | 25,218                                            | 24,961        | 31,433                             |
| County Total           | -0.63                        | 133,978                                           | 133,138       | 152,023                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Lake                   |                              |                                                   |               |                                    |
| Clearlake              | -0.97                        | 16,671                                            | 16,509        | 16,509                             |
| Lakeport               | 2.06                         | 4,898                                             | 4,999         | 4,999                              |
| Unincorporated         | -0.35                        | 46,016                                            | 45,857        | 45,899                             |
| County Total           | -0.33                        | 67,585                                            | 67,365        | 67,407                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Lassen                 |                              |                                                   |               |                                    |
| Susanville             | 1.06                         | 9,677                                             | 9,780         | 13,212                             |
| Unincorporated         | 0.14                         | 15,550                                            | 15,571        | 17,062                             |
| County Total           | 0.49                         | 25,227                                            | 25,351        | 30,274                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Los Angeles            |                              |                                                   |               |                                    |
| Agoura Hills           | -1.02                        | 19,975                                            | 19,771        | 19,771                             |
| Alhambra               | -0.42                        | 82,182                                            | 81,834        | 81,834                             |
| Arcadia                | -0.54                        | 56,240                                            | 55,934        | 55,934                             |
| Artesia                | -0.74                        | 16,261                                            | 16,140        | 16,226                             |
| Avalon                 | -0.99                        | 3,428                                             | 3,394         | 3,394                              |
| Azusa                  | -0.97                        | 50,191                                            | 49,704        | 49,704                             |
| Baldwin Park           | -0.84                        | 71,455                                            | 70,855        | 70,855                             |
| Bell                   | -1.00                        | 33,962                                            | 33,624        | 33,624                             |
| Bellflower             | -0.96                        | 78,107                                            | 77,359        | 77,359                             |
| Bell Gardens           | -1.03                        | 39,265                                            | 38,861        | 38,861                             |
| Beverly Hills          | -0.92                        | 32,565                                            | 32,265        | 32,265                             |
| Bradbury               | -1.09                        | 914                                               | 904           | 904                                |
| Burbank                | -0.77                        | 106,268                                           | 105,451       | 105,451                            |
| Calabasas              | -0.97                        | 23,151                                            | 22,926        | 22,926                             |
| Carson                 | -0.59                        | 92,912                                            | 92,362        | 92,362                             |
| Cerritos               | -1.08                        | 49,163                                            | 48,634        | 48,634                             |
| Claremont              | -0.78                        | 37,364                                            | 37,072        | 37,072                             |
| Commerce               | -1.08                        | 12,273                                            | 12,140        | 12,140                             |
| Compton                | -1.08                        | 95,261                                            | 94,233        | 94,233                             |
| Covina                 | -0.95                        | 50,933                                            | 50,449        | 50,449                             |
| Cudahy                 | -0.92                        | 22,526                                            | 22,318        | 22,318                             |
| Culver City            | -0.48                        | 40,330                                            | 40,135        | 40,135                             |
| Diamond Bar            | -1.06                        | 54,782                                            | 54,204        | 54,204                             |
| Downey                 | -0.83                        | 113,525                                           | 112,584       | 112,584                            |
| Duarte                 | -1.00                        | 21,473                                            | 21,258        | 21,258                             |
| El Monte               | -0.94                        | 108,728                                           | 107,706       | 107,706                            |
| El Segundo             | -0.93                        | 17,244                                            | 17,084        | 17,084                             |
| Gardena                | -0.72                        | 60,382                                            | 59,947        | 59,947                             |
| Glendale               | -0.77                        | 194,618                                           | 193,116       | 193,116                            |
| Glendora               | -0.95                        | 52,316                                            | 51,821        | 51,821                             |
| Hawaiian Gardens       | -0.99                        | 13,755                                            | 13,619        | 13,619                             |
| Hawthorne              | -1.00                        | 87,722                                            | 86,841        | 86,841                             |
| Hermosa Beach          | -1.09                        | 19,382                                            | 19,171        | 19,171                             |
| Hidden Hills           | 0.12                         | 1,736                                             | 1,738         | 1,738                              |
| Huntington Park        | -1.06                        | 54,519                                            | 53,942        | 53,942                             |
| Industry               | -0.45                        | 440                                               | 438           | 438                                |
| Inglewood              | -0.62                        | 107,143                                           | 106,481       | 106,481                            |
| Irwindale              | 0.54                         | 1,482                                             | 1,490         | 1,490                              |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| La Canada Flintridge   | -1.03                        | 20,291                                            | 20,081        | 20,081                             |
| La Habra Heights       | -1.08                        | 5,655                                             | 5,594         | 5,594                              |
| Lakewood               | -0.99                        | 81,681                                            | 80,876        | 80,876                             |
| La Mirada              | -0.77                        | 49,074                                            | 48,696        | 48,696                             |
| Lancaster              | -0.62                        | 172,298                                           | 171,234       | 175,164                            |
| La Puente              | -0.10                        | 37,626                                            | 37,587        | 37,587                             |
| La Verne               | -0.93                        | 32,608                                            | 32,304        | 32,304                             |
| Lawndale               | -1.07                        | 31,638                                            | 31,301        | 31,301                             |
| Lomita                 | -1.05                        | 20,851                                            | 20,633        | 20,633                             |
| Long Beach             | 0.20                         | 459,711                                           | 460,636       | 460,682                            |
| Los Angeles            | -0.88                        | 3,851,093                                         | 3,817,053     | 3,819,538                          |
| Lynwood                | -0.80                        | 67,260                                            | 66,723        | 66,723                             |
| Malibu                 | -0.49                        | 10,739                                            | 10,686        | 10,686                             |
| Manhattan Beach        | -1.29                        | 35,357                                            | 34,902        | 34,902                             |
| Maywood                | -0.87                        | 25,033                                            | 24,814        | 24,814                             |
| Monrovia               | -0.65                        | 37,809                                            | 37,563        | 37,563                             |
| Montebello             | -0.90                        | 62,180                                            | 61,622        | 61,622                             |
| Monterey Park          | -1.00                        | 60,814                                            | 60,207        | 60,207                             |
| Norwalk                | -0.56                        | 101,517                                           | 100,946       | 101,645                            |
| Palmdale               | -0.89                        | 168,895                                           | 167,398       | 167,398                            |
| Palos Verdes Estates   | -1.04                        | 13,116                                            | 12,980        | 12,980                             |
| Paramount              | -1.00                        | 53,009                                            | 52,477        | 52,477                             |
| Pasadena               | -0.52                        | 139,029                                           | 138,310       | 138,310                            |
| Pico Rivera            | -0.62                        | 61,827                                            | 61,442        | 61,442                             |
| Pomona                 | 0.60                         | 148,879                                           | 149,766       | 149,766                            |
| Rancho Palos Verdes    | -0.98                        | 41,861                                            | 41,451        | 41,468                             |
| Redondo Beach          | -1.10                        | 69,742                                            | 68,972        | 68,972                             |
| Rolling Hills          | -1.12                        | 1,703                                             | 1,684         | 1,684                              |
| Rolling Hills Estates  | 0.07                         | 8,283                                             | 8,289         | 8,289                              |
| Rosemead               | -0.61                        | 50,823                                            | 50,511        | 50,511                             |
| San Dimas              | -0.86                        | 34,651                                            | 34,352        | 34,352                             |
| San Fernando           | 0.00                         | 23,520                                            | 23,519        | 23,519                             |
| San Gabriel            | -1.03                        | 39,250                                            | 38,845        | 38,845                             |
| San Marino             | -0.62                        | 12,334                                            | 12,257        | 12,257                             |
| Santa Clarita          | 0.33                         | 228,084                                           | 228,835       | 228,835                            |
| Santa Fe Springs       | 1.05                         | 18,523                                            | 18,718        | 18,763                             |
| Santa Monica           | -0.89                        | 93,242                                            | 92,408        | 92,408                             |
| Sierra Madre           | -0.86                        | 10,959                                            | 10,865        | 10,865                             |
| Signal Hill            | -0.90                        | 11,702                                            | 11,597        | 11,597                             |
| South El Monte         | 0.70                         | 19,532                                            | 19,668        | 19,668                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.



**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| South Gate             | 0.51                         | 92,783                                            | 93,259        | 93,259                             |
| South Pasadena         | -1.00                        | 26,849                                            | 26,580        | 26,580                             |
| Temple City            | -0.64                        | 36,497                                            | 36,262        | 36,262                             |
| Torrance               | -0.99                        | 145,876                                           | 144,433       | 144,433                            |
| Vernon                 | -0.95                        | 210                                               | 208           | 208                                |
| Walnut                 | -0.88                        | 28,344                                            | 28,094        | 28,094                             |
| West Covina            | -0.96                        | 109,290                                           | 108,243       | 108,243                            |
| West Hollywood         | -0.43                        | 35,553                                            | 35,399        | 35,399                             |
| Westlake Village       | -0.96                        | 8,121                                             | 8,043         | 8,043                              |
| Whittier               | 0.05                         | 87,886                                            | 87,931        | 87,931                             |
| Unincorporated         | -0.67                        | 1,016,054                                         | 1,009,225     | 1,009,857                          |
| County Total           | -0.71                        | 9,923,635                                         | 9,853,284     | 9,861,224                          |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Madera                 |                              |                                                   |               |                                    |
| Chowchilla             | -0.51                        | 13,680                                            | 13,610        | 18,851                             |
| Madera                 | -0.69                        | 66,299                                            | 65,843        | 65,843                             |
| Unincorporated         | 1.43                         | 71,674                                            | 72,702        | 72,702                             |
| County Total           | 0.33                         | 151,653                                           | 152,155       | 157,396                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Marin                  |                              |                                                   |               |                                    |
| Belvedere              | -1.09                        | 2,103                                             | 2,080         | 2,080                              |
| Corte Madera           | -1.17                        | 10,147                                            | 10,028        | 10,028                             |
| Fairfax                | -1.04                        | 7,496                                             | 7,418         | 7,418                              |
| Larkspur               | -1.28                        | 12,963                                            | 12,797        | 12,797                             |
| Mill Valley            | -1.09                        | 14,002                                            | 13,850        | 13,850                             |
| Novato                 | -1.06                        | 52,720                                            | 52,162        | 52,441                             |
| Ross                   | -1.24                        | 2,330                                             | 2,301         | 2,301                              |
| San Anselmo            | -0.99                        | 12,772                                            | 12,645        | 12,645                             |
| San Rafael             | -1.01                        | 61,179                                            | 60,560        | 60,560                             |
| Sausalito              | -1.22                        | 7,159                                             | 7,072         | 7,072                              |
| Tiburon                | -1.20                        | 9,065                                             | 8,956         | 8,956                              |
| Unincorporated         | -1.21                        | 64,601                                            | 63,817        | 66,987                             |
| County Total           | -1.11                        | 256,537                                           | 253,686       | 257,135                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Mariposa               |                              |                                                   |               |                                    |
| Unincorporated         | -0.20                        | 17,018                                            | 16,984        | 17,045                             |
| County Total           | -0.20                        | 17,018                                            | 16,984        | 17,045                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Mendocino              |                              |                                                   |               |                                    |
| Fort Bragg             | 1.26                         | 7,064                                             | 7,153         | 7,153                              |
| Point Arena            | -0.67                        | 446                                               | 443           | 443                                |
| Ukiah                  | -0.91                        | 16,228                                            | 16,080        | 16,080                             |
| Willits                | -0.79                        | 4,959                                             | 4,920         | 4,920                              |
| Unincorporated         | -0.97                        | 61,958                                            | 61,355        | 61,403                             |
| County Total           | -0.78                        | 90,655                                            | 89,951        | 89,999                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Merced                 |                              |                                                   |               |                                    |
| Atwater                | -1.15                        | 32,019                                            | 31,652        | 31,652                             |
| Dos Palos              | -2.06                        | 5,835                                             | 5,715         | 5,715                              |
| Gustine                | -1.92                        | 6,098                                             | 5,981         | 5,981                              |
| Livingston             | 0.49                         | 14,340                                            | 14,410        | 14,410                             |
| Los Banos              | 1.02                         | 46,168                                            | 46,639        | 46,639                             |
| Merced                 | 0.97                         | 88,200                                            | 89,058        | 89,058                             |
| Unincorporated         | 1.91                         | 88,173                                            | 89,856        | 90,883                             |
| County Total           | 0.88                         | 280,833                                           | 283,311       | 284,338                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Modoc                  |                              |                                                   |               |                                    |
| Alturas                | 1.00                         | 2,699                                             | 2,726         | 2,726                              |
| Unincorporated         | 0.96                         | 5,907                                             | 5,964         | 5,964                              |
| County Total           | 0.98                         | 8,606                                             | 8,690         | 8,690                              |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Mono                   |                              |                                                   |               |                                    |
| Mammoth Lakes          | 0.56                         | 7,324                                             | 7,365         | 7,365                              |
| Unincorporated         | 0.67                         | 5,843                                             | 5,882         | 6,014                              |
| County Total           | 0.61                         | 13,167                                            | 13,247        | 13,379                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.



**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Monterey               |                              |                                                   |               |                                    |
| Carmel-By-The-Sea      | -1.74                        | 3,095                                             | 3,041         | 3,041                              |
| Del Rey Oaks           | -1.22                        | 1,558                                             | 1,539         | 1,539                              |
| Gonzales               | -1.79                        | 8,492                                             | 8,340         | 8,340                              |
| Greenfield             | 4.97                         | 18,705                                            | 19,634        | 19,634                             |
| King City              | -1.08                        | 13,476                                            | 13,331        | 13,331                             |
| Marina                 | 0.87                         | 21,271                                            | 21,457        | 21,457                             |
| Monterey               | -1.69                        | 24,283                                            | 23,872        | 28,082                             |
| Pacific Grove          | -1.21                        | 14,942                                            | 14,761        | 14,761                             |
| Salinas                | -1.14                        | 161,777                                           | 159,932       | 159,932                            |
| Sand City              | -1.59                        | 378                                               | 372           | 372                                |
| Seaside                | 2.64                         | 26,891                                            | 27,600        | 32,068                             |
| Soledad                | -1.15                        | 19,226                                            | 19,004        | 26,308                             |
| Unincorporated         | -1.32                        | 105,741                                           | 104,341       | 104,851                            |
| County Total           | -0.62                        | 419,835                                           | 417,224       | 433,716                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Napa                   |                              |                                                   |               |                                    |
| American Canyon        | 0.43                         | 21,566                                            | 21,658        | 21,658                             |
| Calistoga              | -1.59                        | 5,283                                             | 5,199         | 5,199                              |
| Napa                   | -0.98                        | 78,246                                            | 77,480        | 77,480                             |
| St Helena              | -1.52                        | 5,521                                             | 5,437         | 5,437                              |
| Yountville             | -1.68                        | 2,259                                             | 2,221         | 2,829                              |
| Unincorporated         | -1.60                        | 22,884                                            | 22,517        | 23,576                             |
| County Total           | -0.92                        | 135,759                                           | 134,512       | 136,179                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Nevada                 |                              |                                                   |               |                                    |
| Grass Valley           | -0.39                        | 13,670                                            | 13,617        | 13,617                             |
| Nevada City            | -1.54                        | 3,386                                             | 3,334         | 3,334                              |
| Truckee                | 0.38                         | 17,035                                            | 17,100        | 17,100                             |
| Unincorporated         | -0.94                        | 67,784                                            | 67,144        | 67,191                             |
| County Total           | -0.67                        | 101,875                                           | 101,195       | 101,242                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Orange                 |                              |                                                   |               |                                    |
| Aliso Viejo            | -0.88                        | 51,233                                            | 50,782        | 50,782                             |
| Anaheim                | -0.97                        | 344,587                                           | 341,228       | 341,245                            |
| Brea                   | -0.48                        | 47,097                                            | 46,872        | 46,872                             |
| Buena Park             | -0.64                        | 83,968                                            | 83,430        | 83,430                             |
| Costa Mesa             | -0.70                        | 112,183                                           | 111,394       | 111,394                            |
| Cypress                | -0.44                        | 50,029                                            | 49,810        | 49,810                             |
| Dana Point             | -0.33                        | 33,053                                            | 32,943        | 32,943                             |
| Fountain Valley        | -0.88                        | 57,068                                            | 56,564        | 56,564                             |
| Fullerton              | 0.53                         | 141,974                                           | 142,732       | 142,732                            |
| Garden Grove           | -0.44                        | 171,284                                           | 170,526       | 170,526                            |
| Huntington Beach       | -0.77                        | 197,616                                           | 196,100       | 196,100                            |
| Irvine                 | 2.99                         | 301,254                                           | 310,250       | 310,250                            |
| Laguna Beach           | -0.68                        | 22,862                                            | 22,706        | 22,706                             |
| Laguna Hills           | -0.86                        | 31,017                                            | 30,750        | 30,750                             |
| Laguna Niguel          | -0.88                        | 64,885                                            | 64,316        | 64,316                             |
| Laguna Woods           | -0.88                        | 17,670                                            | 17,514        | 17,514                             |
| La Habra               | -0.84                        | 62,317                                            | 61,792        | 61,792                             |
| Lake Forest            | 0.43                         | 86,406                                            | 86,775        | 86,775                             |
| La Palma               | -0.85                        | 15,463                                            | 15,332        | 15,332                             |
| Los Alamitos           | -0.18                        | 11,895                                            | 11,873        | 11,873                             |
| Mission Viejo          | -0.70                        | 93,171                                            | 92,515        | 92,515                             |
| Newport Beach          | -0.87                        | 84,459                                            | 83,727        | 83,727                             |
| Orange                 | 0.10                         | 137,534                                           | 137,676       | 137,676                            |
| Placentia              | -0.62                        | 51,522                                            | 51,204        | 51,204                             |
| Rancho Santa Margarita | -0.89                        | 47,703                                            | 47,279        | 47,279                             |
| San Clemente           | -0.78                        | 63,877                                            | 63,380        | 63,380                             |
| San Juan Capistrano    | -0.31                        | 34,907                                            | 34,798        | 34,798                             |
| Santa Ana              | -0.93                        | 311,340                                           | 308,459       | 308,459                            |
| Seal Beach             | -0.80                        | 24,418                                            | 24,222        | 24,846                             |
| Stanton                | 2.59                         | 38,284                                            | 39,275        | 39,275                             |
| Tustin                 | -0.78                        | 80,157                                            | 79,535        | 79,535                             |
| Villa Park             | -0.89                        | 5,834                                             | 5,782         | 5,782                              |
| Westminster            | -0.46                        | 90,812                                            | 90,393        | 90,393                             |
| Yorba Linda            | -0.78                        | 67,760                                            | 67,233        | 67,233                             |
| Unincorporated         | -0.65                        | 133,302                                           | 132,437       | 132,437                            |
| County Total           | -0.23                        | 3,168,941                                         | 3,161,604     | 3,162,245                          |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Placer                 |                              |                                                   |               |                                    |
| Auburn                 | -1.36                        | 13,795                                            | 13,608        | 13,608                             |
| Colfax                 | 1.29                         | 2,016                                             | 2,042         | 2,042                              |
| Lincoln                | 1.65                         | 50,422                                            | 51,252        | 51,252                             |
| Loomis                 | -1.38                        | 6,833                                             | 6,739         | 6,739                              |
| Rocklin                | 0.03                         | 71,644                                            | 71,663        | 71,663                             |
| Roseville              | 1.51                         | 148,794                                           | 151,034       | 151,034                            |
| Unincorporated         | -1.16                        | 114,013                                           | 112,687       | 112,687                            |
| County Total           | 0.37                         | 407,517                                           | 409,025       | 409,025                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Plumas                 |                              |                                                   |               |                                    |
| Portola                | 0.74                         | 2,027                                             | 2,042         | 2,042                              |
| Unincorporated         | -3.69                        | 17,547                                            | 16,900        | 16,900                             |
| County Total           | -3.23                        | 19,574                                            | 18,942        | 18,942                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Riverside              |                              |                                                   |               |                                    |
| Banning                | 0.81                         | 30,629                                            | 30,877        | 30,877                             |
| Beaumont               | 0.69                         | 54,313                                            | 54,690        | 54,690                             |
| Blythe                 | -0.74                        | 12,845                                            | 12,750        | 17,505                             |
| Calimesa               | 3.37                         | 10,544                                            | 10,899        | 10,899                             |
| Canyon Lake            | -0.82                        | 11,147                                            | 11,056        | 11,056                             |
| Cathedral City         | -0.10                        | 51,859                                            | 51,809        | 51,840                             |
| Coachella              | -0.05                        | 42,178                                            | 42,158        | 42,158                             |
| Corona                 | -0.08                        | 156,901                                           | 156,778       | 156,778                            |
| Desert Hot Springs     | 0.07                         | 32,546                                            | 32,569        | 32,569                             |
| Eastvale               | -0.73                        | 70,444                                            | 69,929        | 69,929                             |
| Hemet                  | -0.20                        | 89,823                                            | 89,646        | 89,646                             |
| Indian Wells           | -0.19                        | 4,771                                             | 4,762         | 4,762                              |
| Indio                  | 0.31                         | 88,862                                            | 89,137        | 89,137                             |
| Jurupa Valley          | -0.03                        | 105,415                                           | 105,384       | 105,384                            |
| Lake Elsinore          | 1.02                         | 70,746                                            | 71,470        | 71,615                             |
| La Quinta              | -0.23                        | 37,949                                            | 37,860        | 37,860                             |
| Menifee                | 2.90                         | 103,617                                           | 106,627       | 106,627                            |
| Moreno Valley          | -0.09                        | 209,603                                           | 209,407       | 209,407                            |
| Murrieta               | -0.44                        | 111,671                                           | 111,183       | 111,183                            |
| Norco                  | -1.24                        | 22,499                                            | 22,219        | 24,909                             |
| Palm Desert            | -0.17                        | 50,976                                            | 50,889        | 50,889                             |
| Palm Springs           | -0.39                        | 44,570                                            | 44,397        | 44,397                             |
| Perris                 | -0.55                        | 79,327                                            | 78,890        | 78,890                             |
| Rancho Mirage          | 0.92                         | 16,650                                            | 16,804        | 16,804                             |
| Riverside              | 1.62                         | 312,730                                           | 317,788       | 317,847                            |
| San Jacinto            | 0.17                         | 54,503                                            | 54,593        | 54,593                             |
| Temecula               | -0.42                        | 110,394                                           | 109,925       | 109,925                            |
| Wildomar               | -0.80                        | 36,928                                            | 36,632        | 36,632                             |
| Unincorporated         | 0.87                         | 393,021                                           | 396,441       | 396,717                            |
| County Total           | 0.42                         | 2,417,461                                         | 2,427,569     | 2,435,525                          |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Sacramento             |                              |                                                   |               |                                    |
| Citrus Heights         | -1.01                        | 87,245                                            | 86,367        | 86,367                             |
| Elk Grove              | 0.11                         | 176,769                                           | 176,972       | 176,972                            |
| Folsom                 | 1.33                         | 78,714                                            | 79,758        | 84,592                             |
| Galt                   | -0.57                        | 25,383                                            | 25,239        | 25,239                             |
| Isleton                | -1.27                        | 790                                               | 780           | 780                                |
| Rancho Cordova         | 1.03                         | 79,536                                            | 80,359        | 80,359                             |
| Sacramento             | -0.05                        | 518,322                                           | 518,037       | 518,037                            |
| Unincorporated         | -0.86                        | 609,504                                           | 604,272       | 604,272                            |
| County Total           | -0.28                        | 1,576,263                                         | 1,571,784     | 1,576,618                          |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.



Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| San Benito             |                              |                                                   |               |                                    |
| Hollister              | 1.51                         | 41,919                                            | 42,554        | 42,554                             |
| San Juan Bautista      | -1.27                        | 2,120                                             | 2,093         | 2,093                              |
| Unincorporated         | 0.49                         | 20,730                                            | 20,832        | 20,832                             |
| County Total           | 1.10                         | 64,769                                            | 65,479        | 65,479                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| San Bernardino         |                              |                                                   |               |                                    |
| Adelanto               | -0.58                        | 36,569                                            | 36,357        | 36,357                             |
| Apple Valley           | -0.70                        | 76,160                                            | 75,628        | 75,628                             |
| Barstow                | -0.56                        | 24,996                                            | 24,855        | 25,202                             |
| Big Bear Lake          | -0.26                        | 5,054                                             | 5,041         | 5,041                              |
| Chino                  | 1.75                         | 86,713                                            | 88,228        | 91,998                             |
| Chino Hills            | -0.60                        | 78,437                                            | 77,964        | 77,964                             |
| Colton                 | -0.44                        | 53,853                                            | 53,617        | 53,617                             |
| Fontana                | 1.39                         | 209,889                                           | 212,809       | 212,809                            |
| Grand Terrace          | -0.68                        | 13,131                                            | 13,042        | 13,042                             |
| Hesperia               | 0.10                         | 100,225                                           | 100,324       | 100,324                            |
| Highland               | -0.65                        | 56,915                                            | 56,546        | 56,546                             |
| Loma Linda             | 0.18                         | 25,269                                            | 25,314        | 25,349                             |
| Montclair              | -0.54                        | 38,052                                            | 37,846        | 37,846                             |
| Needles                | -0.79                        | 4,915                                             | 4,876         | 4,876                              |
| Ontario                | 1.60                         | 176,689                                           | 179,516       | 179,516                            |
| Rancho Cucamonga       | 0.00                         | 174,484                                           | 174,476       | 174,476                            |
| Redlands               | -0.48                        | 72,933                                            | 72,585        | 72,585                             |
| Rialto                 | -0.09                        | 104,050                                           | 103,954       | 103,954                            |
| San Bernardino         | -0.55                        | 220,768                                           | 219,544       | 220,840                            |
| Twentynine Palms       | -0.77                        | 15,895                                            | 15,772        | 27,685                             |
| Upland                 | 0.31                         | 78,891                                            | 79,139        | 79,139                             |
| Victorville            | 0.82                         | 131,522                                           | 132,597       | 136,561                            |
| Yucaipa                | -0.61                        | 54,830                                            | 54,494        | 54,494                             |
| Yucca Valley           | -0.15                        | 21,846                                            | 21,813        | 21,813                             |
| Unincorporated         | -0.46                        | 292,872                                           | 291,532       | 300,003                            |
| County Total           | 0.14                         | 2,154,958                                         | 2,157,869     | 2,187,665                          |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| San Diego              |                              |                                                   |               |                                    |
| Carlsbad               | -0.08                        | 115,680                                           | 115,585       | 115,585                            |
| Chula Vista            | -0.05                        | 276,660                                           | 276,521       | 276,785                            |
| Coronado               | -0.84                        | 16,936                                            | 16,793        | 22,277                             |
| Del Mar                | -0.71                        | 3,957                                             | 3,929         | 3,929                              |
| El Cajon               | -0.76                        | 106,447                                           | 105,638       | 105,638                            |
| Encinitas              | -0.34                        | 61,724                                            | 61,515        | 61,515                             |
| Escondido              | -0.47                        | 151,389                                           | 150,679       | 150,679                            |
| Imperial Beach         | -0.78                        | 26,448                                            | 26,243        | 26,243                             |
| La Mesa                | -0.22                        | 60,608                                            | 60,472        | 60,472                             |
| Lemon Grove            | -0.66                        | 27,422                                            | 27,242        | 27,242                             |
| National City          | -0.50                        | 56,809                                            | 56,525        | 61,471                             |
| Oceanside              | -0.51                        | 173,932                                           | 173,048       | 173,048                            |
| Poway                  | -0.19                        | 48,850                                            | 48,759        | 48,759                             |
| San Diego              | 0.13                         | 1,353,921                                         | 1,355,685     | 1,374,790                          |
| San Marcos             | 0.67                         | 92,958                                            | 93,585        | 93,585                             |
| Santee                 | -0.22                        | 59,146                                            | 59,015        | 59,015                             |
| Solana Beach           | -0.75                        | 12,909                                            | 12,812        | 12,812                             |
| Vista                  | 0.76                         | 99,536                                            | 100,291       | 100,291                            |
| Unincorporated         | -0.35                        | 480,946                                           | 479,246       | 513,170                            |
| County Total           | -0.08                        | 3,226,278                                         | 3,223,583     | 3,287,306                          |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| San Francisco          |                              |                                                   |               |                                    |
| San Francisco          | -0.79                        | 849,259                                           | 842,529       | 842,754                            |
| County Total           | -0.79                        | 849,259                                           | 842,529       | 842,754                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| San Joaquin            |                              |                                                   |               |                                    |
| Escalon                | -1.04                        | 7,439                                             | 7,362         | 7,362                              |
| Lathrop                | 6.63                         | 29,384                                            | 31,331        | 31,331                             |
| Lodi                   | 0.64                         | 66,145                                            | 66,570        | 66,570                             |
| Manteca                | 2.19                         | 84,995                                            | 86,859        | 86,859                             |
| Ripon                  | -1.13                        | 16,162                                            | 15,979        | 15,979                             |
| Stockton               | -0.39                        | 321,525                                           | 320,268       | 322,489                            |
| Tracy                  | 0.98                         | 93,624                                            | 94,538        | 94,538                             |
| Unincorporated         | -0.14                        | 158,998                                           | 158,781       | 159,170                            |
| County Total           | 0.44                         | 778,272                                           | 781,688       | 784,298                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| San Luis Obispo        |                              |                                                   |               |                                    |
| Arroyo Grande          | -1.29                        | 18,533                                            | 18,294        | 18,294                             |
| Atascadero             | -1.43                        | 29,860                                            | 29,434        | 30,480                             |
| El Paso De Robles      | -1.53                        | 31,659                                            | 31,176        | 31,176                             |
| Grover Beach           | -1.34                        | 12,879                                            | 12,707        | 12,707                             |
| Morro Bay              | -1.62                        | 10,638                                            | 10,466        | 10,466                             |
| Pismo Beach            | -1.41                        | 8,095                                             | 7,981         | 7,981                              |
| San Luis Obispo        | 0.24                         | 47,541                                            | 47,653        | 47,653                             |
| Unincorporated         | 1.94                         | 116,466                                           | 118,720       | 121,964                            |
| County Total           | 0.28                         | 275,671                                           | 276,431       | 280,721                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| San Mateo              |                              |                                                   |               |                                    |
| Atherton               | -1.29                        | 6,806                                             | 6,718         | 6,718                              |
| Belmont                | -1.39                        | 27,587                                            | 27,203        | 27,203                             |
| Brisbane               | -1.42                        | 4,789                                             | 4,721         | 4,721                              |
| Burlingame             | -1.36                        | 30,699                                            | 30,283        | 30,283                             |
| Colma                  | -1.51                        | 1,391                                             | 1,370         | 1,370                              |
| Daly City              | -1.02                        | 103,930                                           | 102,875       | 102,875                            |
| East Palo Alto         | -1.56                        | 29,423                                            | 28,963        | 28,963                             |
| Foster City            | -0.81                        | 33,325                                            | 33,056        | 33,056                             |
| Half Moon Bay          | -1.34                        | 11,462                                            | 11,308        | 11,308                             |
| Hillsborough           | -0.83                        | 11,110                                            | 11,018        | 11,018                             |
| Menlo Park             | -1.36                        | 33,377                                            | 32,924        | 33,034                             |
| Millbrae               | -1.29                        | 22,807                                            | 22,512        | 22,512                             |
| Pacifica               | -1.46                        | 38,088                                            | 37,533        | 37,533                             |
| Portola Valley         | -1.52                        | 4,355                                             | 4,289         | 4,289                              |
| Redwood City           | 0.70                         | 81,771                                            | 82,344        | 82,344                             |
| San Bruno              | -1.19                        | 43,169                                            | 42,656        | 42,656                             |
| San Carlos             | -1.22                        | 30,207                                            | 29,837        | 29,837                             |
| San Mateo              | -0.90                        | 104,719                                           | 103,779       | 103,779                            |
| South San Francisco    | -0.92                        | 65,090                                            | 64,492        | 64,492                             |
| Woodside               | -1.12                        | 5,271                                             | 5,212         | 5,212                              |
| Unincorporated         | -1.01                        | 62,088                                            | 61,459        | 61,459                             |
| County Total           | -0.92                        | 751,464                                           | 744,552       | 744,662                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Santa Barbara          |                              |                                                   |               |                                    |
| Buellton               | -2.51                        | 5,185                                             | 5,055         | 5,055                              |
| Carpinteria            | -2.29                        | 13,267                                            | 12,963        | 12,963                             |
| Goleta                 | -2.17                        | 33,315                                            | 32,591        | 32,591                             |
| Guadalupe              | -0.90                        | 8,622                                             | 8,544         | 8,544                              |
| Lompoc                 | -2.11                        | 41,966                                            | 41,079        | 43,845                             |
| Santa Barbara          | -2.16                        | 88,479                                            | 86,571        | 86,591                             |
| Santa Maria            | -0.95                        | 110,969                                           | 109,910       | 109,910                            |
| Solvang                | -2.54                        | 5,858                                             | 5,709         | 5,709                              |
| Unincorporated         | 4.47                         | 130,861                                           | 136,711       | 139,956                            |
| County Total           | 0.14                         | 438,522                                           | 439,133       | 445,164                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.



Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Santa Clara            |                              |                                                   |               |                                    |
| Campbell               | -0.59                        | 43,086                                            | 42,833        | 42,833                             |
| Cupertino              | -0.46                        | 59,884                                            | 59,610        | 59,610                             |
| Gilroy                 | -0.21                        | 59,396                                            | 59,269        | 59,269                             |
| Los Altos              | -0.39                        | 31,651                                            | 31,526        | 31,526                             |
| Los Altos Hills        | -0.17                        | 8,414                                             | 8,400         | 8,400                              |
| Los Gatos              | -0.39                        | 33,193                                            | 33,062        | 33,062                             |
| Milpitas               | 0.69                         | 80,287                                            | 80,839        | 80,839                             |
| Monte Sereno           | 0.87                         | 3,458                                             | 3,488         | 3,488                              |
| Morgan Hill            | -0.38                        | 46,626                                            | 46,451        | 46,451                             |
| Mountain View          | 0.89                         | 83,128                                            | 83,864        | 83,864                             |
| Palo Alto              | 0.07                         | 67,407                                            | 67,454        | 67,473                             |
| San Jose               | -1.48                        | 991,144                                           | 976,482       | 976,482                            |
| Santa Clara            | 0.78                         | 129,122                                           | 130,127       | 130,127                            |
| Saratoga               | -0.34                        | 30,772                                            | 30,667        | 30,667                             |
| Sunnyvale              | 0.58                         | 155,326                                           | 156,234       | 156,234                            |
| Unincorporated         | -0.62                        | 83,985                                            | 83,464        | 84,458                             |
| County Total           | -0.69                        | 1,906,879                                         | 1,893,770     | 1,894,783                          |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Santa Cruz             |                              |                                                   |               |                                    |
| Capitola               | -3.14                        | 10,112                                            | 9,794         | 9,794                              |
| Santa Cruz             | 11.25                        | 57,594                                            | 64,075        | 64,075                             |
| Scotts Valley          | -2.89                        | 12,407                                            | 12,049        | 12,049                             |
| Watsonville            | -2.83                        | 52,147                                            | 50,669        | 50,669                             |
| Unincorporated         | -3.21                        | 134,251                                           | 129,935       | 129,977                            |
| County Total           | 0.00                         | 266,511                                           | 266,522       | 266,564                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Shasta                 |                              |                                                   |               |                                    |
| Anderson               | -0.83                        | 11,181                                            | 11,088        | 11,088                             |
| Redding                | -0.98                        | 93,742                                            | 92,826        | 92,963                             |
| Shasta Lake            | -0.79                        | 10,318                                            | 10,237        | 10,237                             |
| Unincorporated         | -0.60                        | 66,596                                            | 66,196        | 66,243                             |
| County Total           | -0.82                        | 181,837                                           | 180,347       | 180,531                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Sierra                 |                              |                                                   |               |                                    |
| Loyalton               | 0.00                         | 737                                               | 737           | 737                                |
| Unincorporated         | 0.16                         | 2,488                                             | 2,492         | 2,492                              |
| County Total           | 0.12                         | 3,225                                             | 3,229         | 3,229                              |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Siskiyou               |                              |                                                   |               |                                    |
| Dorris                 | -1.40                        | 859                                               | 847           | 847                                |
| Dunsmuir               | -1.41                        | 1,705                                             | 1,681         | 1,681                              |
| Etna                   | -1.46                        | 684                                               | 674           | 674                                |
| Fort Jones             | -1.44                        | 694                                               | 684           | 684                                |
| Montague               | -1.38                        | 1,232                                             | 1,215         | 1,215                              |
| Mount Shasta           | -1.32                        | 3,247                                             | 3,204         | 3,204                              |
| Tulelake               | -1.45                        | 899                                               | 886           | 886                                |
| Weed                   | 0.07                         | 2,826                                             | 2,828         | 2,828                              |
| Yreka                  | -0.06                        | 7,777                                             | 7,772         | 7,772                              |
| Unincorporated         | -0.03                        | 24,003                                            | 23,996        | 24,039                             |
| County Total           | -0.32                        | 43,926                                            | 43,787        | 43,830                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Solano                 |                              |                                                   |               |                                    |
| Benicia                | -1.26                        | 26,995                                            | 26,656        | 26,656                             |
| Dixon                  | -0.06                        | 19,094                                            | 19,083        | 19,083                             |
| Fairfield              | -0.15                        | 115,571                                           | 115,396       | 119,897                            |
| Rio Vista              | -0.36                        | 9,961                                             | 9,925         | 9,925                              |
| Suisun City            | -1.26                        | 29,266                                            | 28,896        | 28,896                             |
| Vacaville              | -0.20                        | 96,104                                            | 95,911        | 101,257                            |
| Vallejo                | -0.98                        | 124,410                                           | 123,190       | 123,190                            |
| Unincorporated         | -1.07                        | 17,780                                            | 17,590        | 18,337                             |
| County Total           | -0.58                        | 439,181                                           | 436,647       | 447,241                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Sonoma                 |                              |                                                   |               |                                    |
| Cloverdale             | -1.37                        | 9,029                                             | 8,905         | 8,905                              |
| Cotati                 | -1.53                        | 7,512                                             | 7,397         | 7,397                              |
| Healdsburg             | -1.29                        | 11,174                                            | 11,030        | 11,030                             |
| Petaluma               | -1.36                        | 59,756                                            | 58,945        | 58,945                             |
| Rohnert Park           | -0.65                        | 44,287                                            | 43,998        | 43,998                             |
| Santa Rosa             | -0.91                        | 177,396                                           | 175,775       | 175,775                            |
| Sebastopol             | -0.41                        | 7,520                                             | 7,489         | 7,489                              |
| Sonoma                 | 0.22                         | 10,755                                            | 10,779        | 10,779                             |
| Windsor                | -0.73                        | 26,134                                            | 25,942        | 25,942                             |
| Unincorporated         | 0.54                         | 130,546                                           | 131,253       | 132,144                            |
| County Total           | -0.54                        | 484,109                                           | 481,513       | 482,404                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Stanislaus             |                              |                                                   |               |                                    |
| Ceres                  | -0.77                        | 48,762                                            | 48,386        | 48,386                             |
| Hughson                | 0.00                         | 7,495                                             | 7,495         | 7,495                              |
| Modesto                | -0.40                        | 218,745                                           | 217,880       | 217,880                            |
| Newman                 | -0.67                        | 12,326                                            | 12,244        | 12,244                             |
| Oakdale                | -0.17                        | 23,110                                            | 23,071        | 23,071                             |
| Patterson              | 2.23                         | 23,839                                            | 24,370        | 24,370                             |
| Riverbank              | -0.61                        | 24,735                                            | 24,583        | 24,583                             |
| Turlock                | -0.28                        | 71,734                                            | 71,531        | 71,531                             |
| Waterford              | -0.81                        | 8,944                                             | 8,872         | 8,872                              |
| Unincorporated         | -0.90                        | 112,047                                           | 111,034       | 111,034                            |
| County Total           | -0.41                        | 551,737                                           | 549,466       | 549,466                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.



Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Sutter                 |                              |                                                   |               |                                    |
| Live Oak               | 2.21                         | 9,191                                             | 9,394         | 9,394                              |
| Yuba City              | 0.07                         | 69,614                                            | 69,663        | 69,663                             |
| Unincorporated         | -0.07                        | 20,103                                            | 20,088        | 20,088                             |
| County Total           | 0.24                         | 98,908                                            | 99,145        | 99,145                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Tehama                 |                              |                                                   |               |                                    |
| Corning                | -0.70                        | 8,157                                             | 8,100         | 8,100                              |
| Red Bluff              | -0.63                        | 14,698                                            | 14,605        | 14,605                             |
| Tehama                 | -0.70                        | 427                                               | 424           | 424                                |
| Unincorporated         | -0.37                        | 41,975                                            | 41,819        | 41,923                             |
| County Total           | -0.47                        | 65,257                                            | 64,948        | 65,052                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Trinity                |                              |                                                   |               |                                    |
| Unincorporated         | -0.19                        | 16,012                                            | 15,981        | 16,023                             |
| County Total           | -0.19                        | 16,012                                            | 15,981        | 16,023                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Tulare                 |                              |                                                   |               |                                    |
| Dinuba                 | 1.03                         | 24,872                                            | 25,127        | 25,127                             |
| Exeter                 | -0.47                        | 10,305                                            | 10,257        | 10,257                             |
| Farmersville           | -0.67                        | 10,308                                            | 10,239        | 10,239                             |
| Lindsay                | -0.46                        | 12,624                                            | 12,566        | 12,566                             |
| Porterville            | -0.25                        | 62,314                                            | 62,156        | 62,345                             |
| Tulare                 | 0.34                         | 69,229                                            | 69,462        | 69,462                             |
| Visalia                | 0.57                         | 141,279                                           | 142,091       | 142,091                            |
| Woodlake               | 1.80                         | 7,513                                             | 7,648         | 7,648                              |
| Unincorporated         | -0.09                        | 135,342                                           | 135,224       | 135,279                            |
| County Total           | 0.21                         | 473,786                                           | 474,770       | 475,014                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Tuolumne               |                              |                                                   |               |                                    |
| Sonora                 | 0.45                         | 5,121                                             | 5,144         | 5,144                              |
| Unincorporated         | 0.84                         | 47,539                                            | 47,937        | 50,147                             |
| County Total           | 0.80                         | 52,660                                            | 53,081        | 55,291                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Ventura                |                              |                                                   |               |                                    |
| Camarillo              | -0.80                        | 70,739                                            | 70,171        | 70,171                             |
| Fillmore               | -1.27                        | 16,681                                            | 16,469        | 16,469                             |
| Moorpark               | -1.18                        | 35,821                                            | 35,399        | 35,399                             |
| Ojai                   | -0.76                        | 7,523                                             | 7,466         | 7,466                              |
| Oxnard                 | -0.21                        | 200,480                                           | 200,050       | 200,050                            |
| Port Hueneme           | 0.00                         | 19,662                                            | 19,662        | 21,599                             |
| San Buenaventura       | -1.45                        | 109,763                                           | 108,174       | 108,231                            |
| Santa Paula            | 0.86                         | 30,629                                            | 30,892        | 30,892                             |
| Simi Valley            | -1.18                        | 126,478                                           | 124,985       | 124,985                            |
| Thousand Oaks          | -1.11                        | 125,995                                           | 124,592       | 124,592                            |
| Unincorporated         | 0.66                         | 91,444                                            | 92,049        | 93,798                             |
| County Total           | -0.64                        | 835,215                                           | 829,909       | 833,652                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Yolo                   |                              |                                                   |               |                                    |
| Davis                  | -2.73                        | 66,687                                            | 64,869        | 64,869                             |
| West Sacramento        | -1.75                        | 53,776                                            | 52,837        | 52,837                             |
| Winters                | 0.31                         | 7,399                                             | 7,422         | 7,422                              |
| Woodland               | -1.41                        | 60,999                                            | 60,137        | 60,137                             |
| Unincorporated         | 26.52                        | 28,376                                            | 35,900        | 35,900                             |
| County Total           | 1.81                         | 217,237                                           | 221,165       | 221,165                            |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

| <b>County<br/>City</b> | <b><u>Percent Change</u></b> | <b><u>--- Population Minus Exclusions ---</u></b> |               | <b><u>Total<br/>Population</u></b> |
|------------------------|------------------------------|---------------------------------------------------|---------------|------------------------------------|
|                        | <b>2021-2022</b>             | <b>1-1-21</b>                                     | <b>1-1-22</b> | <b>1-1-2022</b>                    |
| Yuba                   |                              |                                                   |               |                                    |
| Marysville             | -1.38                        | 13,003                                            | 12,824        | 12,824                             |
| Wheatland              | -1.19                        | 3,708                                             | 3,664         | 3,664                              |
| Unincorporated         | 0.80                         | 63,065                                            | 63,567        | 65,787                             |
| County Total           | 0.35                         | 79,776                                            | 80,055        | 82,275                             |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.



**Attachment C**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022**

| <b>County</b> | <b><u>Percent Change</u></b><br><b>2021-22</b> | <b><u>--- Population Minus Exclusions ---</u></b><br><b>1-1-21</b> | <b>1-1-22</b> |
|---------------|------------------------------------------------|--------------------------------------------------------------------|---------------|
| Alameda       |                                                |                                                                    |               |
| Incorporated  | -0.53                                          | 1,507,763                                                          | 1,499,840     |
| County Total  | -0.62                                          | 1,659,616                                                          | 1,649,285     |
| Alpine        |                                                |                                                                    |               |
| Incorporated  | 0.00                                           | 0                                                                  | 0             |
| County Total  | 0.42                                           | 1,195                                                              | 1,200         |
| Amador        |                                                |                                                                    |               |
| Incorporated  | 1.23                                           | 13,780                                                             | 13,949        |
| County Total  | 0.16                                           | 36,382                                                             | 36,440        |
| Butte         |                                                |                                                                    |               |
| Incorporated  | 0.44                                           | 138,002                                                            | 138,604       |
| County Total  | -2.44                                          | 206,640                                                            | 201,608       |
| Calaveras     |                                                |                                                                    |               |
| Incorporated  | -0.49                                          | 3,641                                                              | 3,623         |
| County Total  | -0.40                                          | 45,166                                                             | 44,986        |
| Colusa        |                                                |                                                                    |               |
| Incorporated  | 0.50                                           | 11,886                                                             | 11,946        |
| County Total  | 0.16                                           | 21,773                                                             | 21,807        |
| Contra Costa  |                                                |                                                                    |               |
| Incorporated  | -0.38                                          | 983,397                                                            | 979,614       |
| County Total  | -0.41                                          | 1,161,240                                                          | 1,156,471     |
| Del Norte     |                                                |                                                                    |               |
| Incorporated  | -0.88                                          | 4,111                                                              | 4,075         |
| County Total  | -0.56                                          | 25,330                                                             | 25,187        |
| El Dorado     |                                                |                                                                    |               |
| Incorporated  | -0.93                                          | 32,144                                                             | 31,845        |
| County Total  | -0.32                                          | 190,989                                                            | 190,383       |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment C**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022**

| <b>County</b> | <b><u>Percent Change</u></b><br><b>2021-22</b> | <b><u>--- Population Minus Exclusions ---</u></b><br><b>1-1-21</b> | <b>1-1-22</b> |
|---------------|------------------------------------------------|--------------------------------------------------------------------|---------------|
| Fresno        |                                                |                                                                    |               |
| Incorporated  | 0.37                                           | 843,814                                                            | 846,968       |
| County Total  | 0.19                                           | 1,003,895                                                          | 1,005,767     |
| Glenn         |                                                |                                                                    |               |
| Incorporated  | 0.20                                           | 14,664                                                             | 14,694        |
| County Total  | -0.13                                          | 28,788                                                             | 28,750        |
| Humboldt      |                                                |                                                                    |               |
| Incorporated  | -0.15                                          | 63,511                                                             | 63,415        |
| County Total  | -0.23                                          | 135,464                                                            | 135,158       |
| Imperial      |                                                |                                                                    |               |
| Incorporated  | 0.35                                           | 142,240                                                            | 142,737       |
| County Total  | 0.07                                           | 173,157                                                            | 173,278       |
| Inyo          |                                                |                                                                    |               |
| Incorporated  | 0.03                                           | 3,868                                                              | 3,869         |
| County Total  | -0.04                                          | 18,926                                                             | 18,919        |
| Kern          |                                                |                                                                    |               |
| Incorporated  | 0.53                                           | 584,219                                                            | 587,304       |
| County Total  | 0.05                                           | 889,874                                                            | 890,340       |
| Kings         |                                                |                                                                    |               |
| Incorporated  | -0.54                                          | 108,760                                                            | 108,177       |
| County Total  | -0.63                                          | 133,978                                                            | 133,138       |
| Lake          |                                                |                                                                    |               |
| Incorporated  | -0.28                                          | 21,569                                                             | 21,508        |
| County Total  | -0.33                                          | 67,585                                                             | 67,365        |
| Lassen        |                                                |                                                                    |               |
| Incorporated  | 1.06                                           | 9,677                                                              | 9,780         |
| County Total  | 0.49                                           | 25,227                                                             | 25,351        |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment C**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022**

| <b>County</b> | <b><u>Percent Change</u></b><br><b>2021-22</b> | <b><u>--- Population Minus Exclusions ---</u></b><br><b>1-1-21</b> | <b>1-1-22</b> |
|---------------|------------------------------------------------|--------------------------------------------------------------------|---------------|
| Los Angeles   |                                                |                                                                    |               |
| Incorporated  | -0.71                                          | 8,907,581                                                          | 8,844,059     |
| County Total  | -0.71                                          | 9,923,635                                                          | 9,853,284     |
| Madera        |                                                |                                                                    |               |
| Incorporated  | -0.66                                          | 79,979                                                             | 79,453        |
| County Total  | 0.33                                           | 151,653                                                            | 152,155       |
| Marin         |                                                |                                                                    |               |
| Incorporated  | -1.08                                          | 191,936                                                            | 189,869       |
| County Total  | -1.11                                          | 256,537                                                            | 253,686       |
| Mariposa      |                                                |                                                                    |               |
| Incorporated  | 0.00                                           | 0                                                                  | 0             |
| County Total  | -0.20                                          | 17,018                                                             | 16,984        |
| Mendocino     |                                                |                                                                    |               |
| Incorporated  | -0.35                                          | 28,697                                                             | 28,596        |
| County Total  | -0.78                                          | 90,655                                                             | 89,951        |
| Merced        |                                                |                                                                    |               |
| Incorporated  | 0.41                                           | 192,660                                                            | 193,455       |
| County Total  | 0.88                                           | 280,833                                                            | 283,311       |
| Modoc         |                                                |                                                                    |               |
| Incorporated  | 1.00                                           | 2,699                                                              | 2,726         |
| County Total  | 0.98                                           | 8,606                                                              | 8,690         |
| Mono          |                                                |                                                                    |               |
| Incorporated  | 0.56                                           | 7,324                                                              | 7,365         |
| County Total  | 0.61                                           | 13,167                                                             | 13,247        |
| Monterey      |                                                |                                                                    |               |
| Incorporated  | -0.39                                          | 314,094                                                            | 312,883       |
| County Total  | -0.62                                          | 419,835                                                            | 417,224       |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment C**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022**

| <b>County</b>  | <b><u>Percent Change</u></b><br><b>2021-22</b> | <b><u>--- Population Minus Exclusions ---</u></b><br><b>1-1-21</b> | <b>1-1-22</b> |
|----------------|------------------------------------------------|--------------------------------------------------------------------|---------------|
| Napa           |                                                |                                                                    |               |
| Incorporated   | -0.78                                          | 112,875                                                            | 111,995       |
| County Total   | -0.92                                          | 135,759                                                            | 134,512       |
| Nevada         |                                                |                                                                    |               |
| Incorporated   | -0.12                                          | 34,091                                                             | 34,051        |
| County Total   | -0.67                                          | 101,875                                                            | 101,195       |
| Orange         |                                                |                                                                    |               |
| Incorporated   | -0.21                                          | 3,035,639                                                          | 3,029,167     |
| County Total   | -0.23                                          | 3,168,941                                                          | 3,161,604     |
| Placer         |                                                |                                                                    |               |
| Incorporated   | 0.97                                           | 293,504                                                            | 296,338       |
| County Total   | 0.37                                           | 407,517                                                            | 409,025       |
| Plumas         |                                                |                                                                    |               |
| Incorporated   | 0.74                                           | 2,027                                                              | 2,042         |
| County Total   | -3.23                                          | 19,574                                                             | 18,942        |
| Riverside      |                                                |                                                                    |               |
| Incorporated   | 0.33                                           | 2,024,440                                                          | 2,031,128     |
| County Total   | 0.42                                           | 2,417,461                                                          | 2,427,569     |
| Sacramento     |                                                |                                                                    |               |
| Incorporated   | 0.08                                           | 966,759                                                            | 967,512       |
| County Total   | -0.28                                          | 1,576,263                                                          | 1,571,784     |
| San Benito     |                                                |                                                                    |               |
| Incorporated   | 1.38                                           | 44,039                                                             | 44,647        |
| County Total   | 1.10                                           | 64,769                                                             | 65,479        |
| San Bernardino |                                                |                                                                    |               |
| Incorporated   | 0.23                                           | 1,862,086                                                          | 1,866,337     |
| County Total   | 0.14                                           | 2,154,958                                                          | 2,157,869     |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment C**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022**

| <b>County</b>   | <b><u>Percent Change</u></b><br><b>2021-22</b> | <b><u>--- Population Minus Exclusions ---</u></b><br><b>1-1-21</b> | <b>1-1-22</b> |
|-----------------|------------------------------------------------|--------------------------------------------------------------------|---------------|
| San Diego       |                                                |                                                                    |               |
| Incorporated    | -0.04                                          | 2,745,332                                                          | 2,744,337     |
| County Total    | -0.08                                          | 3,226,278                                                          | 3,223,583     |
| San Francisco   |                                                |                                                                    |               |
| Incorporated    | -0.79                                          | 849,259                                                            | 842,529       |
| County Total    | -0.79                                          | 849,259                                                            | 842,529       |
| San Joaquin     |                                                |                                                                    |               |
| Incorporated    | 0.59                                           | 619,274                                                            | 622,907       |
| County Total    | 0.44                                           | 778,272                                                            | 781,688       |
| San Luis Obispo |                                                |                                                                    |               |
| Incorporated    | -0.94                                          | 159,205                                                            | 157,711       |
| County Total    | 0.28                                           | 275,671                                                            | 276,431       |
| San Mateo       |                                                |                                                                    |               |
| Incorporated    | -0.91                                          | 689,376                                                            | 683,093       |
| County Total    | -0.92                                          | 751,464                                                            | 744,552       |
| Santa Barbara   |                                                |                                                                    |               |
| Incorporated    | -1.70                                          | 307,661                                                            | 302,422       |
| County Total    | 0.14                                           | 438,522                                                            | 439,133       |
| Santa Clara     |                                                |                                                                    |               |
| Incorporated    | -0.69                                          | 1,822,894                                                          | 1,810,306     |
| County Total    | -0.69                                          | 1,906,879                                                          | 1,893,770     |
| Santa Cruz      |                                                |                                                                    |               |
| Incorporated    | 3.27                                           | 132,260                                                            | 136,587       |
| County Total    | 0.00                                           | 266,511                                                            | 266,522       |
| Shasta          |                                                |                                                                    |               |
| Incorporated    | -0.95                                          | 115,241                                                            | 114,151       |
| County Total    | -0.82                                          | 181,837                                                            | 180,347       |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment C**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022**

| <b>County</b> | <b><u>Percent Change</u></b><br><b>2021-22</b> | <b><u>--- Population Minus Exclusions ---</u></b><br><b>1-1-21</b> | <b>1-1-22</b> |
|---------------|------------------------------------------------|--------------------------------------------------------------------|---------------|
| Sierra        |                                                |                                                                    |               |
| Incorporated  | 0.00                                           | 737                                                                | 737           |
| County Total  | 0.12                                           | 3,225                                                              | 3,229         |
| Siskiyou      |                                                |                                                                    |               |
| Incorporated  | -0.66                                          | 19,923                                                             | 19,791        |
| County Total  | -0.32                                          | 43,926                                                             | 43,787        |
| Solano        |                                                |                                                                    |               |
| Incorporated  | -0.56                                          | 421,401                                                            | 419,057       |
| County Total  | -0.58                                          | 439,181                                                            | 436,647       |
| Sonoma        |                                                |                                                                    |               |
| Incorporated  | -0.93                                          | 353,563                                                            | 350,260       |
| County Total  | -0.54                                          | 484,109                                                            | 481,513       |
| Stanislaus    |                                                |                                                                    |               |
| Incorporated  | -0.29                                          | 439,690                                                            | 438,432       |
| County Total  | -0.41                                          | 551,737                                                            | 549,466       |
| Sutter        |                                                |                                                                    |               |
| Incorporated  | 0.32                                           | 78,805                                                             | 79,057        |
| County Total  | 0.24                                           | 98,908                                                             | 99,145        |
| Tehama        |                                                |                                                                    |               |
| Incorporated  | -0.66                                          | 23,282                                                             | 23,129        |
| County Total  | -0.47                                          | 65,257                                                             | 64,948        |
| Trinity       |                                                |                                                                    |               |
| Incorporated  | 0.00                                           | 0                                                                  | 0             |
| County Total  | -0.19                                          | 16,012                                                             | 15,981        |
| Tulare        |                                                |                                                                    |               |
| Incorporated  | 0.33                                           | 338,444                                                            | 339,546       |
| County Total  | 0.21                                           | 473,786                                                            | 474,770       |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

**Attachment C**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022**

| <b>County</b> | <b><u>Percent Change</u></b><br><b>2021-22</b> | <b><u>--- Population Minus Exclusions ---</u></b><br><b>1-1-21</b> | <b>1-1-22</b> |
|---------------|------------------------------------------------|--------------------------------------------------------------------|---------------|
| Tuolumne      |                                                |                                                                    |               |
| Incorporated  | 0.45                                           | 5,121                                                              | 5,144         |
| County Total  | 0.80                                           | 52,660                                                             | 53,081        |
| Ventura       |                                                |                                                                    |               |
| Incorporated  | -0.79                                          | 743,771                                                            | 737,860       |
| County Total  | -0.64                                          | 835,215                                                            | 829,909       |
| Yolo          |                                                |                                                                    |               |
| Incorporated  | -1.90                                          | 188,861                                                            | 185,265       |
| County Total  | 1.81                                           | 217,237                                                            | 221,165       |
| Yuba          |                                                |                                                                    |               |
| Incorporated  | -1.33                                          | 16,711                                                             | 16,488        |
| County Total  | 0.35                                           | 79,776                                                             | 80,055        |

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

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AGENDA NO: C-2

MEETING DATE: June 28, 2022

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** June 10, 2022

**FROM:** Gregory Kwolek, Public Works Director  
Damaris Hanson, Utilities Division Manager  
Dan Heibel, Confluence Engineering Solutions

**SUBJECT:** Presentation of Annual Water Supply and Demand Assessment and Allocation of Water Equivalency Units (WEU) for Fiscal Year (FY) 2022/23

## **RECOMMENDATION**

Staff recommends the City Council:

1. Receive and file staff findings and strategies resulting from the Annual Water Supply and Demand Assessment;
2. Maintain Stage 3 Mandatory Water Conservation Requirements and direct staff to continue monitoring drought impacts on water resources and return to City Council with updated recommendations on water conservation restrictions as needed;
3. Include as a Short-Term Action in its Council Goal for Climate Action a comprehensive long-term water supply analysis and plan to identify long-range water supply strategies; and
4. Approve Resolution No. 71-22, to allocate 50 Water Equivalency Units (WEUs) for residential development and 65 for commercial development for a total of 115 WEUs for FY 2022/23.

## **ALTERNATIVES**

As an alternative to the proposed allocation of 115 WEUs, City Council could modify the allocation of WEUs for FY 2022/23 by increasing or decreasing the total amount allowed by Ordinance No. 266 and/or City Council could implement Stage 4 Mandatory Water Conservation Requirements for Critically Restricted Water Supply Conditions and/or provide alternate direction.

## **FISCAL IMPACT**

There is no direct fiscal impact associated with the allocation of the WEUs. However, a moratorium on new WEUs would reduce the amount of revenue the City received through building and planning fees, property taxes, sales taxes, and other property related revenues.

The fiscal impact of continuing the Mandatory Water Conservation Requirements for Severely Restricted Water Supply Conditions is twofold. First, the City provides businesses with educational displays that meet the requirement in section 13.15.345 C.8, which requires all visitor serving facilities to display mandatory water conservation requirements. The cost for these displays is approximately \$5,000. Second, with a reduction in water usage through conservation efforts there may be a proportionate reduction in revenues to the Water Fund. Staff will evaluate

Prepared By: GK, DH, DH

Dept Review: GK

City Manager Review: SC

City Attorney Review: CN

revenues throughout the year and discuss any need for revised revenue assumptions changes with Council during the midyear budget review process.

### **ANNUAL WATER SUPPLY AND DEMAND ASSESSMENT**

Updates to the California Water Code now require Urban Water Suppliers to prepare an Annual Water Supply and Demand Assessment (AWSDA) and submit an AWSDA Report to the California Department of Water Resources (DWR) by July 1<sup>st</sup> of each year, starting with July 1<sup>st</sup>, 2022. The AWSDA is an evaluation of a water utility's ability to reliably provide water to meet its customers' demands for the current year and one additional dry year. The evaluation is performed on a monthly time-step basis and compares anticipated available supply with anticipated demand to forecast potential water surpluses and shortages. The results of the AWSDA are used to help inform the City on how to implement its Water Shortage Contingency Plan and which Water Shortage Level and Demand Reduction Actions the City should require to ensure there is enough water for a potential upcoming dry year.

The presentation of the City's FY 2022/23 AWSDA in this Staff Report is provided in the following order:

- Water Supply Background
- FY 2022/23 Projected Water Supplies
- Water Conservation
- Annual Water Supply and Demand Assessment

### **Water Supply Background**

The City of Morro Bay's primary source of water is imported water from the State Water Project (SWP). During periods when SWP supplies are limited or unavailable (i.e. extended droughts or annual SWP shutdowns for maintenance) the City relies upon water pumped from the Morro Valley Groundwater Basin (Morro Basin). During 2021, State Water provided 96% of the City's drinking water and the Morro Basin Wells provided the remaining 4%.

### **State Water Project**

In 1963, the San Luis Obispo County Flood Control and Water Conservation District (District) entered into a long-term water supply contract (Contract) with the California Department of Water Resources (DWR) for a Table A allocation of up to 25,000 acre-feet per year (AFY) of water from the SWP<sup>1</sup>. In the 1990s, the City and 10 other agencies (Subcontractors) entered into contracts with the District to take delivery of up to 4,830 AFY of treated SWP water, referred to as their Water Service Amount (WSA). The District then entered into an agreement with the Central Coast Water Authority (CCWA) for the construction and operation of a water treatment plant to treat the Subcontractors SWP water prior to delivery in San Luis Obispo County. The Subcontractors additionally entered into agreements with the District for an additional 5,707 AFY of SWP, referred to as drought buffer, to provide additional water supply reliability for years when SWP allocations are less than 100%<sup>2</sup> (see table below). The remaining 14,463 AFY of District SWP Allocation is referred to as the District's unsubscribed allocation.

The City's SWP water is conveyed from the San Joaquin-Sacramento Delta via the California and Coastal Branch Aqueducts. The water is then pumped up to and treated at the Polonio Pass Water Treatment Plant, which is near the junction of Highways 41 and 46. From the water treatment plant, the water is then delivered via gravity to the City through the Coastal Branch and

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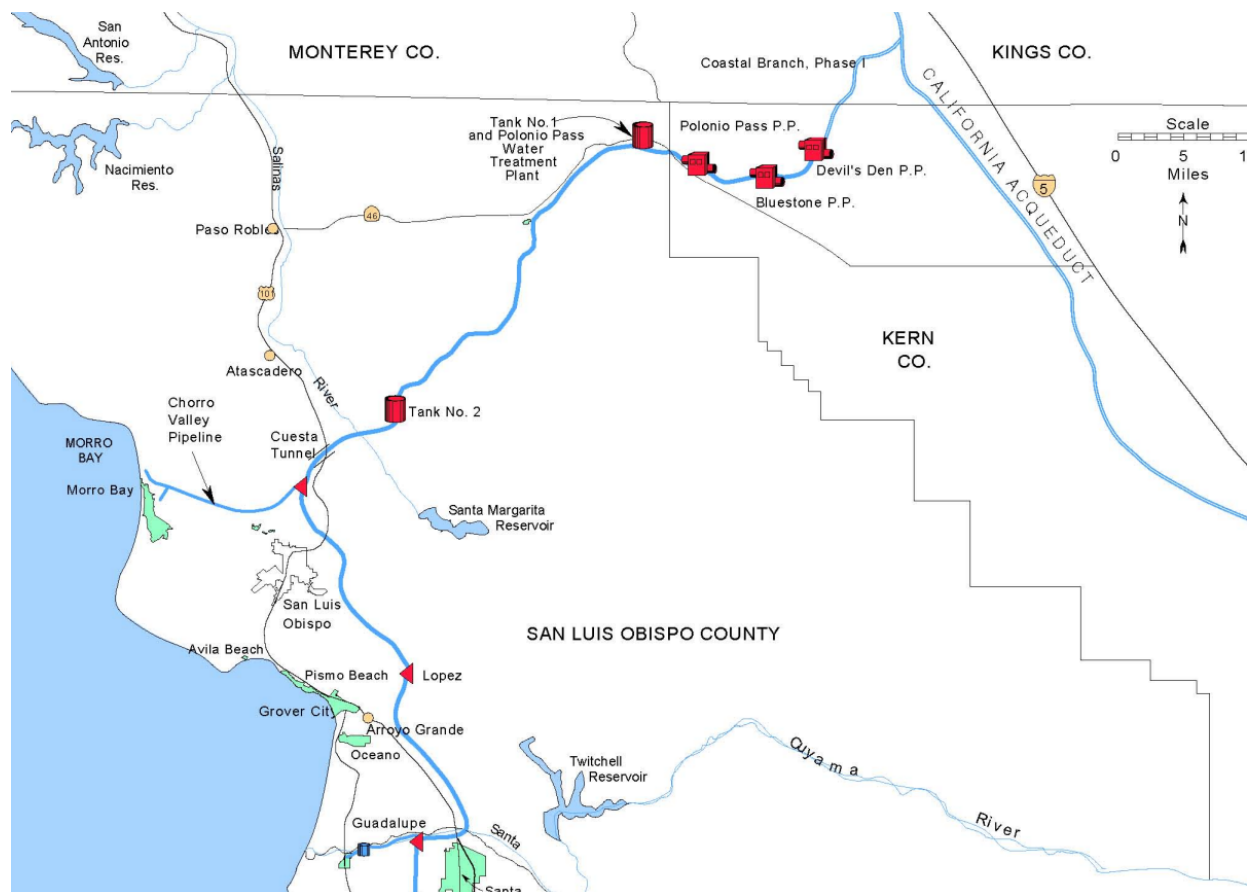
<sup>1</sup>The District is one of 29 agencies that entered into substantially similar contracts with DWR. They are collectively known as "SWP Contractors".

<sup>2</sup>DWR establishes an annual amount of SWP water (Annual Allocation) available to SWP Contractors prior to and during each calendar year. The analysis used to establish the allocation includes, but is not limited to, predicted and actual hydrologic conditions and legal requirements. <https://water.ca.gov/Programs/State-Water-Project/Operations-and-Maintenance>

Chorro Valley Pipelines (see map below)<sup>1</sup>.

| Subcontractor                    | WSA (AFY)   | Drought Buffer (AFY) | Total Allocation |
|----------------------------------|-------------|----------------------|------------------|
| CSA 16 (Shandon)                 | 100         | -                    | 100              |
| CMC                              | 400         | 400                  | 800              |
| County Ops Center                | 425         | 425                  | 850              |
| Cuesta College                   | 200         | 200                  | 400              |
| City of Morro Bay                | 1,313       | 2,290                | 3,603            |
| City of Pismo Beach              | 1,240       | 1,240                | 2,480            |
| Oceano CSD                       | 750         | 750                  | 1,500            |
| SMMWC                            | 275         | 275                  | 550              |
| Avila Beach CSD                  | 100         | 100                  | 200              |
| Avila Valley MWC                 | 20          | 20                   | 40               |
| San Luis Coastal USD             | 7           | 7                    | 14               |
| District Unsubscribed Allocation |             | 14,463               | 14,463           |
| <b>Total</b>                     | <b>4830</b> | <b>21,170</b>        | <b>25,000</b>    |

The City has a WSA of 1,313 AFY and a Drought Buffer of 2,290 AFY, as shown in the above table. To calculate the amount of SWP available to the City in a given year, its WSA and Drought Buffer are summed and multiplied by DWR's Annual Allocation (e.g. 5% for 2022). Though City SWP deliveries within a given year cannot exceed its WSA, the City has the ability to store unused SWP water in San Luis Reservoir for use in future dry years (Stored SWP).



<sup>1</sup>Additional information on the SWP in San Luis Obispo County is available on the District's website here: <https://www.slocounty.ca.gov/Departments/Public-Works/Committees-Programs/State-Water-Project-and-Subcontractors-Advisory-Co.aspx>.

### Morro Basin

The Morro Basin Wellfield is located near Lila Kaiser Park, consists of 6 wells, and can provide sufficient water from the Morro Basin to meet the City's needs for a limited period of time. The City has permits with the State Water Resource Control Board that allows for the extraction of up to 581 AFY of water from the Morro Basin, which by itself does not meet the City's current water demand. The water pumped from the Morro Basin has elevated levels of nitrates that require treatment through the City's Brackish Water Reverse Osmosis (BWRO) facility prior to entering the distribution system. Approximately 25% of the water extracted from Morro Basin is rejected as concentrate during the treatment process and discharged into the ocean.

### **FY2022/23 Projected Water Supplies**

Due to unprecedented dry conditions in 2022, DWR has set the Annual Allocation for SWP water deliveries at five percent (5%) for this year. DWR based this determination on the continued low precipitation and runoff and an assessment of overall water supply conditions. The City was only allocated 180 AF of SWP water in 2022 (i.e.  $(1,313 + 2,290) * 5\%$ ). However, the City, as a District Subcontractor, has the ability to access its own stored SWP and the District's stored SWP from San Luis Reservoir. As of June 1<sup>st</sup>, 2022, the City had 238 AF of stored water remaining in the reservoir. To make up the remainder of the City's water demand, the District has indicated that it will provide water to meet the remaining SWP delivery requests for 2022. At the end of 2022, the District anticipates it will have approximately 7,000 AF of its own stored water from its unsubscribed allocation available for Calendar Year 2023. Due to availability of this stored SWP, the City anticipates being able to meet its demands for 2022 and have sufficient water for 2023, even if the 22/23 rain season is dry and the annual allocation from SWP is low.

Of note, SWP water is an interruptible source of supply. If there is an infrastructure failure or other emergency, the City could be without water from this source. Additionally, there are scheduled "shutdowns" once a year for routine maintenance, typically in November with a duration from 1-2 weeks, but which can extend up to a month. During these periods the City relies upon water from its Morro Basin wells and BWRO facility. In discussions with CCWA, staff learned of an anticipated 4-week shutdown in November 2022, which will require the City to rely upon its Morro Basin supplies for a longer period than normal. This is of extra concern this year because of dewatering activities in the Morro Basin to accommodate WRF construction have reduced the amount of groundwater in storage in the basin.

Due to the extended duration of the SWP shutdown and concern regarding loss of storage in the Morro Basin, the City is working on multiple mitigation strategies to provide for a reliable water supply during this time period, see below:

Injected SWP Water - With the anticipated construction of the WRF indirect potable reuse test injection well in July 2022, the City will have the ability to inject water into the Morro Basin to increase the amount of groundwater in storage that it can rely upon during the SWP Shutdown. The City anticipates injecting water starting in August/September 2022 and slowly building up a supplemental supply of water up until November 2022. The City can then utilize the additional groundwater placed into storage in Morro Basin until the SWP is back online in December 2022.

CCWA Stored Water - The City reached out to the CCWA regarding its concerns about its Morro Basin supplies and the CCWA indicated that it maintains 13.5 million gallons or approximately 40 AF of water in its storage facilities that it could make available to the City, if needed, during the November 2022 SWP shutdown.

## Water Conservation

On March 28, 2022, Governor Newsom issued Executive Order N-7-22, which directs the State Water Resources Control Board to require all urban water suppliers to implement minimum Stage 2 (Water Warning) of their Water Shortage Contingency Plans with a target of 20% conservation compared to 2020. On May 24, 2022, the Governor adopted more aggressive water conservation measures. These measures include banning watering of non-functional turf in the commercial, industrial, and institutional sectors.

In July 2021 the City voluntarily implemented Stage 3 of our Water Shortage Contingency Plan, which meets and exceeds the Governor's recent mandate. The tables below show the percent change per month for 2021 & 2022 when compared to 2020. The tables show the City has not yet reached the Governor's desired conservation target. Morro Bay is not alone in not meeting the State's conservation target; overall statewide water use has increased approximately 19% when compared to 2020 usage. However, using 2020 water usage as a baseline for water conservation is problematic. The beginning of the global pandemic in 2020 meant that many people worked from home and did not travel, which skewed water usage trends for portions of 2020. Further, artificial water demands associated with WRF construction also present challenges in interpreting efficacy of water conservation efforts. Staff compared the AWSDA unconstrained demand (i.e., predicted demands without any conservation measures in place) to current demands. This section of the table shows the City is currently reducing water compared to the unconstrained demand.

| 2021      |                    | 2022     |                    |                               |
|-----------|--------------------|----------|--------------------|-------------------------------|
| Month     | % Change from 2020 | Month    | % Change from 2020 | Unconstrained Demand % Change |
| January   | 14.9%              | January  | 21.5%              | -10.50%                       |
| February  | -1.2%              | February | 9.8%               | -1.10%                        |
| March     | -3.5%              | March    | 2.5%               | 0.60%                         |
| April     | 23.2%              | April    | 23.8%              | -9.30%                        |
| May       | 17.6%              | May      | 26.9%              | -10.5                         |
| June      | 4.5%               |          |                    |                               |
| July      | -21.0%             |          |                    |                               |
| August    | 2.4%               |          |                    |                               |
| September | -1.7%              |          |                    |                               |
| October   | 3.3%               |          |                    |                               |
| November  | -9.4%              |          |                    |                               |
| December  | 1.3%               |          |                    |                               |

In an effort to reduce water usage in the City, staff has provided water conservation information to residents and visitor serving facilities (the latter is required by MBMC 13.04.345.C). Since July 2021, when the restrictions began, staff has sent two notices as water bill inserts that describe the water restrictions. In July of 2022, staff will also send an insert with the water bill that includes tips on water conservation. The City's website has a section on tips for water conservation and additional water conservation resources websites. To further incentivize reductions in water usage, water conservation rebates are available to Morro Bay water customers. To view the various rebates, visit [www.morrobayca.gov/waterconservation](http://www.morrobayca.gov/waterconservation).

For visitor serving facilities, staff provided tabletop tent cards for restaurant/bars indicating water will only be served upon request and hotels were provided mirror "clings" (pictured below) with water conservation messages. Water conservation notices were also provided to the vacation

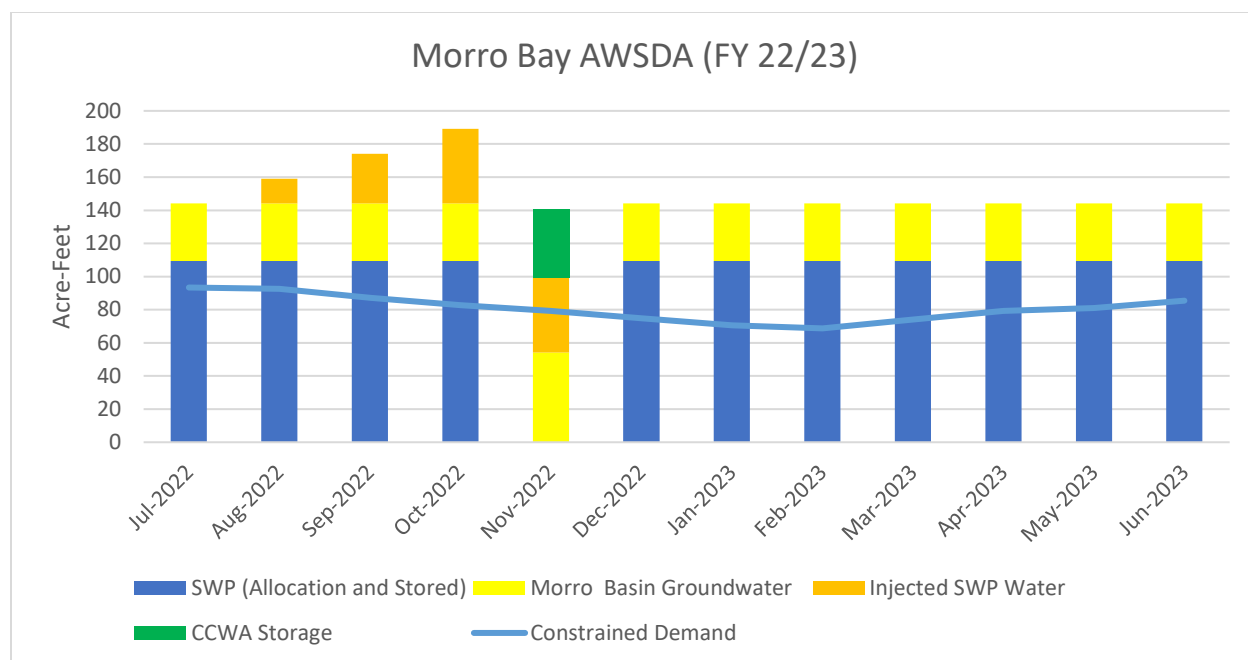
rentals. These notices were developed to inform visitors to conserve water and provided tips on ways to save water.

### **Annual Water Supply and Demand Assessment**

To comply with these new requirements, City staff prepared a draft AWSDA that included the following assumptions:

- SWP supply availability for 2022 is based on current conditions (i.e. 5% Annual Allocation and availability of City and District Stored SWP water).
- SWP supply availability for 2023 assumes a subsequent 5% Annual Allocation (Additional Dry Year) and continued availability of District Stored SWP water.
- SWP shutdown occurring in November 2022 is assumed to last 4 weeks and 13.5 million gallons of SWP water are assumed to be available during the SWP shutdown from storage in the Coastal Branch Pipeline storage facilities.
- Morro Basin supply availability based on amount of water available under City's water rights permit.
- Unconstrained demand estimates (i.e., anticipated demand without demand reduction actions in place) were obtained from the 2020 UWMP. Seasonal demand patterns were based on historical demands and anticipated WRF construction demands.
- Water Shortage Contingency Plan Level 3 implemented and constrained demand assumes 20% conservation is achieved.

A summary graph illustrating the City's FY 22/23 AWSDA is provided below. The colored columns represent the anticipated amount of water available from each of the City's sources of supply and the colored lines represent the amount of anticipated demand (i.e., unconstrained and constrained). The relative position of the supply columns and the demand lines indicate whether there is an anticipated surplus (i.e., supply columns greater than demand lines) or a shortage (i.e., demand lines greater than supply columns).



Based on the results of AWSDA, it is anticipated that the City will have sufficient water to meet its customers' demands for FY 22/23 through use of the following strategies:

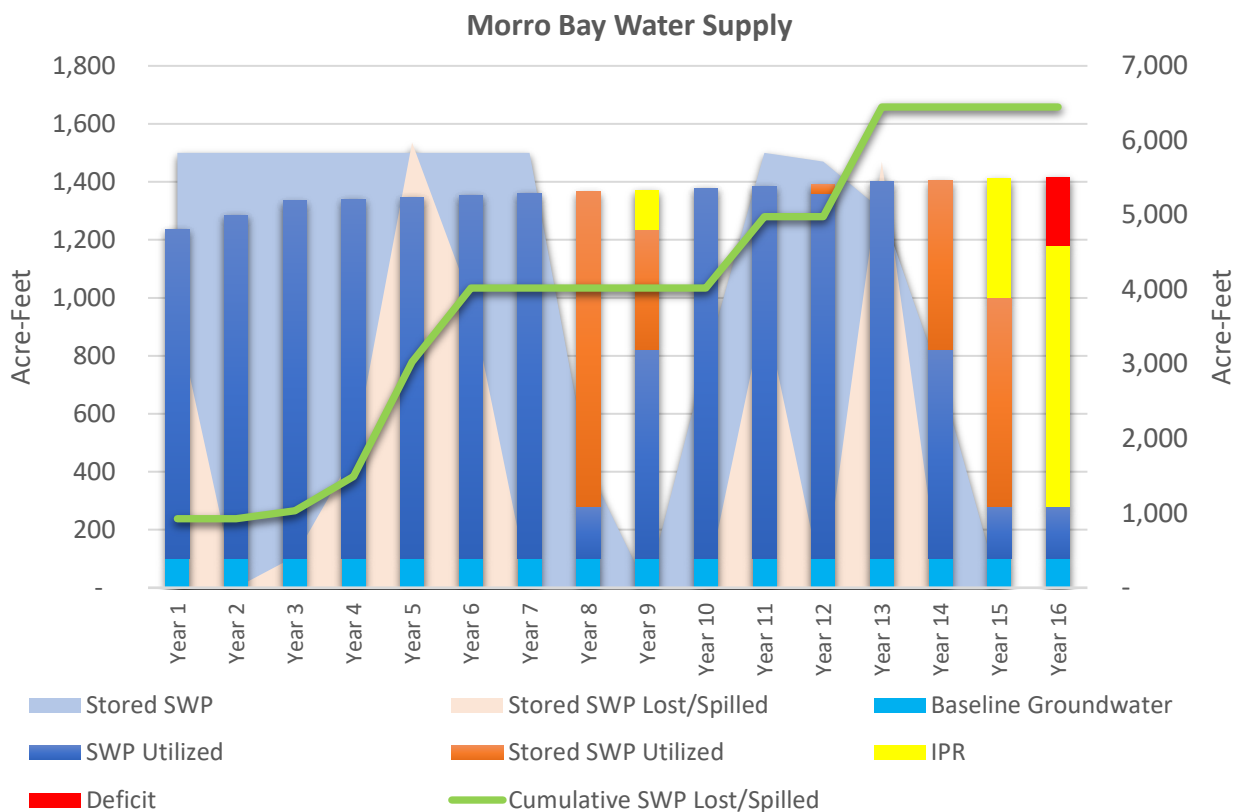
1. Maintain Water Shortage Contingency Plan Stage 3
2. Utilize City and District stored SWP Water to meet majority of anticipated demand



3. Supplement Morro Basin storage through SWP injection to provide for a more reliable water supply for the November 2022 SWP Shutdown
4. Leverage secondary water supplies during the November 2022 SWP Shutdown

### **LONG-TERM WATER SUPPLY ANALYSIS**

To assist in evaluating the different options and strategies for managing its long-term water resource portfolio, City staff is developing an operations model that can be utilized to evaluate the City's water supplies under future conditions (e.g., extended drought, above average precipitation periods, climate change, SWP infrastructure failures, etc.). The model operates on an annual time-step basis and evaluates anticipated future hydrologic conditions for up to a 100-year timeframe. The model will help illustrate how the City can utilize SWP water, Stored SWP water, groundwater, and Indirect Potable Reuse (IPR) water over varying drought cycles and/or SWP delivery interruptions to meet its customer demands. The model also calculates the volume of SWP water lost to spills at San Luis Reservoir and the value of the water in any given year to help SWP Subcontractors identify strategies to maximize cost recovery through entering into transfer/exchange agreements or selling their excess SWP water on a short-term or permanent basis. An output from the operations model is shown below and illustrates how the City's water supply portfolio can provide a reliable, resilient water supply and cost recovery opportunities for its customers over varying future hydrologic conditions.



One of the major conclusions to be drawn from the above model is that under the current structure of the City's participation in the SWP, the City's stored surplus water is semi-regularly "spilled" at San Luis Reservoir (DWR's off-stream storage facility for SWP Water), essentially erasing surplus water saved by the City. Without the ability to store its excess water for longer periods of time, the City must rely on alternative sources of water to meet its demand during extended drought periods.

Additionally, a key component of the City's ability to reliably provide water to its customers during this current drought period has been access to the District's stored SWP water in San Luis Reservoir. However, this water may not always be available to the City or other Subcontractors. Given the potential future unavailability of District unsubscribed allocation and the District's stored SWP water that it generates in San Luis Reservoir, it would be beneficial for the City to evaluate how much drought buffer it may need as part of its future water supply strategy. Currently, the City has the ability to purchase additional Drought Buffer from the District, but that ability may not always be there in the future, especially if the District decides to sell its unsubscribed allocation to other parties, which it has indicated an interest in exploring.

There are multiple considerations that come into play when reviewing the option to purchase additional drought buffer. Additional drought buffer would provide additional water during wet and dry periods to improve the reliability of the City's water supply portfolio. However, the City is also investing in its IPR project which will provide a local, reliable, resilient water supply that the City can access during extended droughts and SWP shutdowns. Having access to a more reliable local water supply will provide the City with additional options for how to manage its water sources to provide a reliable, resilient water supply for the community. These management options could also provide potential cost recovery opportunities through the transfer or sale of excess SWP supplies to neighboring (e.g., Los Osos), regional, or statewide agencies.

Beyond considering purchasing additional drought buffer through the SWP, the City has other options available to provide for a reliable and resilient long-range water future, including a regional desalinization project, groundwater banking projects, local water sharing partnerships with neighboring jurisdictions, and revitalization of its Chorro Basin Well Field. In order to fully evaluate these and other options, staff recommends City Council formally include in its Council Goal for Climate Action, an initiative to perform a comprehensive long-term water supply analysis and develop a plan for how to best manage its water supplies in the future to address the impacts from climate change.

## **WATER EQUIVALENCY UNITS (WEU)**

### ***Background***

In 1984 the citizens of Morro Bay adopted Measure F, codified as Ordinance 266 in MBMC as Chapter 13.20, as a "Growth Management System". This measure set a maximum population of 12,200 by the year 2000. To accomplish the housing needs of this population growth, Measure F set a maximum number of housing units to a limit of 70 new units per year with a maximum variation in the number of units in a year cannot exceed 10 percent or 77 WEUs for residential units. City Council acted on August 27, 2007, to reduce the number of allocated housing units to 50 new housing units. Ordinance No. 266 requires the WEU allocation mix to consist of 60% single family residential dwellings and 40% multi-family residential dwellings. Since housing and population growth has not increased to the Measure F projected population of 12,200, new housing units can still be issued. The population growth estimates in the General Plan predict reaching the Measure F established population in 2040.

A WEU is defined as a unit of measure for water use equal to the average amount of water used by a single-family residence over the period of one year. Based on calculations completed in 2016, a WEU is 8,732 cubic feet (0.2 AF) of water or 90 gallons per capita per day (GPCD). This amount was lowered in the 2016 calculation from previous years due to the historical trend of lower water use per capita compared to previous years. The intent of the WEU allocations is to regulate the addition of new water users to the City's water system and to ensure the demand for water shall not exceed available water supply.

### ***Water Equivalency Unit Program***

WEUs are issued to new projects based on the projects potential water use. WEU are issued with



planning permit approvals, therefore this water use is projected to be in the future demands, not within the current or even next fiscal year water demands. Due to this water use being “delayed”, the City relies on its Urban Water Management Plan’s supply and demand comparisons for future multiple dry year droughts to test adequacy of its water supply portfolio to meet future demands, including new developments that require WEUs. The water service reliability figure below, which forecasts that with City stored SWP water and the IPR program, the City’s future water supply portfolio will be sufficiently reliable to provide water during a 5 consecutive dry year drought scenario. This analysis assumed that with the IPR program the City would not need to utilize district stored SWP water to provide a reliable water supply during the worst 5-year consecutive drought period on record.

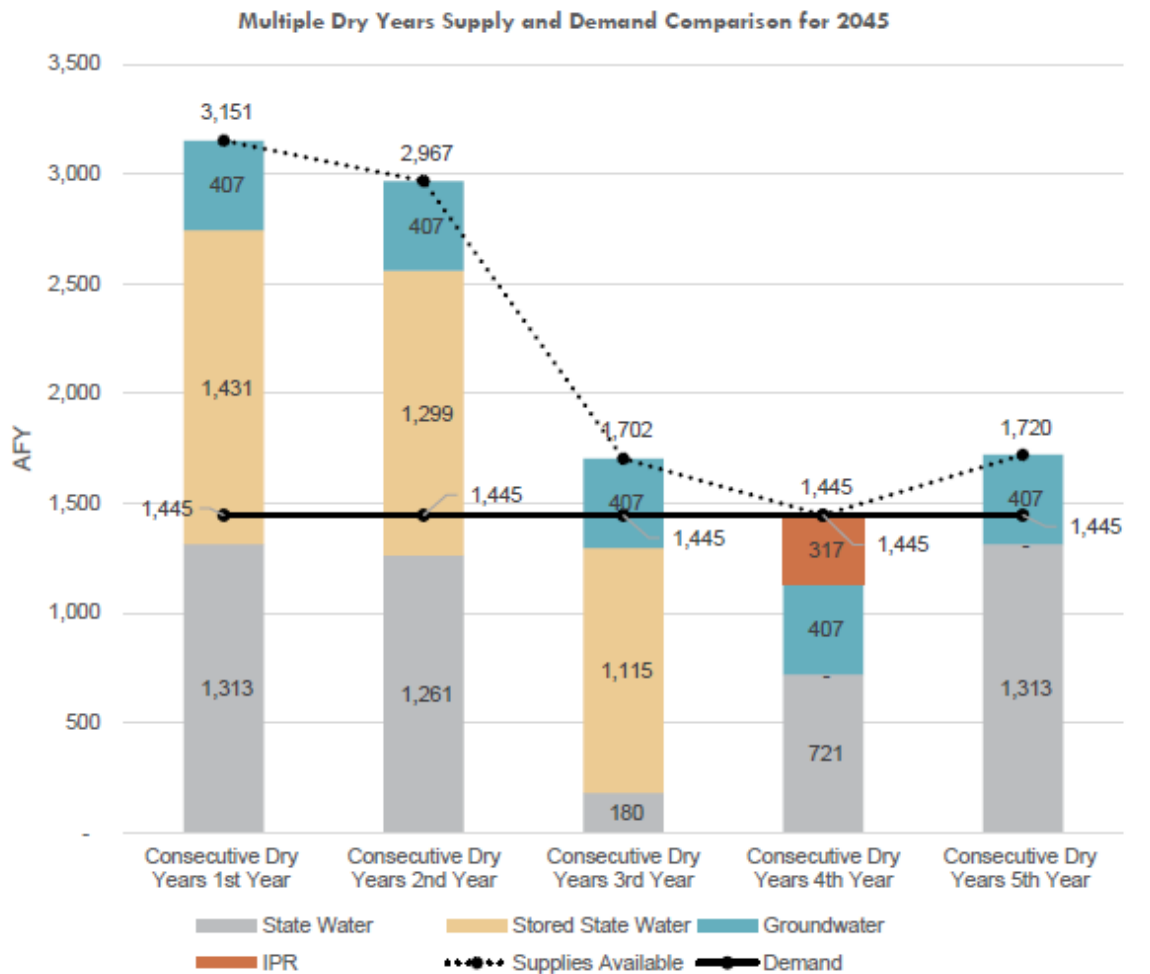


**Figure 7-1: Water Service Reliability - Five Consecutive Dry Years**

Summary of WEU FY 2021-22 activity:

The City Council authorized 115 WEUs for FY 2021-22, including 30 WEUs to be used for single-family dwellings, 20 for multiple-family dwellings, and 65 allowed for commercial/industrial uses. Those WEUs were allocated on a first-come, first-serve basis. The tracking of the WEUs utilized for FY 2021-22 indicates 8.94 of the 115 WEUs allocated were used as follows:

- Single-Family Residential: 8
- Multi-Family Residential: 0.94 (Conversion of Office to Apartment, 0.16 to 1.1, for a difference of 0.94)
- Commercial: None

This is not a comprehensive list of all building activity, but rather a list of those activities which required a WEU allocation in the past fiscal year. A WEU is only required for single family residential and multi-family residential when development is on an empty lot or when a change in use is proposed, i.e., changing from office building to apartment. Looking ahead at the planning projects in the queue for FY 2022-23, staff sees no need to adjust the number of WEUs for next fiscal year. As such, staff recommends the FY 2022-23 WEU allocation include 50 WEUs for residential development and 65 WEUs for commercial development for a total of 115 WEUs.

At their regular meetings on Wednesday, June 15, 2022, and Tuesday, June 21, 2022, the Public Works Advisory Board and Planning Commission, respectively, both unanimously approved a motion to recommend the City Council approve an allocation of 50 Water Equivalency Units (WEUs) for residential development and 65 for commercial development for a total of 115 WEUs for FY2022/23. At the Public Works Advisory Board meeting, advisory board members expressed some concerns about the drought, which were answered by staff. One advisory board member suggested the City Council move to Level 4 of the Water Shortage Contingency Plan. Staff recommends maintaining Level 3 of the Water Shortage Contingency Plan at this time due to the finding that the City will be able to meet the water demand over the next two years. Members of the Planning Commission also expressed concerns about the ongoing drought, and responses to these concerns were provided by staff. One planning commissioner suggested comparing 2022 water use to 2019 water use, which staff has now done and has prepared this for the presentation to City Council associated with this staff report.

### **CONCLUSION**

Staff recommends the City Council:

1. Receive and file staff findings and strategies resulting from the Annual Water Supply and Demand Assessment;
2. Maintain Stage 3 Mandatory Water Conservation Requirements and direct staff to continue monitoring drought impacts on water resources and return to City Council with updated recommendations on water conservation restrictions as needed;
3. Include as a Short-Term Action in its Council Goal for Climate Action a comprehensive long-term water supply analysis and plan to identify long-range water supply strategies; and
4. Allocate 50 WEUs for residential development (30 SFR and 20 MFR) and 65 for commercial development for a total of 115 WEUs for FY2022/23.

### **ATTACHMENT**

1. Resolution No. 71-22

**RESOLUTION NO. 71-22**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
RECEIVING THE ANNUAL WATER SUPPLY AND DEMAND ASSESSMENT  
ADOPTING THE WATER ALLOCATION PROGRAM FOR FY 2022/23**

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

**WHEREAS**, Chapter 13.20 of the Morro Bay Municipal Code calls for the City Council of the City of Morro Bay to adopt a yearly Water Allocation Program based on a report by the Public Works (Services) Director after review by the City of Morro Bay Planning Commission and Public Works Advisory Board; and

**WHEREAS**, the Local Coastal Program Land Use Plan and Ordinance Number 266, require the City Council to set an annual limit on new residential units and to prescribe the mix of multi-family and single-family residences allowed within that limit; and

**WHEREAS**, in March 2022, the California Department of Water Resources informed the State Water Project contractors the allocations for 2021/22 would be 5-percent of the contracted amount; and

**WHEREAS**, the City has approximately 238 acre-feet (AF) of unused contracted water stored in San Luis Reservoir. The remainder of the City's demand will be provided by the San Luis Obispo County Flood Control Districts stored water from its unsubscribed allocation. This allocation is enough to make up the difference between delivery requests and the City's estimated demand of 1,100 AF; and

**WHEREAS**, Governor Newsom issued Executive Order N-7-22, which directs the State Water Resources Control Board to require all urban water suppliers to implement minimum stage 2 (water warning) of their Water Shortage Contingency Plans with a target of 20% conservation compared to 2020; and

**WHEREAS**, on June 15, 2022, the Public Works Advisory Board held a public meeting on the Annual Water Report and the proposed FY 2022/23 Water Allocation Program and recommended the City Council adopt the proposed allocation of WEUs; and

**WHEREAS**, on June 21, 2022, the Planning Commission held a public meeting on the Annual Water Report and the proposed FY 2022/23 Water Allocation Program and recommended the City Council adopt the proposed allocation of WEUs; and

**WHEREAS**, on June 28, 2022, the City Council did hold a public meeting on the Annual Water Supply and Demand Assessment and the proposed FY 2022/23 Water Allocation Program; and

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

**SECTION 1:** Based upon evidence, the City Council resolves the following:

- A. Allocate 115 WEUs in FY 2022/23, 50 WEU for residential purposes (30 SFR and 20 MFR) and 65 for Commercial/Industrial purposes.

**SECTION 2:** Applicability

Each development project that requires an allocation of new Water Equivalency Units shall be subject to this revised allocation program, unless a building permit has been issued prior to the date of adoption of this Resolution.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on this 28<sup>th</sup> day of June 2022 on the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
John Heading, Mayor

ATTEST

\_\_\_\_\_  
Dana Swanson, City Clerk



AGENDA NO: C-3

MEETING DATE: June 28, 2022

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** June 17, 2022

**FROM:** Scott Collins, City Manager

**SUBJECT:** Approval of Amendment No. 6 to Contract Services Agreement with Aleshire & Wynder, LLP for City Attorney Services

### **RECOMMENDATION**

City Council approve Amendment No. 6 to the contract services agreement with Aleshire & Wynder, LLP for city attorney services.

### **FISCAL IMPACT**

The Fiscal Year (FY) 2022/23 budget for legal services supports the contract services agreement amendment.

### **BACKGROUND**

In March 2014 the City Council entered into a contract services agreement with the law firm of Aleshire & Wynder, LLP (A&W) to provide contract city attorney services.

A&W is a full-service public agency law firm with over fifty attorneys. A&W offers a wide range of legal services to the City to fit most, if not all, of its legal needs.

A&W's team of attorneys provides the City with legal specialists as required by the City – from one law firm – including labor and employment, real property development, environmental law, public finance, torts, public safety, negotiations, land use and zoning, complex litigation, franchises, water law, constitutional law, appeals, election law, refuse and recycling, and other legal needs.

The contract services agreement was amended in December 2014 to remove the title of interim, was amended on June 9, 2015 to reduce evaluations to once annually and was further amended effective January 1, 2019 to appoint A&W partner Chris F. Neumeyer as City Attorney.

Since retaining A&W in 2014, Council has twice amended the contract services agreement with A&W to provide for a compensation increase. On June 12, 2018 Council provided a \$10 per hour increase. Then, consistent with a 7% compensation increase from 2019-21 for City employees (represented by SEIU), Council in 2021 approved a second compensation increase of about 7% for A&W through an amendment to the contract services agreement.

Prepared By: SC

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

City Manager Review: SC

City Attorney Review: \_\_\_\_\_

## **DISCUSSION**

City employees (represented by SEIU) will receive a 6% increase in compensation, as well as additional benefits, for the fiscal year 2022-23.

City Manager proposes an equivalent amendment to the A&W contract services agreement for about a 6% increase in hourly rates. The amendment recommended is the following adjustment to each billing category identified below, effective July 1, 2022:

|                                    |               |
|------------------------------------|---------------|
| First 50 hours of general services | \$190.00/hour |
| Hours over 50 for general services | \$210.00/hour |
| Special services                   | \$235.00/hour |
| Insurance defense                  | \$175.00/hour |
| Private party reimbursement        | \$280.00/hour |
| Paralegals/Law Clerks              | \$145.00/hour |
| Document Clerks                    | \$80.00/hour  |

These proposed rates are competitive with other contract legal service cities. A survey conducted several years ago by staff concluded average hourly legal service rates in 2018 for senior attorney contract general legal services was \$244 per hour, with a range between \$150 - \$321 per hour for general legal services. These new proposed rates would keep the City below average city attorney rates within the SLO County region.

## **CONCLUSION**

City Manager recommends Council approve Amendment No. 6 to the contract services agreement with Aleshire & Wynder, LLP for city attorney services.

## **ATTACHMENT**

1. Amendment No. 6 to Contract Services Agreement with Aleshire & Wynder, LLP

**CITY OF MORRO BAY**  
**AMENDMENT NO. 6 TO CONTRACT SERVICES AGREEMENT**

**ALESHIRE & WYNDER, LLP**  
**City Attorney Services**

This Amendment No. 6 is made and entered into by and between the CITY OF MORRO BAY, a California municipal corporation, hereinafter referred to as "City," and ALESHIRE & WYNDER, LLP, a California limited liability partnership, hereinafter referred to as "A&W."

WHEREAS, on March 1, 2014, the parties entered into a contract services agreement (Agreement) for the interim provision of city attorney legal services, which was amended December 9, 2014 to delete the references to interim, amended June 9, 2015 to reduce evaluations to once annually, and further amended effective January 1, 2019 to appoint A&W partner Chris F. Neumeyer as City Attorney; and

WHEREAS, since retaining A&W in 2014, Council has twice amended the contract services agreement with A&W to provide for a compensation increase, first in 2018 for a \$10 per hour increase, and then in 2021, consistent with a 7% increase in compensation for City employees (represented by SEIU) from 2019-21, Council approved a second compensation increase of about 7% for A&W; and

WHEREAS, City employees (represented by SEIU) will receive a 6% increase in compensation, as well as additional benefits, effective July 1, 2022; and

WHEREAS, City desires to provide A&W with a rate increase consistent with recent compensation increases for City employees (represented by SEIU), through about a 6% increase in hourly rates for A&W through amendment to the Agreement; and

NOW THEREFORE, in consideration of the foregoing, City and A&W mutually agree as follows:

1. As of July 1, 2022, and thereafter, Section 5 of the Agreement is amended to modify hourly rates for legal services as follows:

|                                    |               |
|------------------------------------|---------------|
| First 50 hours of general services | \$190.00/hour |
| Hours over 50 for general services | \$210.00/hour |
| Special services                   | \$235.00/hour |
| Insurance defense                  | \$175.00/hour |
| Private party reimbursement        | \$280.00/hour |
| Paralegals/Law Clerks              | \$145.00/hour |
| Document Clerks                    | \$80.00/hour  |

2. Except as expressly set forth herein, all terms and conditions of the Agreement, as amended to date, shall remain in full force and effect.
3. This Amendment No. 6 to the Agreement shall be effective on June 30, 2022.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 6 to the Agreement as of the last date affixed below.

**CITY OF MORRO BAY**, a California municipal corporation

Dated: \_\_\_\_\_, 2022      By \_\_\_\_\_  
John Headding,  
Mayor

ATTEST:

By \_\_\_\_\_  
Dana Swanson,  
City Clerk

**ALESHIRE & WYNDER, LLP**, a California limited liability partnership

Dated: \_\_\_\_\_, 2022      By \_\_\_\_\_  
Chris F. Neumeyer,  
Partner