



CITY OF MORRO BAY CITY COUNCIL AGENDA

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

Regular Meeting Tuesday, February 28, 2023 – 5:30 P.M. Veterans Memorial Hall 209 Surf St., Morro Bay, CA

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 prior to the meeting. Agenda Correspondence received at 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

PRESENTATIONS

- Measure Q/E Report by CFAC Vice Chair Stephen Peck

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 FEBRUARY 14, 2023, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (CITY CLERK)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE FEBRUARY 14, 2023, CITY COUNCIL MEETING; (CITY CLERK)

RECOMMENDATION: Approve as submitted.

A-3 FISCAL YEAR (FY) 2021-22 STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES; (ADMINISTRATIVE SERVICES DEPARTMENT)

RECOMMENDATION: Staff recommends the Council adopt Resolution No. 08-23 accepting Fiscal Year (FY) 2021-22 status report on receipt and use of Development Impact Fees.

A-4 AUTHORIZATION TO APPLY FOR AND ACCEPT THE GRANT, IF AWARDED, FROM THE DEPARTMENT OF HOMELAND SECURITY AND FEDERAL EMERGENCY MANAGEMENT AGENCY FOR FUNDING UNDER THE STAFFING FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER) GRANT; (FIRE DEPARTMENT)

RECOMMENDATION: Staff recommends the Council authorize the Fire Department to apply for and accept the grant if awarded from the Department of Homeland Security and Federal Emergency Management Agency for funding under the Staffing for Adequate Fire and Emergency Response (SAFER) Grant for the hiring of limited term firefighters.

A-5 APPOINTMENT OF REPRESENTATIVES ON DISCRETIONARY BOARDS AND APPROVAL OF REVISED COUNCIL SUB-COMMITTEES; (MAYOR WIXOM / CITY CLERK)

RECOMMENDATION: Staff recommends the City Council:
1) Accept the appointment of Council Member Edwards as the City's representative to the REACH Central Coast Economic Development Roundtable; and; 2) Designate the Mayor as the official representative of the City of Morro Bay on the California Joint Powers Insurance Authority (CJPIA) Board of Directors, designate the Human Resources Manager as first alternate, and designate the City Manager as second alternate; and 3) Approve revised Council Sub-Committees for Chevron Property and BOEM Interagency Task Force / Wind Energy, as shown on the attached appointment list.

A-6 ADOPTION OF RESOLUTION NO. 10-23 AUTHORIZING SUBMISSION OF RURAL TRANSIT FUND (RTF) GRANT APPLICATION AND EXECUTION OF RELATED DOCUMENTS UPON AWARD; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 10-23 authorizing submission of the Rural Transit Fund Grant Application and execution of related documents upon award.

A-7 SECOND QUARTER INVESTMENT REPORT FOR FISCAL YEAR (FY) 2022-23 (PERIOD ENDING DECEMBER 31, 2022); (ADMINISTRATIVE SERVICES DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council receive the First Quarter Investment Report for FY 2022-23 (period ending December 31, 2022).

A-8 PRESENTATION TO THE CITY COUNCIL REGARDING CFAC'S REVIEW OF FY 2021-22 UNAUDITED TRANSACTIONS FROM THE COLLECTION OF THE GENERAL PURPOSE LOCAL SALES TAX, COMMONLY KNOWN AS "MEASURE Q AND E"; (CFAC VICE CHAIRMAN STEPHEN PECK)

RECOMMENDATION: Receive and file.

B. PUBLIC HEARING ITEMS - NONE

C. BUSINESS ITEMS

- C-1 CONSIDERATION OF CONDITIONAL APPOINTMENT OF GREG CARPENTER AS INTERIM CITY MANAGER AND CONDITIONAL APPROVAL OF EMPLOYMENT AGREEMENT BETWEEN THE CITY OF MORRO BAY AND GREG CARPENTER; (HUMAN RESOURCES)

RECOMMENDATION: Staff recommends the City Council appoint Greg Carpenter as the Interim City Manager contingent upon successfully passing the City's background check, and authorize the Mayor to execute the attached employment agreement following the same.

- C-2 FISCAL YEAR 2022-23 MIDYEAR BUDGET AND FINANCIAL UPDATE; (CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENT)

RECOMMENDATION: Staff recommends that the City Council: 1) Receive a fiscal outlook update; 2) Receive the Fiscal Year (FY) 2022-23 Midyear Budget Report; and 3) Adopt Resolution No. 11-23 authorizing the attached Budget Amendments

- C-3 APPROVE WRF CONTRACT AMENDMENTS, AUTHORIZE AN INCREASE IN THE ANVIL CONTRACT BUDGET AND REVIEW AND COMMENT ON FISCAL YEAR 2023 QUARTER 2 WRF QUARTERLY REPORT; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council review and provide input on the Fiscal Year (FY) 23 2nd Quarter WRF Quarterly Report. Staff also request Council approve the following WRF contract and budget amendments, and the following new contract for the WRF Program: 1) Amendment No. 7 to the agreement with Anvil Builders, Inc. (Anvil) for the WRF Lift Stations and Offsite Pipelines construction for \$124,970, which results in a total not to exceed contract value for Anvil of \$34,968,314 and increase of the Anvil contract budget to that new contract value; and 2) Amendment No. 5 to the agreement with Waterworks Engineers (WWE) to continue to provide professional engineering services during construction for the Conveyance Facilities Project for \$75,000, which increases the total not-to-exceed contract value for WWE to \$2,615,113; and 3) Execute a new contract for Rincon Consultants, Inc. to provide professional environmental permitting consulting services for the Recycled Water component of the WRF Program in the amount of \$43,532.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, March 14, 2023 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, 595 HARBOR ST, MORRO BAY, CA 93442 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.

PRESENT: Carla Wixom Mayor
Laurel Barton Council Member
Cyndee Edwards Council Member
Jennifer Ford Council Member
Zara Landrum Council Member

ABSENT: None

STAFF: Scott Collins City Manager
Chris Neumeyer City Attorney
Joe Pannone Legal Counsel
Colin Tanner Special Labor Counsel
Sarah Johnson-Rios Assistant City Manager/Admin. Services Director
Scot Graham Community Development Director
Greg Kwolek Public Works Director
Rachael Hendricks Human Resources Manager

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Wixom called the meeting to order at 2:04 p.m. with all members present.

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

CLOSED SESSION PUBLIC COMMENT – Mayor Wixom opened public comment for items on the agenda.

Sean Green, Morro Bay, expressed concern the sale of City-owned commercial property might be made in closed session without a competitive RFP/RFQ process and opportunity for public input.

The public comment period was closed.

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

CS-1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Government Code subdivision 54956.9(d)(2): One Matter regarding the potential use of the easement over Toro Lane for a bike path connecting Cayucos and Morro Bay

CS-3 CONFERENCE WITH REAL PROPERTY NEGOTIATOR - GOVERNMENT CODE SECTION 54956.8

Property: 781 Market Avenue (APN 066-321-027)
Property Negotiator: Jack Smith, Morro Skateboard Group
Agency Negotiators: Scott Collins, City Manager; Scot Graham, Community Development Director; and Chris Neumeyer, City Attorney
Negotiation: Price and Terms of Payment

CS-4 CONFERENCE WITH REAL PROPERTY NEGOTIATOR - GOVERNMENT CODE SECTION 54956.8

Property: 781 Market Avenue (APN 066-321-027)
Property Negotiator: Brady Lock
Agency Negotiators: Scott Collins, City Manager; Scot Graham, Community Development Director; and Chris Neumeyer, City Attorney
Negotiation: Price and Terms of Payment

CS-5 PUBLIC EMPLOYEE EMPLOYMENT

Interim City Manager pursuant to Government Code section 54957.

CS-6 PUBLIC EMPLOYEE EMPLOYMENT

City Manager pursuant to Government Code section 54957.

Due to time constraints, the following item was continued to a future meeting without a time and date set yet.

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

Property: 714 Embarcadero, 781 Market Street and parking lot; APNs 066-321-028, 066-321-027, 066-321-026, 066-321-025, 066-112-007, 006-321-008

Property Negotiator: Hemant Patel

Agency Negotiators: Scott Collins, City Manager; Scot Graham, Community Development Director; and Chris Neumeyer, City Attorney

Negotiation: Price and Terms of Payment

RECONVENE IN OPEN SESSION – The City Council reconvened in Open Session. The Council did not take any reportable action in accordance with the Brown Act other than the City Attorney reported in Open Session that the City Council had directed the City Manager to enter into a contract with Mosaic Public Partners pursuant to item CS-6 related to recruitment of a new City Manager.

ADJOURNMENT - The meeting adjourned at 4:35 p.m.

Recorded by:

Dana Swanson
City Clerk

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – FEBRUARY 14, 2023
VETERAN'S MEMORIAL HALL – 5:30 P.M.

AGENDA NO: A-2
MEETING DATE: February 28, 2023

PRESENT:	Carla Wixom	Mayor
	Laurel Barton	Council Member
	Cyndee Edwards	Council Member
	Jennifer Ford	Council Member
	Zara Landrum	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
	Amy Watkins	Interim Police Chief
	Ted Schiafone	Harbor Director

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Wixom called the meeting to order at 5:33 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION – None

CLOSED SESSION REPORT

<https://youtube.com/watch?v=il1Uu29oxwU&feature=shares&t=319>

City Attorney Neumeyer reported that the City Council did not take any reportable action in accordance with the Brown Act other than the Council directed the City Manager to enter into a contract with Mosaic Public Partners pursuant to item CS-6 related to recruitment of a new City Manager.

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtube.com/watch?v=il1Uu29oxwU&feature=shares&t=347>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtube.com/watch?v=il1Uu29oxwU&feature=shares&t=714>

PRESENTATIONS

<https://youtube.com/watch?v=il1Uu29oxwU&feature=shares&t=1036>

- U.S. Small Business Administration Office of Disaster Recovery and Resilience Presentation by George Kostyrko

PUBLIC COMMENT

<https://youtube.com/watch?v=il1Uu29oxwU&feature=shares&t=1576>

Margaret Carmen, Morro Bay, raised concerns regarding potential conflicts of interest.

Ted Blockley, Los Osos, spoke in opposition to the proposed Vistra battery storage project.

George Schoemaker, Morro Bay, spoke regarding Item C-1 and recommended the transit stop be moved to the south side for public safety reasons.

Linda Winters, Morro Bay, shared her appreciation for FEMA assistance following the 1995 and January 2023 floods.

John Solu, Morro Bay, President of Rotary Club of Morro Bay, announced a fundraising effort to provide support for victims of recent earthquakes in Turkey & Syria. Donations are being accepted at www.morrobayrotary.org.

Cindy Muir, Morro Bay, raised conflict of interest concerns and asked that the Council not change the General Plan or zoning for the Vistra site.

Anne Johnson, Morro Bay, shared information she had gathered regarding debris removal to prevent flooding along Morro Creek.

Aaron Ochs, Morro Bay, raised concerns regarding potential conflicts of interest.

An unnamed person expressed concerns about toxins emitted from battery storage facilities and lithium ion battery fires.

Rachel Wilson, Cayucos, shared a presentation “Morro Bay is Already Green.”

Barry Branin, Morro Bay, commented on parking needs.

Riggs Hohmann spoke against the proposed battery storage project.

Terry Simons, Morro Bay, commented on the Water Resource Center grand opening and the cost/benefit of water reclamation vs. treatment.

Karen Aguilar, Morro Bay, spoke in opposition to a battery plant at the proposed location.

Paul Donnelly, Morro Bay, provided historical context related to Morro Bay’s participation in State Water and commended on a potential inter-tie by Los Osos CSD.

Linda Donnelly, Morro Bay, questioned the selection of engineers for the water reclamation project and commented on signage and paving issues.

Nicole Dorfman, Morro Bay, commented on the City’s position related to the proposed windfarm.

Betty Winholtz, Morro Bay, offered suggestions for improved transparency.

Nattalia Merzoyan, Morro Bay, spoke in opposition to the proposed battery storage project and bus stop improvements.

Judy Setting, Morro Bay, commented on perceived conflict of interest issues.

Tim Mahoney, So Cal Gas, provided an update on market prices for natural gas and encouraged residents to visit www.socalgas.com/assistance for more information.

Mayor Wixom closed public comment.

Council Member Ford and City Attorney Neumeyer responded to concerns raised during public comment.

A. CONSENT AGENDA

<https://youtube.com/watch?v=il1Uu29oxwU&feature=shares&t=6112>

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

A-1 APPROVAL OF MINUTES FOR THE JANUARY 10, 2023, CITY COUNCIL MEETING;
(CITY CLERK)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE JANUARY 24, 2023, CITY COUNCIL MEETING;
(CITY CLERK)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE JANUARY 25, 2023, CITY COUNCIL SPECIAL
CLOSED SESSION MEETING; (CITY CLERK)

RECOMMENDATION: Approve as submitted.

A-4 APPROVAL OF MINUTES FOR THE JANUARY 27, 2023, CITY COUNCIL SPECIAL
MEETING; (CITY CLERK)

RECOMMENDATION: Approve as submitted.

A-5 APPROVAL OF MINUTES FOR THE JANUARY 30, 2023, CITY COUNCIL SPECIAL
CLOSED SESSION MEETING; (CITY CLERK)

RECOMMENDATION: Approve as submitted.

A-6 RESOLUTION MAKING FINDINGS RELATED TO THE CONTINUED EXISTENCE OF A
STATE OF EMERGENCY DUE TO COVID-19 AND RE-AUTHORIZING FOR PUBLIC
HEALTH AND SAFETY THE CONDUCT OF PUBLIC MEETINGS OF THE LEGISLATIVE
BODIES OF THE CITY VIA REMOTE TELECONFERENCING (INCLUDING PARTIALLY
REMOTE) FOR UP TO A 30-DAY PERIOD PURSUANT TO THE RALPH M. BROWN
ACT AS AMENDED BY ASSEMBLY BILL NO. 361; UPDATE ON REMOTE MEETINGS
PURSUANT TO NEW ASSEMBLY BILL NO. 2449; (CITY ATTORNEY)

RECOMMENDATION: Staff recommends Council consider adoption of attached Resolution No. 08-23 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 up to (depending on whether the Governor ends, as he has indicated he will, the COVID-19 statewide State of Emergency on February 28, 2023) 30 days, thereby allowing the City Council and the City's advisory bodies to meet remotely (including partially remote) through March 16, 2023 (or earlier, being if/when the Governor ends the current statewide COVID-19 State of Emergency).

With approval of this motion and until such further notice, City Council and advisory bodies will continue to hold their meetings in public at the Veterans Hall, with the option for individual Councilmembers and advisory body members to teleconference consistent with AB 361 (which may no longer be an option after February 28, 2023) or otherwise as provided by law.

Mayor Wixom opened public comment for the Consent Agenda.

Nicole Dorfman, Morro Bay, opposed the approval of Item A-6.

Terry Simons, Morro Bay, spoke regarding Item A-6, adding he was not opposed to Council Members participating via Zoom when needed.

Betty Winholtz, Morro Bay, concurred with Ms. Dorfman.

Judy Setting, Morro Bay, opposed extending the State of Emergency but was in favor of allowing the Council and public to participate via Zoom.

The public comment period was closed.

Council Member Barton requested clarification from the City Attorney regarding Item A-6.

Mayor Wixom pulled Item A-6

MOTION: Council Member Landrum moved approval of all items on Consent except Item A-6. The motion was seconded by Council Member Ford and carried 5-0 by roll call vote.

A-6 RESOLUTION MAKING FINDINGS RELATED TO THE CONTINUED EXISTENCE OF A STATE OF EMERGENCY DUE TO COVID-19 AND RE-AUTHORIZING FOR PUBLIC HEALTH AND SAFETY THE CONDUCT OF PUBLIC MEETINGS OF THE LEGISLATIVE BODIES OF THE CITY VIA REMOTE TELECONFERENCING (INCLUDING PARTIALLY REMOTE) FOR UP TO A 30-DAY PERIOD PURSUANT TO THE RALPH M. BROWN ACT AS AMENDED BY ASSEMBLY BILL NO. 361; UPDATE ON REMOTE MEETINGS PURSUANT TO NEW ASSEMBLY BILL NO. 2449; (CITY ATTORNEY)
<https://youtube.com/watch?v=il1Uu29oxwU&feature=shares&t=6876>

MOTION: Mayor Wixom moved to deny Item A-6. The motion was seconded by Council Member Edwards and carried 4-1 by roll call vote with Council Member Barton opposed.

B. PUBLIC HEARINGS - None

C. BUSINESS ITEMS

C-1 RESOLUTION NO. 09-23 FOR AWARD OF BID – PROJECT NO. MB2020-ST02, CITY PARK TRANSIT HUB IMPROVEMENT PROJECT; (PUBLIC WORKS)
<https://youtube.com/watch?v=il1Uu29oxwU&feature=shares&t=6944>

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

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

Steve Powers, Director of Morro Bay Art in the Park, expressed concern the construction project would not be complete before the May 2023 event and requested the project be delayed until after the Art in the Park season concludes in September.

Kathleen Heil, President of Morro Bay Art Association, concurred with Mr. Powers and requested the City delay the project.

Derek Dahlgren, Morro Bay, summarized points raised in his agenda correspondence noting the proposed project does not address safety challenges in that area.

Terry Simons, Morro Bay, questioned the public process and asked the City find ways to get the public involved earlier in the project.

Judy Setting, Morro Bay, opined project costs were excessive.

Betty Winholtz, Morro Bay, raised issues regarding the project and suggested the City reject the bids and allow time for public input on the project.

Linda Donnelly, Morro Bay, suggested the plans and specifications should have been included with the agenda packet.

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

Staff responded to questions raised during public comment.

MOTION: Council Member Barton moved to adopt Resolution No. 09-23 for award of the bid for this project. The motion was seconded by Council Member Ford and carried 4-1 by roll call vote with Council Member Landrum opposed.

C-2 CONSIDERATION OF THE FORMATION OF A DOWNTOWN DESIGN DISTRICT;
(COMMUNITY DEVELOPMENT DEPARTMENT)

<https://youtube.com/watch?v=il1Uu29oxwU&feature=shares&t=10341>

Community Development Director Graham provided the report and responded to Council inquires.

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

Terry Simons, Morro Bay, recommended the City form a design review commission with additional authority to act as historical preservation committee to provide an early input by residents on projects.

Joe Ingraffia, Morro Bay, supported the design district concept and urged the Council to not go back to a 'one-size fits all' approach to raise maximum height of 37'.

Glenn Silloway, Morro Bay, urged Council to accept staff recommendation and form an ad hoc committee that would consider the need to balance preservation of single-story historical buildings with need for workforce housing.

Betty Winholtz, Morro Bay, supported an ad hoc committee with Planning Commissioners, downtown business owners and residents from downtown.

Linda Donnelly, Morro Bay, spoke in support of a design district ad hoc committee that included business owners and residents.

Nattalia Merzoyan, Morro Bay, asked that the City not increase building height and density.

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

MOTION: Council Member Edwards moved to form a downtown design district ad hoc group to address the design or details of the downtown to include height, historic preservation, design, community benefits and other related matters, to include two business owners, couple members of the Chamber, couple members of the Planning Commission, City staff, and Council Members and incorporate the effort into the city goals process. The motion was seconded by Council Member Barton.

Council Member Landrum requested the ad hoc committee include residents. Mayor Wixom agreed. Following those comments, the motion carried 5-0 by roll call vote.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
<https://youtube.com/watch?v=il1Uu29oxwU&feature=shares&t=13008>

Mayor Wixom requested and received full support for a study session on waterfront issues, centered on or near the Vistra power plant site, including offshore wind, potential for connectivity of wind energy to PG&E switchyard, injection wells on Vistra site for WRF project, potential battery storage facility on Vistra property, and master plan process for other portions of the Vistra site with the goal to provide background on these issues, process, outline how community members can engage.

E. ADJOURNMENT

The meeting adjourned at 9:03 p.m.

Recorded by:

Dana Swanson, City Clerk



AGENDA NO: A-3

MEETING DATE: February 28, 2023

Staff Report

TO: Honorable Mayor and City Council **DATE:** February 10, 2023

FROM: Sarah Johnson-Rios, Assistant City Manager / Admin Services Director
Emily Conrad, Finance Manager

SUBJECT: Fiscal Year (FY) 2021-22 Status Report on Receipt and Use of Development Impact Fees

RECOMMENDATION:

Staff recommends the Council adopt Resolution No. 08-23 accepting Fiscal Year (FY) 2021-22 status report on receipt and use of Development Impact Fees.

FISCAL IMPACT:

There is no fiscal impact associated with the requested action.

BACKGROUND/DISCUSSION:

To ensure that mitigation fees associated with new development (“Development Impact Fees”) are spent in a timely manner and on projects for which they were being collected, the State Legislature passed a bill known as AB 1600 (the Mitigation Fee Act). This bill applies to Development Impact Fees that were increased or imposed on or after January 1, 1989.

The Mitigation Fee Act (AB 1600, or California Government Code, Section 66000 et seq.) requires local agencies that impose Development Impact Fees to present an annual, consolidated report showing the receipt and use of those fees. The Annual Status Report (Attachment 1) must be available for review by the Council within 180 days after the close of the fiscal year represented. The AB 1600 report (Attachment 1) is required to be accessible to the public for viewing at least 15 days prior to the public meeting. In accordance with this legal requirement, the report for FY 2021-22 (July 1, 2021 to June 30, 2022) was posted to the City’s website on February 13, 2023.

The City collects the following Development Impact Fees that meet the AB 1600 reporting requirements:

- Government Impact Fees (Fund 900)
 - Administration
 - Police
 - Fire
 - Street
 - Storm Drain

Prepared By: <u> EC </u>	Dept Review: <u> SJR </u>
City Manager Review: <u> </u>	City Attorney Review: <u> LNL </u>

- Parks Fees
- Affordable Housing In-Lieu Fees (Fund 941)
- Water Impact Fees (Fund 951)
- Sewer Impact Fees (Fund 952)
- Miscellaneous Impact Fees (Fund 515)
 - Highway 41/Main Impact Fees
 - Traffic Impact
 - Storm Drain Impact
 - Calvary Baptist Drain Impact
 - Sewer Master Plan Impact
 - Flood Hazard Plan Impact

Separate balances exist for each of these fees either as individual accounts or separate funds. As required by AB 1600, as of June 30, 2022, all accounts or funds with unspent balances have been credited interest revenue at the City's current interest rate earned on its total investment portfolio.

AB 1600 requires that a status report be prepared annually which must include a brief description of the Development Impact Fees and the fund into which the fee(s) was/were deposited; the associated fund's beginning and ending balances for the fiscal year; the total amount of the fees collected and interest earned; each public improvement on which Development Impact Fees were expended and amount of the expenditure on each improvement; and other information about the public improvement projects or interfund loans, if applicable.

Government Code section 66001, subdivision (d), of the Mitigation Fee Act mandates the requirement that beginning with the fifth fiscal year following deposit of Development Impact Fees into a designated account, and each fifth fiscal year thereafter, the City must make specified findings regarding any portion of the fees that remain unexpended.

The information is presented in the attached FY 2021-22 Annual Status Report on Receipt and Use of Development Impact Fees and resolution of specified findings.

CONCLUSION

Staff recommends Council adopt Resolution No. 08-23 and accept the FY 2021-22 Annual Status Report on Receipt and Use of Development Impact Fees as required under the Mitigation Fee Act (AB 1600).

ATTACHMENT

1. Resolution No. 08-23 making findings for unexpended Development Impact Fees and accepting the FY 2021-22 Annual Status Report on Receipt and Use of Development Impact Fees

RESOLUTION NO. 08-23

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
MAKING FINDINGS FOR UNEXPENDED DEVELOPMENT FEES IN
ACCORDANCE WITH GOVERNMENT CODE SECTION 66000 AND REVIEWING AND
ACCEPTING ANNUAL DEVELOPMENT FEE DISCLOSURE INFORMATION**

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

WHEREAS, the Mitigation Fee Act, Government Code Section 66000 *et seq.*, authorizes the City to impose, collect, and expend mitigation fees to offset the impacts of development within the City; and

WHEREAS, among the procedural requirements mandated by the Mitigation Fee Act is a requirement that beginning with the fifth fiscal year following deposit of development fees into a designated account, and each fifth fiscal year thereafter, the City make specified findings regarding any portion of the fees that remain unexpended; and

WHEREAS, the City has deposited all development impact fees that it has received in a separate non-commingled capital facilities fund established for such a purpose, pursuant to Government Code Sections 66006(a) and (b); and

WHEREAS, a portion of the fees currently deposited in the City's Development Impact Funds for: Administration, Streets, Highway 41/Main Street, Traffic Impact, Storm Drain, Calvary Baptist Drain, Sewer Master Plan, and Flood Hazard Plan were collected over five years ago, and therefore the City wishes to make the findings required by Government Code Section 66001(d); and

WHEREAS, the City also wishes to memorialize that it has made public certain information, pursuant to the annual information disclosure requirements of Government Code Section 66006(b), including but not limited to the amount of the fee, the beginning and ending balance of the fee account or fund, and the interest earned thereon, available to the public at least fifteen (15) days before the City Council considers this matter. The information required by Government Code Sections 66001 and 66006 is set forth in the FY 2021-22 AB1600 Annual and Five-Year Report: City of Morro Bay ("Development Impact Fee Report") considered concurrently herewith (Attachment 1); and

WHEREAS, on February 13, 2023, the information in the above-referenced recital was made available to the public as required by Government Code Section 66006(b); and

WHEREAS, on February 28, 2023, the above-referenced recitals were presented to City Council at a duly noticed, regularly scheduled public meeting.

NOW, THEREFORE, the City Council of the City of Morro Bay hereby finds, determines, and resolves as follows:

Section 1. The recitals set forth above are true and correct and are incorporated herein by reference.

Section 2. The City Council has considered the full record before it, which may include

but is not limited to the staff report, the Development Impact Fee Report, testimony by staff and the public, and other materials and evidence submitted or provided.

Section 3. The City Council finds that the Administration Development Impact Fee Fund currently contains \$261,789.13 in unexpended Development Impact Fees collected more than five years ago. In accordance with Government Code section 66001(d)(1), the City Council finds as follows:

- A. Additional funds are needed to design and construct updated City Administration facilities.
- B. There exists a reasonable relationship between the unexpended funds described above and the purpose for which they were generated because expanded City facilities are required to accommodate the additional service needs associated with the properties that paid these fees.
- C. The estimated total cost of expanded administrative facilities such as City Hall will be updated in the forthcoming capital needs assessment. The City's funding sources will include unexpended Development Impact Fees of \$261,789.00, future fees, and other available capital funding sources.
- D. The unexpended fees were deposited in the Administration Development Impact Fees Fund, which is the appropriate fund to finance administrative facilities. All future fees will also be deposited into this fund. The approximate date by which the above Development Impact Fee funds will be deposited into the appropriate account or fund for expenditure is 2024.

Section 4. The City Council finds that the Street Maintenance Development Impact Fee Fund currently contains \$45,656.49 in unexpended Development Impact Fees collected more than five years ago. In accordance with Government Code section 66001(d)(1), the City Council finds as follows:

- A. Additional funds are needed to complete street maintenance projects.
- B. There exists a reasonable relationship between the unexpended funds described above and the purpose for which they were generated because improvements will be made to mitigate impacts to streets associated with the properties that paid these fees.
- C. The estimated total cost of streets improvements will be updated in the forthcoming capital needs assessment. The City's funding sources will include unexpended Development Impact Fees of \$45,656.49, future fees, and other available capital funding sources.
- D. The unexpended fees were deposited in the Street Maintenance Development Impact Fees Fund, which is the appropriate fund to finance street maintenance projects. All future fees will also be deposited into this fund. The approximate date by which the above Development Impact Fee funds will be deposited into the appropriate account or fund for expenditure is 2023.

Section 5. The City Council finds that the Highway 41/Main Development Impact Fee Fund currently contains \$45,242.10 in unexpended Development Impact Fees collected more than five years ago. In accordance with Government Code section 66001(d)(1), the City Council finds as follows:

- A. Additional funds are needed to design and replace the existing intersection at Highway 41/Main Street.
- B. There exists a reasonable relationship between the unexpended funds described above and the purpose for which they were generated because the intersection improvement will positively impact the properties that paid these fees.
- C. The estimated total cost of the Highway 41/Main Street Intersection Project is \$8,871,136.00. The City's funding sources will include unexpended Highway 41/Main Development Impact Fees of \$45,242.10, \$1,800,000.00 in Measure E District Transaction Tax, \$600,000.00 General Fund appropriation, \$70,630.00 Transit Fund appropriation, \$3,282,705 in grant funding, and other available capital funding sources.
- D. The unexpended fees were deposited in the Highway 41/Main Development Impact Fees Fund, which is the appropriate fund to finance this intersection improvement. All future fees will also be deposited into this fund. The approximate date by which the above Development Impact Fee funds will be deposited into the appropriate account or fund for expenditure is 2024.

Section 6. The City Council finds that the Traffic Development Impact Fee Fund currently contains \$30,992.00 in unexpended Development Impact Fees collected more than five years ago. In accordance with Government Code section 66001(d)(1), the City Council finds as follows:

- A. Additional funds are needed to design and implement traffic improvements to mitigate impacts of new development.
- B. There exists a reasonable relationship between the unexpended funds described above and the purpose for which they were generated because the improvements will mitigate impacts of development of the properties that paid these fees.
- C. The estimated total cost of traffic improvements will be updated in the forthcoming capital needs assessment. The City's funding sources will include unexpended Development Impact Fees of \$30,992.00, future fees, and other available capital funding sources.
- D. The unexpended fees were deposited in the Traffic Development Impact Fees Fund, which is the appropriate fund to finance these traffic improvements. All future fees will also be deposited into this fund. The approximate date by which the above Development Impact Fee funds will be deposited into the appropriate account or fund for expenditure is 2024.

Section 7. The City Council finds that the Storm Drain Development Impact Fee Fund currently contains \$4,208.00 in unexpended Development Impact Fees collected more than five years ago. In accordance with Government Code section 66001(d)(1), the City Council finds as follows:

- A. Additional funds are needed to design and improve the City's storm drain facilities to accommodate new development.
- B. There exists a reasonable relationship between the unexpended funds described above and the purpose for which they were generated because the storm drain improvements will mitigate impacts of development from the properties that paid these fees.

- C. The estimated total cost of storm drain improvements will be updated in the forthcoming capital needs assessment. The City's funding sources will include unexpended Development Impact Fees of \$4,208.00, future fees, and other available capital funding sources.
- D. The unexpended fees were deposited in the Storm Drain Development Impact Fees Fund, which is the appropriate fund to finance these storm drain improvements. All future fees will also be deposited into this fund. The approximate date by which the above Development Impact Fee funds will be deposited into the appropriate account or fund for expenditure is 2023.

Section 8. The City Council finds that the Calvary Baptist Drain Development Impact Fee Fund currently contains \$314.36 in unexpended Development Impact Fees collected more than five years ago. In accordance with Government Code section 66001(d)(1), the City Council finds as follows:

- A. Additional funds are needed to design and improve the storm drain adjacent to Calvary Baptist.
- B. There exists a reasonable relationship between the unexpended funds described above and the purpose for which they were generated because the improvements to the storm drain will help mitigate the impact from development of the properties that paid these fees.
- C. The estimated total cost of this storm drain improvement will be updated in the forthcoming capital needs assessment. The City's funding sources will include unexpended Development Impact Fees of \$314.36, future fees, and other available capital funding sources.
- D. The unexpended fees were deposited in the Calvary Baptist Storm Drain Development Impact Fees Fund, which is the appropriate fund to finance this storm drain improvements. The approximate date by which the above Development Impact Fee funds will be deposited into the appropriate account or fund for expenditure is 2024.

Section 9. The City Council finds that the Sewer Master Plan Development Impact Fee Fund currently contains \$37,238.50 in unexpended Development Impact Fees collected more than five years ago. In accordance with Government Code section 66001(d)(1), the City Council finds as follows:

- A. Additional funds are needed to update the City's Sewer Master Plan.
- B. There exists a reasonable relationship between the unexpended funds described above and the purpose for which they were generated because the Sewer Master Plan will positively impact the properties that paid these fees.
- C. The estimated total cost of Sewer Master Plan will be updated in the forthcoming update to the One Water Plan and any required follow up. The City's funding sources will include unexpended Development Impact Fees of \$37,238.50, future fees, and contributions from the Sewer Operating Fund.
- D. The unexpended fees were deposited in the Sewer Master Plan Development Impact Fees Fund, which is the appropriate fund to finance the Sewer Master Plan

development. All future fees will also be deposited into this fund. The approximate date by which the above Development Impact Fee funds will be deposited into the appropriate account or fund for expenditure is 2024.

Section 10. The City Council finds that the Flood Hazard Development Impact Fee Fund currently contains \$17,385.99 in unexpended Development Impact Fees collected more than five years ago. In accordance with Government Code section 66001(d)(1), the City Council finds as follows:

- A. Additional funds are needed to improve flood hazard areas in the city.
- B. There exists a reasonable relationship between the unexpended funds described above and the purpose for which they were generated because the improvements to the flood hazard areas will help mitigate impacts from development of the properties that paid these fees.
- C. The estimated total cost of improvements to the flood areas will be updated in the forthcoming capital needs assessment. The City's funding sources will include unexpended Development Impact Fees of \$17,385.99, future fees, and other available capital funding sources.
- D. The unexpended fees were deposited in the Flood Hazard Development Impact Fees Fund, which is the appropriate fund to finance the improvements. All future fees will also be deposited into this fund. The approximate date by which the above Development Impact Fee funds will be deposited into the appropriate account or fund for expenditure is 2024.

//
//
//
//
//
//
//
//
//
//
//
//

Section 11. In accordance with Government Code Section 66006(b), the City Council has reviewed and accepted the annual disclosure information made available to the public regarding City Development Impact Fees as presented to the City Council in the Development Impact Fee Report considered concurrently herewith as Attachment 1 hereto, and also placed on file with the City Clerk.

PASSED AND ADOPTED by the City Council of the City of Morro Bay, California, at a regular meeting held on the 28th day of February 2023, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:
- RECUSED:

CARLA WIXOM, Mayor

ATTEST:

DANA SWANSON, City Clerk

ATTACHMENT 1

**CITY OF MORRO BAY
ANNUAL STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES
JUNE 30, 2022**

Government Impact Fees

Government Impact Fees are collected to ensure that new development pays the cost of infrastructure expansion required to meet the needs of that new development, effectively transferring the cost burden of growth from the existing rate and taxpayers.

The collected fees are held in fund 900, Government Impact Fees Accumulation Fund and are permitted to be used for capital projects for new facilities, vehicles, and rehabilitation and/or renovation of existing facilities, so long as the rehabilitation or renovation is needed to serve the new development that has paid the fee.

Fund 900

Beginning Fund Cash Balance FY 2021-22 (07/01/2021) 989,880

	Bal 7/1/2021	Fees Collected	Interest Earned	Fees Used	Remaining Balance
Administration Fees	\$ 528,997	\$ 127,905	\$ 2,028	\$ (9,900)	\$ 649,030
Police Fees	\$ 8,584	\$ 40,533	\$ 152	\$ (1,490)	\$ 47,778
Fire Fees	\$ 26,890	\$ 55,021	\$ 253	\$ -	\$ 82,164
Street Fees	\$ 230,235	\$ 405,131	\$ 1,962	\$ (38,488)	\$ 598,840
Storm Drain Fees	\$ (0)	\$ -	\$ (0)	\$ -	\$ (0)
Parks Fees	\$ 195,176	\$ 116,622	\$ 963	\$ (23,069)	\$ 289,691
	\$ 989,880	\$ 745,212	\$ 5,357	\$ (72,947)	\$ 1,667,502

Uses of Funds

Pipeline Kern and Anchor - Transferred to CIP Fund	\$ 9,900
Shasta St. Pocket Park (Bocce Ball) - Transferred to CIP Fund	\$ 23,069
Hwy 1/41	\$ 38,488
Repave Police Annex	\$ 1,490
Total Use of Funds	\$ 72,947

Total Ending Balance FY 2021-22 (06/30/2022) \$ 1,667,502

Potential future projects are provided below. These are potential projects and may or may not be approved in the City's current budget. Any expenditure from these funds would require Council authorization and approval prior to expenditure.

Government Impact Fees Potential Future Projects

Fund 900

Potential Future Projects		Total Funds Available	
Administration Fees			
Citywide Capital and Facilities Planning	\$	400,000	
Total Potential Admin Projects	\$	400,000	\$ 649,030
Police Fees			
Automated License Plate Reader Camera System	\$	159,000	
Total Potential Police Projects	\$	159,000	\$ 47,778
Fire Fees			
No identified future projects	\$	-	
Total Potential Fire Projects	\$	-	\$ 82,164
Street Fees			
Rock Parking Lot Restroom Renovation-Unfunded	\$	75,000	
ADA Accessibility Upgrades at Quintana and Morro Road	\$	180,500	
Total Potential Street Projects	\$	255,500	\$ 598,840
Storm Drain Fees			
Emergency Storm Drain Repair - Sequoia Court	\$	120,000	
Emergecny Storm Drain Repair Juniper/Elena	\$	83,000	
Total Potential Storm Drain Projects	\$	203,000	\$ (0)
Parks Fees			
Lila Kaiser Parking Lot ADA Improvements	\$	120,000	
Bocce Ball and Recreation Court Improvements	\$	30,000	
Total Potential Parks Projects	\$	150,000	\$ 289,691
Total Potential Future Projects	\$	1,167,500	\$ 1,667,502

Affordable Housing In-Lieu Fees

Affordable Housing In-Lieu Fees are collected from residential development projects when the construction of affordable housing units is impractical. The required in-lieu fee is to be paid to the City prior to the issuance of a building permit (where square footage is added) or a final tract map. The Affordable Housing In-Lieu Fee is \$0.35 per square foot. The collected fees are held in the 941 fund and used solely for the affordable housing program activities, such as the Housing Element development and implementation, or transfer to another public agency for providing affordable housing in the City.

Beginning Fund Cash Balance FY 2021-22 (07/01/2021)					\$ 257,376
Sources of Funds					
	Bal 7/1/2021	Fees Collected	Interest Earned	Fees Used	Remaining Balance
	\$ 257,376	\$ 35,878	\$ 465	\$ (150,000)	\$ 143,718
Uses of Funds					
405 Atascadero Road					\$ (150,000)
Total Use of Funds					\$ (150,000)
Ending Fund Cash Balance (06/30/2020)					\$ 143,718
Potential Future Projects					
Local Housing Agency					\$ 5,000
Total Potential Projects					\$ 5,000

Sewer Impact Fees

Pursuant to Government Code, revenues derived from the City's impact fees can only be used for the purpose for which the charges are collected. Wastewater impact fees recover costs for buying in to existing facilities and assets. As such, this share of each fee represents a reimbursement to the City's existing customer base for previously-funded facilities and may potentially be used for any purpose. However, the City's practice is conservative and uses these fees to exclusively fund capital improvements. The collected fees are held in the 952 fund and are used solely for wastewater capital improvements.

Beginning Fund Cash Balance FY 2021-22 (7/1/2021)					\$0.00
Sources of Funds					
	Bal 7/1/2021	Fees Collected	Interest Earned	Fees Used	Remaining Balance
	\$ -	\$ 141,487	\$ 821	\$ (142,308)	\$ -
Uses of Funds					
Interfund Transfer to WRF Capital Project					\$ 142,308
Total Use of Funds					\$ 142,308
Ending Fund Cash Balance (06/30/2022)					\$0.00
Potential Future Projects					
Lift Station No 1. Force Main Replacement					\$ 400,000
Beachcomber Drive Sewer Main Replacement					\$ 1,207,000
Total Potential Projects					\$ 1,607,000

Water Impact Fees

Pursuant to Government Code, revenues derived from the City’s impact fees can only be used for the purpose for which the charges are collected. Water impact fees are designed to recover the cost of existing water system facilities and assets as well as the cost of system upgrades and expansion needed to serve the City. The collected fees are held in the 951 fund and are restricted to be used solely for water system facilities, assets and system upgrades and expansion.

Beginning Fund Cash Balance FY 2021-22					\$0.00
Sources of Funds					
	Bal 7/1/2021	Fees Collected	Interest Earned	Fees Used	Remaining Balance
	\$ -	\$ 141,949	\$ 85	\$ (142,033)	\$ -
Uses of Funds					
Interfund Transfer to WRF Capital Project					\$ 142,033
Total Use of Funds					\$ 142,033
Ending Fund Cash Balance (06/30/2022)					\$0.00

Potential Future Projects

OneWater Plan Update	\$ 60,000
Reverse Osmosis Facility Upgrades	\$ 80,000
Water Tank Rehabilitation	\$ 125,000
Total Potential Projects	\$ 265,000

Trust & Agency Fund Impact Fee Revenues

The Trust & Agency fund (fund 515) has historically been used by the city to hold funds with restricted purposes. There are three impact fees that remain in the Trust & Agency fund, traffic impact, sewer master plan impact and flood hazard plan impact. In addition, previous years balances exist for the Highway 41/Main Impact, Storm Drain Impact and Calvary Baptist Drain Impact. These funds are restricted to use of related projects and improvements.

Beginning Fund Cash Balance FY 21-22 (07/01/2021)					251,049
Sources of Funds					
	Bal 7/1/2021	Fees Collected	Fees Used	Remaining Balance	
Highway41/Main (2600)	\$ 45,242	\$ 182,807	\$ -	\$ 228,050	
Traffic Impact/All Surces (2607)	\$ 49,973	\$ -	\$ -	\$ 49,973	
Storm Drain (2613)	\$ 6,837	\$ 6,150	\$ -	\$ 12,987	
Calvary Baptist Drain Impact (2616)	\$ 314	\$ -	\$ -	\$ 314	
Sewer Master Plan (2622)	\$ 146,073	\$ -	\$ -	\$ 146,073	
Flood Hazard Plan (2740)	\$ 2,610	\$ 738	\$ -	\$ 3,348	
Subtotal General Fund	\$ 251,049	\$ 189,695	\$ -	\$ 440,744	
Uses Of Funds					
No Funds Used in FY 2021-22					
Ending Fund Cash Balance (06/30/2022)					\$ 440,744

Potential future projects using impact fee balances in the Trust and Agency Fund (515) are provided below. These are potential projects and may or may not be approved in the City's current budget. Any expenditures from these funds would require Council authorization and approval prior to expenditure.

Fund 515		
Potential Future Projects	Estimated Cost	Funds Available
Highway41/Main Impact Fee		\$ 228,050
Traffic Impact/All Sources		\$ 49,973
Citywide Speed Survey	\$ 75,000	
State Rt (SR) 1/SR 41 Interchange Improvement	\$ 600,000	
Potential Future Projects	\$ 675,000	\$ 278,023
Storm Drain Impact		\$ 12,987
Calvary Baptist Drain Impact		\$ 314
Local Roadway Safety Plan	\$ 50,000	
Potential Future Projects	\$ 50,000	\$ 13,301
Sewer Master Plan Impact		\$ 146,073
Flood Hazard Plan Impact		\$ 3,348
Wastewater Treatment Plan Decommissioning	\$ 135,000	
Potential Future Projects	\$ 135,000	\$ 149,421
Total Potential Future Projects & Available Funds	\$ 860,000	\$ 440,744

This Page Intentionally Left Blank



AGENDA NO: A-4

MEETING DATE: February 28, 2023

Staff Report

TO: Honorable Mayor and City Council DATE: February 10, 2023

FROM: Daniel McCrain, Fire Chief

SUBJECT: Authorization to Apply for and Accept the Grant, if awarded, from the Department of Homeland Security and Federal Emergency Management Agency for funding under the Staffing for Adequate Fire and Emergency Response (SAFER) Grant

RECOMMENDATION

Staff recommends the Council authorize the Fire Department to apply for and accept the grant if awarded from the Department of Homeland Security and Federal Emergency Management Agency for funding under the Staffing for Adequate Fire and Emergency Response (SAFER) Grant for the hiring of limited term firefighters.

FISCAL IMPACT

The SAFER Grant covers 100% of the “fully burdened” salary, i.e., salary, benefits, etc. of a Firefighter position which is approximately \$138,144 for year one, \$143,970 year two, and \$150,088 year three per firefighter, or between \$414,432 and \$450,264 for the three (3) positions annually. Under the Fire Department’s proposal to apply for three (3) positions, the grant request will be for \$1,296,606.00 for the three-year grant period. Under this year’s SAFER Grant there is no local matching funds required during the grant’s three-year performance period.

BACKGROUND

Every year multiple grant funding opportunities are made available for fire departments around the nation. It is common practice for departments to continually apply for these types of grants to help support firefighter safety through strategic grant seeking and funding. The most well-known grant programs are the Department of Homeland Security/Federal Emergency Management Agency (DHS/FEMA) SAFER and Assistance to Firefighter Grant (AFG). The primary goal of the SAFER Grant is to enhance the safety of the public and firefighters with respect to fire-related hazards. This is done by providing direct financial assistance to eligible fire departments, nonaffiliated Emergency Medical Services organizations, and State Fire Training Academies. This funding is for critically needed resources to equip and train emergency personnel to recognized standards, enhance operations efficiencies, foster interoperability, and support community resilience. This year’s SAFER Grant has set the highest priority to assist departments experiencing staffing levels significantly below the ideal staffing level required to comply with NFPA 1710 or 1720. For this grant cycle FEMA has

Prepared By: DM

Dept Review:

City Manager Review:

City Attorney Review: CFN

allocated \$360,000,000 for this program and anticipates awarding approximately 300 awards.

As recommended in the Hunt report in 2004, the Emergency Services Ad-Hoc Committee report in 2005, the 2010 strategic plan, and updated 2015 strategic plan, our community will be best served with two 3-person engine companies. This staffing model would create less dependency for off duty personnel to respond from home while meeting the need to respond to medical aids with the ability to contain a structure fire in the room of origin. By increasing our daily staffing from four to five personnel on duty daily we are closer to the optimum level of service outlined in these reports.

The goal of the SAFER grant program is to assist local fire departments with staffing and deployment capabilities to respond to emergencies and ensure that communities have adequate protection from fire and fire-related hazards. Local fire departments accomplish this by improving staffing and deployment capabilities, so they may more effectively and safely respond to emergencies. With enhanced staffing levels, departments should experience a reduction in response times and an increase in the number of trained personnel assembled at the incident scene. The citizens of Morro Bay resonated this sentiment that is outlined in the SAFER Grant goals in the recent success in passing Measure E in 2020 and Measure Q in 2006.

DISCUSSION

The NFPA standard 1710 states a department should provide 16 firefighters on scene within eight minutes 90% of the time for a fire in a single-family residence with the first engine arriving on scene within 4 minutes or 17 firefighters if responding with a ladder truck. Currently our department operates with 12 full-time operational personnel and runs nearly 2,000 calls annually from one fire station. The average response from Morro Bay Fire is currently 4 paid Firefighters with two on one engine and two on the rescue or second engine. The alarm also includes the request for the Fire Chief, Fire Marshal, and reserve firefighters. Local automatic aid contracts bring only 1 fire engine, one ambulance and one chief officer from neighboring agencies for a staffing level of 6.

The reserve Firefighter program has been successful for many years in Morro Bay, but we have witnessed a dramatic decline in qualified candidates due to training obligations, state training mandates and the limited availability to respond to incidents off duty. This has been a trend throughout San Luis Obispo County with all fire departments. In fact, Morro Bay is one of the last city departments in the SLO county to still operate a reserve Firefighter program. Our current organizational design also depends on off-duty full-time personnel responding from home. With the change of our reliability of reserve firefighters and the limited full-time personnel responding from home, today we must rely on auto aid and mutual aid response from our neighboring communities.

A very accurate measurement of the Fire Departments capabilities to mitigate emergencies, is its ISO rating. Currently the Fire Departments ISO rating is a Public Protection Classification (PPC) 3 where a class 1 rating is the highest rating, and a class 9 is the lowest rating. This is extremely important to maintain this rating, not just for the fire department but for the benefit of the entire community. The City's last Insurance Services Office (ISO) rating was conducted in 2022 and the fire department received a PPC of 3/3x. Considering most fire departments like Morro Bay Fire Department have a common PPC rating of 5, and with limited full-time staffing, a PPC-3 is an exceptional rating. But maintaining this rating is dependent on staffing levels as 50% of the ISO evaluation rating is based on fire department capabilities. Increasing staffing to meet the increasing call volume and response times is expected to maintain the fire department's current ISO rating. The next scheduled ISO evaluation is anticipated in the summer of 2025.

By funding these 3 positions, our department will be able to respond 5 personnel and 2 apparatus, 2 Chief Officers (along with 5 firefighters from our automatic aid agencies) within 8 minutes to any single-family fire. This would bring us closer to full NFPA 1710 compliance. Additional staffing will also increase the overall health and safety of the members of the department (NFPA 1500) by relieving physical and emotional stress, reducing injuries, and providing for a healthier working environment. All of these will reduce risk to Firefighters and our community.

The FEMA Safer Grant that we are applying for, and hope to get, will pay for 3 additional firefighter positions. If accepted, it would pay for the total salary and benefit costs for each of the funded positions to include payroll, taxes, and all anticipated costs over the next three years. Under normal circumstances SAFER Grants cover a three-year grant period with grant funding being reduced each year until the year when the city was responsible for 100% of the cost of the subject firefighters. Additionally, the earlier SAFER grants only covered allowable salary ranges, however the new SAFER grant covers “fully burdened” salaries, i.e., salaries, benefits, etc. The other significant change is that the grant covers 100% of all personnel costs due to COVID-19. The proposed 3 grant-funded positions would be brought into the Department at the Firefighter salary range and the start date would depend on the award date.

CONCLUSION

The SAFER Grant was created to provide funding directly to fire departments to help them increase or maintain the number of trained "front line" firefighters available in their communities. Applying for this grant is just one element of the mission of the Morro Bay Fire Department, “*To enhance the quality of life by providing exceptional emergency services.*” The anticipated grant funding awards are scheduled to begin in June 2023 and continue through September 2023.

ATTACHMENT

None

This Page Intentionally Left Blank



AGENDA NO: A-5
MEETING DATE: February 28, 2023

Council Report

TO: City Council

DATE: February 16, 2023

FROM: Carla Wixom, Mayor
Dana Swanson, City Clerk

SUBJECT: Appointment of Representatives on Discretionary Boards and Approval of revised Council Sub-Committees

RECOMMENDATION

Staff recommends the City Council:

1. Accept the appointment of Council Member Edwards as the City’s representative to the REACH Central Coast Economic Development Roundtable; and
2. Designate the Mayor as the official representative of the City of Morro Bay on the California Joint Powers Insurance Authority (CJPIA) Board of Directors, designate the Human Resources Manager as first alternate, and designate the City Manager as second alternate; and
3. Approve revised Council Sub-Committees for Chevron Property and BOEM Interagency Task Force / Wind Energy, as shown on the attached appointment list.

FISCAL IMPACT

There is no fiscal impact associated with the requested action(s).

DISCUSSION

REACH Central Coast

Consideration of appointment of an elected official to the REACH Central Coast Economic Action Coalition was delayed to gather more information regarding the City’s role in this initiative. The REACH Council includes public and private sector stakeholders, economic development practitioners, and an elected official and City Manager from each city in San Luis Obispo County, to work collaboratively on initiatives that cross jurisdictional boundaries. The Council Member appointed to this effort will attend two Economic Development Roundtables each year, which are scheduled for March 9 and November 9, 2023.

CJPIA Board of Directors

On June 23, 2003, the City Council adopted Resolution No. 38-03 approving the City’s membership in CJPIA. (Attached.) The rules of CJPIA require each member agency to appoint a member of its governing board to serve as a representative to the CJPIA Board of Directors each year. The CJPIA also allows for member agency staff to serve as alternates. The full Board of Directors meets once a year to elect officers and review claims history; this year the meeting will

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

be held Wednesday, July 19, 2023 at the CJPIA campus in La Palma, CA. Historically, the City has appointed the Mayor to fulfill the duties as the official representative on the CJPIA Board of Directors, along with two alternates who may attend in the Mayor's absence.

Council Sub-Committees

The Council approved sub-committees at the January 10, 2023 regular meeting. To accommodate better schedules, Council Members Ford and Landrum will exchange roles on the Chevron and BOEM sub-committees. Given these two sub-committees have not yet had policy discussions on either topic, this change does not raise any Brown Act issues.

CONCLUSION

It is recommended the Council approve the revised list of 2023 Council Discretionary Appointments, Liaison Assignments and Sub-Committees as presented.

ATTACHMENT

1. Revised list of 2023 Council Discretionary Appointments, Liaison Assignments and Sub-Committees

CITY COUNCIL DISCRETIONARY APPOINTMENTS (2023)

INTEGRATED WASTE MANAGEMENT AUTHORITY (meets the 2nd Wednesday of every month; 1:30pm; Board of Supervisors Chambers, SLO Government Center)

Laurel Barton	Designee
Cyndee Edwards	Alternate

COUNTY WATER RESOURCES ADVISORY COMMITTEE (meets the 1st Wednesday of the month; 1:30-3:30pm; City County Library Room, 995 Palm, SLO)

Laurel Barton	Delegate
Cyndee Edwards	Alternate

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY (SLORTA) & SAN LUIS OBISPO AREA COORDINATING COUNCIL (SLOCOG) (RTA meets the 1st Wednesday of odd-numbered months; 8:30am; Board of Supervisors Chambers, SLO County Government Center) (COG meets the 1st Wednesday of month in January, February, April, June, August, October & December; 9:00am; Board of Supervisors Chambers, SLO County Government Center. Occasionally, SLOCOG will hold an off-month meeting immediately following a regularly scheduled RTA meeting.)

Carla Wixom	Delegate
Zara Landrum	Alternate

AIR POLLUTION CONTROL DISTRICT (meets the 4th Wednesday of every other odd numbered month; 9:00am; Board of Supervisors Chambers, SLO County Government Center)

Carla Wixom	Member
Cyndee Edwards	Alternate

COMMUNITY ACTION PARTNERSHIP OF SAN LUIS OBISPO COUNTY, INC. (meets the 3rd Thursday of every month; 5pm; CAPSLO Board Room, 1030 Southwood, SLO). Morro Bay rotated off the Board in 2014, Los Osos CSD is the current coastal city representative.

NATIONAL ESTUARY PROGRAM (Executive Committee meets quarterly; 3rd Wednesday of the month in February, May, August and November; 4-6pm)

Zara Landrum	Member
Laurel Barton	Alternate

CITY SELECTION COMMITTEE (as needed)

Carla Wixom (Mayor)	Member
Jen Ford (Mayor Pro Tem)	Alternate

LEGISLATIVE DELEGATE (as needed)

Carla Wixom (Mayor)	Member
Jen Ford (Mayor Pro Tem)	Alternate

SAN LUIS OBISPO COUNTY HOUSING TRUST FUND

City Manager or designee (Comm. Dev.) Member

HOMELESS SERVICES OVERSIGHT COUNCIL (meets the 3rd Wednesday of odd numbered months; 1-3pm; SLO Vets Building Lounge Room, 801 Grand, SLO)

Zara Landrum	Member
Laurel Barton	Alternate

FIRST 5 SLO COUNTY – CHILD CARE LIAISON FOR WE ARE THE CARE INITIATIVE

Jen Ford	Liaison
----------	---------

REACH CENTRAL COAST ECONOMIC DEVELOPMENT ROUNDTABLE (meets twice annually)

Cyndee Edwards	Member
----------------	--------

CITY COUNCIL DISCRETIONARY APPOINTMENTS (2023)

CALIFORNIA JPIA ("CJPIA") ANNUAL BOARD OF DIRECTORS MEETING (held annually the 3rd Wednesday in July)

<u>Carla Wixom (Mayor)</u>	<u>Voting Delegate</u>
<u>Rachael Hendricks, Human Resources Mgr</u>	<u>1st Alternate</u>
<u>City Manager</u>	<u>2nd Alternate</u>

CITY COUNCIL LIAISON ASSIGNMENTS (2023)

PLANNING COMMISSION (meets 1st and 3rd Tuesday of every month; 6:00pm; Vets Hall)
Carla Wixom Liaison

HARBOR ADVISORY BOARD (meets the 1st Thursday of the month, except January, July, and November; 5:30pm; Vets Hall)
Zara Landrum Liaison

RECREATION AND PARKS COMMISSION (meets the 3rd Thursday of the month in odd-numbered months; 6:00pm; Vets Hall)
Laurel Barton Liaison

PUBLIC WORKS ADVISORY BOARD (meets the 3rd Wednesday of the month except July, November and December; 5:30pm; Vets Hall)
Jen Ford Liaison

SAN LUIS OBISPO COUNTY TOURISM MARKETING DISTRICT ADVISORY COMMITTEE (meets semi-annually on the first Thursday of May and December at Embassy Suites, 333 Madonna Rd., SLO)
Jen Ford Liaison

CITIZENS OVERSIGHT / FINANCE COMMITTEE (meets the 3rd Tuesday of the month in January, February, May, August and October; 3:00pm; Vets Hall)
Cyndee Edwards Liaison

CITY COUNCIL SUB-COMMITTEES (2023)

COUNCIL SUBCOMMITTEE ON EMPLOYEE GRIEVANCES (meets as needed)
Carla Wixom (Mayor) Member
Jen Ford (Mayor Pro Tem) Member

WATER RECLAMATION FACILITY / JPA SUB-COMMITTEE
Carla Wixom Member
Zara Landrum Member

MORRO BAY POWER PLANT
Carla Wixom Member
Cyndee Edwards Member

CHEVRON PROPERTY
Carla Wixom Member
Zara Landrum, Jen Ford Member

ESTERO BAY ALLIANCE OF CARE ("EBAC")
Laurel Barton Member
Jen Ford Member

BOEM INTERAGENCY TASK FORCE MEMBER ON WIND ENERGY
Carla Wixom Member
Jen Ford, Zara Landrum Alternate



AGENDA NO: A-6
MEETING DATE: February 28, 2023

Staff Report

TO: Honorable Mayor and City Council **DATE:** February 15, 2023
FROM: Greg Kwolek, Public Works Director
 Janeen Burlingame, Management Analyst
SUBJECT: Adoption of Resolution No. 10-23 Authorizing Submission of Rural Transit Fund (RTF) Grant Application and Execution of Related Documents Upon Award

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 10-23 authorizing submission of the Rural Transit Fund Grant Application and execution of related documents upon award.

FISCAL IMPACT

If the grant application is successful, the City will be awarded \$60,000 to be put in the Transit Fund. There is no local match required for this grant, and there is no fiscal impact to the City's General Fund.

BACKGROUND

The RTF grant program was created on December 5, 2002, when the San Luis Obispo Council of Governments (SLOCOG) adopted Resolution No. 02-16, which was designed to streamline the lengthy federal process of applying for, receiving and using Federal Transportation Administration Section 5311 funds for rural transit agency projects by programming the region's share of Section 5311 funds to the Regional Transit Authority (RTA) for operations and exchanging it with a like amount of State Transportation Development Act (TDA) funds, programmed through SLOCOG. The City of Morro Bay is an eligible recipient to apply for RTF grant funds. Approximately \$715,000 is available for competitive distribution for the FY23/24 cycle, and staff intends to submit a grant application for \$60,000 this year.

DISCUSSION

The proposed use of the grant funds, if awarded, is to hire a consultant to prepare an operational analysis of City's transit system. This analysis would result in recommendations to improve services with the view of making local transit a more viable option for City residents and visitors. The selected consultant would analyze new travel patterns of City residents and visitors that began prior to the COVID pandemic and to what extent travel patterns evolved during and after the pandemic. The recommendations would look at short-, medium-, and long-term opportunities to redefine or modify existing transit services to best match services that meet current demands. Staff estimates the cost of an operational analysis is \$60,000, which would be fully covered by the grant if awarded.

CONCLUSION

Staff recommends the City Council adopt Resolution No. 10-23 authorizing submission of the Rural Transit Fund Grant Application and execution of related documents upon award.

Prepared By: <u>J Burlingame</u>	Dept Review: <u>GK</u>
City Manager Review: _____	City Attorney Review: <u>CFN</u>

ATTACHMENT

1. Resolution No. 10-23

RESOLUTION NO. 10-23

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

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

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

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

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

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

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

WHEREAS, there is \$715,000 available for competitive distribution with project applications for the FY24 RTF cycle.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the City Manager, or his duly appointed representative, is authorized to submit an application to the Rural Transit Fund for sixty thousand dollars (\$60,000.00) to prepare an operational analysis of Morro Bay Transit to improve services provided that would make transit a more viable option for City residents and visitors, and to execute all related documents upon award for the project.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 28th day of February 2023 on the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:
RECUSED:

CARLA WIXOM, Mayor

ATTEST:

DANA SWANSON, City Clerk

This Page Intentionally Left Blank



AGENDA NO: A-7

MEETING DATE: February 28, 2023

Staff Report

TO: Honorable Mayor and Councilmembers **DATE:** February 17, 2023

FROM: Sarah Johnson-Rios, Assistant City Manager/Admin Services Director
Emily Conrad, Finance Manager

SUBJECT: Second Quarter Investment Report for Fiscal Year (FY) 2022-23 (period ending December 31, 2022)

RECOMMENDATION

Staff recommends the City Council receive the First Quarter Investment Report for FY 2022-23 (period ending December 31, 2022).

FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

DISCUSSION

Attached for Council consideration is the Second Quarter Investment Report for FY 2022-23. As of December 31, 2022, the City's weighted portfolio yield of 1.855% for the quarter was slightly below the Local Agency Investment Fund (LAIF) yield of 2.07% for that quarter. There has been a marked increase in interest rates this fiscal year. As lower-yield investments mature and are replaced with higher-yield investments, the weighted portfolio yield will increase and likely surpass LAIF's quarterly yield. As of December 31, 2022, the City had recorded \$178,922.27 in interest earnings for the fiscal year to date.

Staff continues to keep significant cash in the City's LAIF account to ensure cash flow for the ongoing WRF project. Staff continues to replace maturing certificates of deposit with similar instruments as they mature. In this quarter, staff took advantage of increased interest rates with the purchase of a \$1,000,000.00, two-year investment in U.S. Treasury Notes which has a yield of 4.375%. Additionally, the City's Mechanics Bank Money Market account interest rate increased from 0.04% to 2.78%. Staff plans to evaluate investment options more comprehensively, including the exploration of utilizing an investment firm, when the recycled water project is complete or nearing completion, likely toward the end of the current fiscal year. At that time, staff will focus on renewed assessment of cash flow needs and research the most prudent ways to balance Council adopted investment goals of safety, liquidity, and yield as well as social responsibility in accordance with Resolution No. 50-21.

CONCLUSION

Staff recommends that the City Council receive and file the Second Quarter Investment Report (period ending December 31, 2022) for Fiscal Year 2022-23.

ATTACHMENT

1. Second Quarter Investment Report for FY 2022-23 (period ending December 31, 2022).

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

CITY OF MORRO BAY
QUARTERLY PORTFOLIO PERFORMANCE
12/31/2022

INVESTMENT OR CUSIP NUMBER	INSTITUTION	PURCHASE PRICE	INTEREST RATE	PURCHASE DATE	MATURITY DATE	DAYS TO MATURITY
LAIF	LOCAL AGENCY INVESTMENT FUND	\$ 41,023,737	2.07%	DAILY	DAILY	1
MONEY MARKET ACCOUNT:						
MM	MECHANICS BANK - MONEY MARKET	7,155,334	2.78%	DAILY	DAILY	1
SWEEP	MECHANICS BANK - SWEEP	11,532,326	0.01%	DAILY	DAILY	1
CERTIFICATES OF DEPOSIT:						
91282CFQ9	US Treasury Notes	996,718	4.375%	10/31/2022	10/31/2024	670
61760AUU1	ZION BANK - Morgan Stanley	246,000	3.000%	1/24/2019	1/24/2023	24
61690UDL1	ZION BANK - Morgan Stanley	246,000	3.100%	1/24/2019	1/24/2024	389
1731202F5	ZION BANK - Citibank	246,000	3.200%	1/25/2019	1/25/2024	390
052392BM8	ZION BANK - Austin Telco Fed. Cred. Union Tex	249,000	3.400%	8/12/2022	8/12/2024	590
795451BQ5	ZION BANK - Sallie Mae	245,000	3.400%	7/6/2022	7/7/2025	919
20825WAZ3	ZION BANK - Connexus Cred. Union	249,000	3.400%	8/15/2022	8/15/2025	958
27002YFE1	ZION BANK - Eaglebank - Bethesda	249,000	3.300%	8/18/2022	8/18/2025	961
254673Q33	ZION BANK - Discover Bank Greenwood	245,000	3.350%	8/16/2022	8/17/2026	1,325
856285G21	ZION BANK - State Bank of India NY	250,000	1.750%	2/9/2022	2/9/2027	1,501
02589ABQ4	ZION BANK - American Express Natl	247,000	2.000%	3/9/2022	3/9/2027	1,529
14042TFJ1	ZION BANK - Capital One	246,000	2.700%	4/6/2022	4/13/2027	1,564
3090683803	US BANK (FORMERLY STATE FARM BANK)	250,435	3.050%	10/21/2013	10/24/2023	297
		<u>\$ 63,676,549</u>				
			RECORDED INTEREST AS OF 12/31/2022	% OF LIQUID PORTFOLIO HOLDINGS	WEIGHTED AVERAGE RATE OF EARNINGS	WEIGHTED AVERAGE MATURITY
			<u>178,922.27</u>	<u>93.773%</u>	<u>1.855%</u>	<u>52</u>

Portfolio holdings as of the quarter ended December 31, 2022, are in compliance with the current Investment Policy. With 93.773% of the portfolio held in liquid instruments, allowing the City to meet cash flow needs for at least six months, in compliance with the investment policy approved by the City Council in June 2021.

AGENDA NO: A-8
MEETING DATE: February 28, 2023

Citizens Oversight Committee/Citizens
Finance Advisory Committee (CFAC)

Annual Report to Council

February 28, 2023

CFAC Functions and Duties

- **Citizens Oversight Committee**
 - Review Annual Revenue/Expenditure Report for Measures Q and E expenditures (July 2021-June 2022).
 - Review Semi-Annual Revenue and Expenditure Report.
 - Report on Conformance of Expenditures.
- **Citizens Finance Advisory Committee**
 - Provide Citizen Input on Projects City Budget and Other Items.
 - Promote Citizen Participation and Understanding of Financial Information.
 - Review and Comment on the City Budget Prior to Presentation to the City Council.
 - Undertake Special Financial Projects as Directed by City Council, City Manager or City Treasurer.
- **Members: Chair Courtney Shepler, Vice Chair Stephen Peck, Member Homer Alexander, and Member Michael Erin Woody**

- As the Citizens Oversight Committee, Report on the Conformity of Measure Q and Measure E Revenues and Expenditures with Council Adopted Policy (April 13, 2021) and the Legislative Intent (See Next Slide).
 - Fund Police, Fire and Harbor Public Safety Positions
 - Maintain and Enhance Community Cleanliness and Safety
 - Invest in Infrastructure Such As Street Paving, Storm Drains, and Vehicle Replacements.
 - Fund Positions to Address the Backlog of Funded Capital Projects
 - Maintaining Appropriate Reserves
- As the CFAC, Report on Budget Review, with Particular Emphasis on the Budget for Measures Q and E.
- Make Recommendations to the City Council on How to Improve Transparency, Maintain Compliance, Promote Citizen Participation, and Increase Effectiveness.

Legislative Purposes of Q/E

<u>Purpose and Use of Funds</u>	<u>Measure</u>	
	<u>Q (2006)</u>	<u>E (2020)</u>
Maintain Police Department Services	x	x
Maintain Fire Department Services		x
Maintain 24/7 Paramedic Services		x
Maintain 911 Emergency Response		x
Upgrading Fire/Paramedic Equipment	x	
Fire Stations	x	
Health Emergency/Disaster Preparedness		x
Keeping Beaches and Public Areas Safe and Clean		x
Retaining/Attracting Businesses		x
General City Services	x	x
Street Maintenance and Pothole Repairs	x	
Improve Storm Drains to Protect the Bay	x	
CFAC Role	“Review Annual Expenditures”	“Public Oversight”

Measure Q/E Overview

- Committee met January 2023 to review Measures Q&E fiscal year expenditure versus budget (2021-2022)
- Overall Finding: 2020-2021 Measures Q and E Expenditures were in conformance with City Council policies for expenditure of those funds, and generally in conformance with the legislative intent of the measures as presented to the voters.
- Measure Q/E Revenues Have Been Reliable and Resilient
 - 2020-2021 Tax Revenue from Measure Q/E was \$ 1.98M, and \$4.7M in 2021-2022, Exceeding Projections.
 - Some Authorized Expenditures Have Lagged Because of Onboarding of Funded Positions

Summary of CFAC Activities

- CFAC Reviewed and Commented on Measure Q/E Transactions during the fiscal year 2021-2022.
- Review of Two Quarterly Budget Reports with Feedback provided to City Finance staff.
- Review Public Information Strategies to Enhance Access and Transparency.
- Presentation from HdL About Measure Q and E Tax Revenues.
- CFAC Role in Review of WRF Reports.
- FY 22-23 Measure QE budget, Input on FY 21-22
- Midyear Measure QE budget.
- Review and Recommend Council Compensation,
- Pension Liabilities and Establishing a Pension Reserve, and Other (OPEB) Liabilities.
- Update on City Council Goals and Input for the November 2021 Goals Process.
- Quarterly WRF Reviews for the First Part of the Fiscal Year.



AGENDA NO: C-1
MEETING DATE: February 28, 2023

Staff Report

TO: Honorable Mayor and City Council **DATE:** February 21, 2023
FROM: Rachael Hendricks, Human Resources Manager
SUBJECT: Consideration of Conditional Appointment of Greg Carpenter as Interim City Manager and Conditional Approval of Employment Agreement between the City of Morro Bay and Greg Carpenter

RECOMMENDATION:

Staff recommends the City Council appoint Greg Carpenter as the Interim City Manager contingent upon successfully passing the City’s background check, and authorize the Mayor to execute the attached employment agreement following the same.

ALTERNATIVES:

No alternatives are being recommended.

FISCAL IMPACT:

There is no fiscal impact associated with the requested action. Mr. Carpenter is a California Public Employee Retirement System (CalPERS) retired annuitant. Under CalPERS rules, the compensation paid to retirees cannot be less than the minimum nor exceed the maximum monthly base salary paid to other employees performing comparable duties, divided by 173.333 to equal the hourly rate. Also, retired annuitants cannot receive any other benefit, incentive, compensation in lieu of benefit or other form of compensation in addition to this hourly pay rate. Therefore, salary figures will be no more than the former City Manager, and those amounts have been programmed in both the current year FY22/23 (ends June 30) and future approved FY23/24 budgets.

BACKGROUND/DISCUSSION:

Scott Collins, Morro Bay’s current City Manager, has announced he will resign on March 3, 2023. As it is expected to take several months to run a full-scale recruitment for his replacement, the City is in need of an Interim City Manager. Following notice of Mr. Collins’ resignation, the Council formed a Council sub-committee of Mayor Wixom and Council Member Edwards to explore options for recruiting both an Interim and a permanent City Manager.

City staff was able to locate a candidate for interim City Manager, retired El Segundo City Manager Greg Carpenter. Greg Carpenter has over 25 years of experience in public sector management, including experience as an interim City Manager on the Central Coast. Most recently, he was the City of Paso Robles’ Interim City Manager in 2021.

Mr. Carpenter brings a wealth of experience and expertise to the City of Morro Bay, having served as a City Manager, Director of Planning and Building Safety, and Planning Bureau Manager. Mr. Carpenter's experience in public sector management is extensive. During his tenure as the City Manager of El Segundo, he carried out the policy direction of the City Council, managed the

Prepared By: RH Dept Review: _____
City Manager Review: _____ City Attorney Review: MH
2023-02-28 CC Mtg Page 47 of 187

Executive Team of the City, oversaw the financial health of the organization, developed long-range strategy and plans for the City, and acted as the Personnel Officer of the City. Mr. Carpenter holds a Bachelor of Arts in Geography and a Master of Public Administration from California State University Long Beach. He graduated a Phi Alpha Alpha, a prestigious national honor society for public affairs and administration students.

The proposed employment agreement is provided as Attachment 1 and Mr. Carpenter's resume is provided as Attachment 2. It is anticipated that Mr. Carpenter's first official day with the City will be Monday, March 13, 2023. Ms. Johnson-Rios will serve as the Acting City Manager from March 4, 2023 until March 13, 2023.

CONCLUSION

Staff recommends the City Council appoint Greg Carpenter as the Interim City Manager contingent upon successfully passing the City's background check, and authorize the Mayor to execute the attached employment agreement following the same.

ATTACHMENTS

1. Proposed Interim City Manager Employment Agreement
2. Resume submitted by Greg Carpenter

CITY OF MORRO BAY
AT-WILL INTERIM CITY MANAGER
EMPLOYMENT AGREEMENT

This AT-WILL INTERIM CITY MANAGER EMPLOYMENT AGREEMENT (“Agreement”) is made by and between the CITY OF MORRO BAY (the “City”) and GREG CARPENTER (“Employee”). The City and Employee may be referred to individually as a “Party” or collectively as “the Parties.”

WHEREAS, Government Code subdivision 21221(h) permits retired annuitants under the California Public Employees’ Retirement System (“CalPERS”) to be employed without reinstatement from retirement upon appointment by a public agency to fill a vacant position on an interim basis during the recruitment to permanently fill the vacant position; and

WHEREAS, the position of CITY MANAGER is currently vacant, and the City is currently conducting an open recruitment to fill the vacant position; and

WHEREAS, Employee has reached normal retirement age; and

WHEREAS, the City anticipates the CITY MANAGER position will be filled with a permanent replacement within TWELVE months after the effective date of this Agreement; and

WHEREAS, the duties of the CITY MANAGER are set forth in full in Exhibit “A” to this Agreement; and

WHEREAS, it is the desire of the City Council to appoint Employee to serve as an at-will, temporary employee for the position of Interim CITY MANAGER, which is a position that requires specialized skills and expert professional services for a definite period of time, effective March 13, 2023; and

WHEREAS, as a CalPERS retired annuitant under Government Code subdivision 21221(h), Employee (i) possesses knowledge, skills and abilities necessary to fulfill the required duties of the Interim City Manager, as demonstrated by his success as a City Manager over an extensive period of time, (ii) desires to perform the duties of and assume responsibility for the position of Interim City Manager, and (iii) acknowledges such employment is at-will and of a limited duration for a definite period of time, as described below; and

WHEREAS, the Parties wish to establish the terms and conditions of Employee’s services to the City, as described in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, City and Employee hereby agree as follows:

Section 1: TERM

The term of this Agreement shall commence on March 13, 2023 and shall automatically terminate on March 12, 2024 unless terminated prior to that date by either Party (the “Term”).

The City shall terminate this Agreement in accordance with Section 4 of this Agreement upon the City appointment of a permanent replacement for the position of City Manager. In no event shall the Term exceed the 960-hour per fiscal year limit under Government Code subdivision 21221(h). In the event Employee works 960 hours in a single fiscal year during the Term of this Agreement, then this Agreement shall terminate automatically. March 13, 2023 shall be Employee's "Hire Date" for purposes of this Agreement.

Section 2: DUTIES, RESPONSIBILITIES, AND WORK HOURS

A. Employee shall be appointed to the position of Interim City Manager, the functions and duties of that position, as described in Exhibit "A" to this Agreement, and such other legally permissible and proper duties and functions as the City Council shall, from time to time, direct or assign to Employee. Employee acknowledges the position of Interim City Manager requires specialized skills and expert professional services for a definite period of time, as described above in Section 1 of this Agreement. Employee agrees to perform all such functions and duties to the best of Employee's ability and in an efficient, competent, and ethical matter.

B. During the term of his appointment to the position of Interim City Manager, the Parties anticipate that Employee will work a full-time schedule of approximately forty (40) hours per week. Employee shall not work more than forty (40) hours per week without first obtaining written authorization to do so from the Mayor. Employee acknowledges proper performance of the duties of Interim City Manager may occasionally require Employee to devote time outside of normal office hours, including attendance at City Council and other City or community meetings. Notwithstanding the foregoing, the Parties understand and agree, due to the CalPERS' limitation on the number of hours Employee can work for the City, Employee may not be available during some hours or days, if extra time is required for attendance at meetings and other reasons relating to City-business.

C. All data, studies, reports, and other documents prepared and/or reviewed by Employee while performing his duties during the Term of this Agreement shall be furnished to and become the property of the City, without restriction or limitation on their use. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other materials either created by or provided to Employee in connection with the performance of this Agreement shall be held confidential by Employee to the extent permitted by applicable law. Such materials, without the prior written consent of the City, shall not be used by Employee for any purpose other than the performance of his duties. Nor shall such materials be disclosed to any person or entity not connected with the performance of services under this Agreement, except as required by law.

Section 3: COMPENSATION/ BENEFITS PROHIBITED

A. The City agrees to compensate Employee at the rate of One Hundred Three Dollars and Five Cents (\$103.05) per hour, which is within the hourly compensation range for the City Manager position. The current compensation range for the City Manager position is \$194,179.00 to \$214,338.00 annually. ($\$214,338 \div 12 \div 173.333 = \103.05 .)

B. Employee shall not be eligible for any other benefits, incentives, compensation in lieu of benefits, or any other forms of compensation in addition to the hourly rate except for the above hourly rate and workers' compensation benefits.

Section 4: RESIGNATION/TERMINATION

A. Employee may resign at any time; provided, however, Employee shall reasonably provide the City Council with at least **thirty-days' advance written notice unless otherwise shortened by the City Council.**

B. Employee is an at-will employee and serves at the will and pleasure of the City Council and may be terminated at any time, with or without cause, and with or without notice, at any time by the City Council.

C. In accordance with state law and the requirements of the California Public Employees Retirement Law, Employee may not be reappointed to this position following the expiration of this Agreement, nor may this Agreement be modified to extend the term of the Agreement.

D. After notice of resignation or termination, Employee shall cooperate with the City, as requested by the City, to effect a transition of Employee's responsibilities and duties and to ensure the City is aware of all matters being handled by Employee.

E. Employee shall not be entitled to severance pay and Employee expressly waives any and all rights with respect to severance pay.

Section 5. NOTICES

Notices required to be served pursuant to this Agreement shall be served in person or by first-class U.S. mail addressed as follows:

City

Mayor
City of Morro Bay
595 Harbor Street
Morro Bay, California 93442

Employee

Greg Carpenter
Address on file with the City

Section 6: GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Agreement are described as follows:

A. Indemnification. To the extent mandated by the California Government Code, the City shall defend, hold harmless, and indemnify Employee against any tort, professional liability, claim or demand, or other legal action arising out of an alleged act or omission occurring in the performance of Employee's services under this Agreement. This section shall not apply to any

intentional tort or crime committed by Employee, to any action outside the course and scope of Employee's employment, or any other intentional or malicious conduct or gross negligence of Employee.

B. Entire Agreement. The text of this Agreement shall constitute the entire and exclusive agreement between the Parties regarding the subject matter hereof. All prior oral or written communications, understandings, or agreements between the Parties not set forth herein shall be superseded in total by this Agreement. No amendment or modification to this Agreement may be made except by a written agreement signed by the Employee and the City's City Council and approved as to form by the City Attorney.

C. Assignment. This Agreement is not assignable by either the City or Employee.

D. Severability. In the event any provision of this Agreement is finally held or determined to be illegal or void by a court having jurisdiction over the Parties, the remainder of this Agreement shall remain in full force and effect unless the parts found to be illegal or void are wholly inseparable from the remaining portions of this Agreement.

E. Effect of Waiver. The failure of either Party to insist on strict compliance with any of the terms, covenants, or conditions in this Agreement by the other Party shall not be deemed a waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other time or times.

F. Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of California, which are in full force and effect as of the date of execution. Any action to interpret or enforce the terms of this Agreement shall be held exclusively in a state court in Los Angeles County, California. Employee expressly waives any right to remove any such action from Los Angeles County.

G. Effective Date. This Agreement shall not become effective until it has been signed by Employee and on behalf of the City.

H. Effect of Agreement on Employee's CalPERS Retirement Benefits. The City makes no representation on the impact, if any, this Agreement shall or may have upon his CalPERS retirement benefits, status, duties, and/or obligations. Employee acknowledges that in entering into this Agreement, he has not relied upon any such representations (none of which being in existence) in assessing the CalPERS-related impact of his employment. Therefore, Employee releases the City from any and all CalPERS-related claims or liabilities that may arise in connection with his employment pursuant to this Agreement.

I. No Unemployment Insurance Benefits Received By Employee. Employee expressly certifies and warrants to the City that he has not received any unemployment insurance payments for retired annuitant work for any public employer within the 12 months prior to his appointment date.

J. Compliance With 960 Hours Per Fiscal Year Limit. Employee further certifies and warrants to the City his anticipated work schedule of 40 hours per week will not cause him to exceed the 960 hours per fiscal year limit pursuant to Government Code subdivision 21221(h).

K. Conflicts Prohibited. During the term of this Agreement, Employee shall not engage in any business or transaction or maintain a financial interest which conflicts, or reasonably might be expected to conflict, with the proper discharge of Employee's duties under this Agreement. Employee shall comply with all requirements of law, including but not limited to, Sections 1090, 1125, and 87100 *et seq.* of the Government Code, and all other similar statutory and administrative rules.

L. Independent Legal Advice. The City and Employee represent and warrant to each other that each has received legal advice from independent and separate legal counsel with respect to the legal effect of this Agreement or at least had the opportunity to do so, that each has carefully reviewed this entire Agreement, that each and every term thereof is understood, and that the terms of this Agreement are contractual and not a mere recital. This Agreement shall not be construed against the Party or its representatives who drafted it or who drafted any portion thereof.

M. Government Code §§ 53243 - 53243.4. Government Code §§ 53243 - 53243.4 sought to provide greater transparency in local government and institute certain limitations on compensation paid to local government executives. Those statutes also require contracts between local agencies and its employees include provisions requiring an employee who is convicted of a crime involving an abuse of his office or position to provide reimbursement to the local agency. Those statutes are incorporated herein by reference. Accordingly, the Parties agree it is their mutual intent to fully comply with the cited Government Code sections and all other applicable law as it exists as of the date of execution of this Agreement and as such laws may be amended from time to time thereafter. Specifically, the following Government Code sections are called out and hereby incorporated by this Agreement:

§53243. Reimbursement of paid leave salary required upon conviction of crime involving office or position.

§53243.1. Reimbursement of legal criminal defense upon conviction of crime involving office or position.

§53243.2. Reimbursement of cash settlement upon conviction of crime involving office or position.

§53243.3. Reimbursement of noncontractual payments upon conviction or crime involving office or position.

§53243.4. "Abuse of office or position" defined.

Employee represents Employee has reviewed, is familiar with, and agrees to comply fully with each of these provisions if any of these provisions are applicable to Employee.

IN WITNESS WHEREOF, the City of Morro Bay has caused this Agreement to be signed and executed on its behalf by its Mayor, and approved as to form by the City Attorney, and executed by the Employee.

CITY OF MORRO BAY,

Dated: _____
Carla Wixom,
Mayor

Attest: _____
Dana Swanson,
City Clerk

Approved as to form: _____
Chris F. Neumeyer,
City Attorney

EMPLOYEE,

In signing this Agreement, Employee understands and agrees he is an **at-will, temporary employee** and his rights to employment with the City are governed by the terms and conditions of this Agreement rather than the ordinances, resolutions, and policies of the City, which might otherwise apply to classified or other employees of the City. Employee further acknowledges he was given the opportunity to consult with an attorney prior to signing this Agreement.

Dated: _____

Signed: _____
Greg Carpenter



CITY OF MORRO BAY

CITY MANAGER

DEFINITION

Under broad policy guidance of the City Council, performs high level of administrative, technical and professional work in directing and supervising the administration of city government.

ESSENTIAL DUTIES & RESPONSIBILITIES

1. Manages and supervises all departments of the city to achieve goals within available resources.
2. Directs and monitors department assignments; reviews progress and directs changes as needed.
3. Trains, motivates and evaluates assigned staff.
4. Provides leadership and direction in the development of short and long range plans.
5. Gathers, interprets, and prepares data for studies, reports and recommendations.
6. Coordinates department activities with other departments and agencies as needed.
7. Provides professional advice to the City Council and Department Heads.
8. Makes presentations to the City Council, boards, commissions, civic groups and the general public.
9. Communicates official plans, policies and procedures to staff and the general public.
10. Performs cost control activities.
11. Monitors revenues and expenditures in assigned area to assure sound fiscal control
12. Assures effective and efficient use of budgeted funds, personnel, materials, facilities, and time.
13. Determines work procedures and expedites workflow.
14. Studies and standardizes procedures to improve efficiency and effectiveness of operations.
15. Issues written and oral instructions.
16. Assigns duties and examines work for exactness, neatness, and conformance to policies and procedures.
17. Maintains harmony among workers and resolves grievances.
18. Adjusts errors or complaints.
19. Prepares a variety of studies, reports and related information for decision-making purposes.
20. Appoints and removes all department heads and employees of the City.
21. Sees that all laws and ordinances are upheld.
22. Prepares and submits a preliminary annual City budget.

CITY MANAGER

23. Administers the adopted budget of the City.
24. Advises the City Council of financial conditions and current and future City needs.
25. Attends all meetings of the City Council, and meetings at which attendance may be required by the Council.
28. Other duties as required by the City Council and as set forth in the Morro Bay Municipal Code, Chapter 2.12.

QUALIFICATIONS

Knowledge of:

Modern policies and practices of public administration; working knowledge of municipal finance, human resources, public works, public safety, and community development; preparing and administering municipal budgets; planning, directing, and administering municipal programs.

Ability to:

Prepare and analyze comprehensive reports; carry out assigned projects to their completion; effectively communicate verbally and in writing; establish and maintain effective working relationships with employees, City officials and the public; efficiently and effectively administer a municipal government.

Education and Experience:

Graduation from an accredited four-year college or university with a degree in public administration, political science, business management or a closely related field; and, five (5) years experience in municipal administration. Masters degree preferred.

Valid and appropriate California Driver=s License.

TOOLS & EQUIPMENT USED

Requires frequent use of personal computer, including word processing and spreadsheet programs; calculator, telephone, copy machine and fax machine.

CITY MANAGER

PHYSICAL DEMANDS

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

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

The employee must occasionally lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

WORK ENVIRONMENT

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

The noise level in the work environment is usually moderately quiet.

SELECTION GUIDELINES

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

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

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

Approved by the Morro Bay City Council on May 28, 1996

h/jdctyadm

Phone:

E-mail:

Greg Carpenter

Objective

To serve the community as their City Manager

Experience

2008-2019 City of El Segundo

Director of Planning and Building Safety (2008-2012), City Manager (2012 – 2019)

- Carry out the policy direction of the City Council
- Insure communications between City Hall and the Community
- Manage the Executive Team of the City
- Oversee the financial health of the organization
- Develop long range strategy and plans for the City
- Act as the Personnel Officer of the City

2002-2008 City of Long Beach

Zoning Administrator (2002- 2004), Planning Bureau Manager (2004-2008)

- Served as the Zoning Administration Hearing Officer for bimonthly hearings for Variances, Coastal Permits and miscellaneous administrative permit types.
- Oversaw the personnel and budgeting functions of the Bureau (30 employees)
- Coordination of the activities of the Current Planning, Advanced Planning, Environmental Planning, Community Planning and Historic Preservation Divisions.
- Served as Secretary to the Planning Commission, and Cultural Heritage (Historic Preservation) Commission

2001-2002 City of Lawndale

Planning Manager

- Managed all Planning and Building activities
- Managed numerous amendments to the Zoning Regulations, General Plan Amendments and the adoption of the Housing Element of the General Plan

Education

California State University Long Beach

- B.A., Geography
- M.P.A Public Administration Graduated Phi Alpha Alpha.



AGENDA NO: C-2
MEETING DATE: February 28, 2023

Staff Report

TO: Honorable Mayor and City Council **DATE:** February 22, 2023
FROM: Scott Collins, City Manager
Sarah Johnson-Rios, Assistant City Manager/Admin Services Director
Kelley Mattos, Senior Administrative Services Analyst
SUBJECT: Fiscal Year 2022-23 Midyear Budget and Financial Update

RECOMMENDATION

Staff recommends that the City Council:

1. Receive a fiscal outlook update;
2. Receive the Fiscal Year (FY) 2022-23 Midyear Budget Report; and
3. Adopt Resolution No. 11-23 authorizing the attached Budget Amendments

FISCAL IMPACT

There is no immediate fiscal impact associated with receiving the financial outlook update. Any input will be incorporated into the FY 2023-24 budget development process and brought back to Council for approval.

Citywide, across all funds, the proposed midyear budget changes represent approximately \$2.6 million in net expenditure increases, to be funded by General Fund Emergency Reserves (\$1.5 million), General Fund spendable fund balance (\$0.4 million), Water Operating Fund balance (\$0.3 million), Sewer Operating Fund balance, (\$0.1 million), Harbor Operating Fund balance (\$0.2 million), and small other sources including the American Rescue Plan Act and Ironman reimbursement (\$0.1 million). The detailed changes are listed in Attachments 1 and 2.

BACKGROUND

The City traditionally evaluates its primary revenues and expenditures in its major funds at the middle of the fiscal year and recommends any necessary budget amendments. The attached Midyear Budget Report (Attachment 1) covers the first seven months of the fiscal year beginning July 1, 2022 and ending January 31, 2023. The report presents analysis related to the key General Fund revenues and expenditures by category as well as an analysis of the City’s other major funds.

A midyear report on Measure Q & E Fund expenditures was taken to Citizens’ Finance Advisory Committee (CFAC) on February 21, 2023 for their input but due to lack of quorum they were not able to provide input. While CFAC’s review of past Measure Q & E expenditures is required by ordinance, their input on budget items is not required (it has been sought at Council’s request).

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

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

detailed financial forecasts for the City's major funds are presented during the budget development process.

DISCUSSION

Fiscal Outlook

At this time, the fiscal outlook for the City is a cautious one. While the City has rebounded fully from the COVID-19 pandemic and major revenue sources (property tax, sales tax and transient occupancy tax (TOT)) have reached pre-pandemic levels, growth is now slowing. Even slow growth may result in potential changes to service provision over time, given that expenditures continue to rise faster than revenues are projected to rise in the near-term. With inflation slightly declining but persisting, and with looming higher payments for past pension liabilities, use of reserves or exploration of new revenue sources may be required in coming years to maintain the level of core City services that the community seeks.

Major Revenue Sources – Overall, revenues are projected to level off or to grow much more slowly than the previous fiscal year.

- **Property tax** – the County Assessor's Office provides property tax estimates each year at budget time and at midyear. They do not forecast revenues beyond the current fiscal year. The latest estimates do not call for any increases to budgeted amounts for FY 2022-23. While property values have been increasing significantly, the number of sales transactions is very small compared to the number of properties in Morro Bay, resulting in smaller changes to the Citywide assessed valuation. This year's budgeted revenues are approximately one percent higher than last year's budgeted revenues and no change is recommended.
- **Sales tax** – The City contracts with HdL to forecast sales tax revenue both for the General Fund Bradley Burns sales tax revenue and for the Measure E local sales and use tax revenues. Their midyear projection indicates that a small revenue increase in Measure E funds can be supported, as recommended, but that future growth will level off significantly. While the City has seen sales tax growth in the 10-15% ranges in recent years due to recovery from the pandemic, FY 2023-24 sales tax revenues are projected to grow only 0.6% from current year revenues. FY 2024-25 revenue is projected to return to more baseline rates of growth, likely in the 2-3% range.
- **TOT** – These estimates are developed in coordination with Visit Morro Bay and are based on review of recent occupancy rates, average daily room rates, and regional trends. Data indicates that daily room rates are declining, while occupancy is holding steady. Visit SLOCAL is regionally projecting 2-3% declines in revenue from the prior fiscal year. Visit Morro Bay projects that revenue in the remainder of FY 2022-23 will be strong given a series of spring events returning to town as well as the new Ironman event in May. Given these factors in flux, staff recommends no changes to the current fiscal year TOT budget. Future year TOT revenues are projected to level off.

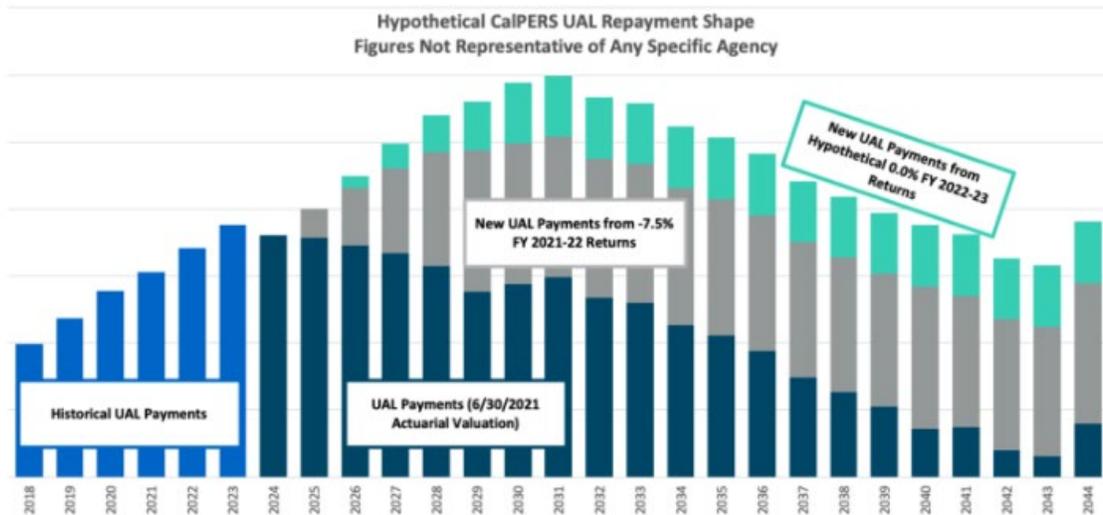
Additional detail for current fiscal year revenues is provided in the Midyear report in Attachment 1.

Expenditures – While revenues are projected to level off or grow more slowly in the years ahead, expenditures are projected to continue to increase more rapidly.

- **Current personnel costs** – As the City delivers services through people, personnel costs are the largest share of the City's operating budget. The City of Morro Bay's current Memorandums of Understanding with bargaining groups representing City employees include a 4% salary increase effective on July 1, 2023. Most cities in the region and many in the State offered significant wage increases in the face of high inflation and a tight labor market. Even with these wage increases, recruitment and retention of highly qualified staff continues to be an ongoing challenge on the central coast and in Morro Bay. The San Luis Obispo County Workforce Development Board reported that unemployment was only 2.4% in November 2022, indicative of the

challenge.

- **Pension liability payments** – The City is required to make both current pension payments to CalPERS for current employees’ current year pension contributions, and also to make minimum payments toward the much larger amount that is associated with past pension obligations, called the “unfunded accrued liability” or UAL. The UAL is largely associated with prior employees and more generous pension tiers that have since been phased out under State law with pension reform. The City is expecting to see increasing minimum UAL payments due annually for the next several years after FY 23-24, as shown visually in a generic scenario below (provided by NHA Advisors, the municipal advisors that the City has recently utilized for pension reserve guidance). The City’s UAL payments are a moving target that are impacted by CalPERS’s achieved rate of returns in the market. While CalPERS recently had one good year of returns over 21%, which will result in lower payments in FY 2023-24, it was followed by a year of significant losses (-7.5% in FY 21-22) which will result in higher payments again starting in FY 2024-25 and beyond.



Based on Council and CFAC direction, the City has made additional progress recently toward addressing this liability by creating a pension reserve policy and appropriating initial funding for a pension reserve. Additional planning will be needed in the FY 2023-24 budget cycle and beyond to ensure that the City can maintain current service levels while meeting this obligation.

- **Storm emergency recovery costs** – Staff is in the early phase of assessing damages, obtaining estimates for repair, and exploring opportunities for insurance settlements and federal and state reimbursements to offset a portion of repair costs for the January 9 emergency storm surge. While the midyear budget amendments include budget authorization requests for high-priority near-term recovery work to proceed while reimbursement opportunities are pursued, final numbers will not be known for some time. Given that the preliminary estimates for total costs are in the \$15-20 million range, fiscal prudence should be exercised in other areas until more clarity is obtained regarding true long-term recovery costs and reimbursement prospects.
- **Unfunded capital needs** - The City will need to balance service needs, competitive compensation, pension costs, and storm recovery costs with a remaining need to address significant deferred capital improvements. The magnitude of necessary capital investment will take time to assess in detail, with \$400,000 allocated in the adopted FY 2022-23 budget to initiate capital needs assessments in the Harbor and other areas of the City. Contributions to capital needs must be built into future year budgets to ensure safe and sufficient infrastructure and to avoid further increasing costs with continued

deferred maintenance.

In summary, the fiscal outlook warrants caution going into the upcoming Council goals-setting process and FY 2023-24 budget development cycle. Detailed forecasts will be presented during budget development for the City's major funds. Current year forecasts can be referenced in the [FY 2022-23 Adopted Budget](#).

Midyear Budget Report

The attached Midyear Budget Report (Attachment 1) provides a high level of detail regarding fiscal year-to-date revenues and expenditures in the City's major funds, as well as a detailed breakout of recommended budget amendments by fund. The following provides a high-level summary of the information in Attachment 1.

Fiscal-Year-to-Date Update - Overall, this year's midyear report demonstrates revenues and expenditures that are on track with no significant deviations beyond the storm repair costs for the January 9th emergency event. Citywide, across all funds, the City has received approximately 49% of revenues as of January 31, 2023 and expended approximately 47% of all budgeted expenditures. This indicates that revenues are on track given a routine lag in revenue receipts of one to two months for primary revenue sources. The City's largest revenue sources (sales tax, property tax, and Transient Occupancy Tax (TOT)) are coming in as budgeted. The City is not seeing the same levels of rapid revenue growth that were experienced in the last year or so due to recovery from the acute impacts of the pandemic. It indicates that expenditures are on track or slightly below budget, with some irregularity in expenditure timing across the fiscal year as well.

Recommended Budget Amendments –

- **Previously Approved by Council** – Several budget adjustments are needed to reflect items previously approved by Council during this fiscal year. These add approximately \$250,000 to the revenue or transfers in budget and approximately \$388,000 to the expenditure or transfers out budget citywide, for a total net expenditure budget increase of approximately \$138,000 across all funds. Each change is detailed by fund herein. This category of changes is funded by grant revenues, additional SB 1 state funding, and available fund balance.
- **New Recommended Budget Amendments** – Several additional amendments are recommended to maintain core City services, and to recognize new grant revenues and associated expenditures. These recommended budget amendments not yet considered by Council and not related to the January 9th storm costs total approximately \$694,000 in revenues or transfers in and approximately \$1,335,000 in expenditures or transfers out, for a total net expenditure increase of approximately \$641,000 citywide, across all funds. Each recommended change is detailed by fund herein. This category of changes is funded by grant revenues, Measure E sales tax budget increase, and available fund balance. The majority of recommended expenditure changes are one-time changes rather than ongoing changes, making fund balance an appropriate source.
- **Near-Term Storm Recovery Amendments** - Finally, additional budget amendments are needed to address immediate storm response and near-term recovery costs from the January 9th storm damage. Storm recovery cost estimates are preliminary, and staff is in the very early stages of seeking funding from the federal and state government and insurance coverage. The Midyear report only addresses immediate storm response costs and near-term recovery costs estimated through June 30, 2023. Long-term storm emergency recovery estimates are still underway. For preliminary storm recovery activities, the General Fund Emergency Reserve can be utilized and hopefully largely restored by federal, state, or insurance funding, and Water and Harbor fund balances are available to cover those preliminary costs. The near-term recovery costs are summarized here by category and by fund, and outline in detail under each Fund section herein. Total expenditures through June

30th are estimated to be approximately \$1.8 million. This does not include staff time, which is being tracked separately to be submitted for reimbursement where eligible.

FY 2022-23 Recommended Mid-Year Budget Adjustments for January Storm Costs by Category				
<u>Category</u>	<u>Category Description</u>	<u>Completed</u>	<u>In process - to be completed by 6/30</u>	<u>Total FY 2022/23</u>
A	Debris Clearance	\$ 476,900	\$211,000	\$687,900
B	Protective Measures	\$64,000	\$0	\$64,000
C	Road Systems	\$15,000	\$486,019	\$501,019
D	Water Control Facility	\$0	\$0	\$0
E	Buildings and Equipment	\$0	\$427,674	\$427,674
F	Public Utility System	\$0	\$100,000	\$100,000
	Totals	\$555,900	\$1,224,693	\$1,780,593
FY 2022-23 Estimated Repair Costs by Fund				
Fund	001-General Fund	\$938,100		
Fund	915-General Fund Capital	\$556,019		
Fund	311-Water Operating	\$281,474		
Fund	331-Harbor Operating	\$5,000		
	Total	\$1,780,593		

Citywide, across all funds, these changes represent approximately \$2.6 million in net expenditure increases, to be funded by General Fund Emergency Reserves (\$1.5 million), General Fund spendable fund balance (\$0.4 million), Water Operating Fund balance (\$0.3 million), Sewer Operating Fund balance, (\$0.1 million), Harbor Operating Fund balance (\$0.2 million), and small other sources including the American Rescue Plan Act and Ironman reimbursement (\$0.1 million). The detailed changes are listed in Attachments 1 and 2.

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

Recommended Staffing Adjustments – There are no recommended staffing adjustments at this time. Fiscal year-to-date, Council previously considered and approved the addition of a Harbor Patrol Officer on November 22, 2022 with Resolution No. 102-22.

ATTACHMENTS

1. Midyear Budget Report for FY 2022-23
2. Resolution No. 11-23 authorizing the attached Budget Amendments

City of Morro Bay Midyear Budget Report FY 2022-23

This Report covers the seven-month period through January 31, 2023 .

This report provides an update on the City's primary revenues and expenditures in its major funds, and outlines recommended budget adjustments.



Administrative
Services Department
February 2023

Table of Contents

Executive Summary.....	2
Introduction	3
General Fund.....	3
Key General Fund Revenue Sources Analysis	3
Recommended General Fund Revenue Budget Amendments	6
General Fund Expenditures Analysis.....	7
Recommended General Fund Expenditure Budget Amendments	8
Measure Q & E Fund	12
Recommended Measure Q & E Fund Budget Amendments	13
Enterprise Funds	14
Harbor Operating Fund	14
Recommended Harbor Fund Budget Amendments	15
Water Funds.....	16
Recommended Water Funds Budget Amendments	16
Sewer Funds.....	17
Recommended Sewer Funds Budget Amendments	17
Transit Fund	19
Recommended Transit Fund Budget Amendments.....	19
Other Funds	20
Recommended Other Funds Budget Amendments.....	20

Executive Summary

Overall, this year’s midyear report demonstrates revenues and expenditures that are on track with no significant deviations beyond the storm repair costs for the January 9th emergency event. Citywide, across all funds, the City has received approximately 49% of revenues as of January 31, 2023 and expended approximately 47% of all budgeted expenditures. This indicates that revenues are on track given a routine lag in revenues receipts of one to two months for primary revenue sources. The City’s largest revenue sources (sales tax, property tax, and Transient Occupancy Tax (TOT)) are coming in as budgeted. The City is not seeing the same levels of rapid revenue growth that were experienced in the last year to two years due to recovery from the acute impacts of the pandemic. It indicates that expenditures are on track or slightly below budget, with some irregularity in expenditure timing across the fiscal year as well.

Several budget adjustments are needed to reflect items previously approved by Council. These add approximately \$250,000 to the revenue or transfers in budget and approximately \$388,000 to the expenditure or transfers out budget citywide, for a total net expenditure budget increase of approximately \$138,000 across all funds. Each change is detailed by fund herein. This category of changes is funded by grant revenues, additional SB 1 state funding, and available fund balance.

Several additional amendments are recommended to maintain core City services, and to recognize new grant revenues and associated expenditures. These recommended budget amendments not yet considered by Council and not related to the January 9th storm costs total approximately \$694,000 in revenues or transfers in and approximately \$1,335,000 in expenditures or transfers out, for a total net expenditure increase of approximately \$641,000 citywide, across all funds. Each recommended change is detailed by fund herein. This category of changes is funded by grant revenues, Measure E sales tax budget increase, and available fund balance. The majority of recommended expenditure changes are one-time changes rather than ongoing changes, making fund balance an appropriate source.

Finally, additional budget amendments are needed to address immediate storm response and near-term recovery costs from the January 9th storm damage. Storm recovery cost estimates are preliminary, and staff is in the very early stages of seeking funding from the federal and state government and insurance coverage. The Midyear report only addresses immediate storm response costs and near-term recovery costs estimated through June 30, 2023. Long-term recovery estimates are still underway. For preliminary storm recovery activities, the General Fund Emergency Reserve can be utilized and hopefully largely restored by federal, state, or insurance funding, and Water and Harbor fund balances are available to cover those preliminary costs. The near-term recovery costs are summarized here by category and by fund, and outlined in detail under each Fund section herein. Total expenditures through June 30th are estimated to be approximately \$1.8 million. This does not include staff time, which is being tracked separately to be submitted for reimbursement where eligible.

FY 2022-23 Recommended Mid-Year Budget Adjustments for January Storm Costs by Category				
<u>Category</u>	<u>Category Description</u>	<u>Completed</u>	<u>To be completed by 6/30</u>	<u>Total FY 2022/23</u>
A	Debris Clearance	\$ 476,900	\$211,000	\$687,900
B	Protective Measures	\$64,000	\$0	\$64,000
C	Road Systems	\$15,000	\$486,019	\$501,019
D	Water Control Facility	\$0	\$0	\$0
E	Buildings and Equipment	\$0	\$427,674	\$427,674
F	Public Utility System	\$0	\$100,000	\$100,000
	Totals	\$555,900	\$1,224,693	\$1,780,593

FY 2022-23 Estimated Repair Costs by Fund				
Fund	001-General Fund	\$938,100		
Fund	915-General Fund Capital	\$556,019		
Fund	311-Water Operating	\$281,474		
Fund	331-Harbor Operating	\$5,000		
	Total	\$1,780,593		

Citywide, across all funds, these changes represent approximately \$2.6 million in net expenditure increases, to be funded by General Fund Emergency Reserves (\$1.5 million), General Fund spendable fund balance (\$0.4 million), Water Operating Fund balance (\$0.3 million), Sewer Operating Fund balance, (\$0.1 million), Harbor Operating Fund balance (\$0.2 million), and small other sources including the American Rescue Plan Act and Ironman reimbursement (\$0.1 million).

Introduction

This report covers the seven-month period ending January 31, 2023. This report provides an update on the City’s primary revenues and expenditures in the Major Funds, and outlines recommended budget adjustments. If no significant change is anticipated, no budget adjustment will be recommended. Also outlined are the projected January 2023 Emergency Storm expenditures that are anticipated to impact the City on or before the end of the 2022-23 fiscal year (June 30, 2023).

The major funds that are being reviewed in detail as part of the mid-year report include: General Fund (001); Measure E Fund (003); Harbor Operating Fund (331); Water Operating Fund (311); Sewer Operating Fund (321); and Transit Operating Fund (301). There are minor budget amendments recommended in a few of the City’s smaller special purpose funds as well, outlined under the “Other Funds” section herein.

The information in this report is the most accurate and updated information available at the time of publication and represents a snapshot of City revenues and expenditures as of January 31, 2023. It may not represent pending payments or revenues, or irregularities in payment or revenue timing. As this is not an audited financial statement, the figures are preliminary and will change as the fiscal year progresses.

General Fund

The General Fund remains healthy at midyear, with both expenditures and revenue tracking in line with budget. The unaudited fund balance at the end of FY 2021-22 was higher than anticipated due to continued recovery from the COVID-19 pandemic, and strong growth in sales and TOT tax through FY 2021-22. As a result, the spendable fund balance, net of funds already appropriated as part of the FY 2022-23 Adopted Budget, is estimated to be approximately \$4.2 million. This is in addition to the General Fund Emergency Reserve Balance which is anticipated to be approximately \$5.4 million at the end of FY 2022-23, prior to expending storm recovery funds.

These healthy reserves, which have been built up by prudent fiscal policies, will be needed for storm recovery activities, contributions to the City’s pension reserve in accordance with the pension reserve policy, capital needs, and to continue to achieve balanced operating budgets given that the cost of providing core services is rising faster than revenues are projected to rise in the years ahead.

Key General Fund Revenue Sources Analysis

The adopted General Fund Budget for FY 2022-23 is approximately \$18.4 million. As of January 31, 2023, the General Fund had received 49% of its revenues, or \$8.9 million. Staff monitors each revenue source

and is recommending one revenue budget increase for the Ironman contract event contribution, which will offset anticipated expenditures through the end of the fiscal year, as well as budget amendments to transfers into the General Fund, the largest being a transfer from the General Fund Emergency Reserve to fund preliminary storm recovery costs.

Overall, General Fund revenues fiscal-year-to-date are on track. The total percent collected is slightly lower than the 58% that one may expect seven months through the year, due to the routine lag in collections of major revenue sources such as property tax, sales tax, and TOT. The top revenue sources are described below in more detail, as they account for over three-quarters of budgeted General Fund revenues collectively.

Revenue Source	2020 Actual	2021 Actual	2022 Actual	FY2023 Adopted	2023 Actual thru 1-31	FY 2023 % Rcv'd
Property Taxes	4,601,434	4,842,761	4,981,027	5,037,900	1,798,703	36%
Intergovernmental Revenues	72,404	178,234	97,661	108,970	45,794	42%
Sales & Use Tax	2,186,074	2,389,194	2,753,611	2,690,000	1,140,358	42%
Cannabis City Tax	-	220,353	512,944	480,000	245,606	51%
Transient Occupancy Tax	2,892,130	3,826,276	4,255,140	4,006,000	2,681,124	67%
Franchise Fees	555,644	594,229	641,869	623,460	223,545	36%
Licenses & Permits	492,757	574,672	761,616	582,245	361,169	62%
Revenues From Current Services	1,475,206	2,027,544	2,434,859	2,054,049	1,244,187	61%
Fines & Forfeitures	9,048	11,765	22,062	10,300	16,382	159%
Other Revenues	35,585	119,379	330,052	162,960	(877)	-1%
Revenues From Use of Money & Property	341,530	413,954	593,997	496,000	88,641	18%
Interfund Revenue Transfers	2,729,784	1,221,987	1,224,866	2,101,864	1,053,112	50%
Total Revenue:	15,391,596	16,420,349	18,609,703	18,353,748	8,897,744	48%

Property Tax Revenue

Property tax is the largest revenue category for the City’s General Fund, accounting for 27% of budgeted General Fund revenues in FY 2022-23. Property tax is levied by the San Luis Obispo County Assessor’s Office at 1% of a property’s assessed value, of which the City receives approximately 13.7 cents per dollar paid on property located within the municipal limits of Morro Bay.

Revenue for FY 2022-23 was budgeted higher than the prior fiscal year. Typically, property tax distributions are largely received in the third and fourth quarters of the fiscal year. The County Assessor’s most recent annual report demonstrated no anticipated growth over budgeted amounts.

Recommendation: Staff does not recommend any increases to the Property Tax revenue for the General Fund in the current fiscal year given the latest County Assessor’s office estimates.

Transient Occupancy Tax Revenue

Transient Occupancy Tax (TOT) is the General Fund’s second largest revenue source, accounting for 22% of the City’s budgeted General Fund revenues for FY 22-23. The City levies and retains a 10% TOT on all hotel, motel, vacation rentals and RV parks to fund City services provided to visitors to Morro Bay. In addition,

the City collects and remits an additional 3% to Visit Morro Bay, the Morro Bay Tourism Business Improvement District (TBID), and an additional 1.5% for Visit SLOCAL, the Countywide Tourism program.

As a highly economically sensitive revenue source, the City monitors TOT closely. Due to the pandemic, TOT revenues have been more difficult to predict in recent years. Morro Bay and the California Central Coast region did not see the significant revenue reductions that larger cities saw during the pandemic, TOT rebounded very well and reached levels higher than pre-COVID levels. Currently, TOT revenues are flattening and growth is projected to slow in the near future. Staff anticipates FY 2022-23 revenues to come in near the budgeted amount but does not recommend a budget change based on Visit Morro Bay’s analysis regarding recent occupancy and average daily rates.

Recommendation: Staff does not recommend any increases to the TOT revenue for the current fiscal year.

Sales Tax Revenue

Sales tax is the third largest budgeted revenue source for the City’s General Fund in FY 2021-22, budgeted to generate 15% of the Fund’s revenue for the year. The base statewide sales and use tax rate is 7.25 percent, and the City’s General Fund receives 1 cent of that base tax. This sales tax revenue does not include the 1.5 cent local sales tax which is collected through voter-approved Measure E-20.

Sales Tax receipts are tracking in line with budget this fiscal year. There is flattening of sales tax growth tracks with the flattening growth in TOT tax. The City contracts with industry expert HdL to analyze collections history, forecast sales tax revenues and pursue revenues on the City’s behalf that belong to the City. HdL’s midyear projection does not warrant an increase to the current fiscal year budget. HdL is projected only a 0.6% sales tax increase in FY 2023-24, which will be a challenge in the budget year ahead, as City expenditures are rising at a higher rate.

Recommendation: Staff does not recommend any revenue increases to Sales Tax revenue.

Revenues from Current Services (Charges for Service)

City Revenues from Current Services consist primarily of plan check fees, building inspection fees and recreation sports and youth services fees. These fees are assessed based on recovery formulas, which reflect approximate costs of providing these services and, as a total category, account for 11% of the City’s General Fund budget for FY 2022-23. These revenues include items such as fees for the Recreation Division programs and Community Development planning fees. These revenues are coming in on track for seven months of the fiscal year to date. No budget revisions are recommended at this time.

Recommendation: Staff does not recommend any revenue increases to current services revenue.

Other General Fund Revenues

There are a number of other General Fund revenues comprising less than a quarter of the Fund’s budgeted revenues collectively. These include: Transfers in, Franchise Fees, Cannabis City Tax, Business Tax, Rental Income, Licenses and Permits, Mutual Aid Reimbursement, and Grant Revenues. The status each of the primary sources of other General Fund revenues are summarized in the above table. Staff is not recommending revenue budget changes to these smaller revenue sources at midyear.

Recommendation: A few midyear budget changes are recommended in this area, outlined below.

Recommended General Fund Revenue Budget Amendments

Staff is recommending the following General Fund revenue budget adjustments at midyear:

- In previous years, the Traffic Safety Fund annual revenue has been a pass-through fund and transferred into General Fund for CIP’s. The Police Department has requested, and the City Manager supports, amending this practice in the current fiscal year with the intent to continue to keep that funding available for Police Department eligible operational expenditures that are needed.
- At budget adoption a total of \$50,000 in the American Rescue Plan Act (ARPA) Funds were approved to contribute to Homeless Outreach to be paid to the County of San Luis Obispo. However, the City was able to secure a part-time Homeless Outreach Case Manager as a resource to be dedicated to provide services to the Morro Bay unhoused community directly. The \$50,000 will be transferred from the ARPA fund to the General Fund to cover the first \$50,000 of staffing costs for that position.
- A revenue increase of \$20,000 in Other Miscellaneous Revenue recognize the Ironman reimbursement to the City for the event happening later in the fiscal year.
- The City was notified of additional \$33,342 in SB-1 revenue from the state after budget adoption, and a midyear adjustment in revenue and project expenditures in the General Fund CIP Fund, Pavement Management project is needed to reflect the increased revenue.
- Transferring capital funds from storm drain pipeline Kern and Anchor project to the Elena slope repair project which is a higher priority.

Previously Approved by Council General Fund Revenue Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
Ironman Event Reimbursement	Finance	20,000	On-time	001-3510-3990	Other Misc. Revenue
		20,000			

New General Fund Revenue Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
Reduce transfer from Special Revenue into General Fund from the Traffic Safety Fund	Police	-10,000	Ongoing	001-7710-3820	Transfers In from Special Revenue
Transfer in from ARPA Fund for Homeless Outreach Case Manager Position	Human Resources	50,000	Ongoing	001-7710-3820	Transfers In from Special Revenue
	Total	40,000			

Previously Approved by Council General Govt Capital Fund Revenue Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
<u>Revenue</u>					
Additional State Roads Revenue	Public Works	33,342	Ongoing	915-9614-3215	Road Main & Rehab (SB1)
Reduce Revenue from SD-Pipeline Kern & Anchor Project	Public Works	-166,838	One-time	915-9934-3820	Transfer from General Fund
Increase Revenue to Elena Slope Repair Project	Public Works	166,838	One-time	915-9949-3810	Transfer in from General Fund
	Total	33,342			

General Fund Expenditures Analysis

The adopted General Fund expenditure budget for FY 2022-23 is approximately \$20.6 million. As of January 31, 2023, total General Fund expenditures totaled \$11.6 million, or 56% of budget, which is right on track for seven months into the fiscal year. The tables below demonstrate expenditures fiscal year to date by expense type and by Department.

General Fund Expenditures by Expense Type

Expenditure Type	2020 Actual	2021 Actual	2022 Actual	FY2023 Adopted	FY2023 thru 1-31	FY2023 % Spent
Personnel Services	\$11,463,804	\$10,185,594	\$10,351,919	\$12,586,490	\$7,377,394	59%
Supplies	\$538,451	\$402,762	\$600,869	\$630,847	\$285,895	45%
Other Expense	\$34,763	\$9,361	\$52,371	\$156,641	\$124,771	80%
Services	\$2,838,322	\$2,866,061	\$3,504,596	\$3,468,003	\$1,364,942	39%
Capital Outlay	\$9	\$0	\$4,002	\$0	\$3,853	--
Debt Service	\$35,277	\$35,101	\$35,076	\$1,169,169	\$1,216,193	104%*
Interfund Transfers	\$480,970	\$563,000	\$1,289,688	\$2,560,769	\$1,280,385	50%
Total Expense Objects:	\$15,391,596	\$14,061,879	\$15,838,521	\$20,571,918	\$11,653,433	56%

*The Debt Service expenditures are higher than budgeted due to the early payoff of the Fire Station loan. The actual final payoff amount was higher than the estimated cost provided by the loan agency at the time of budget development. A budget amendment is being sought to address the discrepancy.

General Fund Expenditures by Department

Department	2020 Actual	2021 Actual	2022 Actual	2023 Adopted	FY2023 thru 1-31	FY2023 % Spent
City Council	\$91,185	\$60,166	\$108,114	\$155,220	\$68,709	44%
City Manager's Office	\$718,777	\$776,881	\$890,770	\$1,260,834	\$670,781	53%
City Attorney	\$444,812	\$434,374	\$498,343	\$408,174	\$194,412	47%
Administrative Services	\$607,845	\$647,550	\$865,646	\$1,153,104	\$590,617	51%
Police Department	\$3,871,519	\$3,820,833	\$3,582,230	\$4,156,363	\$2,249,404	54%
Fire	\$3,010,317	\$3,219,810	\$2,764,102	\$2,941,340	\$2,087,043	71%*
Public Works	\$2,587,857	\$2,277,081	\$2,607,967	\$2,843,293	\$1,581,584	55%
Community Development	\$1,024,250	\$991,689	\$1,401,346	\$1,464,709	\$916,981	62%
Recreation	\$1,139,686	\$780,950	\$1,210,309	\$1,428,240	\$749,710	52%
Non-Departmental	\$1,895,347	\$1,052,547	\$1,909,695	\$4,760,642	\$2,544,191	53%
Total Dept. Expenditures:	\$15,391,596	\$14,061,879	\$15,838,521	\$20,571,918	\$11,653,433	56%

*Fire Department expenditures are higher in the first half of the fiscal year due to higher fire response activity in the July-November period. Expenditures associated with mutual aid response are reimbursed to the City. While not anticipated, year-end budget adjustments would be made if needed.

Recommended General Fund Expenditure Budget Amendments

Staff is recommending the following General Fund expenditure budget adjustments at midyear. They are reflected in three categories: New Recommended Amendments, Previously Approved by Council Amendments, and New January Storm related Budget Amendments.

The proposed expenditure budget adjustments would be covered by a transfer in from ARPA funds, Ironman reimbursement, available General Fund spendable balance, and in the more significant case of storm recovery, by General Fund Emergency Reserves, which would hopefully be replenished if federal, state, or insurance funds are granted. Most recommended expenditure increases are one-time rather than ongoing, making available fund balance an appropriate source of funds.

The General Fund expenditure budget amendments are presented in three parts: items previously approved by City Council in agenda items since July 1, 2022; items not yet considered by Council to be considered with this Midyear report; and near-term storm recovery expenditures.

Amendments Previously Approved by Council

These items were previously considered by Council and staff was given direction to expend funds and return with a budget amendment at midyear, as has been the City’s past administrative practice. These items are largely one-time expenditures that can be funded from available fund balance in the General Fund. While the Ironman event may generate costs in future years, the City is eligible to be reimbursed up to \$20,000 annually for the event, which will offset some or all City costs; staff will have a better sense of that after the first event.

Previously Approved by Council General Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/ Ongoing	Account	Object Desc
Boys & Girls Club to provide Teen Services	Public Works	10,000	One-time	001-5215-6106	Contract Services
Multi-Use Trail Repair (Bike Path Repairs)	Public Works	13,800	One-time	001-5215-5501	Grounds Maint. Supplies
Cost to prepare an environmental document (mitigated Negative Declaration) for a proposed land use change for the Shepard Martz property.	Community Development	14,000	One-time	001-7105-6106	Contract Services
Community Development-Granicus Contract	Community Development	28,000	Ongoing	001-7105-6105	Consulting Services
Ironman Event Contract Expenses-PW	Public Works	15,000	TBD	001-5215-4120	Overtime Pay
Ironman Event Contract Expenses -PD	Police	15,000	TBD	001-4110-4120	Overtime Pay
Ironman Event Contract Expenses-Fire	Fire	3,000	TBD	001-4310-4120	Overtime Pay
Ironman Event Contract Expenses-Transfer from GF to Harbor for OT Expenses	Finance	5,000	TBD	001-7710-8570	Transfer out to Enterprise
	Total	103,800			

Previously Approved by Council General Govt Capital Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/ Ongoing	Account	Object Desc.
Pavement Management Project	Public Works	33,342	Ongoing	915-9614-6106	Contractual Services
Reduce Expense Budget from SD-Pipeline Kern & Anchor Project	Public Works	-166,838	One-time	915-9934-6106	Contractual Services
Increase Expense Budget for Elena Slope Repair Project	Public Works	166,838	One-Time	915-9949-6106	Contractual Services
	Total	33,342			

Amendments for Midyear Consideration

The items below are recommended budget adjustments to be considered by Council with the midyear report. Most of these items are also one-time expenditures, though there are approximately \$100,000 in expenditures that may be ongoing and would need to be considered with future year budget adoptions as funds permit. The source of funds for these amendments in FY 2022-23 would be available General Fund balance.

New Recommended General Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/ Ongoing	Account	Object Desc.
Office Furniture Purchase for Admin. Technician (Desk, Hutch, Filing Cabinet(s))	PW Engineering & Administration	3,853	One-time	001-5205-7311	Office Furniture
Office furniture for new City Hall HR office	City Manager	3,800	One-time	001-3140-6106	Misc. Operating Supplies
Repair Police Station Plumbing	PW Consolidated Maintenance	20,000	One-time	001-5215-6106	Contractual Services
Retrofit existing office space for new HR Manager Position	Human Resources	25,000	One-time	001-3140-6106	Contractual Services
Leave accrual payout for HR Analyst	Human Resources	14,525	One-time	001-3140-4599	Other Pay
Transfer Out from GF to Cloisters to cover cost of IT contribution	Finance	420	One-time	001-7710-8580	Transfers Out
Leave accrual payout for City Manager	City Manager	52,000	One-time	001-3110-4599	Other Pay
City Manager Recruitment Expenses	City Manager	53,000	One-time	001-3140-6760	Recruitments
Leave accrual payout for Police Chief	Police	28,314	One-time	001-4110-4599	Other Pay
Development Impact Fee Study	Finance	50,000	One-time	001-3510-6105	Consulting Services
On-Call services for E&A Consulting Services	PW Engineering & Administration	40,000	Ongoing	001-5205-6105	Consulting Services
Fleet Maintenance	PW Consolidated Maintenance	10,400	Ongoing	001-5215-5199	Miscellaneous Operating Supplies
Homeless Outreach Case Manager Position to Gen Fund	Human Resources	50,000	Ongoing	001-4110-4110	Regular Pay
Fire Station Loan Payoff Higher than Estimated by USDA	Non-Departmental	65,000	One-Time	001-1111-8130	Principal Repayment
	Total	416,312			

If all General Fund Budget Amendments are approved, the remaining spendable General Fund balance at the end of Fiscal Year 2022-23 would be anticipated to be approximately \$3.7 million, subject to change as the remainder of the fiscal year progresses. A portion of these funds (approximately \$0.8-\$1.0 million) would be recommended to be used to contributed to the City’s Pension Reserve under the Pension Reserve Policy, as part of the FY 2023-24 budget development process.

Near-Term Storm Recovery Amendments

The January 9th storm-related budget amendments are a combination of expenses that were made immediately during and after the storm as emergency response measures, as well as near-term recovery expenditures anticipated to be needed by the end of the fiscal year (June 30, 2023). The total estimated cost of long-term storm recovery is still being refined. Approximately \$1.5 million in new budget amendments are being requested for storm-related expenditures through this fiscal year, as outlined:

January Storm Recommended General Fund Revenue and Expenditure Budget Adjustments

Description	Increase (Decrease) Amount	Account Number*
Revenue		
Insurance coverage for Maintenance Service Truck replacement vehicle	35,000	001-5215-3911
Transfer in from General Fund Emergency Reserve	903,100	001-7710-3801
Total Revenues and Transfers In	938,100	
Expenses		
Removal of sludge, mud, vegetation debris	100,000	001-5215-6106
Debris removal from ditch that is impeding storm water flow	150,000	001-5230-6106
Road closure; traffic control; debris removal; storm drain debris removal; jetting road and storm drain (Main from SR-1 to SR-41, Preston Lane, and Errol Street)	145,000	001-5230-6305
Road closure; traffic control; debris removal; storm drain debris removal; jetting road and storm drain (Atascadero Road from Park Street to Embarcadero Road)	120,000	001-5230-6106
Silt removal, replacing playground woodchips – Lila Keiser Park	50,000	001-5215-5501
Silt removal, replacing playground woodchips – Del Mar Park	50,000	001-5215-5501
Fallen tree removal; damaged power and communication lines (388 Main); debris removal under Morro Creek bridge blocking flow (big tree and silt from storm flows)	15,000	001-5230-6106
Water usage for clean up efforts for #13	15,000	001-5230-6303
Sludge disposal (due to drying bed damage at WWTP could not dry/dispose of new sludge at old plant and needed to dry/dispose from 555 SBB)	9,000	001-5215-5501
Fallen tree removal – Franklin Riley Park	5,100	001-5230-6106
Fallen tree removal; fence damage (1) – Lila Keiser Park	5,000	001-5230-6106
Street sweeper cleaning throughout South Bay Blvd. in Morro Bay city limits and County's portion with truck stage site.	5,000	001-5230-6106
Fallen tree removal – Bayshore Bluffs Park	3,600	001-5230-6106
Road closure; traffic control; debris removal	3,000	001-5230-6106
Fallen tree removal; took out power and communication lines – Main at Harbor and Dunes	2,200	001-5230-6106
Debris, mud clean up	2,000	001-5230-6106
Debris, mud clean up	2,000	001-5230-6106
Debris, mud clean up; on demand water heater	6,000	001-5230-6106
Debris removal roll off bins	60,000	001-4210-5130
Sand for sandbags	3,500	001-5215-6303
Waddle to protect path to pickleball courts	500	001-5215-5501
Rock Parking Lot Restoration	15,000	001-5215-6106
Maintenance (fluids, filters, etc.) due to running vehicles through floodwater; repair PW inspector truck	7,000	001-5205-5504

Snake rooter	5,400	001-5215-5530
Pressure washer	5,000	001-5215-5530
Pavement grinder	5,000	001-5215-5530
Cement cutter	5,000	001-5215-5530
Maintenance (fluids and air filter changes) due to running vehicles through floodwater	5,000	001-5215-5199
Mowers (4)	4,800	001-5230-5530
Apparatus and vehicle repairs and maintenance from flood water traversing	4,400	001-4210-6604
Weed eaters (7)	3,600	001-5230-5530
PPE damaged and contaminated by biohazard	3,500	001-4210-5109
Water dispenser, welder and welding equipment	3,200	001-5215-5502
Paint sprayer	3,000	001-5215-5530
General mini rooter	1,600	001-5215-5530
Breakroom refrigerator, table, 6 chairs, water dispenser	1,500	001-5215-5502
Edgers (3) Briggs & Stratton	1,500	001-5230-5530
Pole saws (2)	1,200	001-5215-5530
Chop saw (STI)	1,000	001-5215-5530
Hedge trimmer	500	001-5230-5530
Repair washed out/undermined road; traffic control; Several truckloads of 12"- 14" Gabion rock was dumped and placed for road support; placed 1-1/2" rock as 1st layer bedment	30,000	001-5215-6106
Work truck (2017 Ford F250)-Josh's Truck	60,000	001-5215-7202
John Deere mower	15,000	001-5215-7301
Carpet tiles (1 palette)	4,000	001-5215-5502
Total Expenditures	938,100	

* Note that the account numbers for a few expenditure line items are pending; budget will be in the General Fund operating budget, primarily in Public Works.

January Storm Recommended General Fund Capital Expenditure Budget Adjustments

Description	Increase (Decrease) Amount	Account
<u>Revenue</u>		
Transfer in from General Fund Emergency Reserve	556,019	915-7710-3801
Total Revenues and Transfers In	556,019	
<u>Expenditures</u>		
Pavement rehab due to flood damage (1260ft x 32ft x \$11.31/sq ft)	456,019	915-9950-6106
Storm drain failure; slope failure; debris, mud clean up; sewer main failure; temporary bypass; pavement rehabilitation	100,00	915-9949-6106
	556,019	

These storm recovery expenditures would be funded by available General Fund Emergency Reserve funds and replenished upon reimbursement where possible. Utilizing approximately \$1.5 million in General Fund Emergency Reserves for these preliminary near-term storm recovery efforts would leave a balance of approximately \$3.9 million in the General Fund Emergency Reserve at fiscal year-end (June 30, 2023). This remaining balance would represent approximately 23% of the FY 2022-23 General Fund operating budget net of transfers. If the City can be reimbursed for a portion or a majority of these expenditures, the Reserve balance could be largely restored. Long-term storm recovery estimates are underway and additional use of reserves may be needed next fiscal year.

Measure Q & E Fund

Measure E was approved by the voters in November 2020 as a one percent local transaction and use tax, in addition to the half-cent local transaction and use tax from Measure Q, which was approved by the voters in 2006. The taxes are administered by the State as one tax, totaling one and a half percent. This is codified and explained in detail in [Chapter 3.26 of Morro Bay’s Municipal Code](#). While Measure E is a General Tax, the City Council has identified areas of priority spending consistent with the ballot measure language in 2020, and consistent with the prior 2006 ballot language used when Measure Q was approved. As directed by City Council on April 13, 2021, the four priority areas of spending for Measure E/Q include:

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

Measure E (like Measure Q before it) requires an independent annual financial audit and the establishment of an independent citizens' advisory committee to review annual expenditures. The Citizens' Finance Advisory Committee (CFAC) servers as that oversight committee and is to receive annual and semi-annual reporting on expenditures from Measure revenues. The semi-annual report through December 31, 2022 was on the CFAC meeting agenda for February 21, 2023.

The data here is through January 31, 2023 to be consistent with the remainder of the citywide midyear report and present as much data as possible through this point in the fiscal year. As of January 31, 2023, the Measure Q & E Fund (fund 003) had received 44% of budgeted revenues and expended 56% of budgeted expenditures, as follows:

FY 2022-23 Measure Q & E Total Revenues and Expenditures

	Adopted Budget	1/31/23 Actuals	% Rec'd/ Used
Total Revenues	4,292,000	1,897,751	44%
Total Expenditures	5,179,167	2,885,542	56%
GRAND TOTALS	(887,167)*	(987,792)	

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

Measure Q & E Fund Revenues

Fund revenues are on track for this time of year, given that it represents five months of sales tax collected as there is a two-month lag in sales tax collections. Looking forward, sales tax revenue growth is anticipated to moderate further in FY 2023-24, with HdL projecting roughly a one-half percent growth

from current fiscal year next fiscal year. HdL is currently projecting a return to baseline growth rates of 2-3% in FY 2024-25.

As City expenditures are increasing at a faster rate due to inflation and rising personnel costs, the City will likely face increasing resource constraints in the near to mid-term absent new revenue streams. For Measure E/Q funds, this may mean utilizing fund balance from prior years to meet capital needs associated with Council and community priorities for E/Q funds, as rising operating costs will need to be incurred to maintain existing service levels.

Measure Q & E Fund Expenditures

Fund-wide, expenditures for the first six months of the year are on track at 56% of budget expended as of December 31, 2022. The table below presents expenditures by Department. The interfund transfers represent the transfers to the Capital Improvement Fund and the fire station loan payoff contribution, with no changes since budget adoption.

Department	Adopted Budget	Actuals	% Used
Police	\$ 788,522	\$ 547,894	72%
Fire	\$ 849,328	\$ 562,006	66%
Public Works	\$ 549,199	\$ 269,932	49%
Harbor	\$ 238,118	\$ 128,709	54%
Interfund Transfers	\$ 2,754,000	\$ 1,377,000	50%
Total	\$ 5,179,167	\$ 2,885,542	56%

The Police Department’s total is higher than expected at this time of year due to a contract encumbrance for the Records Management System (RMS). The Public Works Department’s costs are slightly lower than expected as sidewalk work has not yet begun. Staff is requesting an additional budget to complete the current scope and expanded scope not identified until after budget development.

Recommended Measure Q & E Fund Budget Amendments

Revenues. After consultation with HdL, the company whose expertise the City utilizes to track and project sales tax revenues, staff recommends a small increase of \$122,700 to the Measure E revenue budget for the current fiscal year. This would increase the revenue budget from \$4,292,000 to \$4,414,700. That small increase of 2.9% results in a total revenue budget that is roughly 93% of HdL’s revised midyear budget projection for current fiscal year Measure E revenue. Staff considers this an appropriately conservative projection given the four months of data received to date.

Expenditures. Staff is recommending a total of \$122,700 in budget increases in the Measure E/Q Fund, equating to an increase of approximately 2% in the Fund’s expenditure budget. All but \$11,100 of these increases are one-time increases to improve public safety and cleanliness as outlined in the established Measure E/Q priorities. The specific recommended increases are outlined below:

Recommended Measure E Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	Prior Council Approval	One-time/Ongoing	Account	Object Desc.
Revenue						
Measure E local sales tax revenue budget increase	Finance	122,700	N/A	One-time	003-1111-3053	Sales Tax city Portion-Measure E
	Total	122,700				
Expenditures						
Server Replacement	Police	20,000	N/A	One-time	003-4110-5504	Machinery/Equipment Supplies
New Automated External Defibrillators (AED's)	Police	12,000	N/A	One-time	003-4110-6106	Contractual Services
RMS Software support	Police	11,100	N/A	One-time	003-4110-6106	Contractual Services
Repair Fire Station Cistern	Public Works-Consolidated Maintenance	20,000	N/A	One-time	003-5215-6106	Contractual Services
Encampment cleanup	Public Works-Consolidated Maintenance	25,000	N/A	Ongoing	003-5215-6106	Contractual Services
Sidewalk/curb/gutter on-call services	Public Works-Streets	34,600	N/A	One-time	003-5230-6106	Contractual Services
	Total	122,700				

These expenditure budget increases would be offset entirely by the recommended revenue increases, with potential for revenue to still exceed the amended budget amount and result in fund balance to be appropriated in FY 2023-24. Furthermore, there is remaining fund balance available from FY 2021-22 that would cover current year expenditures if for some reason sales tax revenues moderate more quickly than HdL projects.

Enterprise Funds

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

Harbor Operating Fund

The Harbor Enterprise Fund accounts for revenues received from harbor leases, slips, moorings, and other sources, which are expended for maintenance, operation, patrolling, and improvements of the harbor. As of January 31, 2023, the Harbor Operating Fund had received approximately 17% of budgeted revenue (\$0.4 million of \$2.4 million) and expended approximately 56% of its budget (\$1.2 million of a \$2.3 million). A large portion of Harbor Fund revenues are received at the end of the fiscal year for prior year percentage rent, as outlined in lease agreements. Due to that contractual timing, it can be difficult to project revenue budgets in the Harbor Fund. Expenditures are on track year-to-date.

Last fiscal year (21-22), the Harbor Funds had an operating budget surplus of approximately \$764,000, resulting in a working capital balance (spendable fund balance) of approximately \$1.04 million at fiscal year-end (June 30, 2022).

Work on Harbor Department capital projects continues. Storm recovery will add additional costs and workload that will impact the fund in future years. Preliminary estimates indicate that storm repair costs to the Harbor Fund could be significant, and staff will continue to provide updates as they become available. In addition, significant unfunded capital improvement needs associated with Harbor Fund activities remain pertinent and will also be critical going into upcoming budget development cycles.

Recommended Harbor Fund Budget Amendments

There are several recommended budget amendments in Harbor Funds recommended at midyear. Amendments previously approved by Council, including offsetting revenues total \$69,285. New recommended mid-year budget amendments total \$96,045 and include leave cash out for the Harbor Director upon retirement, unforeseen dock repairs, and ongoing legal expenses for the federal lien on an abandoned vessel. In addition, \$5,000 in amendments is recommended for January storm related expenses. The recommended changes are outlined below. In total, these result in a net expenditure increase of approximately \$170,330 to the Harbor Operating Fund. There is available fund balance even on top of required reserve levels to fund these budget amendments, which represent a combination of one-time and ongoing costs.

Previously Approved Harbor Operating Fund Revenue and Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
<u>Revenue</u>					
Ironman Event Contract Expenses-Transfer into Harbor from GF for OT	Harbor	5,000	One-time	331-7710-3801	Transfers In
		5,000			
<u>Expenditures</u>					
Harbor Patrol Officer New 1.0 FTE	Harbor	39,894	Ongoing	331-6510-4110	Regular Pay
	Harbor	4,301	Ongoing	331-6510-4911	Pension Normal Cost
	Harbor	25,091	Ongoing	331-6510-4120	Employer Paid Benefits
Ironman Event Contract Expenses-Harbor	Harbor	5,000	One-time	331-6510-4120	Overtime Pay
	Total	74,285			

New Recommended Harbor Operating Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
Unfunded Liabilities Payout to Retired Harbor Director	Harbor	47,545	One-Time	331-6510-4599	Other Pay
Facilities Repair	Harbor	2,500	One-Time	331-6510-6603	Ground Repairs
Legal expenses for federal maritime lien	Harbor	11,000	Ongoing	331-6510-6101	Legal Services
Harbor Building Improvements	Harbor	35,000	On-time	331-6510-6106	Contractual Services
		96,045			

There are no near-term recovery storm expenditure budget increases requested at this time. Staff is evaluating long-term storm recovery needs and will return to Council as more information is available.

January Storm Recommended Harbor Operating Fund Expenditure Budget Adjustments

Description	Increase (Decrease) Amount	Account
Slip 39-Full structural failure of dock as well as structural failure of a portion of the head float. Dock and portion of head float need to be replaced. This preliminary amount is only for immediate, temporary repairs, not the full project scope.	5,000	331-6510-6106
	5,000	

Water Funds

The Water Enterprise Fund accounts for revenues received primarily from water service charges, which are expended for maintenance, operations, and capital improvements to the water system. As of January 31, 2023, the Water Operating Fund had received approximately 56% of its budgeted revenues (\$3.4 of \$7.7 million) and expended approximately 42% of its budgeted expenditures (\$3.9 million of \$9.4 million).

Recommended Water Funds Budget Amendments

Staff is recommending a single one-time and a single ongoing budget amendment for this fiscal year in the Water Operating Fund. There is need to increase overtime in the Water Department for responses to unanticipated emergencies to remain within budget for the remainder of the fiscal year. The recent January storm has caused the overtime expenses to be approximately \$10,000 overspent as of January 31, 2023. This additional funding will cover the overtime expenses from the unanticipated storm, and other needed overtime for the remainder of this fiscal year. In addition, an increase to Standby Pay expenses is to adjust the budget for approved pay in the most recent SEIU Memorandum of Understanding (MOU). This was not a known expense at the time of budget development. In addition, staff is recommending approximately \$281,000 in near-term storm recovery costs, detailed below.

As of June 30, 2022, the unaudited working capital (spendable fund balance) amount in the Water Fund was approximately \$5.4 million. There is sufficient fund balance to fund the preliminary storm recovery project while maintaining required reserves.

Recommended Water Operating Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	Prior Council Approval	One-time/Ongoing	Account
Increase overtime for emergency response	PW-Utilities	20,000	N/A	One-Time	311-5240-4120
Increase standby pay per labor contract (MOU)	PW-Utilities	10,000	N/A	Ongoing	311-5240-4515
	Total	30,000			

January Storm Recommended Water Operating Fund Expenditure Budget Adjustments

Description	Increase (Decrease) Amount	Prior Council Approval	Account
Transfer out to Water Capital Fund for Reverse Osmosis building-Corp Yard (11,000 SQFT) - roof leaks	200,000	N/A	311-7710-8501
VFD (equipment to control flow)	50,000	N/A	311-5240-7302
Product Water HMI 27119-T12C4D1	8,000	N/A	311-5240-7302
(Computer) HP Tower - \$3000 x2	6,000	N/A	311-5240-5504
(UPS) SOLA-HD-UPS- \$1500 x3	4,500	N/A	311-5240-5504
(Computer) Dell Precision 5820 - \$4399 x1	4,399	N/A	311-5240-5504
(PLC) Opto 22 SNAP PC R1 - \$1215 x3	3,645	N/A	311-5240-5504
(UPS) APC-SMT2200C-UPS - \$1820 x1	1,820	N/A	311-5240-5504
(PLC) Opto 22 Power supply - \$330 x3	990	N/A	311-5240-5504
Ubiquiti Tough Switch pro - \$300 x 3	900	N/A	311-5240-5504
(Monitor) Dell 17" Monitor - \$150 x2	300	N/A	311-5240-5504
(Monitor) HP 19" Monitor - \$150 x2	300	N/A	311-5240-5504
Cable Modem - \$ 300 x1	300	N/A	311-5240-5504
ASUS WI-FI Router - \$200 x1	200	N/A	311-5240-5504
Keyboard/mouse \$40 x 3	120	N/A	311-5240-5504
Total	281,474		

January Storm Recommended Water Fund Capital Budget Adjustments

Description	Increase (Decrease) Amount	Account
<u>Revenue</u>		
Transfer in from Water Operating Fund	200,000	921-7710-3860
Total Revenues and Transfers In	200,000	
<u>Expenditures</u>		
Reverse Osmosis building-Corp Yard (11,000 SQFT) - roof leaks	200,00	921-9951-6106
	200,000	

Sewer Funds

The sewer enterprise funds account for revenues received primarily from sewer service charges, which are expended for maintenance, operations and improvements to the sanitary sewer system. As of January 31, 2023, the Sewer Fund had received approximately 49% of budgeted revenue (\$5.8 of \$11.2 million) and expended approximately 47% of its budget (\$8.0 of \$15.2 million). Revenues are lower than may be anticipated for this time of year due to a lag in the disbursement of loan proceeds from the State Revolving Fund for the Water Reclamation Facility project. The operating portion of revenues is on track, having received 58% of budgeted revenues as of January 31, 2023.

Recommended Sewer Funds Budget Amendments

Staff is recommending minor budget amendments in the Sewer Operating Fund. As previously approved by City Council, an expenditure for the appraisal of the old Wastewater Treatment Plant will need to be made and shared with Cayucos, which will require interfund transfer budget amendments to associate the costs with the Wastewater Treatment Plant Decommissioning Project.

As in the Water Fund, an overtime budget increase is needed in the Sewer Fund to account for staffing costs to bring the new Water Reclamation Facility online and to respond to unforeseen emergencies, including the recent January storm. In addition, an increase to Standby Pay expenses is to adjust the budget for approved pay in the most recent SEIU Memorandum of Understanding (MOU). This was not a known expense at the time of budget development.

There are no near-term recovery storm expenditure budget increases requested at this time. Staff is evaluating long-term storm recovery needs and will return to Council as more information is available.

As of June 30, 2022, the unaudited working capital (spendable fund balance) amount in the Sewer Fund was approximately \$17.5 million. There is sufficient fund balance to fund minor budget amendments in this fund, and to support ongoing and future capital expenditures.

Previously Approved by Council Sewer Operating Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
Transfer out to Sewer CIP Fund for Preparation of an Appraisal of the Jointly Owned Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant Site and Related Facilities	Public Works	22,500	One-time	321-7710-8540	Transfers out to CIP Fund
		22,500			

Previously Approved by Council Sewer CIP Fund Revenue and Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
<u>Revenue</u>					
Appraisal of the Jointly Owned Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant Site and Facilities	Public Works	22,500	One-Time	922-7710-3860	Transfer In from Enterprise Fund
<u>Expenditure</u>					
WWTP Decommission Project: Appraisal of the Jointly Owned Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant Site and Facilities	Public Works	22,500	One-time	922-8501-7105	Planning & Permitting
		45,000			

New Recommended Sewer Operating Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
Increase overtime for WWTP emergencies and newly online WRF Facility	PW-Wastewater Collection	50,000	One-time	321-5251-4120	Overtime Pay
Increase standby pay per labor agreement	PW-Wastewater Collection	10,000	Ongoing	321-5251-4515	Standby Pay
	Total	60,000			

Transit Fund

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

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

Recommended Transit Fund Budget Amendments

Council previously approved the receipt of additional Rural Transit Grant Award Funds, and Park Transit Hub Funds for the Park Transit Hub Project. The \$124,632 in Grant funds are already budgeted in the Transit Fund operating budget, but the revenue item needs to be budgeted.

Council also approved the expenditure of available fund balance for the Transit Hub Project (\$44,544). Those need to be transferred out of the Transit Operating Fund and into the Transit Capital Fund where they will be expended as part of the broader capital project.

Previously Approved by Council Transit Operating Fund Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/ Ongoing	Account	Object Desc.
<u>Expenditure</u>					
Park Transit Hub Project	Public Works	44,544	One-time	301-7710-8540	Transfer Out
Total		44,544			

Previously Approved by Council and Transit Capital Fund Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/ Ongoing	Account	Object Desc.
<u>Revenue</u>					
Rural Transit Grant Award for Park Transit Hub Improvements Project	Public Works	124,632	One-time	920-9947-3390	Other Grant Capital Impv.
Park Transit Hub Improvements Project Additional Funding	Public Works	44,544	One-time	920-9947-3801	Transfers In
Total		176,555			
<u>Expenditure</u>					
Park Transit Hub Project	Public Works	44,544	One-time	920-9947-6106	Contractual Services
Total		44,544			

The San Luis Obispo Council of Governments provided notification to staff that the City’s State Transit Assistance Revenue will increase by \$7,379.

In addition, more funds are necessary and are available in the Transit Fund balance to be utilized for the Trolley Replacement Project.

New Recommended Transit Operating Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/ Ongoing	Account	Object Desc.
<u>Revenue</u>					
Increase to TDA State Transit Assistance (STA) Revenue	Public Works	7,379	Ongoing	301-5261-3234	DAR STA
	Total	7,379			
<u>Expenditure</u>					
Additional Funding needed for Trolley Vehicle	Public Works	34,127	One-time	301-7710-8540	Transfers out to Capital
	Total	34,127			

New Transit Capital Fund Revenue and Expenditure Budget Adjustments

Description	Department	Increase (Decrease) Amount	One-time/ Ongoing	Account	Object Desc.
<u>Revenue</u>					
Trolley Vehicle Replacement Project Additional Funding	Public Works	34,127	One-time	920-9922-3801	Transfers In
	Total	34,127			
<u>Expenditure</u>					
Trolley Vehicle Replacement Project	Public Works	34,127	One-time	920-9922-7204	Other Vehicles
	Total	34,127			

Other Funds

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

Recommended Other Funds Budget Amendments

There are minor midyear budget adjustments recommended in Other Funds, as outlined below, as well as the transfer out from the General Fund Emergency Reserve to fund General Fund Operating and Capital Fund expenditures for near-term storm recovery. Several of these are offsetting transfers for changes outlined in detail above in the General Fund. In all cases, fund balance is available to make this relatively minor budget amendments in the City’s non-major funds.

Previously Approved by Council or City Manager Other Funds (non-major) Budget Amendments

Fund	Description	Department	Increase (Decrease) Amount	Prior Council or CM Approval	One-time/Ongoing	Account	Object Desc.
Risk Management	Crime Insurance Increase	Risk Management	7,500	Yes	Ongoing	430-4317-6472	Other Insurances
Economic Dev.	Community Concerts (Tidelands Park series)	Recreation	10,000	Yes	One-time	907-7410-6106	Contract Services
ARPA	Increase to Storage Area Network (SAN) Budget--Nimble Storage Device	IT	25,000	Yes-CM	One-time	019-1111-7302	Equipment Acquisition
			42,500				

New Other Funds (non-major) Recommended Budget Amendments

Fund	Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
ARPA	Homeless Outreach Case Manager Position budget move to Transfers out to General Fund	Human Resources	-50,000	Ongoing	019-1111-8721	Payment to Other Agency
ARPA	Homeless Outreach Case Manager-transfer out to GF	Human Resources	50,000	Ongoing	019-7710-8510	Transfer to General Fund
Cloisters AD	Correction to Cloisters AD - IT contribution	Finance	420	One-time	570-7710-8501	Transfers Out
Cloisters AD	Transfer In from GF to Cloisters to cover cost of IT contribution	Finance	-420	One-time	570-7710-3810	Transfers In From General Fund
IT Fund	GovClarity Software Renewal	IT/PW/CDD	17,167	One-time	450-3520-6106	Contractual Services
Traffic Safety Fund	Remove transfer out to General Fund for FY	Police	-10,000	One-time	280-7710-8510	Transfers Out to General Fund
Traffic Safety Fund	Increase Operational Budget in Fund	Police	10,000	One-time	280-4110-5504	Machinery Equipment/Supplies
Vehicle Replacement Fund	Purchase of a Utility Transport Vehicle (UTV) and trailer	Fire	35,000	One-time	050-4210-7202	Trucks
			52,167			

Storm-Related Other Funds (non-major) Budget Amendments

Fund	Description	Department	Increase (Decrease) Amount	Prior Council or CM Approval	One-time/Ongoing	Account	Object Desc.
General Fund Emergency Reserve	Transfer to General Fund Operating for Near-Term Storm Recovery	Non-Departmental	903,100	Yes	One-Time	051-1111-8501	Transfer Out
General Fund Emergency Reserve	Transfer to General Government Capital Fund for Near-Term Storm Recovery	Non-Departmental	556,019	Yes	One-Time	051-1111-8501	Transfer Out
			1,469,119				

RESOLUTION NO. 11-23

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
APPROVING AMENDMENTS TO THE CITY'S FISCAL YEAR 2022-23 BUDGET**

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

WHEREAS, Fiscal Year 2022-23 Midyear Budget adjustments were discussed and approved during the February 28, 2023 Council meeting; and

WHEREAS, the Council now desires to amend its Adopted Fiscal Year 2022-23 Budget to include the amendments outlined in Exhibit 1.

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

1. The operating and capital budgets of the City are amended by the additional revenues, expenditures and transfers, as shown on the attached Exhibit 1, that were discussed at the February 28, 2023, Council Meeting; and

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 28th day of February 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

RECUSED:

CARLA WIXOM, Mayor

ATTEST:

DANA SWANSON, City Clerk

Exhibit 1:
FY 2022-23 Previously Approved Mid-Year Budget Amendments (Prior to February 28, 2023)

Revenues and Transfers In						
Description	Fund Desc.	Object Desc.	Account Info.	Department	Increase/ (Decrease)	One-time/ Ongoing
Ironman Event Reimbursement Revenue	General Fund	Other Misc. Revenue	001-3510-3990	Finance	20,000	One-time
Additional Funding from State Revenue (SB1)	GF Capital Project Fund	Road Main & Rehab (SB1-2032)	915-9614-3215	Public Works	33,342	Ongoing
Reduce Revenue from SD-01B Pipeline Kern & Anchor Project for Elena Slope Repair and Utilities Replacement Project	GF Capital Project Fund	Trans. From General Fund	915-9934-3820	Public Works	(166,838)	One Time
Elena Slope Repair and Utilities Replacement Project	GF Capital Project Fund	Trans. From General Fund	915-9949-3810	Public Works	166,838	One Time
Preparation of an Appraisal of the Jointly Owned Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant Site and Related Facilities	Sewer CIP Fund	Transfer From Enterprise	922-7710-3860	Public Works	22,500	One-time
Ironman Event Contract Expenses-Transfer into Harbor from GF for OT Expenses	Harbor Operating Fund	Transfers In	331-7710-3801	Harbor	5,000	One-time
Additional funding for City Park Transit Hub Improvements project	Transit Fund Capital Project	Transfers In	920-9947-3801	Public Works	44,544	One-Time
Rural Transit Fund Grant Award for City Park Transit Hub Improvements Project	Transit Fund Capital Project	Other Grant Capital Impv	920-9947-3390	Public Works	124,632	One Time

Total Revenues and Transfers In

250,018

Expenditures and Transfers Out						
Description	Fund Desc.	Object Desc.	Account Info.	Department	Increase/ (Decrease)	One-time/ Ongoing
Boys & Girls Club to provide Teen Services	General Fund	Contract Services	001-5215-6106	Public Works-Consolidated Maint.	10,000	One-time
Multi-Use Trail Repair (Bike Path Repairs)	General Fund	Grounds Maint. Supplies	001-5215-5501	Public Works-Consolidated Maint.	13,800	One-time
Cost to prepare an environmental document (mitigated Negative Declaration) for a proposed land use change for the Shepard Martz property.	General Fund	Contract Services	001-7105-6106	Community Development	14,000	One-time
Ironman Event Contract Expenses-PW	General Fund	Overtime Pay	001-5215-4120	Public Works-Consolidated Maint.	15,000	One-time

Ironman Event Contract Expenses -PD	General Fund	Overtime Pay	001-4110-4120	Police	15,000	One-time
Ironman Event Contract Expenses-Fire	General Fund	Overtime Pay	001-4310-4120	Fire	3,000	One-time
Ironman Event Contract Expenses-Transfer from GF to Harbor for OT Expenses	General Fund	Transfers out to Enterprise	001-7710-8570	Finance	5,000	One-time
Community Development-Granicus Contract	General Fund	Consulting Services	001-7105-6105	Community Development	28,000	Ongoing
Increased operating budget for additional revenue for Annual Pavement Management Program received after budget adoption	General CIP Fund	Contractual Services/Road Main & Rehab	915-9614-6106	Public Works	33,342	Ongoing
Transfer funds from SD-01B Pipeline Kern & Anchor Project to Elena Slope Repair and Utilities Replacement Project	General CIP Fund	Contractual Services	915-9934-6106	Public Works	(166,838)	One Time
Elena Slope Repair and Utilities Replacement Project	General CIP Fund	Contractual Services	915-9949-6106	Public Works	166,838	One Time
Harbor Patrol Officer-New 1.0 FTE	Harbor Operating Fund	Regular Pay	331-6510-4110	Harbor	39,894	Ongoing
Harbor Patrol Officer-New 1.0 FTE	Harbor Operating Fund	Pension Normal Cost	331-6510-4911	Harbor	4,301	Ongoing
Harbor Patrol Officer-New 1.0 FTE	Harbor Operating Fund	Employer Paid Benefits	331-6510-4910	Harbor	25,091	Ongoing
Ironman Event Contract Expenses-Harbor	Harbor Operating Fund	Overtime Pay	331-6510-4120	Harbor	5,000	One-time
Increase to Storage Area Netork (SAN) Budget--Nimble Storage Device	American Rescue Plan (ARP) Fund	Equipment Acquisition	019-1111-7302	IT	25,000	One-time
Preparation of an Appraisal of the Jointly Owned Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant Site and Related Facilities. Project line expense increase.	Sewer CIP Fund	WWTP Decommission	922-8501-7105	Public Works	22,500	One-time
Preparation of an Appraisal of the Jointly Owned Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant Site and Related Facilities	Sewer Operating	Transfer out to CIP	321-7710-8540	Public Works	22,500	One-time
Additional funding for City Park Transit Hub Improvements project	Transit Fund Capital Project	Contractual Services	920-9947-6106	Public Works	44,544	One Time
Transfer out from Transit Fund to Transit CIP for Trolley Replacement and additional construction costs for Hub Improvements Project	Transit Fund	Transfers out to Capital	301-7710-8540	Public Works	44,544	One-Time
Crime Insurance Increase	Risk Management	Other Insurance	430-4317-6472	Risk Mgmt.	7,500	Ongoing
Community Concerts (Tidelands Park series)	Economic Dev. Fund	Contract Services	907-7410-6106	Recreation	10,000	One-time

Total Expenditures and Transfers Out

388,015

FY 2022-23 NEW Recommended Mid-Year Budget Amendments

Revenues and Transfers In						
Description	Fund Desc.	Object Desc.	Account Info.	Department	Increase/ (Decrease) Requested	One-time/ Ongoing
Homeless Outreach Case Manager-transfer out of ARPA	General Fund	Non-Dept/Transfer in from Special Revenue	001-7710-3820	Human Resources	50,000	Ongoing
Reduce transfer in to GF from the Traffic Safety Fund Special Revenue to General Fund as originally budgeted. Revenue to remain in Traffic Safety Fund.	General Fund	Transfers from Special Revenue	001-7710-3820	Non-Departmental	(10,000)	One-time
ADA intersection improvements at Main and Quintana	Capital Projects Fund - General Fund	Other Grant Public Svc	915-8500-3391	Public Works	490,000	One -time
Additional Funding for Trolley Replacement Vehicle Project to Transit CIP Fund	Transit Fund Capital Project	Transfers In	920-9922-3801	Public Works	34,127	One-time
Homeless Outreach Case Manager Position budget move to Gen Fund	ARPA Fund	Non-Dept/Payment to Other Agency	019-1111-8721	Human Resources	(50,000)	Ongoing
Homeless Outreach Case Manager-transfer out of ARPA	ARPA Fund	Non-Dept/Transfer to General Fund	019-7710-8510	Human Resources	50,000	Ongoing
Correction to Cloisters AD - IT contribution	Cloisters AD	Transfers Out	570-7710-8501	Finance	420	One-time
Transfer In from GF to Cloisters to cover cost of IT contribution	Cloisters AD	Transfers In	570-7710-3810	Finance	(420)	One-time
Measure E local sales tax revenue budget increase	Measure E	Sales Tax city Portion-Measure E	003-1111-3053	Finance	122,700	One-time
Increase to TDA State Transit Assistance Revenue	Transit Operating Fund	DAR STA	301-5261-3234	Public Works	7,379	One-time

Total Revenues and Transfers In

694,206

Expenditures and Transfers Out						
Description	Fund Desc.	Object Desc.	Account Info.	Department	Increase/ (Decrease) Requested	One-time/ Ongoing
Leave accrual payout for Police Chief	Gen Fund	Other Pay	001-4110-4599	Police	28,314	One-time
Fleet Maintenance	Gen Fund	Micellaneous Operating Supplies	001-5215-5199	PW Consolidated Maintenance	10,400	Ongoing
On-Call services for E&A Consulting Services	Gen Fund	Consulting Services	001-5205-6105	PW Engineering & Administration	40,000	Ongoing
Repair Police Station Plumbing	Gen Fund	Contractual Services	001-5215-6106	PW Consolidated Maintenance	20,000	One-time

Office Furniture Purchase for Admin. Technician (Desk, Hutch, Filing Cabinet(s))	Gen Fund	Office Furniture	001-5205-7311	PW Engineering & Administration	3,853	One Time
Office furniture for new City Hall HR office	Gen Fund	Misc. Operating Supplies	001-3140-6106	City Manager	3,800	One Time
Leave accrual payout for City Manager	Gen Fund	Other Pay	001-3110-4599	City Manager	52,000	One-time
City Manager Recruitment Expenses	Gen Fund	Recruitments	001-3140-6760	City Manager	53,000	One-time
Transfer Out from GF to Cloisters to cover cost of IT contribution	Gen Fund	Transfers Out	001-7710-8580	Finance	420	One-time
Development Impact Fee Study	Gen Fund	Consulting Services	001-3510-6105	Finance	50,000	One-time
Retrofit existing office space for new HR Manager Position	Gen Fund	Contractual Services	001-3140-6106	Human Resources	25,000	One-time
Leave accrual payout for HR Analyst	Gen Fund	Other Pay	001-3140-4599	Human Resources	14,525	One-time
Homeless Outreach Case Manager Position to Gen Fund	Gen Fund	Regular Pay	001-4110-4110	Human Resources	50,000	Ongoing
Server Replacement	Measure E	Machinery/Equipment/Supplies	003-4110-5504	Police	20,000	One-time
New Automated External Defibrillators (AED's) to replace the expired ones that are in each patrol	Measure E	First Aide Supplies	003-4110-5504	Police	12,000	One-time
RMS Software support	Measure E	Contractual Services	003-4110-6106	Police	11,100	Ongoing
Repair Fire Station Cistern	Measure E	Contractual Services	003-5215-6106	PW Consolidated Maintenance	20,000	One-time
Encampment cleanup	Measure E	Contractual Services	003-5215-6106	PW Consolidated Maintenance	25,000	Ongoing
Sidewalk/curb/gutter on-call services	Measure E	Contractual Services	003-5230-6106	PW Streets	34,600	One-time
Purchase of a Utility Transport Vehicle (UTV) and trailer	Veh Replacement Fund	Trucks	050-4210-7202	Fire	35,000	One-time
Reduce transfer in to GF from the Traffic Safety Fund Special Revenue to General Fund as originally budgeted. Revenue to remain in Traffic Safety Fund.	Traffic Safety Fund	Transfers Out to General Fund	280-7710-8510	Police	(10,000)	One-time
Move budgeted funds to operational expense account in Fund	Traffic Safety Fund	Machinery/Equipment/Supplies	280-4110-5504	Police	10,000	One-time
Transfer out from Transit Fund to Transit CIP for Trolley Replacement Project	Transit Fund	Transfers out to Capital	301-7710-8540	Public Works	34,127	One-time
Increase overtime	Water Operating Fund	Overtime Pay	311-5240-4120	Water	20,000	One-time
Increase standby pay	Water Operating Fund	Standby Pay	311-5240-4515	Water	10,000	Ongoing
Increase overtime	Sewer Operating Fund	Overtime Pay	321-5251-4120	Wastewater Collection	50,000	One-time
Increase standby pay	Sewer Operating Fund	Standby Pay	321-5251-4515	Wastewater Collection	10,000	Ongoing
Unfunded Liabilities Payout to Retired Harbor Director	Harbor Operating	Other Pay	331-6510-4599	Harbor	47,545	One-time
Facilities Repair	Harbor Operating	Ground Repair	331-6510-6603	Harbor	2,500	One-time
Legal expenses for federal maritime lien	Harbor Operating	Legal Services-General	331-6510-6101	Harbor	11,000	Ongoing
Harbor Building Improvement	Harbor Operating	Contractual Services	331-6510-6106	Harbor	35,000	One-time

GovClarity Software	Information Technology Fund	Contractual Services	450-3520-6106	IT/PW/CDD	17,167	One-time
Local Roadway Safety Plan (LRSP)	GF Capital Project Fund	Engineering Services	915-8045-6104	Public Works	35,000	One-time
Speed survey completed with budget surplus to be transferred to Local Roadway Safety Plan (LSRP)	GF Capital Project Fund	Consulting Services	915-8055-6105	Public Works	(35,000)	One-time
ADA intersection improvements at Main and Quintana	GF Capital Project Fund	Contractual Services	915-8500-6106	Public Works	490,000	One-time
Additional Funding for Trolley Replacement Vehicle CIP Project	Transit Fund Capital Project	Other Vehicles	920-9922-7204	Public Works	34,127	One-time
Fire Station Loan Payoff Higher than Estimated by USDA at Budget Time	Gen Fund	Principal Repayment	001-1111-8130	Non-Departmental	65,000	One-time

Total Expenditures/Transfers Out

1,335,478

FY 2022-23 NEW January Storm Recommended Mid-Year Budget Amendments

Revenues and Transfers In					
Description	Fund Desc.	Object Desc.	Account Info.	Department	Increase/ (Decrease) Requested
Insurance coverage for Maintenance Service Truck replacement vehicle	General Fund	Miscellaneous Revenue	001-5215-3911	Public Works	35,000
Transfer in from GFER for Recommended January Storm Budget Amendments	General Fund	Transfers In	001-7710-3801	Finance	903,100
Transfer in from GFER for Recommended January Storm Budget Amendments	Capital Projects Fund - General Fund	Transfers In	915-7710-3801	Finance	556,019
Transfer in from Water Operating for Reverse Osmosis Building Project	Water Capital Fund	Transfers In From Enterprise	921-7710-3860	Public Works	200,000

Total Revenues and Transfers In

1,694,119

Expenditures and Transfers Out					
Description	Fund Desc.	Object Desc.	Account Info.	Department	Increase/ (Decrease) Requested
Transfer out to General Fund from GFER for Recommended January Storm Budget Amendments	G/F Emergency Reserve Fund	Transfers Out	051-1111-8501	Finance	1,494,119
Transfer out to Water Capital Fund for Reverse Osmosis Building Roof Project	Water Operating Fund	Transfers Out	311-7710-8501	Public Works	200,000
Removal of sludge, mud, vegetation debris	General Fund	Contractual Services	001-5215-6106	Public Works	100,000
Debris removal from ditch that is impeding storm water flow	General Fund	Contractual Services	001-5230-6106	Public Works	150,000
Road closure; traffic control; debris removal; storm drain debris removal; jetting road and storm drain	General Fund	Disposal	001-5230-6305	Public Works	145,000
Road closure; traffic control; debris removal; storm drain debris removal; jetting road and storm drain	General Fund	Contractual Services	001-5230-6106	Public Works	120,000
Silt removal, replacing playground woodchips	General Fund	Grounds Maintenance Supplies	001-5215-5501	Public Works	50,000
Silt removal, replacing playground woodchips	General Fund	Grounds Maintenance Supplies	001-5215-5501	Public Works	50,000
Fallen tree removal; damaged power and communication lines (388 Main); debris removal under Morro Creek bridge blocking flow (big tree and silt from storm flows)	General Fund	Contractual Services	001-5230-6106	Public Works	15,000

Water usage for clean up efforts for #13	General Fund	Water	001-5230-6303	Public Works	15,000
Sludge disposal (due to drying bed damage at WWTP could not dry/dispose of new sludge at old plant and needed to dry/dispose from 555 SBB)	General Fund	Grounds Maintenance Supplies	001-5215-5501	Public Works	9,000
Fallen tree removal	General Fund	Contractual Services	001-5230-6106	Public Works	5,100
Fallen tree removal; fence damage (1)	General Fund	Contractual Services	001-5230-6106	Public Works	5,000
Street sweeper cleaning throughout South Bay Blvd. in Morro Bay city limits and County's portion with truck stage site.	General Fund	Contractual Services	001-5230-6106	Public Works	5,000
Fallen tree removal	General Fund	Contractual Services	001-5230-6106	Public Works	3,600
Road closure; traffic control; debris removal	General Fund	Contractual Services	001-5230-6106	Public Works	3,000
Fallen tree removal; took out power and communication lines	General Fund	Contractual Services	001-5230-6106	Public Works	2,200
Debris, mud clean up	General Fund	Contractual Services	001-5230-6106	Public Works	2,000
Debris, mud clean up	General Fund	Contractual Services	001-5230-6106	Public Works	2,000
Debris removal rolloff bins	General Fund	Advanced Life Support Equi	001-5230-6810	Public Works	60,000
Sand for sandbags	General Fund	Water	001-5215-6303	Public Works	3,500
Waddle to protect path to pickeball courts	General Fund	Grounds Maintenance Supplies	001-5215-5501	Public Works	500
The Rock Parking Lot was filled to create a single Harbor Entrance on the South Side of Morro Rock. The revetment parking lot is being pulled out by large swell and storm activity. Major pot holes throughout parking lot.	General Fund	Contractual Services	001-5215-6106	Public Works	15,000
Maintenance (fluids, filters, etc.) due to running vehicles through floodwater; repair PW inspector truck	General Fund	Machinery/Equipment/Supplies	001-5205-5504	Public Works	7,000
Snake rooter	General Fund	Small Tools	001-5215-5530	Public Works	5,400
Pressure washer	General Fund	Small Tools	001-5215-5530	Public Works	5,000
Pavement grinder	General Fund	Small Tools	001-5215-5530	Public Works	5,000
Cement cutter	General Fund	Small Tools	001-5215-5530	Public Works	5,000
Maintenance (fluids and air filter changes) due to running vehicles through floodwater	General Fund	Miscellaneous Operating Supplies	001-5215-5199	Public Works	5,000
Mowers (4)	General Fund	Small Tools	001-5230-5530	Public Works	4,800
Apparatus and vehicle repairs and maintenance from flood water traversing	General Fund	Outside Vehicle Repair/Maint	001-4210-6604	Fire	4,400
Weed eaters (7)	General Fund	Small Tools	001-5230-5530	Public Works	3,600
PPE damaged and contaminated by biohazard	General Fund	Uniforms/Safety Equipment	001-4210-5109	Fire	3,500
Water dispenser, welder and welding equipment	General Fund	Building Maintenance Supplies	001-5215-5502	Public Works	3,200
Paint sprayer	General Fund	Small Tools	001-5215-5530	Public Works	3,000
General mini rooter	General Fund	Small Tools	001-5215-5530	Public Works	1,600
Breakroom refrigerator, table, 6 chairs, water dispenser	General Fund	Building Maintenance Supplies	001-5215-5502	Public Works	1,500
Edgers (3) Briggs & Stratton	General Fund	Small Tools	001-5230-5530	Public Works	1,500
Pole saws (2)	General Fund	Small Tools	001-5215-5530	Public Works	1,200
Chop saw (STI)	General Fund	Small Tools	001-5215-5530	Public Works	1,000

Hedge trimmer	General Fund	Small Tools	001-5215-5530	Public Works	500
Repair washed out/undermined road; traffic control; Several truckloads of 12" - 14" Gabion rock was dumped and placed for road support; placed 1-1/2" rock as 1st layer bedment	General Fund	Contractual Services	001-5215-6106	Public Works	30,000
Work truck (2017 Ford F250)-Josh's Truck	General Fund	Trucks	001-5215-7202	Public Works	60,000
John Deere mower	General Fund	Machinery Acquisition	001-5215-7301	Public Works	15,000
Carpet tiles (1 pallete)	General Fund	Building Maintenance Supplies	001-5215-5502	Public Works	4,000
Debris, mud clean up; on demand water heater	General Fund	Contractual Services	001-5230-6106	Public Works	6,000
Pavement rehab due to flood damage (1260ft x 32ft x \$11.31/sqft)	Capital Projects Fund - General Fund	Contractual Services	915-9950-6106	Public Works	456,019
Stormdrain failure; slope failure; debris, mud clean up; sewer main failure; temporary bypass; pavement rehabilitation	Capital Projects Fund - General Fund	Contractual Services	915-9949-6106	Public Works	100,000
Full structural failure of dock as well as structural failure of a portion of the head float. Dock and portion of head float need to be replaced.	Harbor Operating Fund	Contractual Services	331-6510-6106	Harbor	5,000
Reverse Osmosis building-Corp Yard (11,000 SQFT) - roof leaks	Water Capital Projects Fund	Contractual Services	921-9951-6106	Public Works	200,000
VFD (equipment to control flow)	Water Operating Fund	Equipment Acquisition	311-5240-7302	Public Works	50,000
Product Water HMI 27119-T12C4D1	Water Operating Fund	Equipment Acquisition	311-5240-7302	Public Works	8,000
(Computer) HP Tower - \$3000 x2	Water Operating Fund	Machinery/Equipment/Supplies	311-5240-5504	Public Works	6,000
(UPS) SOLA-HD-UPS- \$1500 x3	Water Operating Fund	Machinery/Equipment/Supplies	311-5240-5504	Public Works	4,500
(Computer) Dell Precision 5820 - \$4399 x1	Water Operating Fund	Machinery/Equipment/Supplies	311-5240-5504	Public Works	4,399
(PLC) Opto 22 SNAP PC R1 - \$1215 x3	Water Operating Fund	Machinery/Equipment/Supplies	311-5240-5504	Public Works	3,645
(UPS) APC-SMT2200C-UPS - \$1820 x1	Water Operating Fund	Machinery/Equipment/Supplies	311-5240-5504	Public Works	1,820
(PLC)Opto 22 Power supply - \$330 x3	Water Operating Fund	Machinery/Equipment/Supplies	311-5240-5504	Public Works	990
Ubiquiti Tough Switch pro - \$300 x 3	Water Operating Fund	Machinery/Equipment/Supplies	311-5240-5504	Public Works	900
(Monitor) Dell 17" Monitor - \$150 x2	Water Operating Fund	Machinery/Equipment/Supplies	311-5240-5504	Public Works	300
(Monitor) HP 19" Monitor - \$150 x2	Water Operating Fund	Machinery/Equipment/Supplies	311-5240-5504	Public Works	300
Cable Modem - \$ 300 x1	Water Operating Fund	Machinery/Equipment/Supplies	311-5240-5504	Public Works	300
ASUS WI-FI Router - \$200 x1	Water Operating Fund	Machinery/Equipment/Supplies	311-5240-5504	Public Works	200
Keyboard/mouse \$40 x 3	Water Operating Fund	Machinery/Equipment/Supplies	311-5240-5504	Public Works	120

Total Expenditures and Transfers Out

3,474,712

*All Expenditures/Transfers Out are One-time costs



AGENDA NO: C-3

MEETING DATE: February 28, 2023

Staff Report

TO: Honorable Mayor & City Council 2023 **DATE:** February 28, 2023

FROM: Greg Kwolek – Public Works Director
Paul Amico, PE – Water Reclamation Facility (WRF) Program Manager

SUBJECT: Approve WRF Contract Amendments, Authorize an increase in the Anvil contract budget and Review and Comment on Fiscal Year 2023 Quarter 2 WRF Quarterly Report

RECOMMENDATION

Staff recommends the City Council review and provide input on the Fiscal Year (FY) 23 2nd Quarter WRF Quarterly Report. Staff also request Council approve the following WRF contract and budget amendments, and the following new contract for the WRF Program:

1. Amendment No. 7 to the agreement with Anvil Builders, Inc. (Anvil) for the WRF Lift Stations and Offsite Pipelines construction for \$124,970, which results in a total not to exceed contract value for Anvil of \$34,968,314 and increase of the Anvil contract budget to that new contract value.
2. Amendment No. 5 to the agreement with Waterworks Engineers (WWE) to continue to provide professional engineering services during construction for the Conveyance Facilities Project for \$75,000, which increases the total not-to-exceed contract value for WWE to \$2,615,113.
3. Execute a new contract for Rincon Consultants, Inc. to provide professional environmental permitting consulting services for the Recycled Water component of the WRF Program in the amount of \$43,532.

FISCAL IMPACT

Anvil Builders, inc.

The PCOs included in Amendment No. 7 are listed in the following table. If the amendment is approved, then the total not to exceed amount for the Anvil Agreement and budget will increase from \$34,843,344 to \$34,968,314.00.

PCO #	DESCRIPTION	Amount
5	Pump Station A Excavation NPDES Dewatering Permit	\$55,856
8.2	Additional Project Signage Costs	\$3,856
23.1	Miscellaneous Unforeseen Utility Work (Part 2)	\$17,949
66	Repair Leaking City Waterline at North Abutment	\$10,958
75	Additional Bollards Required by PG&E at Pump Stations	\$15,013
78	Change 1-inch AIR-DR Piping to Stainless Steel (DC #35)	\$16,839
80	Repair Existing Leaking RO line at PS-A Site	\$4,499
	Total	\$124,970

Prepared By: AC

Dept Review: GK

City Manager Review: SC

City Attorney Review: JWP

Waterworks Engineers

The cost for Amendment No. 5 is \$75,000. If the amendment is approved, then the total not to exceed amount for the WWE agreement will increase from \$2,540,113 to \$2,615,113.

Rincon Consultants

This is a new contract for Rincon, if this contract is approved and executed, then the total not to exceed amount for the Rincon agreement will be \$43,532.

Overall Fiscal Impact

Acceptance of all three contract amendments would not result in an increase in the overall WRF Program baseline budget, as adopted in the FY23 City Budget (\$159.84 Million), nor cause an increase in rates paid by customers. The following table connects the proposed contract amendments to each individual budget item included in the overall WRF Program Budget.

Approved Anvil Conveyance Facilities Budget	\$34,701,121
Original Contract Amount	\$31,493,675
Total Approved Amendments	\$3,349,669
Amendment No. 7	\$124,970
Proposed Contract Amount	\$34,968,314
Anvil Conveyance Facilities Budget Remaining (before the increase discussed herein)	(\$267,193)
Approved Waterworks Conveyance Facilities Budget	\$2,711,407
Original Contract Amount	\$1,353,574
Total Approved Amendments	\$1,186,539
Amendment No. 5	\$75,000
Proposed Contract Amount	\$2,615,113
Waterworks Conveyance Facilities Budget Remaining	\$96,294
Approved Recycled Water Facilities Enviro Support Budget	\$0
Original Contract Amount	\$43,352
Recycled Water Facilities Program Contingency	\$304,549
Recycled Water Facilities Program Contingency Remaining	\$261,017

DISCUSSION

Anvil Builders, Inc.

Amendment No. 7 consists of 7 potential change orders (PCO) that were negotiated between Anvil and the construction management team and reviewed by City Staff. Each PCO is described below.

PCO 5 - Pump Station A Excavation NPDES Dewatering Permit

The original Contract permitted Anvil to discharge groundwater from the Pump Station A excavation dewatering operation into the sanitary sewer. The City determined during construction the water volume generated during dewatering could adversely affect the existing WWTP, which would require the water to be discharged to surface water and be permitted through the Regional Board. The City obtained a permit from the Regional Board to utilize the City's existing RO discharge outfall, and the discharge permit required an extensive sampling and testing program that was not included in the original Contract. Anvil is being reimbursed for the costs to add temporary piping, additional shoring rental costs, while the City obtained the new discharge permit, sampling, and testing.

PCO 8.2 - Additional Project Signage Costs

The original contract included a \$5,000 allowance for additional signage not specifically shown on the plans. Anvil also was reimbursed under previous PCO 8.1 for added signage through 2021, and PCO 8.2 provides reimbursement for additional signs requested by the City during 2022. The additional signs were necessary for public safety, public information, improved traffic flow, and/or to enhance access to businesses during construction.

PCO 23.1 - Miscellaneous Unforeseen Utility Work (Part 2)

Anvil was reimbursed under previous PCO 23 for unforeseen minor utility work required for the Contract work to proceed. The following items are acknowledged as unforeseen conditions and the extra costs are justified and have been verified: (1) IPR pipe minimum cover determination delay and standby time on 6/29/22; (2) locating unknown underground utilities requested/required by SoCal Gas on 7/28/22 and 7/29/22; and (3) delay costs and repair costs from an existing unknown and unmarked 2" waterline broken by Anvil on Kennedy Way on 8/30/22.

PCO 66 - Repair Leaking City Waterline at North Abutment

On 9/20/22, Anvil staff observed water coming out of the ground where the waterline crosses Anvil's work area near the Morro Creek Utility Bridge north abutment. The City confirmed that a City-owned waterline was leaking. Anvil crews excavated the pipeline, located the leak, and repaired the leak at the City's request. The City determined Anvil's construction activities did not cause the leak.

PCO 75 - Additional Bollards Required by PG&E at Pump Stations

The Contract Drawings indicate an arrangement of concrete-filled steel bollards that surround and protect the new PG&E transformer equipment at both Pump Station A and Pump Station B. During site inspections by PG&E staff in advance of installing the new transformers, PG&E required that Anvil increase the number of bollards at both Pump Stations. Anvil is seeking reimbursement for this added work not shown on the Contract Drawings.

PCO 78 – Change 1-in. AIR-DR Piping to Stainless Steel (DC #35)

Each Pump Station includes 3 pumps and 3 discharge pipe assemblies with various instruments and appurtenances, and each discharge assembly also includes a 1" pipe with ball valve leading back to the adjacent wet well to release trapped air or drain water back into the wet well. The Contract Drawings show this piping to be constructed of Schedule-40 PVC plastic, and during start-up one of 1" PVC pipe assemblies failed. Consequently, the City directed Anvil to replace the 6 1" pipe

assemblies with 316 stainless steel including piping, fittings, valves, and supports, which will better provide what is needed.

PCO 80 – Repair Existing Leaking RO Line at PS-A Site (Pre-Existing Leak)

On 11/18/22, Anvil and City staff observed water coming out of the ground at Pump Station A. The City confirmed the City's existing RO brine discharge line leading to the ocean discharge was leaking. Anvil crews excavated the pipeline, located the leak, and repaired the leak at the City's request. The leak was confirmed to be pre-existing and not caused by Anvil activities.

Waterworks Engineers

Amendment No. 5 for WWE includes the continued engineering services during construction for the WRF Lift Stations and Offsite Pipelines Project to cover services already performed to respond to additional construction requests for information and submittals, issue design clarifications, and to attend coordination meetings with the construction management team and City. Additional scope of services included start up and troubleshooting support. Amendment No. 5 also includes record drawing developing for the Conveyance Facilities Project. Waterworks will review the Contractor's redline markups of the plans as well as update the CAD alignment in plan-view only to match survey points provided by the Contractor.

Rincon

This new contract will allow Rincon Consultants, Inc. to provide professional environmental consulting services to the City for the Recycled Water Facilities Component of the WRF Program. These services include preparing National Environmental Protection Act (NEPA) environmental documentation and providing strategic environmental advising support to the City for the Recycled Water Facilities Project implementation. The NEPA documentation is required for the City to access the \$9.3M in grant funding that it was awarded by the United States Bureau of Reclamation under the Title XVI Grant Program (award letter received in September 2022). Tasks for Rincon's proposed scope are listed below:

- Task 1 Project Management
- Task 2 Environmental Advising Support
- Task 3 NEPA Environmental Assessment (EA)
 - Task 3.1 Administrative Draft EA
 - Task 3.2 Screen check Draft EA
 - Task 3.3 Public Review Draft EA
 - Final EA

QUARTERLY REPORT DISCUSSION

The quarterly report is designed to provide City Council and the community status updates on schedule, budget, contract management, cashflow, key activities, and critical path items as they relate to the WRF Program. Staff is requesting that the City Council review and provide feedback on the FY23 Quarter 2 (Q2) WRF Quarterly Report and provide feedback on the information presented in this report.

The FY23 Q2 WRF Quarterly Report covers the period from October 1, 2022, to December 31, 2022, and the major highlights from this period include the following:

- Seed Sludge was successfully completed on October 10, 2022.
- All major construction at the Water Resources Center is complete and the City occupied the Maintenance and Operations Buildings in September 2022.

- The Water Resources Center start-up was completed and successfully treated wastewater.
- All major pipeline installation on the Conveyance Facilities construction is complete, including miscellaneous water main relocations and supporting infrastructure installations.
- Both Pump Station A and B were successfully commissioned and tested with clean water. Each pump station is currently operational conveying wastewater to the Water Resources Center.
- The pilot injection well extended injecting testing commenced late November 2022 and was completed in early January 2023.

The major challenges the City and Carollo project team began working through during Q2 FY23 were related to the startup and commissioning of both the Water Resources Center and the Conveyance Facilities infrastructure. The City and contractor extensively coordinated the seed sludge during the first two weeks of October 2022 and were required to troubleshoot several pieces of equipment during the initial startup of the Water Resources Center. The existing WWTP was simultaneously operated to ensure if wastewater needed to be sent to the existing WWTP, then it was still operational. Over the course of November and December 2022, the Contractor, Program Team, and City staff began developing a final project closeout punchlist for both the Water Resources Center and Conveyance Facilities and are currently still in discussion on the punchlist items.

For the Recycled Water component of the program, the City recently completed a critical test for the recycled water component of its Water Reclamation Facility Program. With the recently completed construction of Injection Well No. 1, the City was able to perform an extended Injection Test using potable drinking water from the City's Water Distribution System. The results of the Injection Test, which included injection of potable water into the Morro Groundwater Basin via Injection Well No. 1 and monitoring of nearby groundwater conditions, will inform the design of the full-scale Recycled Water Facilities injection system. The test successfully demonstrated the ability to inject water into the basin to protect against seawater intrusion, augment groundwater supplies in storage, and improve groundwater quality.

The Extended Injection Test was initiated on December 6, 2022, with a controlled flow rate of 95 gallons per minute (gpm) being conveyed into the well. The testing was conducted until January 4, 2023. During the test, water levels in both the injection well and the nearby monitoring well were recorded on an hourly basis. Water quality data were also tracked to (a) document the quality of the injected water and (b) determine the migration rate of the injected water from the injection well to the nearby monitoring well. Water quality data collected from the monitoring well on December 20, 2022, confirmed the arrival of the injection water at that location, which allows the calculation of the migration rate thru the aquifer sediments. These data will be useful in both future project planning and for permit acquisition through the Regional Water Quality Control Board. Finally, a series of water quality samples are being collected following cessation of the test to evaluate if geochemical changes occurred within the aquifer following the introduction of the potable water source (State Water Project water).

Next steps are for the program team's hydrogeologist, Groundwater Solutions, Inc. (GSI) to select specific injection well locations, followed by design and permitting of the injection wells, with construction of the full-scale injection system projected to initiate in 2024.

The current program budget was approved by City Council on June 28, 2022 at \$159.84M and \$128.8M has been spent to-date as of Q2.

At their meeting on February 15, 2023, the Public Works Advisory Board (PWAB) received a report and presentation from Paul Amico, WRF Program Manager, summarizing the FY23 Quarter 2 Quarterly Report and an outline of the proposed contract amendments for the program. The PWAB members asked several questions about the proposed change orders, and ultimately provided some consensus the change orders were reasonable, as described in the presentation and the staff report. One PWAB member questioned why so many bollards were added by PG&E between the design and actual installation of the transformer station at Pump Station 2 (PCO 75 above). The program manager confirmed with PG&E the number and layout of bollards can be changed at the discretion of the PG&E site inspector, and this was the case for this project. As such, the additional bollards required by PG&E was a change of scope not foreseen by staff, the program manager, or the contractor.

CONCLUSION

The requested contract amendments for Anvil, WWE and the new contract for Rincon have been thoroughly reviewed and refined by the project management team and City staff. With the addition of these Contract modifications, the Water Resources Center, Conveyance Facilities, Recycled Water Facilities, and General Project components will continue to meet the timing and regulatory agency requirements of the entire WRF Program.

It is important to note, Anvil is providing a request for additional compensation for other “extra” work they believe they satisfactorily performed and costs they believe they incurred. Program Management team and City program, department and legal staff will be reviewing those requests, along with claims the City may have against Anvil due to extra costs the City incurred as a result of Anvil’s actions or inactions.

ATTACHMENTS

1. Anvil Builders, Inc. Amendment No. 7
2. WWE Amendment No. 5
3. Rincon Contract Agreement
4. FY23 Quarter 2 Quarterly Report

CITY OF MORRO BAY

AMENDMENT NO. 7 TO THE AGREEMENT
FOR CONSTRUCTION SERVICES
BETWEEN THE CITY OF MORRO BAY
AND ANVIL BUILDERS, INC.

This Amendment No. 7 is entered by and between the City of Morro Bay, a municipal corporation (“City”) and Anvil Builders, Inc., a California corporation (“Contractor”).

RECITALS

WHEREAS, City and Contractor (collectively, the “Parties”) entered into an agreement as of November 10, 2020, for construction services for Contractor to complete the work for the Water Reclamation Facility Lift Station and Offsite Pipelines Project, (the “Project”) which was approved by the City Council for a not to exceed amount of \$31,493,675 (the “Agreement”).

WHEREAS, the Parties amended the Agreement, as of October 12, 2021, to expand the tasks to be provided by Contractor and to increase the compensation payable in the amount of \$674,485 (Amendment No. 1), increasing the total compensation payable pursuant to the Agreement to \$32,168,160;

WHEREAS, the Parties amended the Agreement, as of January 11, 2022, to expand the tasks to be provided by Contractor and to increase the compensation payable in the amount of \$587,502 (Amendment No. 2), increasing the total compensation payable pursuant to the Agreement to \$32,755,662;

WHEREAS, the Parties amended the Agreement, as of March 22, 2022, to expand the tasks to be provided by Contractor and to increase the compensation payable in the amount of \$241,317 (Amendment No. 3), increasing the total compensation payable pursuant to the Agreement to \$32,996,979;

WHEREAS, the Parties amended the Agreement, as of June 14, 2022, to expand the tasks to be provided by Contractor which resulted in a reduction to the total contract in the amount of \$54,065 (Amendment No. 4), therefore decreasing the total compensation payable pursuant to the Agreement to \$32,942,914;

WHEREAS, the Parties amended the Agreement, as of August 23, 2022, to expand the tasks to be provided by Contractor, which resulted in an increase to the total contract in the amount of \$1,253,667 (Amendment No. 5), therefore increasing the total compensation payable pursuant to the Agreement to \$34,196,581;

WHEREAS, the Parties amended the Agreement, as of November 22, 2022, to expand the tasks to be provided by Contractor, which resulted in an increase to the total contract in the amount of

\$646,763 (Amendment No. 6), therefore increasing the total compensation payable pursuant to the Agreement to \$34,843,344;

WHEREAS, the Agreement, Amendment No. 1, Amendment No. 2, Amendment No. 3, and Amendment No. 4, Amendment No. 5, and Amendment No. 6 are referred to collectively as the "Amended Agreement;"

WHEREAS, the Parties again agree to amend the Amended Agreement because the construction services for the Project require an expansion and removal of some of the tasks to be provided by Contractor pursuant to the Amended Agreement;

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

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

1. The additional services to be provided by Contractor, pursuant to the Amended Agreement, as hereby further amended, shall include Change Orders 5, 8.2, 23.1, 66, 78, and 80 for the out-of-scope items, as set forth in Exhibit A, attached hereto and incorporated herein by this reference (the "Change Order No. 7"). The Change Order No. 7 activities shall have been already satisfactorily commenced as of the date of this Amendment No. 7 or be satisfactorily commenced immediately after February 28, 2022, and, to the extent not completed by that February date, completed no later than March 31, 2023.
2. The total compensation to be paid for the Amended Agreement, as a result of Change Order No. 7 is increased by \$124,970. The activities for Change Order No. 7 shall be paid in accordance with (i) the amounts set forth in Exhibit A, and (ii) the process established by the Amended Agreement on a lump sum basis. With the amounts added for the Additional Work, the total compensation paid pursuant to the Amended Agreement shall be reduced to a not exceed amount of \$34,968,314.00.
3. Contractor shall not be compensated for any services rendered in connection with its performance of the Amended Agreement, which are in addition to those set forth in previous amendments and Change Order No. 7.
4. Except as expressly stated herein, all terms and conditions in the Amended Agreement shall remain in full force and effect.
5. The effective date of this Amendment No. 7 shall be deemed to be February 28, 2023.

IN WITNESS WHEREOF, the parties have caused this Amendment No. 7 to be executed by their duly authorized representatives as of the day first written above.

CITY OF MORRO BAY

CONTRACTOR

By: _____
Scott Collins,
City Manager

By: _____
Its _____

Attest:

Dana Swanson, City Clerk

By: _____
Its _____

Approved As To Form:

Chris Neumeyer, City Attorney



City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 007

Project: WRF Lift Stations and OffSite Pipelines Project **Contractor:** Anvil Builders, Inc.
Date: February 28, 2023 **Project Manager:** Chris Fassari

Upon mutual acceptance and execution of this document by the City of Morro Bay (City) and Anvil Builders, Inc. (Contractor), Contractor is hereby directed to make the following changes for the consideration set forth below:

See following page(s) for Descriptions and Reasons for Change

PCO #	DESCRIPTION	Reason For Change	Amount	Contract Time (Calendar Days)	
5	Pump Station A Excavation NPDES Dewatering Permit	REG	\$ 55,856.00	0	Days
8	Additional Project Signage Costs	CR1	\$ 3,856.00	0	Days
23.1	Miscellaneous Unforeseen Utility Work (Part 2)	DSC	\$ 17,949.00	0	Days
66	Repair Leaking City Waterline at North Abutment	CR1	\$ 10,958.00	0	Days
75	Additional Bollards Required by PG&E at Pump Stations	REG	\$ 15,013.00	0	Days
78	Change 1-in. AIR-DR Piping to Stainless Steel (DC #35)	CR1	\$ 16,839.00	0	Days
80	Repair Existing Leaking RO Line at PS-A Site (Pre-Existing Leak)	CR1	\$ 4,499.00	0	Days
NET CHANGE ORDER ADJUSTMENT			\$ 124,970.00	0 Days	

ORIGINAL CONTRACT AMOUNT	\$ 31,493,675.00
Previous Change Orders	\$ 3,349,669.00
Previous Contract Amount	\$ 34,843,344.00
Adjustments by this Change Order	\$ 124,970.00
Change Order to Date	\$ 3,474,639.00
New Contract Amount	\$ 34,968,314.00

CURRENT FINAL COMPLETION DATE	12/1/2022
Extension Days (Calendar)	0 Days
NEW FINAL COMPLETION	12/1/2022

Acceptance of this Change Order constitutes an agreement between the City and Contractor, and the work is to be performed subject to the same terms and conditions as are contained in the Agreement with Contractor and for work on the above-mentioned project.

By signature of this Change Order, the Contractor acknowledges that the adjustments to the Contract Cost and Time contained in the Change Order are in full satisfaction and accord and so waives any right to claim any further cost and time impacts at any time during and after completion of the Contract for the changes encompassed by this Change Order (EXCEPT AS NOTED IN ITEM 13.1 HEREIN WHEREIN DELAY IMPACTS ARE ON-GOING).

ACCEPTED

Anvil Builders Inc.

Contractor (Company Name)

(Authorized Signature)

(Date)

Chris Fassari

(Print Name and Title)

When signed by the Construction Manager, and upon execution of source document Amendment by City Council, this document becomes effective IMMEDIATELY, and Contractor shall proceed with the change(s) described above.

APPROVED

Carollo Engineers Inc / MEG Inc.

Construction Manager

Authorized Signature

(Date)

Steve Mimiaga - Construction Mngr.

(Print Name and Title)



**City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 007**

Project: WRF Lift Stations and OffSite Pipelines Project

Contractor: Anvil Builders, Inc.

Date: February 28, 2023

PCO	TILE	DESCRIPTION OF CHANGE	Reason For Change
5	Pump Station A Excavation NPDES Dewatering Permit	The Contract permitted Anvil to discharge groundwater from the Pump Station A excavation into the sanitary sewer. The City later determined that the dewatering discharge could adversely affect the existing WWTP. The City obtained a permit from the Regional Board to discharge to the City's existing RO discharge outfall. The discharge permit required an extensive sampling and testing program, which Anvil is being reimbursed for. The costs also include added temporary piping and added shoring rental costs for the month or so while the City obtained the new discharge permit.	REG
8	Additional Project Signage Costs	The original contract included a \$5,000 allowance for additional signage not shown on the plans. Anvil exhausted this original budget responding to signage requests from City staff. Anvil also was reimbursed under previous PCO 8.1 for added signage through 2021. This PCO 8.2 provides reimbursement of Anvil costs during 2022 to provide signage requested by the City, including custom signs. These additional signs are deemed necessary for public safety, public information, improved traffic flow, and/or to enhance access to businesses open during construction.	CR1
23	Miscellaneous Unforeseen Utility Work (Part 2)	During project work to date, the below noted miscellaneous unforeseen minor utility work was required for Contract work to proceed. The following items are acknowledged as unforeseen conditions and as such warrant reimbursement of verified extra costs: (1) IPR pipe minimum cover determination delay and standby time on 6/29/22; (2) locating unknown underground utilities requested/required by SoCal Gas on 7/28/22 and 7/29/22; and (3) delay costs and repair costs from an existing unknown and unmarked 2" waterline broken by Anvil on Kennedy Way on 8/30/22.	DSC
66	Repair Leaking City Waterline at North Abutment	On 9/20/22, Anvil staff observed at ground level a waterline leak where the waterline crosses Anvil's work area near the Morro Creek Utility Bridge north abutment. The City subsequently confirmed that a City Water line, made of Transite (AC) pipe, was leaking. Anvil crews excavated the pipeline, located the leak, and repaired the leak at the City's request. It is not believed that Anvil activities caused the leak.	CR1
75	Additional Bollards Required by PG&E at Pump Stations	The Contract Drawings indicate an arrangement of steel bollards filled with concrete surrounding the new PG&E transformer equipment at both Pump Station A and Pump Station B. The bollards are intended to prevent vehicular traffic from coming in contact with the transformer equipment (for human safety and equipment protection). During site inspections by PG&E staff in advance of installing the new transformers, PG&E required that Anvil increase the number of bollards at both Pump Stations. Anvil is seeking reimbursement for this added work not shown on the Contract Drawings.	REG
78	Change 1-in. AIR-DR Piping to Stainless Steel (DC #35)	The Contract Drawings indicate 1" piping between each pump station discharge pipe assembly and the adjacent wet well below. Each Pump Station as 3 pumps and 3 discharge pipe assemblies with various instruments and appurtatances. Each discharge assemble also includes a 1" pipe with ball valve leading back to the adjacent wet well. This pipe can be used to release trapped air or drain sewage back to the wet well. The Contract Drawings call for Sch 40 PVC piping. During start-up one of these 1" pipe assemblies failed on high pressure. The City subsequenlty directed Anvil to replace all 6 1" pipe assemblies with 316 Stainless Steel piping, fittings, and valves.	CR1
80	Repair Existing Leaking RO Line at PS-A Site (Pre-Existing Leak)	On 11/18/22, Anvil and City staff observed at ground level an apparent waterline leak on site at Pump Station A. The City subsequently confirmed that it was the City's existing RO brine discharge line leading to the ocean discharge. Anvil crews excavated the pipeline, located the leak, and repaired the leak at the City's request. The leak is confirmed to be pre-existing and not caused by Anvil activities.	CR1

REASON FOR CHANGE CODES

CR1: City requested (required)

CR2: City requested (Optional)

E&O: Design Error or Omission

ABI: Anvil request / claim item

DSC: Differing Site Conditions

REG: Regulatory Agency Item

CITY OF MORRO BAY

AMENDMENT NO. 5 TO THE AGREEMENT
FOR CONSULTANT SERVICES
BETWEEN THE CITY OF MORRO BAY
AND WATER WORKS ENGINEERS, LLC

This Amendment No. 5 is entered by and between the City of Morro Bay, a municipal corporation (“City”) and Water Works Engineers, LLC, an Arizona limited liability company (“Consultant”).

RECITALS

WHEREAS, City and Consultant entered into an agreement, as of November 15, 2017, for consulting services related to the Water Reclamation Facility (the “Project”) Lift Station and Offsite Pipelines, which was approved by the City Council for a not to exceed amount of \$1,353,574 (the “Agreement”).

WHEREAS, the Parties amended the Agreement, as of August 27, 2019, for additional services and an increase in compensation of not to exceed \$691,822.00 (Amendment No. 1);

WHEREAS, the Parties amended the Agreement, as of September 22, 2021, for additional services and an increase in compensation of not to exceed \$168,915.00 (Amendment No. 2);

WHEREAS, the Parties amended the Agreement, as of January 25, 2022, for additional services and an increase in compensation of not to exceed \$217,096 (Amendment No. 3);

WHEREAS, the Parties amended the Agreement, as of August 23, 2022, for additional services and an increase in compensation of not to exceed \$108,706.00 (Amendment No. 4);

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

WHEREAS, the Parties again agree to amend the Amended Agreement to provide for additional engineering services during construction and for services already rendered that were outside of their current scope of work, which said work requires an expansion of the tasks to be provided by Consultant pursuant to the Amended Agreement, as hereby amended;

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

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

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

1. The additional services to be provided by Consultant, pursuant to the Amended Agreement, as hereby amended, shall include Task 8 of the Scope, as set forth in Exhibit A, attached hereto and incorporated herein by this reference (the "Additional Work").

2. The compensation to be paid for the Additional Work: (i) shall be paid in accordance with the amounts and hourly rates set forth in Exhibit A, and the process established by the Amended Agreement on a time and materials basis and (ii) shall not exceed \$40,000.00, for a total not to exceed amount of \$2,580,113.00 for the Amended Agreement, as hereby amended.

3. The Contract expiration date for the Amended Agreement shall be deemed to have been extended from December 31, 2022 to June 30, 2023.

4. Except as expressly stated herein, all terms and conditions in the Amended Agreement shall remain in full force and effect.

5. The effective date of this Amendment No. 5 shall be February 28, 2023.

IN WITNESS WHEREOF, the parties have caused this Amendment No. 5 to be executed by their duly authorized representatives as of the day first written above.

CITY OF MORRO BAY

CONSULTANT

By: _____
Scott Collins,
City Manager

By: _____
_____,
Its _____

Attest:

Dana Swanson, City Clerk

Approved As To Form:

Chris Neumeyer, City Attorney

**City of Morro Bay (CITY or CLIENT)
Consultant Services Agreement with
Water Works Engineers (CONSULTANT, ENGINEER, Water Works, or WWE)**

**Scope of Engineering Services for the Water Reclamation Facility (WRF) Lift Station and Offsite Pipelines
AMENDMENT 5 (February 22, 2022)**

AMENDMENT SUMMARY

ENGINEER is currently providing Engineering Services for the City of Morro Bay Water Reclamation Facility (WRF) Lift Station and Offsite Pipelines Project (Project). ENGINEER and CLIENT identified additional Engineering Services required to support the project:

- provide additional engineering support services during ongoing start-up and project close-out of pump stations A&B, sewer force mains and effluent pipe (brine line) improvements through April 30, 2023;
- complete record drawings based on Contractor provided PDFs and survey information.

The following further defines the additional services required:

Task 8: Engineering Services during Construction (ESDCs)

ENGINEER will provide the following additional Engineering Services during Construction for the WRF Offsite Pipelines (FM 1&2, IPR, and BR) and Pumps Stations (A&B).

Additional Services Provided Under Amendment 5

Engineering Support Services

- Submittal Responses beyond Amendment 4 scope: provide an additional qty. 51 submittal reviews beyond Amendment 4 assumption of qty. 40, totaling qty. 408 submittal reviews as of 2/22/2023;
- RFI Responses beyond Amendment 4 scope: provide an additional qty. 43 RFI reviews beyond Amendment 4 assumption of qty. 40 additional RFIs, totaling qty. 313 RFI reviews as of 2/22/2023.
- Continue utilization of project SharePoint site for tracking and documentation of RFI's, submittals, etc.
- Complete submittal reviews (assume qty. 5 in addition to the 408 reviewed to date)
- Request for Information (RFI) and Request for Clarification (RFC) review, documentation and tracking (assume qty. 10 in addition to the 313 addressed to date)
- Attend Semi Weekly Project Meeting - virtually (assume 4 additional months - January to April 2023 – at 2x per month = 8 qty.)
- Attend Periodic Public Works or As-Requested Meeting - virtually (assume 4 additional months - January to April 2023 – at 1x per month = 4 qty.)

Deliverables shall include:

- ✓ Submittal responses submitted electronically (PDF) via project SharePoint site
- ✓ RFI responses submitted electronically (PDF) via project SharePoint site

Record Drawings – PDF Review

ENGINEER will review project “redline” record drawings developed by Contractor and City Inspector from field information and documented in a single PDF format electronic file provided to ENGINEER. ENGINEER will review content against ENGINEER’s project records for RFIs and clarifications . ENGINEER will identify additional items that are in ENGINEER’s records that are not depicted on PDF. ENGINEER assumes minimal notes will be added to PDF to document missing record information and upon completion ENGINEER will add ENGINEER’s Record Drawing Stamp to document our review. ENGINEER’s not to exceed time and material budget assumes an average of 1/4hr hour of review and record stamp placement time per PDF sheet to complete this task (200 sheets x 1/4hr = 50 hours).

- ✓ Record Drawing PDF

**Scope of Engineering Services for the Water Reclamation Facility (WRF) Lift Station and Offsite Pipelines
AMENDMENT 5**

Record Drawings – AutoCAD Plan View Alignment Update

ENGINEER will update the CADD alignment drawings (plan view only) to match the survey points provided by the Contractor. The Contractor survey point submittal shall be in a single excel file with all points labeled and Northing, Easting and Elevation of each point in the project coordinate system provided. The deliverable is a new plan view alignment on the plan and profile drawings that we would connect all the survey point for all the lines and “hide” the original alignment. The original elevation profile will remain on the drawings, no changes to the vertical profile will be included in the updates. ENGINEER’s not to exceed time and material budget assumes an 45 plan and profile drawings x 3 hrs per sheet CADD plus approximate 1 hour per sheet engineering review plus QAQC and PDF prints (totaling 180 hrs).

- ✓ AutoCAD Files with Update Plan View Alignment (PnP Sheets Only)
- ✓ PDF of Plan and Profile Drawing with Update Plan View Alignment

**Scope of Engineering Services for the Water Reclamation Facility (WRF) Lift Station and Offsite Pipelines
AMENDMENT 5**

PROPOSED COMPENSATION

Water Works Engineers proposes to complete the additional services described herein on a Time and Expense basis not to exceed \$75,000 (including all budget reallocations and scope removals) without written consent from CLIENT and invoiced in accordance with our Hourly Billing Rates table below, bringing the total approved project budget to \$2,615,112. The following summarizes the current approved contract amount, the increase in fee associated with the requested Amendment 5 services, and the revised total contract amount (by Task):

Task	Title	Currently Approved	Amend 5	Revised Total*
1	Project Management	\$102,285	\$-	\$102,285
2	Site Alternatives Evaluation	\$106,236	\$-	\$106,236
3	Easement Acquisition Support	\$56,678	\$-	\$56,678
4	Survey, Geotechnical Investigation, and Potholing	\$528,946	\$-	\$528,946
5	Concept Design Report	\$159,806	\$-	\$159,806
6	Construction Documents and Specifications	\$827,714	\$-	\$827,714
7	Permitting Support	\$81,051	\$-	\$81,051
8	Engineering and Services during Construction – Base	\$636,560		\$636,560
	Additional Services Provided Under Amendment 5		\$75,000	\$ 75,000
8	Engineering and Services during Construction - Optional	\$40,836		\$40,836
Total		\$2,540,112	\$75,000	\$2,615,112

*A detailed fee basis estimate work plan for the additional services is provided on the following page for reference

Classification	Title	Hourly Rate
AA	Administrative	\$96
E1	Staff Engineer	\$119
E2	Associate Engineer	\$146
E3	Project / Structural Engineer	\$165
E4	Senior Project Engineer / Manager	\$191
E5	Principal Engineer	\$221
I1	Field Inspector	\$129
I2	Senior Inspector	\$144
I3	Supervising Inspector	\$160
T1	CADD Tech 1	\$81
T2	CADD Tech 2	\$109
T3	CADD Tech 3	\$133

Notes:

1. A markup of 10% will be applied to all project related Direct Costs and Expenses.
2. An additional premium of 25% will be added to the above rates for Expert Witness and Testimony Services.
3. Rate effective through December 31, 2017. A 3% increase will be added for any services performed in each year thereafter.

Water Works Engineers Fee Estimate

Client City of Morro Bay
 Project WRF List Station and Offsite Pipelines
 Prepared by Mike Fisher
 Date 2/22/2023
 AMENDMENT 5

Hours and Fee

Additional Services Provided Under Amendment 5								
Task 8								
A5 Task 1				A5 Task 2				
2023				2023				
Additional Engineering Support Services (through April 2022)				Record Drawings				
Year	hrs	fee	hrs	fee	hrs	fee	hrs	fee
	24	\$6,333	8	\$2,111				
	4	\$1,056						
	88	\$17,338	40	\$7,881				
	8	\$1,395						
	48	\$9,457	44	\$8,669				
	8	\$1,137						
	16	\$2,541	45	\$7,146				
			90	\$8,705				
	4	\$459	3	\$344				
		\$286		\$144				
		\$0		\$0				
Subtask Totals	200	\$40,000	230	\$35,000				

WWE Project Team	Classification	Title	Base Year	2017 Hourly Rate*
	E5	Mike Fisher -PM/QAQC		\$221
	E5	Todd Kotey - Sr. Process / Mechanical		\$221
	E4	Martin Puhlmann - Structural Engineer		\$191
	E3	Kristina Alacon - Civil / Mechanical		\$165
	E2	Himai Mehere - Structural / Arch		\$146
	E3	Tim Lewis - Pipeline / Trenchless		\$165
	E3	Frisch Engineering - EI&C / SCADA**		\$165
	E2	Jon Roy - Process Mechanical		\$146
	E1	Staff Engineer		\$119
	T3	Senior Designer		\$133
	T1	Drafter / Technician		\$81
	AA	Administrative		\$96
		WWE Expenses (including mark-up)		

**Subconsultant Markup

*WWE rates are increased 3% each year beyond base.

A5 Task 1	A5 Task 2
\$40,000	\$35,000

Additional Services Provided Under Amendment 5 \$75,000

**AGREEMENT FOR SERVICES
BETWEEN CITY OF MORRO BAY AND
RINCON CONSULTANTS, INC.**

THIS AGREEMENT FOR SERVICES (“**Agreement**”) is made and entered into this ____ day of February, 2023 by and between City OF MORRO BAY, a California municipal corporation (“**City**”) and RINCON CONSULTANTS, INC., a California Corporation (“**Consultant**”). City and Consultant may be referred to individually as “**Party**” or collectively as “**Parties**.” In consideration of the mutual promises and covenants made by the Parties and contained herein and other consideration, the value and adequacy of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1. SERVICES OF CONSULTANT

1.1 Scope of Services. In compliance with all terms and conditions of this Agreement, Consultant shall provide those services specified in the “Scope of Services” attached hereto as Exhibit A and incorporated herein by this reference, which may be referred to herein as the “**services**” or “**work**” hereunder. As a material inducement to City entering into this Agreement, Consultant represents and warrants: a) all services set forth in the Scope of Services will be performed in a competent and satisfactory manner; b) all materials used for services will be both of good quality as well as fit for the purpose intended; and, c) Consultant shall follow the highest professional standards and practices in performing the services required hereunder.

1.2 Consultant’s Proposal. The Scope of Services shall include the scope of services or work included in Consultant’s proposal or bid, which shall be incorporated herein by this reference as though fully set forth herein. In the event of any inconsistency between the terms of such proposal or bid, and this Agreement, the terms of this Agreement shall govern. No other terms and conditions from Consultant’s proposal or bid, other than description of scope of services or work, shall apply to this Agreement, unless specifically agreed to by City in writing.

1.3 Compliance with Law. All services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules and regulations of City and any federal, State or local governmental agency having jurisdiction in effect at the time services are rendered. City, and its officers, employees and agents, shall not be liable at law or in equity for failure of Consultant to comply with this Section.

1.4 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 Agreement. 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 Agreement, and shall indemnify, defend and hold harmless City against any such fees, assessments, taxes, penalties or interest levied, assessed or imposed against City hereunder.

1.5 Additional Services and Compensation. City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes to the work by altering, adding to

or deducting from said work. No such extra work may be undertaken unless a written order, consistent with both Section 9.4 as well as Morro Bay Municipal Code (“**MBMC**”) section 3.08.060 (and as amended), is first given by City to Consultant, incorporating therein any adjustment in the Contract Sum for the actual costs of the extra work and/or the time to perform this Agreement, which said adjustments are subject to the written approval of Consultant. It is expressly understood by Consultant that the provisions of this Section shall not apply to services specifically set forth in the Scope of Services or reasonably contemplated therein. Consultant hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Consultant anticipates and that Consultant shall not be entitled to additional compensation therefor. City may in its sole and absolute discretion have similar work done by other consultants.

1.6 Familiarity with Work. By executing this Agreement, Consultant represents and warrants Consultant: a) has thoroughly investigated and considered services to be performed, b) has carefully considered how services should be performed, and c) fully understands the facilities, difficulties and restrictions attending performance of services under this Agreement.

1.7 Software and Computer Services. If the Scope of Services includes the provision and/or installation of any software, computer system, or other computer technology, Consultant represents and warrants that it is familiar with and/or has inspected City’s current infrastructure, equipment, computer system and software and that the software, computer system, or other computer technology provided and/or installed by Consultant under this Agreement is compatible, and shall be fully functional, with such infrastructure, equipment, computer system and software of City. Consultant acknowledges that City is relying on this representation by Consultant as a material consideration in entering into this Agreement.

1.8 Prevailing Wages. If services include any “public work” or “maintenance work,” as those terms are defined in California Labor Code section 1720 *et seq.* and California Code of Regulations, Title 8, section 16000 *et seq.*, and if the total compensation is \$1,000 or more, Consultant shall pay prevailing wages for such work and comply with the requirements in California Labor Code section 1770 *et seq.* and 1810 *et seq.*, and all other applicable laws.

1.9 Special Requirements. Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the “Special Requirements” attached hereto as Exhibit B and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit B and any other provisions of this Agreement, the provisions of Exhibit B shall govern.

ARTICLE 2. COMPENSATION AND METHOD OF PAYMENT

2.1 Contract Sum. Subject to any limitations set forth in this Agreement, City agrees to pay Consultant the amounts specified in the “Schedule of Compensation” attached hereto as **Exhibit C** and incorporated herein by this reference. The total compensation, including reimbursement for actual expenses, shall not exceed Forty Three Thousand Five Hundred Thirty Two Dollars (\$43,532.00) (“**Contract Sum**”), unless additional compensation is approved pursuant to Section 1.5. Compensation may include reimbursement, for actual and necessary expenditures, if both specified in the Schedule of Compensation, as well as approved by City in advance. The Contract Sum shall include the attendance of Consultant at all project meetings

reasonably deemed necessary by City. Consultant agrees that if Consultant becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the work or services, Consultant shall promptly notify the Contract Officer of said fact, circumstance, technique or event and the estimated increased or decreased cost related thereto.

2.2 Invoices. Unless some other method of payment is specified in Exhibit C, Schedule of Compensation, in any month in which Consultant wishes to receive payment, no later than the first business day of such month, Consultant shall submit to City, in a form approved by City's Finance Director, an invoice for services rendered prior to the date of the invoice. By submitting an invoice for payment under this Agreement, Consultant is certifying compliance with all provisions of this Agreement. Except as provided in Sections 7.3, 7.4 and 7.5, City shall pay Consultant for all expenses stated thereon which are approved by City pursuant to this Agreement generally within thirty (30) days, and City will use its best efforts to make payment no later than forty-five (45) days, from the submission of an invoice in an approved form. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Consultant for correction and resubmission. Review and payment by City for any invoice provided by Consultant shall not constitute a waiver of any rights or remedies provided herein or any applicable law. Each invoice is to include (unless otherwise specified by City): 1) line items for all personnel describing the work performed, the number of hours worked, and the hourly rate; 2) line items for all materials and equipment properly charged to the Services; 3) line items for all other approved reimbursable expenses claimed, with supporting documentation; and 4) line items for all approved subcontractor labor, supplies, equipment, materials, and travel properly charged to the Services.

ARTICLE 3. PERFORMANCE SCHEDULE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement.

3.2 Term. Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services, which shall be no later than March 1, 2024.

3.3 Schedule of Performance. Consultant shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as **Exhibit D** and incorporated herein by this reference.

3.4 Force Majeure. The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of Consultant, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including City, if Consultant shall within ten (10) days of the commencement of such delay notify City in writing of the causes of the delay. City shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of City such delay is justified. City's determination shall be final and conclusive upon the Parties to this

Agreement. In no event shall Consultant be entitled to recover damages against City for any delay in the performance of this Agreement, however caused, Consultant's sole remedy being extension of this Agreement pursuant to this Section.

ARTICLE 4. COORDINATION OF WORK

4.1 Representative of Consultant. The representative of Consultant is Annaliese Torres, (657) 999-8337, atorres@rinconconsultants.com, who is authorized to act on Consultant's behalf with respect to the work or services specified herein and to make all decisions in connection therewith. It is expressly understood that the experience, knowledge, capability and reputation of the representative was a substantial inducement for City to enter into this Agreement. Therefore, the representative shall be responsible during the term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the services hereunder. For purposes of this Agreement, the representative may not be replaced nor may their responsibilities be substantially reduced by Consultant without the express written approval of City.

4.2 Contract Officer for City. The Contract Officer for City is Damaris Hanson, (805) 772-6265, dhanson@morrobayca.gov (or such person as may be designated by the City Manager). The Contract Officer shall be the primary person on behalf of City responsible for the administration of the Agreement. It shall be Consultant's responsibility to assure that the Contract Officer is kept informed of both the progress of the performance of the services as well as any decisions which must be made by City.

4.3 Approvals from City. City approvals or actions, pursuant to the authority of this Agreement, are to be made (unless otherwise specified) either by the City Manager or by their delegate as provided for in writing.

4.4 Independent Contractor. Neither City, nor any of its officers, employees or agents, shall have any control over the manner or means by which Consultant, or its officers, employees, agents or subcontractors, perform the services required herein, except as otherwise set forth herein. Consultant shall perform all services required herein as an independent contractor of City and shall remain under only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it, or any of its officers, employees, agents or subcontractors, are officers, employees or agents of City. City shall not in any way or for any purpose become or be deemed to be a partner of Consultant in its business or otherwise or a joint venturer or a member of any joint enterprise with Consultant. Consultant shall not incur or have the power to incur any debt, obligation or liability whatever against City, or bind City in any manner. Consultant represents and warrants that the personnel used to provide services to City pursuant to this Agreement shall at all times be under Consultant's exclusive control and direction. No City employee benefits shall be available to Consultant, its officers, employees, agents or subcontractors, in connection with the performance of this Agreement. City 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 officer, employee, agent, or subcontractor of Consultant providing services under this Agreement 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 City, then Consultant shall indemnify, defend, and hold harmless City

for the payment of any and all assessed fines, penalties, judgments, employee and/or employer contributions, and any other damages and costs assessed to City 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 Agreement, is/are employees of City.

4.5 Subcontracting or Assignment. The experience, knowledge, capability and reputation of Consultant, its principals and employees were a substantial inducement for City to enter into this Agreement. Therefore, without express written approval of City, Consultant shall not contract with any other entity to perform in whole or in part services required hereunder without express written approval of City, and neither this Agreement nor any interest herein may be transferred or assigned. No approved transfer shall release Consultant, or any surety or insured of Consultant, of any liability hereunder without express written consent of City.

ARTICLE 5. INSURANCE AND INDEMNIFICATION

5.1 Insurance Coverages. Prior to commencement of any services under this Agreement, and without limiting Consultant's indemnification obligation to City, Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, for the duration of the Agreement, primary policies of insurance of the type and amounts below, issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance or is on the List of Approved Surplus Line Insurers in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VII (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by City, which shall cover all elected and appointed officers, employees and agents of City. City reserves the right at any time during the term of the Agreement to change the amounts and types of insurance required by giving Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to Consultant, City and Consultant may renegotiate Consultant's compensation.

(a) **Commercial General Liability Insurance.** A policy of commercial general liability insurance, with coverage at least as broad as Insurance Services Office ("ISO") form CG 00 01, written on a per occurrence basis for bodily injury, personal injury and property damage. Defense costs must be paid in addition to limits. Coverage for an additional insured shall not be limited to its vicarious liability. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted. Limits shall be no less than \$1,000,000 per occurrence for all covered losses and no less than \$2,000,000 general aggregate.

(b) **Worker's Compensation Insurance.** A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for Consultant against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by Consultant in the course of carrying out the work or services contemplated in this Agreement.

(c) **Automobile Liability.** A policy of comprehensive automobile liability insurance, at least as broad as ISO form CA 00 01, written on a per occurrence basis covering

bodily injury and property damage in an amount not less than \$1,000,000 combined single limit for each accident. Said policy shall include coverage for owned, non-owned, leased, hired cars and any automobile.

(d) **Professional Liability.** Professional liability insurance appropriate to Consultant's profession. This coverage may be written on a "claims made" basis and must include coverage for contractual liability. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement. The professional liability insurance required by this Agreement must be endorsed to be applicable to claims based upon, arising out of, or related to services performed under this Agreement. The insurance must be maintained for at least five (5) consecutive years following the completion of Consultant's services or the termination of this Agreement. During this additional 5-year period, Consultant shall annually and upon request of City submit written evidence of this continuous coverage. Limits shall be no less than \$1,000,000 per claim and no less than \$1,000,000 general aggregate.

(e) **Cyber Liability.** Cyber liability insurance appropriate to Consultant's profession and the services hereunder, written on a per occurrence basis, with limits not less than \$1,000,000 per occurrence/loss, and \$2,000,000 in the aggregate. Coverage shall be sufficiently broad to respond to the duties and obligations undertaken by Consultant pursuant to this Agreement and shall include, but not be limited to, claims involving: infringement of intellectual property; copyright; trademark; invasion of privacy violations; data breach; electronic information theft, loss, damage, destruction, alteration or misuse; release of private information; extortion; and, network security. The policy shall provide coverage for breach response costs, regulatory fines and penalties, and credit monitoring expenses, with limits sufficient to respond to these obligations.

(f) **Excess Liability Insurance.** Excess liability insurance may be used to satisfy the obligations herein. If excess liability insurance is used then the policy shall meet all the requirements herein and be at least as broad as the primary coverages set forth herein. Such policy shall: 1) include a drop down feature requiring the policy to respond if primary insurance that would otherwise have applied proves to be uncollectible in whole or in part for any reason; 2) be payable on behalf of wording as opposed to reimbursement; 3) have concurrency of effective dates with primary policies; 4) "follow form" to the underlying primary policies; and, 5) provide insureds, under primary policies required herein, shall be insureds under the excess liability policy.

(g) **Subcontractors.** In the event Consultant subcontracts any portion of the work in compliance with Section 4.5 of this Agreement, Consultant shall either: 1) include each subcontractor as insureds under its policies of insurance required herein; or, 2) Consultant shall furnish to City all documentation, required in Article 5 for Consultant, for each subcontractor. All coverages for subcontractors shall include all of the requirements stated herein.

5.2 General Insurance Requirements.

(a) **Proof of Insurance, Enforcement and Notice.** No work or services under this Agreement shall commence until both Consultant has provided City with insurance certificates, endorsement forms and appropriate insurance binders evidencing the above insurance coverages, as well as said documentation is approved by City. City reserves the right to inspect

complete, certified copies of, and endorsements to, all required insurance policies, at any time. Any failure to comply with the reporting or other provisions of the policies including breaches or warranties shall not affect coverage provided to City. In the event any insurance policy required under this Agreement is cancelled or amended (and the insurance policy is not replaced pursuant to subsection (b) below), or does not comply with Article 5, then: 1) City has the right but not the duty to obtain insurance required herein and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts sufficient to pay premium from Consultant payments; or, 2) City, notwithstanding any other provisions of this Agreement, may immediately terminate this Agreement. Consultant shall give City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required insurance policies.

(b) **Cancellation/Amendment.** All of herein required policies of insurance shall provide the insurance may not be amended or cancelled by insurer or any Party hereto without providing thirty (30) calendar days prior written notice (with exception of ten (10) calendar days prior written notice for nonpayment) to City. In the event any of said policies of insurance are amended or cancelled, Consultant shall, five (5) business days prior to the cancellation date, submit new evidence of insurance in conformance with this Agreement to City.

(c) **Additional Insureds.** The commercial general liability policy provided for in Section 5.1(a) and the automobile liability policy provided for in Section 5.1(c) both shall name City and its elected and appointed officers, employees and agents ("**City Parties**") as additional insureds and such coverage shall contain no special limitations on the scope of protection afforded to City and City Parties. A severability of interests provision must apply for all additional insureds ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability, and policies of insurance shall not contain any cross-liability exclusions.

(d) **Primary, Subrogation, Contribution and Coverage.** All of the above policies of insurance shall be primary insurance. The insurers for above policies, Consultant and any subcontractors are all deemed hereof to waive all rights of subrogation and contribution they may have against City or City Parties, and their respective insurers, and all insurance policies required herein shall be endorsed to waive such rights. Any insurance maintained by City or City Parties will apply in excess of, and not contribute with, Consultant's insurance. If Consultant maintains broader coverage and/or higher limits than the minimum amounts provided herein, City requires and shall be entitled to the broader coverage and/or higher limits maintained by Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to City and City Parties. None of the coverages required herein will be in compliance with this Agreement if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing. Requirements of specific coverage features or limits contained herein are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any Party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type.

(e) **Limitations, Self- Insured Retention and Deductibles.** Consultant agrees

that requirements of Article 5 shall not be construed as limiting in any way the extent to which Consultant may be held responsible for the payment of damages to any persons or property resulting from Consultant's activities or the activities of any person or persons for which Consultant is otherwise responsible nor shall it limit Consultant's indemnification liabilities as provided in Section 5.3. All insurance policies must specify that where the primary insured does not satisfy any self-insured retention, any additional insured may satisfy the self-insured retention. Any deductibles or self-insured retentions must be declared to and approved by City. At City's option, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City and City Parties, or Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration, attorney's fees, defense expenses and claims.

5.3 Indemnification.

(a) **General Obligations.** Consultant agrees, to the full extent permitted by law, to indemnify, defend and hold harmless City and its elected and appointed officers, employees and agents (each an "**Indemnitee**" and collectively, "**Indemnitees**") against, and will hold and save them and each of them harmless from, whether actual or threatened, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities (herein "**Claims or Liabilities**") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations or activities provided herein of Consultant, its officers, employees, agents, subcontractors, or invitees, or any individual or entity for which Consultant is legally liable (each an "**Indemnitor**" and collectively, "**Indemnitors**"), or arising from Indemnitors' reckless or willful misconduct, or arising from Indemnitors' negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, and in connection therewith: 1) Consultant will defend any action or actions filed or threatened in connection with any such Claims or Liabilities, or at option of Indemnitee(s) will reimburse and pay for all costs and expenses, including legal costs and attorneys' fees, incurred by Indemnitee(s) in connection therewith; and, 2) Consultant will promptly pay any judgment rendered against Indemnitee(s) for any such Claims or Liabilities, and will save and hold Indemnitee(s) harmless therefrom.

(b) **Further Provisions.** The indemnity obligation herein shall be binding on successors, assigns and heirs of Consultant and shall survive termination of this Agreement. Consultant shall incorporate similar indemnity agreements as provided herein with its subcontractors, and if Consultant fails to do so Consultant shall be fully responsible to indemnify City hereunder therefor. Failure of City and/or City Parties (collectively "City" for solely this Section 5.3(b)) to monitor compliance with any of the indemnification provisions herein shall not be a waiver hereof. The indemnification provisions herein do not apply to claims or liabilities occurring as a result of City's sole negligence or willful misconduct, but, to the fullest extent permitted by law, shall apply to claims and liabilities resulting in part from City's negligence, except that design professionals' indemnity hereunder shall be limited to claims and liabilities arising out of the negligence, recklessness or willful misconduct of the design professional. The indemnification provided herein includes Claims or Liabilities arising from any negligent or wrongful act, error or omission, or reckless or willful misconduct of Indemnitors in the performance of professional services hereunder. Payment of invoices by City is not a condition precedent to enforcement of the indemnity obligation herein. In the event of any dispute between

Consultant and City, as to whether liability arises from the sole negligence or willful misconduct of City, Consultant will be obligated to pay for City's defense until such time as a final judgment has been entered adjudicating City as solely negligent or responsible for willful misconduct. Consultant will not be entitled in the absence of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

(c) **Professional Liability.** When the law establishes a professional standard of care for Consultant's services, to the fullest extent permitted by law, Consultant shall indemnify, defend and hold harmless Indemnitees against, and will hold and save them and each of them harmless from, whether actual or threatened, any and all Claims and Liabilities, consistent with all obligations provided for in this Section 5.3, to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission, or reckless or willful misconduct of Indemnitors in the performance of professional services under this Agreement.

ARTICLE 6. RECORDS, REPORTS AND RELEASE OF INFORMATION

6.1 Records. Consultant shall keep, and require subcontractors to keep, such ledgers, books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder ("**books and records**") as shall be necessary to perform the services required by this Agreement and enable City to evaluate the performance of such services. Any and all such books and records shall be maintained in accordance with generally accepted accounting principles, shall be complete and detailed, and shall be readily accessible. City shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts. Such books and records shall be maintained for a period of three (3) years following completion of the services hereunder. City shall have access to such books and records in the event any audit is required. Consultant shall fully cooperate with City in providing access to any and all Consultant records and documents if a public records request is made and disclosure is required by law including but not limited to the California Public Records Act.

6.2 Ownership of Documents. All drawings, specifications, maps, designs, photographs, studies, surveys, data, notes, computer files, reports, records, documents and other materials ("**documents and materials**") prepared by Consultant, its officers, employees, agents and subcontractors in the performance of this Agreement shall be the property of City and shall be delivered to City upon request of City and/or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership, use, reuse, or assignment of the documents and materials hereunder. Consultant may retain copies of such documents and materials for its own use. Consultant shall have the right to use the concepts embodied therein. All subcontractors shall provide for assignment to City of any documents and materials prepared by them, and in the event Consultant fails to secure such assignment, Consultant shall indemnify City for all damages resulting therefrom. 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 City.

6.3 Confidentiality and Release of Information. All information gained or work product produced by Consultant in its performance of this Agreement shall be considered

confidential, unless such information is in the public domain or already known to Consultant. Consultant shall not release or disclose any such information or work product to persons or entities other than City without prior written authorization from City. Consultant, its officers, employees, agents or subcontractors, shall not, without prior written authorization from City or unless requested by the City Attorney, voluntarily provide documents, declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered “voluntary” provided Consultant immediately gives City notice of such court order or subpoena. If Consultant, or any officer, employee, agent or subcontractor of Consultant, provides any information or work product in violation of this Agreement, then City shall have the right to reimbursement and indemnity from Consultant for any damages, costs and fees, including attorney’s fees, caused by or incurred as a result of Consultant’s conduct. As concerning, regarding or related to, in any way, this Agreement and the work performed thereunder: a) Consultant shall immediately notify City should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party; b) City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding; and, c) Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant, however, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

ARTICLE 7. ENFORCEMENT OF AGREEMENT AND TERMINATION

7.1 California Law. This Agreement 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 Agreement 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.

7.2 Suspension, or Termination, Prior to Expiration of Term. This Section shall govern any termination of this Agreement except as specifically provided in Section 7.4 for termination for cause. City reserves the right to terminate or suspend this Agreement, or any portion hereof, at any time, for any reason, with or without cause, upon ten (10) days’ notice to Consultant, except that where termination or suspension is due to the fault of Consultant, the period of notice may be such shorter time as determined by City. Upon receipt of any notice of termination or suspension, Consultant shall immediately cease all services hereunder, unless the notice provides otherwise, or except such as specifically approved by City. Upon submittal of an invoice consistent with Section 2.2, Consultant shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination or suspension and for any services authorized by City thereafter in accordance with the Schedule of Compensation, or such as may be approved

by City, except as provided in Section 7.5. In event of termination, or suspension, without cause pursuant to this Section, there is no need to provide opportunity to cure pursuant to Section 7.3.

7.3 Default of Consultant and Opportunity to Cure. In the event that Consultant is in default under the terms of this Agreement, City shall not have any obligation or duty to continue compensating Consultant for any work performed after the date of default. Instead, City may give notice to Consultant of the default and the reasons for the default. The notice shall include the timeframe in which Consultant may cure the default. This timeframe is presumptively ten (10) days, but may be extended, or reduced, if circumstances warrant, as determined by City. During the period of time that Consultant is in default, City shall hold all invoices and shall, when the default is cured, proceed with payment on the invoices, without liability for interest. In the alternative, City may, in its sole discretion, elect to pay some or all of the outstanding invoices during the period of default. If Consultant does not cure the default by conclusion of noticed timeframe, City may immediately both terminate this Agreement with notice to Consultant as well as pursue the remedy in Section 7.4, without prejudice to any other remedy to which City may be entitled at law, in equity or under this Agreement. Any failure on the part of City to give notice of Consultant's default shall not be deemed to result in a waiver of City's legal rights or any rights arising out of any provision of this Agreement.

7.4 Termination for Default of Consultant. If termination is due to the failure of Consultant to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.3, take over the work and prosecute the same to completion by contract or otherwise, and Consultant shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to Consultant for the purpose of set-off or partial payment of the amounts owed City therefor.

7.5 Retention of Funds. Consultant hereby authorizes City to deduct from any amount payable to Consultant (whether or not arising out of this Agreement) (i) any amounts the payment of which may be in dispute hereunder or which are necessary to compensate City for any losses, costs, liabilities, or damages suffered by City, and (ii) all amounts for which City may be liable to third parties, by reason of Consultant's acts or omissions in performing or failing to perform Consultant's obligation under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by Consultant, or any indebtedness shall exist which shall appear to be the basis for a claim of lien, City may withhold from any payment due, without liability for interest because of such withholding, an amount sufficient to cover such claim. The failure of City to exercise such right to deduct or to withhold shall not, however, affect the obligations of Consultant to insure, indemnify, and protect City as elsewhere provided herein.

7.6 Waiver. Waiver by any Party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. Waiver by any Party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision or a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Consultant shall not constitute a waiver of any of the provisions of this Agreement. No delay or omission in the exercise of any right or remedy by a non-defaulting Party on any default shall impair such right or remedy or be construed as a waiver. Any waiver by either Party of any default must be in writing and shall not be a waiver

of any other default concerning the same or any other provision of this Agreement. Consultant acknowledges and agrees that any actual or alleged failure on the part of City to inform Consultant of non-compliance with any requirement of this Agreement imposes no additional obligations on City nor does it waive any rights hereunder. Payment to Consultant for work performed pursuant to this Agreement shall not be deemed to waive any defects in work performed by Consultant.

7.7 Rights and Remedies are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

7.8 Legal Action. In addition to any other rights or remedies, either Party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Notwithstanding any contrary provision herein, Consultant shall file a statutory claim pursuant to Government Code sections 905 *et seq.* and 910 *et seq.*, in order to pursue a legal action under this Agreement.

7.9 Attorneys' Fees. If either Party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, 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 attorneys' fees. Attorneys' fees shall include attorneys' fees on any appeal, and a Party entitled to attorneys' fees shall be entitled to all other reasonable costs for investigating such action, consultants' fees, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. Such fees and costs shall be enforceable whether or not such action is prosecuted to judgment.

ARTICLE 8. INDIVIDUAL LIABILITY, CONFLICTS AND NON-DISCRIMINATION

8.1 Non-liability of City Officers and Employees. No officer or employee of City shall be personally liable to Consultant, or any successor in interest, in the event of any default or breach by City 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 Agreement.

8.2 Conflict of Interest. Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of City. Consultant agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Agreement. City, in its sole discretion, shall determine the existence of a conflict of interest and may terminate this Agreement in the event such a conflict of interest exists upon sending Consultant written notice describing the conflict. No officer or employee of City shall have any financial interest, direct or indirect, in this

Agreement nor shall any such officer or employee participate in any decision relating to this Agreement which affects their financial interest or the financial interest of any corporation, partnership or association in which they are, directly or indirectly, interested, in violation of any State statute or regulation. Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement.

8.3 Covenant Against Discrimination. Consultant covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry or other protected class in the performance of this Agreement. Consultant shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry or other protected class.

ARTICLE 9. MISCELLANEOUS PROVISIONS

9.1 Notices. Any notice or other communication either Party desires or is required to give to the other Party or any other person in regards to this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery 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 (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, in the case of City addressed to City Clerk at City of Morro Bay, 595 Harbor Street, Morro Bay, CA 93442, and in the case of Consultant, to the person(s) at the address designated on the execution page of this Agreement. Either Party may change its address by notifying the other Party of the change of address in writing. 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.

9.2 Interpretation. The terms of this Agreement 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 Agreement, headings used, or any other rule of construction which might otherwise apply.

9.3 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and such counterparts shall constitute one and the same instrument.

9.4 Integration; Amendment. This Agreement including the attachments hereto is the entire, complete and exclusive expression of the understanding of the Parties as to the Agreement. It is understood that there are no oral agreements between the Parties hereto affecting this Agreement, and this Agreement supersedes and cancels any and all prior and contemporaneous negotiations, arrangements, agreements and understandings, if any, between the Parties, concerning this Agreement, and none shall be used to interpret this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and approved by Consultant and (consistent with, as amended, Chapter 3.08 of the MBMC) by City.

9.5 Severability. Should a portion of this Agreement be declared invalid or unenforceable by a judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the Parties unless the invalid provision is so material that its invalidity deprives either Party of the basic benefit of their bargain or renders this Agreement meaningless.

9.6 No Undue Influence. Consultant declares and warrants that no undue influence or pressure was used against or in concert with any officer or employee of City in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of City has or will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling City to remedies in Section 7.4 and any and all remedies at law or equity.

9.7 Corporate Authority. The persons executing this Agreement on behalf of the Parties hereto warrant that (i) such Party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said Party, (iii) by so executing this Agreement, such Party is formally bound to the provisions of this Agreement, and (iv) entering into this Agreement does not violate any provision of any other agreement to which said Party is bound. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the Parties.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date and year first-above written.

CITY:

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:

Rincon Consultants, Inc., a California Corporation

By: _____
John F. Dreher, Jr.
Chief Executive Officer

By: _____
LaCrissa Davis
Chief Financial Officer
180 N. Ashwood St., Ventura, CA 93003

Two corporate officer signatures required when Consultant is a corporation, with one signature required from each of the following groups: 1) Chairperson of the Board, President or any Vice President; and 2) Secretary, any Assistant Secretary, Chief Financial Officer or any Assistant Treasurer. (Cal. Corp. Code § 313.) APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CONSULTANT'S BUSINESS ENTITY

--EXHIBIT A

SCOPE OF SERVICES

- I. Consultant will perform services described in Consultant's Proposal attached hereto.**
- II. All work product is subject to review and acceptance by City, and must be revised by Consultant without additional charge to City until found satisfactory and accepted by City.**
- III. Consultant will utilize the following personnel to accomplish the Services:**
 - A. Dan Heibel, (805) 459-8498, danheibel@confluencees.com**
 - B. Damaris Hanson, (805) 772-6265, dhanson@morrobayca.gov**

EXHIBIT B
SPECIAL REQUIREMENTS
(Superseding Agreement Boilerplate)

NOT APPLICABLE

EXHIBIT C

SCHEDULE OF COMPENSATION

- I. Consultant will be compensated for Services provided under this Agreement in accordance with description in Consultant's Proposal attached hereto.**
- II. City will compensate Consultant for the Services performed upon submission of a valid invoice, as described in Section 2.2.**
- III. The total compensation for the Services shall not exceed the Contract Sum, as provided in Section 2.1 of this Agreement.**

EXHIBIT D

SCHEDULE OF PERFORMANCE

- I. Consultant shall perform all services and deliver all work products timely in accordance with the schedule described in Consultant's Proposal attached hereto.**



Rincon Consultants, Inc.

1530 Monterey Street, Suite D
San Luis Obispo, California 93401

805 547 0900

info@rinconconsultants.com
www.rinconconsultants.com

February 3, 2023
Project No: 23-14015

Greg Kwolek, Public Works Director
City of Morro Bay
595 Harbor Street
Morro Bay, California 93442

Subject: Proposal to Provide Environmental Consulting Services for Proposed Modifications to the Morro Bay Water Reclamation Facility (WRF) Project, Morro Bay CA

Dear Mr. Kwolek:

Rincon Consultants, Inc. (Rincon) is pleased to submit this proposal to provide environmental consulting services in support of the Morro Bay Water Reclamation Facility (WRF) Project. The following proposal describes our understanding of the project and desired scope of work, our proposed approach, a schedule for completion of the project, and our cost estimate for the assignment.

Understanding of Project

The Morro Bay WRF Project (herein referred to as “Approved Project”) was approved by the City of Morro Bay (City) based on a 2018 certified Final Environmental Impact Report (herein referred to as “certified EIR”) for the project. An Addendum to the certified EIR was prepared in 2019 to address minor project changes. Based on recent conversations with the City, Confluence, and Carollo Engineers, we understand there is a need for ongoing strategic environmental advising support as project design evolves. In addition, we understand the United States Bureau of Reclamation (USBR) has granted funding to the City for the Approved Project and has requested preparation of a standalone environmental document to satisfy the requirements of the National Environmental Policy Act (NEPA).

Scope of Work

The following sections present our detailed scope of work to provide strategic environmental advising support and prepare NEPA documentation.

Task 1 Project Management and Meeting Attendance

Under Task 1, Rincon will provide overall project management and coordination for the successful completion of this scope of work. This task includes the planning and execution of one kickoff meeting to discuss fundamental process and scope and approach issues, as well as to review and confirm objectives and establish an operational protocol. The kickoff meeting will consist of one, one-hour conference call to confirm project details, review and confirm the proposed deliverable schedule for the project, share and discuss preliminary data requests, and establish a communication protocol. Rincon’s Project Manager will plan and conduct the kickoff meeting and include any attendees identified by the City (e.g., Carollo, Confluence).



Rincon’s Project Manager will be the primary contact for execution of the approved scope of work and will be responsible for coordinating communication and developing a close working relationship with the project team. This will include participation in biweekly, 30-minute meetings via conference call with the City/Carollo/Confluence team throughout execution of this scope of work to discuss the budget, schedule, and progress of the project as well as the provision of status updates via email outlining tasks completed, upcoming tasks, details regarding any communications about the project, and deliverable information (including timeline). Rincon will also coordinate with Carollo and Confluence regarding any project description or technical information needed to complete the approved scope of work.

Assumptions

- One, one-hour kickoff meeting will be held via conference call.
- Check-in meetings will occur on a bi-weekly basis, be up to 30 minutes in length, and be held via conference call.
- Project management will be required over a seven-month period, starting at Notice to Proceed. Should the project schedule extend beyond seven months, additional project management time would require a scope amendment.

Task 2 Strategic Environmental Advising Support

As program design continues to evolve, Rincon will provide up to 40 hours of strategic environmental advising support to the City, Confluence, and Carollo. Support will include, but will not be limited to, evaluating potential environmental constraints and CEQA/NEPA/permitting implications of various program alternative design concepts, coordinating with regulatory and funding agencies to assess the impact of project alternative design concepts on existing permits and funding awards, and preparing maps that illustrate constraints based on available data.

Assumptions

- Up to 40 hours of support will be provided.
- All meetings will be held virtually.
- No formal deliverables, such as memoranda or reports, will be provided.

Task 3 NEPA Environmental Assessment

Task 3.1 Administrative Draft EA

Rincon will prepare an Administrative Draft EA for the project based on information contained in the certified EIR. The EA will include the following sections: Purpose and Need for Action, Proposed Action and Alternatives, Affected Environment, Environmental Consequences, References, and List of Preparers, as outlined below. The EA will be prepared in compliance with NEPA and supplemental guidance provided by USBR. We assume that, upon independent review of the CEQA documents prepared for the project, USBR will determine they are sufficient to meet NEPA requirements and will incorporate these documents by reference. As a result, the EA will be limited to additional discussion of potential effects on Indian Trust Assets, Indian sacred sites, environmental justice, air quality conformity, threatened and endangered species, cultural resources, and the Clean Water Act as well as potential cumulative effects. (This approach is consistent with that utilized for a similar EA published by



USBR for the Pure Water Soquel project.) Prior to initiating the EA, Rincon will coordinate with USBR staff to discuss and obtain approval of the proposed EA approach, which may include a one-hour, virtual meeting with USBR staff.

- **Purpose and Need for Action.** This section will convey the goals and objectives USBR (as the federal lead agency) intends to fulfill by implementing the proposed action.
- **Proposed Action and Alternatives.** This section will describe the proposed action and alternatives to the proposed action. The EA will evaluate up to two alternatives, including the proposed action and the no action alternative (under which the project would not be constructed). If additional alternatives are requested by USBR, a budget amendment may be required.
- **Affected Environment.** This section will present an overview of the affected environment as it relates to the proposed action and alternatives. The section will include a discussion of existing conditions associated with the environmental issue areas discussed in detail under “Environmental Consequences” below.
- **Environmental Consequences.** This section will provide an analysis of potential impacts related to the environmental issue areas presented below. Based on our knowledge of the project and a similar EA published by USBR for the Pure Water Soquel project, Rincon believes the proposed action and no action alternative would not result in impacts to the environmental issue areas presented below under NEPA. Therefore, these topics will not be analyzed in detail the EA, although the EA will include one to two sentences for each topic explaining why no impacts are anticipated:
 - Indian Trust Assets
 - Indian Sacred Sites
 - Environmental Justice

Rincon believes the proposed action and no action alternative will require analysis to determine whether they would result in impacts to the following environmental issue areas under NEPA. Therefore, the impacts associated with these issue areas will be discussed in a greater level of detail, compared to the issue areas assumed to result in no impacts:

- Air Quality Conformity
- Threatened and Endangered Species
- Cultural Resources
- Clean Water Act

The EA will also include a brief discussion of “other topics” of interest, including hazards and hazardous materials, noise, transportation, and cumulative impacts.

- **Consultation and Coordination.** This section will include an overview of consultations and coordination required for the project (e.g., United States Fish and Wildlife, State Historic Preservation Office) and their current statuses.
- **References.** This section will include a list of all references cited in the EA.
- **List of Preparers.** This section will list those involved in the preparation of the EA, including any organizations or individuals that were consulted during preparation of the EA.



Assumptions

- Public scoping will not be required.
- Up to four hours of coordination time with USBR staff will be necessary to obtain approval of the proposed EA approach.
- The EA will not exceed 75 pages in length, not including appendices.
- The EA will rely entirely on the certified EIR under Task 2. No additional analysis (e.g., additional technical studies and CEQA documentation) will be conducted.
- The Administrative Draft EA will be submitted in electronic format; no hard copies will be provided.

Task 3.2 Screencheck Draft EA

Rincon will revise the Administrative Draft EA based on one round of consolidated comments from the City, to be provided as a consolidated set of comments in editable electronic format (i.e., as tracked changes in Word). The Screencheck Draft EA will be submitted to USBR for review.

Assumptions

- Up to 15 hours of environmental planning staff time will be required to respond to City comments and prepare the Screencheck Draft EA.
- The Screencheck Draft EA will be submitted in electronic format; no hard copies will be provided.

Task 3.3 Public Review Draft EA

Rincon will revise the Screencheck Draft EA based on up to two rounds of consolidated comments from USBR, to be provided in consolidated, editable electronic format. It is not possible to accurately predict the nature and extent of USBR's comments and/or required level of support from Rincon until USBR has reviewed the Screencheck Draft EA; however, we have estimated our costs for this task based on our experience in preparing numerous EAs. This task assumes up to two virtual meetings with City/USBR staff to discuss USBR's comments of the screencheck version of the Draft EA. Upon approval by USBR, Rincon will submit the Public Review Draft EA to USBR in electronic format. Based on our experience working with federal agencies on NEPA compliance documentation, Rincon assumes USBR will be responsible for all public noticing procedures for public review of the EA. If requested, Rincon can also prepare the notices for an additional cost.

Assumptions

- Up to 40 hours of environmental planning staff time will be required to respond to USBR comments and prepare the Public Review Draft EA prior to approval by USBR for public circulation.
- Up to two virtual meetings with City/USBR staff will be held to review USBR comments on the Screencheck Draft EA.
- This scope of work does not include digital accessibility compliance for the Draft EA, which can be provided for additional scope and cost.
- USBR will be responsible for all public noticing procedures for public review of the EA.
- The Public Review Draft EA will be submitted in electronic format; no hard copies will be provided.



Task 3.4 Final EA and FONSI

Based on our experience working with federal agencies on NEPA compliance documentation, Rincon assumes USBR will prepare the FONSI but that Rincon will prepare the Final EA. The Final EA will consist of the Draft EA with minor revisions made in response to public comments submitted on the Public Review Draft EA. For the purposes of this scope of work, we assume responses to public comments will not be prepared as part of the Final EA. Rincon will revise the Final EA based on up to two rounds of consolidated comments from USBR, to be provided in consolidated, editable electronic format. In addition, this task includes 10 hours of staff time to support preparation of the FONSI by USBR, if necessary. If requested, Rincon can also prepare the FONSI for additional cost.

Assumptions

- USBR will prepare the FONSI.
- Responses to public comments received on the Public Review Draft EA will not be prepared.
- The Final EA will be submitted in electronic format; no hard copies will be provided.

Schedule

The following schedule was developed to identify the projected timeline for each task. Based on the timeframes shown herein, we believe the NEPA process can be completed in seven months of receiving all necessary project information and materials as follows:

- Rincon's Project Manager will schedule a kick-off meeting within one week of authorization to proceed.
- The Administrative Draft EA will be provided within seven weeks of notice to proceed with preparation of the EA using the certified EIR.
- The Screencheck Draft EA will be provided within two weeks of receipt of City comments on the Administrative Draft EA.
- The Public Review Draft EA will be provided within two weeks of receipt of USBR comments on the Screencheck Draft EA. The public review period of the EA is anticipated to be no more than 30 calendar days.
- The Administrative Final EA will be provided within three week of the close of the public review period. The Final EA will be provided within two weeks of receipt of USBR comments on the Administrative Final EA.
- We assume the FONSI will be prepared by USBR and will proceed on its established timeframes.

Cost

Our proposed budget for the above scope of work is **\$43,532.00**. The table on the following page shows a breakdown of costs by task.

All the terms of this proposal are fully negotiable to meet the needs of the City. This proposal is valid for a period of 30 days during such time all questions may be directed to Annaliese Torres, Project Manager, at atorres@rinconconsultants.com or at (805) 644-4455. We look forward to the opportunity to work with you. Thank you for your consideration of Rincon Consultants for this project.



Sincerely,
Rincon Consultants, Inc.

Annaliese Torres

Annaliese Torres
Senior Environmental Planner
atorres@rinconconsultants.com
(657) 999-8337

Jennifer Jacobus

Jennifer Jacobus, PhD
Director of Water Planning and Sustainability
jjacobus@rinconconsultants.com
(760) 918-9444

Cost Estimate

	Hours	Labor Budget	Direct Expenses	Total Budget
Task 1 Project Management and Meeting Attendance	26	\$4,619.00	\$0.00	\$4,619.00
Task 2 Strategic Environmental Advising Support	40	\$9,122.00	\$0.00	\$9,122.00
Task 3 NEPA Environmental Assessment				
<i>Task 3.1 Administrative Draft EA</i>	56	\$10,304.00	\$0.00	\$10,304.00
<i>Task 3.2 Screencheck Draft EA</i>	16	\$3,072.00	\$0.00	\$3,072.00
<i>Task 3.3 Public Review Draft EA</i>	42	\$7,901.00	\$0.00	\$7,901.00
<i>Task 3.4 Final EA</i>	46	\$8,514.00	\$0.00	\$8,514.00
TOTAL	226	\$43,532.00	\$0.00	\$43,532.00

Professional Services – This cost estimate is based on Rincon's standard fee schedule and labor classifications. The above is provided as an estimate of Rincon's effort per task. Rincon may reallocate budget between staff and tasks, as long as the total contract price is not exceeded.

Annual Escalation – Standard rates subject to escalation annually. This cost estimate assumes a seven-month timeframe for the scope of work, to occur between February 1, 2023 and May 30, 2024. Should the schedule extend beyond this timeframe, we reserve the right to revisit and update our cost estimate based on our latest fee schedule at that time.



City of Morro Bay
Water Reclamation Facility Program

QUARTERLY REPORT -
ENDING December 31, 2022

FY 2022-2023 – 2nd Quarter
October 1 through December 31, 2022



Contents

Executive Summary	1
ES.1 Progress During Q2 FY23	1
ES.2 Budget Status	1
ES.3 Key Q2 FY23 Accomplishments	1
ES.4 Challenges and Upcoming Activities	1
Section 1	2
Program Management Summary	2
1.1 Purpose of the Quarterly Progress Report	2
1.2 Program Budget	2
1.3 Cashflow Projections and Actual Expenditures	3
1.4 Program Funding	4
1.5 Program Schedule Overview	4
Section 2	7
WRC Project	7
2.1 Construction Progress Summary	7
2.2 Project Photographs	8
2.3 Contract Amendment Summary	11
2.4 Project Schedule	11
Section 3	13
Conveyance Facilities Project	13
3.1 Construction Progress Summary	13
3.2 Project Photographs	15
3.3 Change Order Summary	19
3.4 Project Schedule	19
Section 4	21
Recycled Water Facilities Project	21
4.1 Project Progress Summary	21
4.2 Project Photographs	22
4.3 Project Schedule	22

Appendices

Appendix A	Abbreviations
Appendix B	Quarterly Expenditures by Budget Code
Appendix C	WRF Program Funding Requests and Reimbursements Status Summary
Appendix D	Program Milestones
Appendix E	FBV Amendment Details
Appendix F	Anvil Amendment Details

Tables

Table 1	WRF Program Budget	2
Table 2	Project Component Contract History	2
Table 3	WRF Program Expenditures	3
Table 4	WRF Program Funding Sources	4
Table 5	WRC Project Contract Amendment Summary	11
Table 6	Conveyance Facilities Contract Amendment Summary	19

Figures

Figure 1	Program Cash Actual and Forecasted Expenditures	5
Figure 2	Program-Wide Summary Schedule	6
Figure 3	WRC Project Component Schedule	12
Figure 4	Conveyance Facilities Project Component Schedule	20
Figure 5	Recycled Water Facilities Project Component Schedule	23

EXECUTIVE SUMMARY

“Our Water” is the City of Morro Bay’s (City's) program to plan and build water and wastewater infrastructure for a sustainable future for the environment, our economy, and the community. This report summarizes key accomplishments and challenges during the second quarter (Q2) of the 2022-23 fiscal year (FY23). It includes information and data on the overall program budget and the status of the individual program components.

ES.1 Progress During Q2 FY23

The Water Resources Center (WRC) is approximately 93.2 percent complete, and Conveyance Facilities are approximately 99 percent complete. WRC treatment process fine tuning expected to continue through Q3 (March 2023), with Final Completion in March 2023. The City has achieved compliance with the State’s Time Schedule Order (TSO) that requires full operation of the WRC by February 2023. The Recycled Water Facilities (RWF) component of the program is approximately 10 percent complete and is anticipated to be completed by Spring 2025. The major accomplishments are summarized below.

ES.2 Budget Status

The current program budget is \$159.84M and \$128.8M has been spent to-date.

ES.3 Key Q2 FY23 Accomplishments

- The City and its contractors began treating wastewater at the WRC starting on October 5 and restarted treatment there on October 10 after process upsets prompted a reconsideration of the startup and transition to the new WRC.
- All major pipeline construction for the Conveyance Facilities are complete. Both pump stations were brought online to pump wastewater to the new WRC.
- The Pilot Injection Well construction was completed in early October 2022. The pilot groundwater injection testing began in late November 2022 and ended in late December 2022.

ES.4 Challenges and Upcoming Activities

The program team and FBV reached agreement on the value of the delay in Conveyance Facilities completion, and an amendment for the delay and other scope changes was approved by City Council on November 22. The startup of the WRC and Conveyance Facilities was a challenging process for the City, contractors, and consultants, and the program management team is currently working with the contractors on final restoration and other remaining work items, and on closing the projects out within the next fiscal quarter. Final paving of the Conveyance Facilities will be completed in February.

The extended groundwater injection testing using the pilot injection well was conducted between the end of November to the end of December 2022. With the data collected in the extended groundwater injection test, the City’s hydrogeologist, GSI, will prepare the hydrogeological engineering report for the Recycled Water Facilities. Once the report draft is near completion, engineering feasibility and conceptual design activities will begin.

Section 1

PROGRAM MANAGEMENT SUMMARY

1.1 Purpose of the Quarterly Progress Report

The Water Reclamation Facility program quarterly progress report describes current budget status, funding agency reimbursements, planning/design and construction activities, and project component schedules. Abbreviations used throughout this quarterly progress report are found in Appendix A.

1.2 Program Budget

Table 1 shows the current program budget.

Table 1 WRF Program Budget

Program Component	Baseline ⁽¹⁾	FY 21/22	FY 22/23 and Prior Quarter	Current Quarter ⁽²⁾	Current % Change from Baseline
WRC Plant	\$62,414,000	\$77,687,023	\$79,643,216	\$79,643,216	28%
Conveyance Facilities	\$21,087,000	\$37,982,000	\$39,774,724	\$39,774,724	89%
RWF	\$8,593,000	\$6,668,000	\$9,424,174	\$9,424,174	10%
General Project	\$24,403,000	\$15,445,000	\$30,998,235	\$30,998,235	27%
Construction Contingency	\$9,444,000	\$6,892,854	Note 2	Note 2	N/A
Total	\$125,941,000	\$144,674,877	\$159,840,349	\$159,840,349	27%

Notes:

(1) Baseline budget established 4th Quarter of Fiscal Year 2017/2018.

(2) The FY 22/23 budget adopted by City Council on June 28, 2022 was \$159,840,349. As of current Q2, FY 22/23, Construction and Overall Program Contingency in the FY 22/23 budget is included within each Program Component with remaining breakdowns as follows: WRC \$1,627,918, Conveyance \$81,379, RWF \$304,549, and General Project \$923,421.

Table 2 shows the initial and current contract values by project component.

Table 2 Project Component Contract History

Project Component	Contractor	Initial Contract Value	Current Contract Value	% Change
WRC Plant		\$67,234,512	\$78,015,298	16%
Design/Build	FBV (Overland)	\$67,234,512	\$78,015,298	16%
Conveyance Facilities		\$33,321,277	\$39,693,346	19%
Design	Waterworks Engineers	\$1,360,565	\$2,540,113	87%
Construction	Anvil Builders	\$31,493,675	\$34,843,344	11%

Project Component	Contractor	Initial Contract Value	Current Contract Value	% Change
Permitting	Cogstone, Far Western, KMA	\$467,037	\$2,309,889	395%
RWF		\$709,300	\$1,331,950	88%
Planning and Modeling	GSI Solutions, Inc., Cleath Harris	\$351,000	\$973,650	177%
Pilot Injection Well Construction	ABC Liovin, Pacific Coast Well Drilling	\$358,300	\$358,300	0%
Injection Wells Construction	TBD	--	--	--
General Project		\$293,000	\$14,433,320	4826%
Program and Construction Management	Carollo Engineers and Subconsultants ⁽¹⁾	\$293,000	\$13,508,401	4510%
City Contracts	Note 2	Note 2	\$924,919	--
Total		\$101,558,089	\$133,473,914	--

Notes:

- (1) Program management costs include permitting, public outreach, funding support, and construction oversight/management.
(2) Initial City Contract values for previous and/or inactive consultants (such as MKN, Black & Veatch, ESA, and Kestrel) are unknown. Current contract values are shown only for currently active consultants including Bartle Wells Associates, Confluence, and JSP.

1.3 Cashflow Projections and Actual Expenditures

Figure 1 shows cashflow projections and actual expenditures through the current period.

Table 3 lists actual expenditures for each program component and the percent of the budget expended.

Table 3 WRF Program Expenditures

Program Component	Previous Total	Current Quarter ⁽¹⁾	Total To Date	FY 22/23 and Current Quarter Budget ⁽²⁾	Percent Budget Expended
WRC Plant	\$65,096,630	\$4,547,805	\$69,644,435	\$79,643,216	87%
Conveyance Facilities	\$32,948,277	\$3,558,478	\$36,506,755	\$39,774,724	92%
RWF	\$801,004	\$333,665	\$1,134,670	\$9,424,174	12%
General Project	\$20,757,857	\$745,620	\$21,503,477	\$30,998,235	69%
Total	\$119,603,769	\$9,185,568	\$128,789,337	\$159,840,349	81%

Notes:

- (1) Q2 FY 22/23 total expenditures as tallied on the Accounts Payable Report run on 1/17/2023, which may not include all invoices paid through December 31, 2022 services (to be included with Q3 FY 22/23 report). See Appendix B Note 2 for additional details.
(2) The FY 22/23 budget adopted by City Council on June 28, 2022 was \$159,840,349.

1.4 Program Funding

Table 4 lists WRF program funding sources.

Table 4 WRF Program Funding Sources

Funding Agency	Funding Type	Amount Financed	Initiation Date	Terms
SWRCB – CWSRF Construction Loan	Low interest Loan	\$66,604,638	7/1/2021	0.9%, 30 years
EPA – WIFIA	Low Interest Loan	\$61,700,336	3/9/2020	0.83%, 35 years
SWRCB – CWSRF Planning Loan	Low Interest Loan	\$10,300,000	12/11/2015	0.9%, 30 years
Recycled Water Planning Grant	Grant	\$75,000	9/10/2015	Costs reimbursed upon request
Total		\$138,679,974		

Abbreviations:

CWSRF - Clean Water State Revolving Fund; EPA - Environmental Protection Agency; SWRCB - State Water Resources Control Board; WIFIA - Water Infrastructure Finance and Innovation Act.

Appendix C provides detailed information on funding reimbursements.

1.5 Program Schedule Overview

In June 2018, the City received a TSO from the Regional Water Quality Control Board (RWQCB) that requires the City to achieve full operation of the new WRC by February 2023. The key milestones included in the TSO are included in Appendix D, and the overall program schedule is shown in Figure 2. The current construction progress percent complete to-date per contract spent is 93.2 percent for the WRC and 99 percent for Conveyance. Figure 2 shows percent complete as an average between contract spent and scheduled date of completion. The RWF does not currently have a construction progress percent complete.

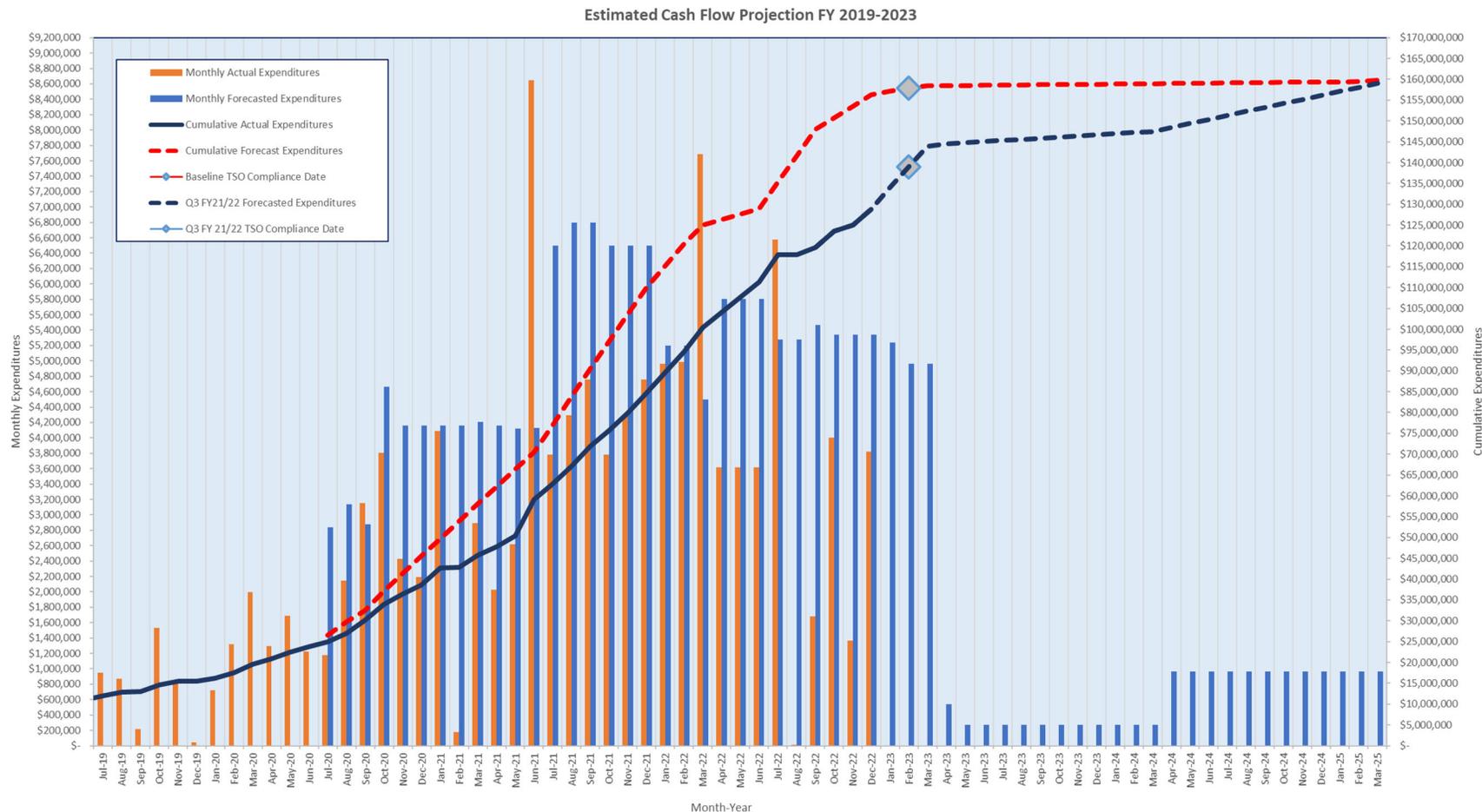


Figure 1 Program Cash Actual and Forecasted Expenditures



Morro Bay WRF Program
Program Wide Schedule Summary
Updated: FY22/23 Q2

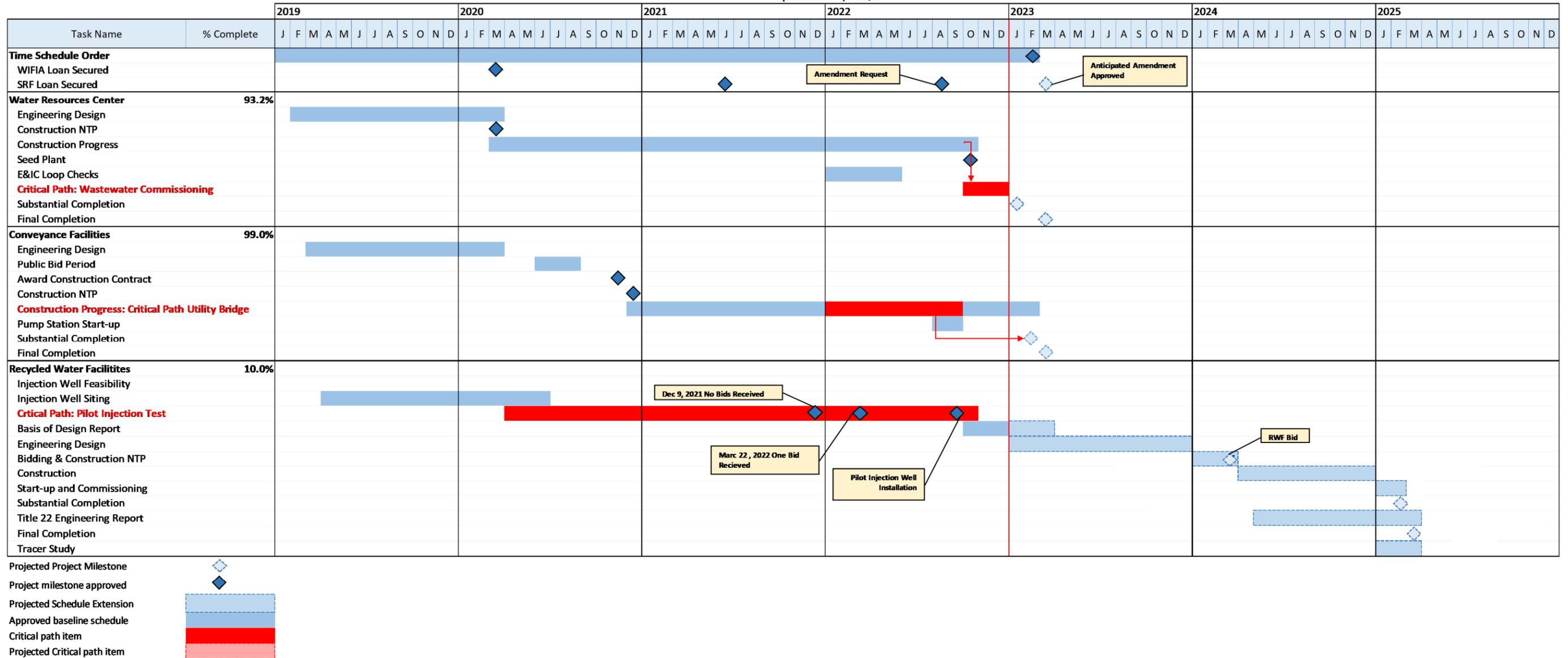


Figure 2 Program-Wide Summary Schedule

Section 2

WRC PROJECT

2.1 Construction Progress Summary

Major accomplishments during this period are summarized below:

General and Administrative:

- The City has completed the TSO milestone requirement of full operation of wastewater treatment facilities in compliance with the state NPDES permit and other regulatory requirements.
- The extensive and phased testing and commissioning procedure was successfully undertaken during October and November 2022. Multiple equipment and system malfunctions occurred during the initial commissioning. The City and project team were able to respond to the various conditions and the commissioning was eventually completed during a several weeks-long phased switchover from the existing WWTP to the new WRC.
- The City's existing WWTP was operated in parallel with the new WRC, pump stations and pipelines, for several weeks during the start-up to allow the City the option of returning flow to that plant in the event of a major process upset.
- As of the end of the reporting period, there continue to be various equipment and component malfunctions that the DB team and City have been addressing on an as-needed basis. In response, routine coordination meetings are conducted with the DB's commissioning team and City staff to manage the various items needing correction.
- Contractor continues with the correction of punchlist and warranty items.
- Contractor continues to adhere to pertinent Mitigation Measures stipulations.
- Contractor/subcontractors continue to comply with Davis-Bacon Act requirements.
- City received several requests for public information during the reporting period.
- Contractor continued with closeout Submittals and Design Clarifications:
 - DB Team has processed 536 submittals during the project.
 - DB Team has processed 262 requests for information (RFIs) and 41 Design Clarifications to date.
- Contractor has discontinued submitting critical path method (CPM) schedule updates.

Sitework:

- Landscaping and irrigation systems are completed.

Headworks:

- Facility is completed and in service.

Biological Nutrient Removal (BNR)/Membrane Bioreactor (MBR) Treatment:

- Facility is completed and in service.

Reverse Osmosis (RO)/Ultraviolet Advanced Oxidation Process (UV AOP):

- Facility is completed.
- RO and UV clean water and treated water testing has been undertaken but not completed.
- RO and UV equipment are not commissioned as of the end of the reporting period and is expected to undergo challenge testing in late Q3.

- The City and the State Department of Drinking Water are in consultation regarding control issues of the UV disinfection equipment.

Purified Water Facilities:

- Facilities are completed and tested with clean water (not commissioned).

Residuals/Sludge Processing:

- Facilities are completed and in service.

Electrical and Controls:

- Facilities are completed and in service.

Chemical Storage and Feed:

- Facilities are completed and in service.

Operations Building:

- Building is completed and occupied by City staff.

Maintenance Building:

- Building is completed and occupied by City staff.

City Yard Facilities:

- Buildings are completed and occupied by City staff.

2.2 Project Photographs

The following photos show progress during this period:



November 2022 – City staff occupancy of Operations Building (Utility Manager's Office)



December 31, 2022 – Looking north-west (Entire Site).



December 31, 2022 – Looking south-west (Entire Site).



July 27, 2022 – Looking down at WRC Site (north site wastewater facilities).

2.3 Contract Amendment Summary

Table 5 contains a summary of the contract amendments for the WRC project component. Each amendment included multiple change orders to address changes in scope from the original proposal. A detailed summary of each amendment is provided in Appendix E.

Table 5 WRC Project Contract Amendment Summary

Amendment No.	Council Approval Date	Amount
1	May 2019	\$1,636,060
2	March 2020	\$63,937
3	May 2020	\$5,992,218
4	November 2020	\$835,097
5	March 2021	\$(195,946)
6	September 2021	\$1,132,117
7	June 2022	\$0
Revised 7	August 2022	\$359,885
8	November 2022	\$957,418
Total		\$10,780,786

Notes:

- (1) The Quarterly Report ending September 30, 2022 indicated Amendment No. "Revised 7" in the amount of \$553,371 which was retracted by Council. The Amendment No. "Revised 7" approved by Council on August 23, 2022 for twelve PCOs was in the amount of \$359,885.

2.4 Project Schedule

Figure 3 shows the WRC construction and startup schedule.



Morro Bay WRF Program
 Program Wide Schedule Summary
 Updated: FY22/23 Q2

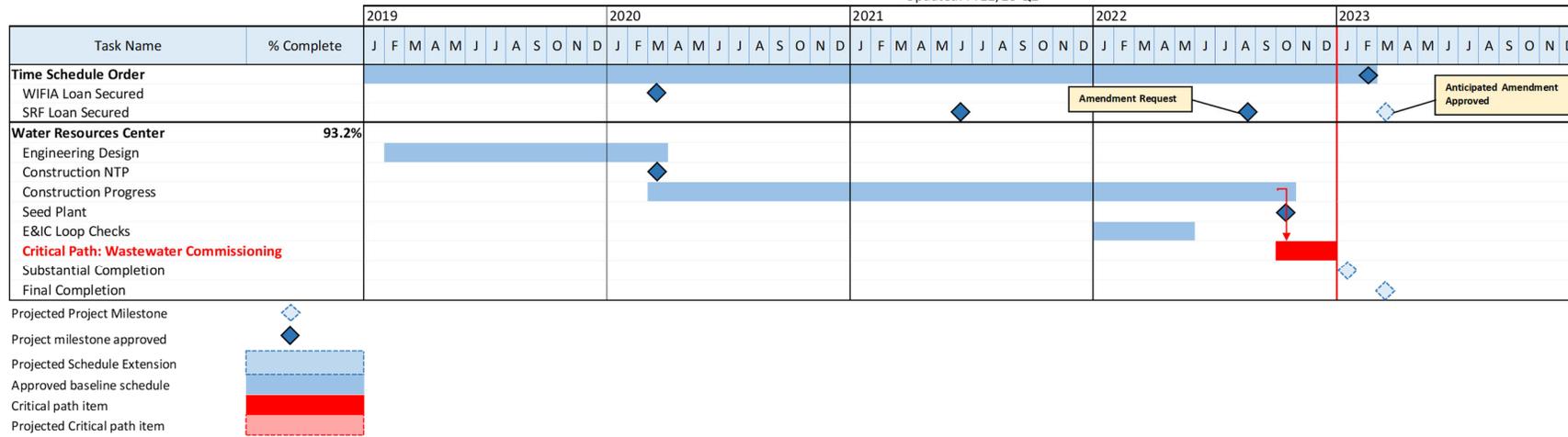


Figure 3 WRC Project Component Schedule

Section 3

CONVEYANCE FACILITIES PROJECT

3.1 Construction Progress Summary

Major accomplishments during this period are summarized below:

General and Administrative:

- Milestone: the City has completed the Time Schedule Order milestone requirement of full operation of wastewater treatment facilities in compliance with the State NPDES permit and other regulatory requirements.
- The extensive and phased testing and commissioning procedure was successfully undertaken during October and November 2022.
- As of the end of the reporting period, there continue to be several equipment and component malfunctions that the Contractor and City are addressing. The facility alarm and control systems have provided the necessary notifications and equipment switchovers to prevent significant negative impacts.
- Contractor continues with the correction of punchlist and warranty items.
- Contractor continues to maintain SWPPP Best Management Practices (BMPs).
- Contractor continues to adhere to pertinent environmental mitigation measures stipulations.
- Contractor/subcontractors continue to comply with Davis-Bacon Act requirements.
- No requests for public information were received during the reporting period.
- Contractor continues equipment submittals and procurement activities:
 - Submittal processing is on-going - 413 items submitted and/or approved to date.
 - RFI processing is on-going – 305 items submitted to date.
- Contractor's submission of CPM schedule updates is on-going:
 - Schedule Updates are reviewed by the Construction Manager and City schedule consultant.
 - City/Contractor have executed multiple time extensions totaling 282 calendar days.
 - The current Final Acceptance Date is December 1, 2022 (past).
 - The actual project Final Acceptance is expected in the 1st quarter of 2023.
 - Contract time extensions are currently being reviewed and negotiated between the City and Contractor.
 - Contractor and City continue to evaluate impacts of various pending change orders, and are also coordinating to mitigate potential impacts from the delayed contract completion.
- The City continued its public relations/outreach effort as described in previous quarterly reports.

Sanitary Sewer Pump Stations:

Pump Station A:

- Pump Station facility is completed and in service.
- Sitework and building completion is on-going.
- New paving and concrete flatwork remain to be completed.

Pump Station B:

- Pump Station facility is completed and in service.
- Sitework and building completion is on-going.
- New paving and concrete flatwork remain to be completed.

Existing Lift Station 2:

- Pump Station connection is completed and in service.

Existing Lift Station 3:

- Contractor started branch lines to LS-3, but work is not completed (waiting on materials).
- Contractor is still maintaining temporary above-grade sewer by-pass pipe from Lift Station 3.

Pipelines:

Segment 1 – Atascadero Road (Existing City Wastewater Treatment Plant to Bike Path):

- Pipelines and other facilities in this segment are completed and in service.
- Paving and concrete flatwork restoration remains to be completed.
- Contractor continues to stage equipment and materials on City property along Atascadero Road.

Segment 2 – Bike Path (Atascadero Road to Morro Creek Foot Bridge):

- Pipelines and other facilities in this segment are completed and in service.
- The Utility Bridge over Morro Creek is completed and in service.
- Paving and concrete flatwork restoration remains to be completed.

Segment 3 – Bike Path (Morro Creek Foot Bridge to Main Street):

- Pipelines and other facilities in this segment are completed and in service.
- The new Bike Path has been paved and otherwise completed in this segment.

Segment 4 – Main Street (Bike Path to Quintana Road):

- Pipelines and other facilities in this segment are completed and in service.
- Paving and concrete flatwork restoration remains to be completed.

Segment 5 – Quintana Road (Main Street to Morro Bay Blvd):

- Pipelines and other facilities in this segment are completed and in service.
- Paving and concrete flatwork restoration remains to be completed.

Segment 6 – Quintana Road (Morro Bay Blvd to La Loma Avenue):

- Pipelines and other facilities in this segment are completed and in service.
- Paving and concrete flatwork restoration remains to be completed.

Segment 7 – Quintana Road (La Loma Avenue to South Bay Blvd):

- Pipelines and other facilities in this segment are completed and in service.
- Paving and concrete flatwork restoration remains to be completed.

Segment 8 – South Bay Blvd (Quintana Road to New MB WRC):

- Pipelines and other facilities in this segment are completed and in service.
- Paving and concrete flatwork restoration remains to be completed.

Segment 9 – Vistra Property (Bike Path to Existing Lift Station 2):

- Pipelines and other facilities in this segment are completed and in service.
- Paving restoration remains to be completed.

3.2 Project Photographs

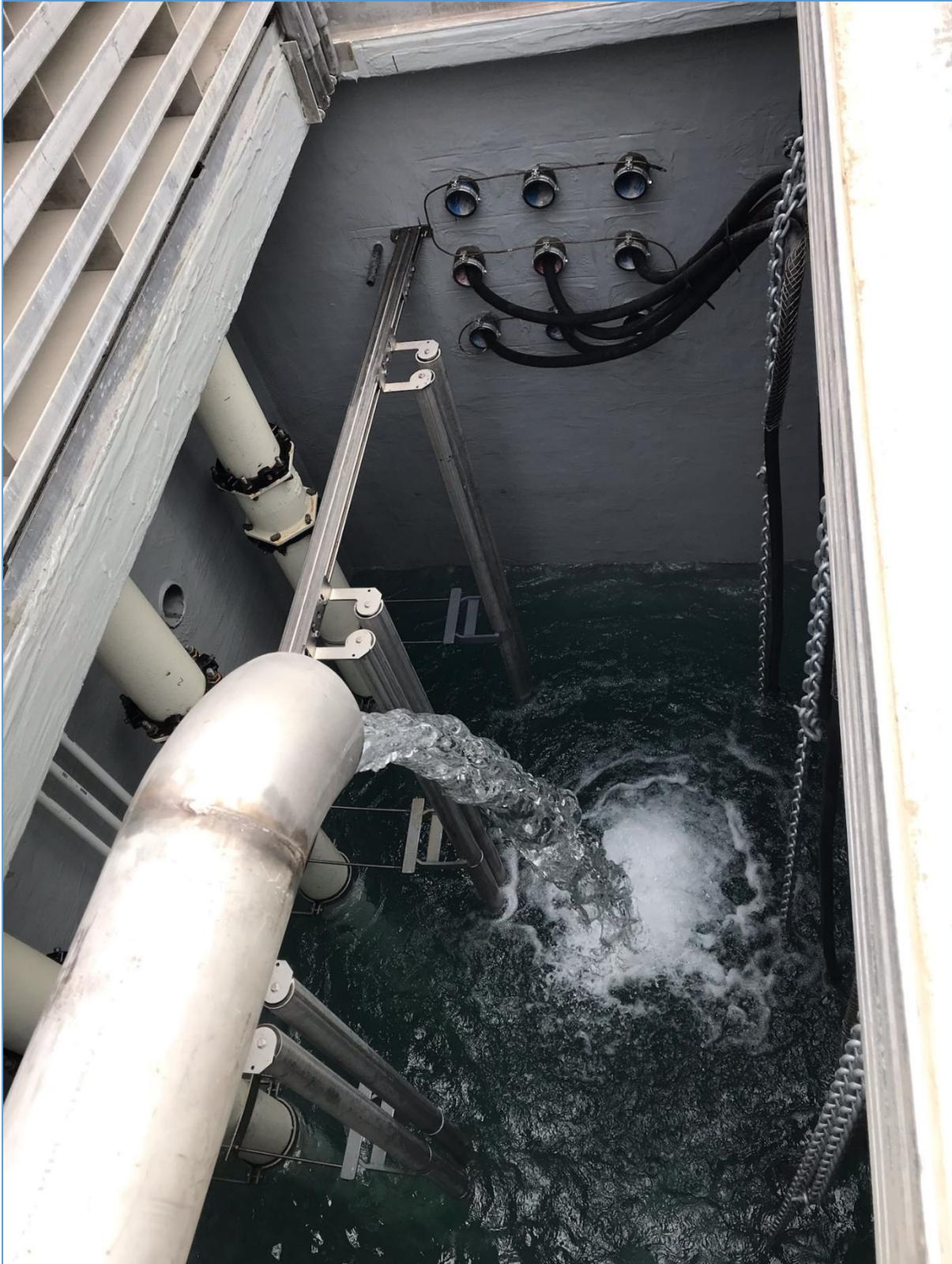
The following photos show progress during this period:



Nov 2022 – Pump Station B Electrical Building, Surge Tank, Discharge Piping, and site grading.



Nov 2022 – Constructing new Diversion Manhole near Pump Station A.



October 2022 – Clean water testing and flushing at Pump Station B wet well.



October 2022 – Clean water flushing new Brine Line at the City’s Existing Ocean Outfall Box.



October 2022 – Utility Bridge looking over Morro Creek.

3.3 Change Order Summary

Table 6 contains a summary of the contract amendments for the Conveyance Facilities project component. Each amendment included multiple change orders to address changes in scope from the original proposal. A detailed summary of each amendment is provided in Appendix F.

Table 6 Conveyance Facilities Contract Amendment Summary

Amendment No.	Council Approval Date	Amount
1	October 2021	\$674,485
2	January 2022	\$587,502
3	March 2022	\$241,317
4	June 2022	\$(54,065)
5	August 2022	\$1,253,667
6	November 2022	\$646,763
Total		\$3,349,669

3.4 Project Schedule

Figure 4 shows the Conveyance Facilities construction and startup schedule.



Morro Bay WRF Program
 Program Wide Schedule Summary
 Updated: FY22/23 Q2

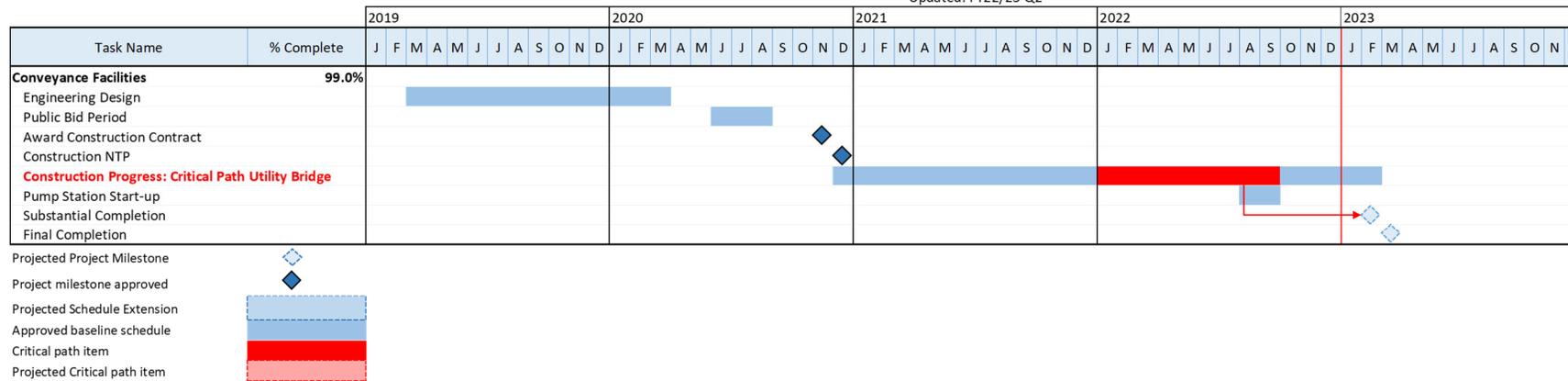


Figure 4 Conveyance Facilities Project Component Schedule

Section 4

RECYCLED WATER FACILITIES PROJECT

4.1 Project Progress Summary

The RWF component of the WRF program is currently in the planning pre-design phase, which includes the pilot study for the injection wells. GSI has completed Phase 1 and is currently working on Phase 2 of the hydrogeological work, which resulted in the selection of the west injection area and preliminary siting of the injection wells. The following activities were completed during this period:

- The pilot injection well is intended to be future Injection Well No. 1. This well was constructed for full-scale groundwater injection testing as part of the required pilot injection study. The purpose of the pilot study is to determine injection performance to further characterize the Morro groundwater basin. The data will allow the City to finalize the locations and design of the wells.
- Confluence Engineering Solutions (CES) has continued coordination meetings with GSI, Carollo and the City to discuss Recycled Water Facility related items.
- The Pilot Injection Well project site work started in August 2022. Construction was undertaken by Pacific Coast Well Drilling of Paso Robles, CA. Construction was completed in early October 2022.
- Groundwater injection testing was postponed for the first few weeks of November because of the State Water Project being offline due to regularly scheduled maintenance.
- Subsequent to construction, GSI supervised and recorded results for the various injection testing activities that occurred over much of the reporting period (early October through December 2022). Pacific Coast Well Drilling began an extended groundwater injection test from early to late early January 2023.
- Data gathered from the injection test and drilling operations will be used by GSI in their hydrogeologic model and analyses in prepping the forthcoming hydrogeological engineering report for the Recycled Water Facilities.

4.2 Project Photographs



October 2022 – Pilot Injection Well completed with groundwater injection testing in progress.

4.3 Project Schedule

Figure 5 shows the Recycled Water Facilities construction and startup schedule.

Appendix A

ABBREVIATIONS

AOP	advanced oxidation process
BMP	best management practice
BNR	biological nutrient removal
CES	confluence engineering solutions
City	City of Morro Bay
CPM	critical path method
CWRSF	Clean Water State Revolving Fund
EPA	Environmental Protection Agency
FBV	Filanc Black & Veatch
FY23	2022-23 fiscal year
GSI	GSI Water Solutions, Inc.
MBR	membrane bioreactor
NOV	notice of violation
PCO	potential change order
Q2	second quarter
RFI	request for information
RO	reverse osmosis
RWF	recycled water facility
RWQCB	Regional Water Quality Control Board
SWPPP	stormwater pollution prevention plan
SWRCB	State Water Resources Control Board
TSO	time schedule order
UV	ultraviolet
UV AOP	ultraviolet advanced oxidations process
WIFIA	Water Infrastructure Finance and Innovation Act
WRC	Water Resources Center
WRF	Water Reclamation Facility

Appendix B

QUARTERLY EXPEDITURES BY BUDGET CODE

City Budget Code	Fund Name	Total Q2 FY22/23 Expenditures	Vendor Name	Project Component
4110	Regular Pay			
4599	Other Pay			
4910	Employer Paid Benefits			Summarized in Total Personnel Services
4911	Pension Normal Cost			
4999	Labor Costs Applied			
Total Personnel Services		\$17,783.89	City of Morro Bay	
5199	Miscellaneous Operating Supplies			
Total Supplies		\$64,935.07	Various	General Project
6101	Legal Services – General	\$50,613.26	Aleshire & Wynder	General Project
6303	Water	\$909.00	City of Morro Bay	General Project
7116	WRC City Costs (Legal Services)	\$34,774.50	Aleshire & Wynder	General Project
Total Services		\$86,296.76	Various	General Project
6104	Engineering Services	\$333,665.30	GSI Water Solutions, Pacific Coast Well Drilling	RWF
6105	Consulting Services	\$93,472.97	Confluence Engineering, JoAnn Head Land Surveying	General Project
6162	Mandated Fees/Inspections	\$11,400.00	USEPA	-
6196	Program Management & DB Procurement	\$671,731.14	Carollo Engineers	General Project
7101	Land Acquisition	\$(200,000.00)	Vistra Settlement	General Project
Total Project Soft Costs		\$910,269.41	Various	RWF, General Project
6106	Contractual Services	\$3,294,088.09	Anvil Builders	Conveyance
7104	Design Phase - Lift Station & Force Main	\$131,646.78	Water Works Engineers	Conveyance
7105	Planning & Permitting	\$132,743.28	KMA, Far Western, Cogstone	Conveyance
7107	WRC - On- Site Imprv - Build	\$4,547,804.59	FBV	WRC
Total Construction Costs		\$8,106,282.74	Various	Conveyance, WRC
Total Quarterly Expenditures		\$9,185,567.87		

Notes:

- (1) City Budget Codes are from the latest Accounts Payable Report run on 1/17/2023.
- (2) Total quarterly expenditures shown only include invoices paid by the City in this quarter and are derived from a cash basis of accounting using the Accounts Payable reports provided by the City approximately one week after the end of the quarter. Total quarterly expenditures shown may differ from City fiscal year-end budget performance reports that are based on a modified accrual basis of accounting, which reallocates current quarter expenditures for services rendered in prior fiscal year back to the prior fiscal year.

Appendix C

WRF PROGRAM FUNDING REQUESTS AND REIMBURSEMENTS STATUS SUMMARY

Agency	Description	No.	Date Submitted	Requested Amount	Approved Amount	Received
SWRCB	CWSRF Planning Loan	1	12/18/2022	\$289,595	\$217,441	Yes
SWRCB	CWSRF Planning Loan	2	11/19/2022	\$6,431,295	\$5,312,748	Yes
SWRCB	CWSRF Planning Loan	3	10/20/2022	\$3,910,211	\$2,415,669	Yes
SWRCB	CWSRF Planning Loan	4	10/21/2022	\$930,385	\$484,617	Yes
SWRCB	CWSRF Planning Loan	5	4/22/2022	\$0 (see 5A)	Pending	No
SWRCB	CWSRF Planning Loan	5A	9/26/2022	\$831,518	Pending	No
SWRCB	CWSRF Construction Loan	1	9/21/2022	\$11,185,433	\$11,185,433	Yes
SWRCB	CWSRF Construction Loan	2	11/21/2022	\$10,886,581	\$10,886,581	Yes
SWRCB	CWSRF Construction Loan	3	12/21/2022	\$5,463,514	\$5,463,514	Yes
SWRCB	CWSRF Construction Loan	4	2/22/2022	\$5,943,019	\$5,943,019	Yes
SWRCB	CWSRF Construction Loan	5	3/22/2022	\$6,095,373	\$6,095,373	Yes
SWRCB	CWSRF Construction Loan	6	5/22/2022	\$3,237,138	\$3,237,138	Yes
SWRCB	CWSRF Construction Loan	7	6/22/2022	\$2,145,403	\$2,145,403	Yes
SWRCB	CWSRF Construction Loan	8	7/22/2022	\$4,245,018	\$4,245,018	Yes
SWRCB	CWSRF Construction Loan	9	8/22/2022	\$3,896,973	\$3,896,973	Yes
SWRCB	CWSRF Construction Loan	10	9/30/2022	\$2,360,768	\$2,360,768	Yes
SWRCB	CWSRF Construction Loan	11	12/5/2022	\$2,744,578	Pending	No
EPA	WIFIA Loan	1	5/20/2022	\$1,100,944	\$1,100,944	Yes
EPA	WIFIA Loan	2	6/20/2022	\$61,014	\$50,486	Yes
EPA	WIFIA Loan	3	7/20/2022	\$3,489,409	\$3,489,409	Yes
EPA	WIFIA Loan	4	7/20/2022	\$2,461,121	\$2,461,121	Yes
EPA	WIFIA Loan	5	8/20/2022	\$142,863	\$142,863	Yes
EPA	WIFIA Loan	6	10/20/2022	\$1,635,106	\$1,635,106	Yes
EPA	WIFIA Loan	7	12/20/2022	\$3,008,572	\$3,008,572	Yes
EPA	WIFIA Loan	8	12/20/2022	\$3,671,499	\$3,671,499	Yes
EPA	WIFIA Loan	9	1/21/2022	\$5,553,851	\$5,553,851	Yes
EPA	WIFIA Loan	10	3/21/2022	\$2,440,399	\$2,440,399	Yes
EPA	WIFIA Loan	11	4/21/2022	\$1,621,783	\$1,621,783	Yes
EPA	WIFIA Loan	12	5/21/2022	\$2,988,342	\$2,988,342	Yes
EPA	WIFIA Loan	13	6/21/2022	\$3,544,987	\$3,544,987	Yes
EPA	WIFIA Loan	14	7/21/2022	\$2,692,977	\$2,692,977	Yes
EPA	WIFIA Loan	15	8/21/2022	\$1,328,552	\$1,328,552	Yes
EPA	WIFIA Loan	16	9/21/2022	\$488,601	\$488,601	Yes
EPA	WIFIA Loan	17	10/21/2022	\$321,117	\$321,117	Yes
EPA	WIFIA Loan	18	11/21/2022	\$346,279	\$346,279	Yes
EPA	WIFIA Loan	19	12/21/2022	\$1,005,341	\$1,005,341	Yes
EPA	WIFIA Loan	20	1/22/2022	\$337,646	\$337,646	Yes
EPA	WIFIA Loan	21	3/22/2022	\$956,562	\$956,562	Yes
EPA	WIFIA Loan	22	4/22/2022	\$395,308	\$395,338	Yes
EPA	WIFIA Loan	23	5/22/2022	\$1,315,288	\$1,315,288	Yes
EPA	WIFIA Loan	24	6/30/2022	\$155,599	\$155,599	Yes
EPA	WIFIA Loan	25	7/28/2022	\$169,286	\$169,286	Yes
EPA	WIFIA Loan	26	8/22/2022	\$723,244	\$723,244	Yes
EPA	WIFIA Loan	27	9/30/2022	\$653,121	\$653,121	Yes
EPA	WIFIA Loan	28	10/26/2022	\$968,147	\$968,147	Yes
EPA	WIFIA Loan	29	12/20/2022	\$433,862	Pending	No
		Total		\$114,607,622	\$107,456,155	

Appendix D

PROGRAM MILESTONES

Milestone	Planned Completion Date
General Project	
Compliance with the TSO	2/23/2023
WIFIA Loan Secured	3/9/2020
SRF Loan Secured	7/31/2021
WRC	
Begin Design	11/5/2018
Construction Notice to Proceed	3/20/2020
Plant Seeding	10/4/2022
Substantial Completion	1/15/2023
Final Completion	3/20/2023
Conveyance Facilities	
Deliver 100 Percent Design	6/15/2020
Bid Advertisement	6/16/2020
Award Construction Contract	11/10/2020
Construction Notice to Proceed	12/14/2020
Substantial Completion	10/17/2022
Final Completion	12/1/2022
RWF	
Select Preferred Injection Area	6/17/2020
Pilot Injection Well - Complete	10/1/2022
Basis of Design of Report - Complete	1/31/2023
Engineering Design - Begin	1/1/2023
Construction Notice to Proceed	3/15/2024
Substantial Completion	2/15/2025
Final Completion	3/15/2025

Appendix E

FBV AMENDMENT DETAILS

No.	Item	Approved Amount (\$)	Cal Days	Amendment No.	Description
1	New Sodium Hypochlorite Feed for Plant Water	78,576	0	1	Add a sodium hypochlorite (disinfection) chem feed pump, add sodium hypochlorite double contained piping from the Chemical Facility to the Recycled Water pumps. Additional electrical and controls for the new sodium hypochlorite pump. The added pump is needed for redundancy.
2	Change Architecture of Operations Building	(21,623)	0	1	The City requested to change the Operations Building exterior architecture back to a basic style, to delete the clerestory but to include cupolas and solatubes. The City requested the change to reduce project costs.
4	Headworks Odor Control	18,422	0	1	Adding foul air ducting from the Fine Screens and SAFE Diversion Box to the Headworks Odor Control Biofilter. Cost also includes adding a cover to the SAFE Diversion Box. The ducting and cover were adding to reduce foul air emissions.
5	Remove Canopy and Monorail at MBR	(185,434)	0	1	The MBR tank was originally design with a canopy cover and monorail/crane hoist. The monorail and crane hoist were originally included to move MBR cassettes in and out of the tank for cleaning and maintenance. The City requested the change to reduce project costs. In the future the City will use a crane or boom truck to remove MBR cassettes when necessary.
9	Consolidate Chemical Facilities	218,978	0	1	The original design provided chemical feed pumps and storage tanks at various locations where needed on site. The City requested to centralize all chemical storage tanks and feed equipment to one facility. Work includes a larger Chemical Facility structure, and additional chemical ductbanks and double containment piping.
10	Modify Chemical Piping	(15,856)	0	1	Revise underground chemical piping, to change double containment carrier piping from rigid pipe to flexible ducting. The City accepted this change to reduce project costs.
15	Remove Solids Dumpster Lid	14,543	0	1	At the Solids Handling Area, delete the Solids Dumpster Lid and delete the Hypalon Splash Guards. Add a canopy / awning structure over the dumpster area by extending the Solids handling Area canopy. The City prefers the open-air solids dumpster while providing the canopy to protect dewatered solids from rain and atmospheric moisture.
16	Modify Outfall Pump Station	367,632	0	3	Increase the guaranteed pump station capacity to 8.14 MGD. Change the original design of 3 medium sized VFD controlled pumps, to a modified configuration using 2 smaller pumps and 2 larger pumps, all with VFDs. Also add and modify pump station manifold piping and valving as necessary. The City requested the change to ensure adequate future flow capacity and maximize pumping efficiency.
17	Add SAFE Equalization Tank	504,116	0	1	Add SAFE Settle Tank (water bearing concrete structure) upstream of the SAFE system. The SAFE Settle Tank is added to the Sludge Holding Tank concrete structure. The new SAFE Settle Tank will either overflow to the SAFE System, or be pumped back to the SAFE Diversion Box using Solids Handling Pumps. Various segments of SAFE System diversion piping are upsized as required.
18	Instrumentation and Control Changes	75,266	0	1	The City prepared and issued a SCADA Master Plan for the WRF program. In January 2019, City staff and the DB team met and agreed on multiple technical items to coordinate between the City's SCADA Master Plan requirements and the DB Agreement scope. The PCO #18 proposal document includes a 6 page table of the multiple hardware and software changes.
19	Reduce Size of the Product Water Tank	(129,681)	0	3	The original DB Agreement included a 500,000 gallon bolted steel glass lined Product Water Tank. The City requested to decrease volume of Tank to 200,000 gallons. This was done to save project costs while also maintaining a suitable Product Water storage capacity on site.
21	Revise Maintenance Building Layout and Size	516,583	0	1	The Maintenance Building footprint is expanded from 50'x70' to 60'x90' and a second vehicle sized roll-up door is added. The change order also includes revised site grading and eliminating a step in the building foundation slab, such that the new layout providing a larger, single level, vehicle accessible, shop area.
22	Influent Piping and Metering	411,766	0	1	The original design included a single 18" influent raw sewage pipeline from Teresa Rd to the new Headworks and an 18" influent flow meter at the Headworks. The City requested to change the design to parallel 16" and 12" HDPE influent pipelines, each pipeline with a separate flow meter at the Headworks. The City requested the change to add redundancy to the influent piping system.
23	Outdoor-Rated Blowers (BNR)	(58,210)	0	1	Replace the specified Turbo Blowers with Outdoor Rated Dry Screw Positive Displacement Blowers. The change order includes various revisions to blower controls, valving, and Aeration Air piping. The change was made to reduce project costs while still providing a suitable capacity of Aeration Air for the biological facility process.
24	Remove Bypass of Coarse Screens	(37,137)	0	1	Delete the Coarse Screens bypass line, including both above grade and below grade 16" piping, valving, and fittings at the Headworks. The City requested the change to reduce project costs, as the bypass line was deemed not necessary.
26	SAFE Diversion Box Additions	58,304	0	1	Add a removable FRP cover over the SAFE Diversion Box. The new cover includes multiple FRP panel sections that are removable by hand and structurally rated to support foot traffic. The change also adds an access ladder and handrail to the top of the Diversion Box. The changes were requested by the City to improve access to the Diversion Box.
28	Size Dewatering as a Building in the Future	30,983	0	1	Expand the Solids Handling Area concrete foundation slab and canopy to 36'x45'. The change also includes reconfiguring the dewatering belt press, pumps, piping, etc. This change will allow walls to be added around the equipment in the future. The City requested this change in case excessive foul air is emitted in the future and odor control measure become necessary.
30	Match Blowers at SHT, BNR, and MBR System	17,426	0	4	There are 3 set of air blowers on the project: 2 each for MBR Air Scour, 3 each for BNR Aeration, and 2 each for Sludge Holding Tank mixing. The 2 each MBR Air Scour Blowers are Aerzen Blowers. The City requested that the 3 each BNR Aeration Blowers and 2 each Sludge Holding Tank Blowers also be supplied by Aerzen. The City requested this change for uniformity of equipment providers.
31	Coarse Screens and Grit Basins Stairs	52,870	0	1	The original design included various metal ladders to access the Headworks Coarse Screen and Grit Tank platform skids. This change deletes the ladders and adds 2 each 4 ft tall stair sets to the Course Screens and adds 2 each 8 ft tall stair sets to the Grit Tank area. This change also extends the Headworks foundation slab as required to provide foundations and landings for the added stairs.
32	Sulfuric Acid System	315,652	0	3	The City requested to add Sulfuric Acid feed pumps and a storage tank at the Chemical Facility. This change includes increasing the size of the Chemical Facility structure, adding double containment piping to both the RO Feed Tanks and the RO/UV Building, and adding all necessary electrical and controls. The City deemed that Sulfuric Acid addition is necessary for pH control/neutralization.
37	PLC/SCADA Software Uniformity	201,577	0	3	This PCO includes the cost to change PLC hardware and SCADA software from the standard offerings of the MBR, RO, and Headworks manufacturers to the City requested Allen Bradley and Wonderware products. This PCO applies to only those three equipment items and a separate PCO will be generated if a similar change is required for future procurements. The City requested this uniformity.
38	IPR Product Water Tank Bypass	(26,087)	0	1	Delete the Product Water Tank bypass line, including both above grade and below grade 8" piping, valving, and fittings at the Product Water Area. The City requested the change to reduce project costs, as the bypass line was deemed not necessary.

No.	Item	Approved Amount (\$)	Cal Days	Amendment No.	Description
39	NTP Delay	1,220,532	0	3	This PCO includes extended general conditions costs due to the delay in receiving construction NTP from April 29, 2019 to March 20, 2020. The amount for the period April 29, 2019 to October 23, 2019 was in dispute and a reduction is provided to reflect the results of a negotiation.
40	Headworks Valve Automation	249,946	0	3	The change adds motor operated valving and controls to the Headworks treatment trains. This allows for automated shifting of flows from one treatment train to the other, as may be needed due to equipment malfunction or other alarm conditions, especially during periods when no operators are on site. The change includes adding 8 each motor operated valves, plus electrical and controls.
41	Perimeter Barbed Wire Fence	79,935	8	s 3&4	City requested that FBV install a 5-strand barbed wire fence around the entire 27-acre project/property boundary, and along the Temporary Construction Easement (TCE) on the eastern boundary of site. The eastern boundary TCE fence will be relocated to the actual project/property boundary at project completion.
42	UV/AOP System Modifications	(33,481)	0	3	The City requested to delete the Standby UV Reactor from the scope of work to reduce project costs. The change includes FBV added costs for: UV system investigation, technical memoranda, development of alternatives, and resulting design revisions for associated mechanical, electrical, and controls.
44	Tank Access Improvements	210,327	0	3	This Change adds staircases to replace ladders throughout the site for improved access to treatment process basins. The change adds stairs, catwalks, and handrails at the BNR tanks, adds stair and landings at the SHT, add stairs and a grating platform at the MBR tank, and adds stairs, catwalk, and handrails at the SAFE system.
45	Maint. Building Ceiling and Auto Roll-Up Door	21,009	0	3	The City requested to add a motor actuator on one of the 14'X14' roll-up door at the Maintenance Building. This change includes the required added electrical and controls.
46	Curbed Washdown Areas	76,250	0	3	This change adds containment curbs, sloped slabs, floor drains, and drainage piping to sewer for various wastewater washdown areas. The change adds curbed washdown areas for the MBR cassette maintenance area, the solids/sludge dewatering area, and the Headworks Coarse Screen and Grit Tank area. The City requested the curbed washdown areas to better contain sewage spills.
47	Changes to Building Furnishings and Equipment	85,194	0	3	This Change adds office furnishings and appliances for the Operations and Maintenance Buildings, including desks, chairs, tables, shelves, cabinets, control room console, flat-screen monitors, kitchen and laboratory appliances, lockers, and maintenance building storage racks. The items were discussed and requested by the City during design meetings with the DB team Architect.
50	Water/Sewer Supply Shed Revisions	13,142	0	3	The original design includes a Water and Collections Storage Shed, with two equal sized rooms each with an exterior double-wide pedestrian door. This change deletes the double doors and adds 10 ft wide roll-up doors and single pedestrian doors for each room.
52	Analyzer Relocation and Enclosures	76,555	0	3	Relocate analyzers at Outfall/IPR Pump Station to indoors at the RO/UV Building, including adding 120' of sample piping between the sample point and building. Relocate analyzers at Dechlorination Facility to indoors at the Water/Collections Storage Shed, including adding 70' of sample piping between the sample point and building, and adding 70' of drainage piping to sewer.
55	Notice of Dispute - PG&E Temporary Power	13,163	0	3	This PCO addresses the cost paid to PG&E for temporary power service. It has been a disputed item and negotiation has led to an agreement to split the cost 50/50.
56	Impacts of Water Quality Changes	282,420	0	3	In September 2019, the City provided updated influent Water Quality data to use as the basis of design. Multiple parameters were significantly different than listed in the DB Agreement. The revised Water Quality data impacted the RO equipment design. The added costs are for H2O Innovations (RO manufacturer) as well as for electrical and control changes by Electricraft.
57	Soil Lateral Earth Pressure	116,329	0	3	This change adds foundation sub-drains around below grade water bearing concrete structures as recommended by FBV and the Geotechnical Engineer. This change adds Miradrain Panels and 4" PVC drain piping around the perimeter of the BNR basin and Sludge Holding Tanks, to relieve lateral soil pressure on the concrete structures.
58	Permanent Exclusion Fencing	855,991	0	3	As required by environmental regulatory agencies, a concrete barrier wall for wildlife exclusion is added along the entire Eastern boundary of the site from Teresa Rd to the northern most tip of the site. The concrete barrier wall shall extend 24 inches above grade and 36 inches below grade, and include a nominal 6-inch top lip to serve as a climbing barrier.
59	Increased Escalation Costs	1,232,677	0	3	This PCO includes escalation costs due to the delay in receiving construction NTP from October 23, 2019 to March 20, 2020.
61	Potential Change Order (PCO) Design Impacts	158,172	0	3	This PCO is in response to FBV's claim for engineering redesign costs from changes requested by the City but subsequently reversed due to the cost being too high or otherwise excessive. The PCO also addresses FBV's claim for inefficiencies resulting from "changes in direction throughout the design development process".
62	Conduit Alternative Design	(268,400)	0	3	This change removed the original DB Agreement, Exhibit B, requirement to use PVC coated galvanized rigid steel conduit systems in all exterior and/or process areas on site. FBV proposed to use galvanized rigid steel conduit systems (without PVC coating) in all project locations as a value engineering suggestion. The City accepted the proposal in an attempt to reduce project costs.
64	Reduce Performance Period	(35,450)	0	3	The DB Agreement requires 6-months of FBV support during the Performance Test Period. The City requested to delete this requirement as not necessary. Note FBV remains responsible for the 12-month warranty against equipment and/or system malfunctions. The credit amount is taken directly from FBV's original bid proposal document.
65	Davis Bacon Wage Increases	63,937	0	2	The Contract amount is increased to compensate for the required implementation of CA Wage Determination dated 10/5/2018. FBV's original bid proposal document was based on CA Wage Determination dated 1/5/18
66	Caltrans Intersection Improvements	(21,893)	0	3	Delete scope of work to extend intersection at Teresa Road and South Bay Blvd for the new WRF Access Road. Adjust centerline of the WRF Access Road to be offset from the centerline of South Bay Blvd.
67	BNR System Modifications	742,405	0	3	This change was requested by City to increase Aeration Air systems as required for full nitrification in the biological process. The costs include upsizing 3 each aeration blowers, stainless steel aeration piping, air meters, air valves, and adding aeration diffusers in the BNR basins. The change also adds Ammonium Sulfate pumps, tank, piping, and increases the size of the Chemical Facility.
68	SAFE Equalization Settle Tank Drain Piping	62,215	0	3	This change is requested by the City to provide a new pipeline to drain the SAFE Settle Tank. This pipeline will tie in to the existing dewatering feed pumps and will allow draining the tank back to the SAFE Diversion Box. The work includes adding 80 lf of 6" piping and adding 2 each 6" manual valves.

No.	Item	Approved Amount (\$)	Cal Days	Amendment No.	Description
69	Third Party Testing and Inspection	100,000	0	3	The responsibility for 3rd party testing and inspection costs were in dispute for several months prior to construction. In April 2020 the City and FBV agreed that the cost of these services would be split 50/50 between the parties, up to a cap of \$200K. The agreement included the provision that if additional services are required above \$200K, it would be paid by the City.
71	CDFW Restrictions (Direct Costs & Inefficiencies)	254,443	0	4	The construction NTP on 3-20-2020 included restrictions from working in the designated spoils disposal area on site. The restrictions by CDFW were due to an erosional feature and were not resolved until 7-14-2020. As a result of the restrictions, FBV was required to stockpile spoils outside the disposal area, and then haul and grade the material a second time after the restrictions was lifted.
72	Owner Trailer Utility Hook Ups	19,593	0	4	This change provides utility connections to the Owner/Carollo field office trailer at the WRF. The work includes grading the trailer site, installing a temporary potable water connection, connecting temporary electrical, and providing electrical power through the project duration. The work also includes installing a temporary USPS jobsite mailbox.
73	Main Gates in Perimeter Fence	27,031	0	4	This change was requested by the City to add 2 pedestrian gates in the WRF perimeter fence, one north of the Operations Building and one at the northern most tip of site. Along with the pedestrian gate north of the Operation Building, also provide a 4' wide set of concrete stairs and a 4' wide sidewalk between paved areas.
74	Parking Canopy Electrical Receptacles	42,346	0	4	This change adds 7 outdoor rated duplex 120VAC electrical outlets on canopy poles around the Vehicle/Equipment Storage Canopy, and the WRF Parking Canopy. The work includes a new 480V circuit from the RO Building Electrical Room, a new 5KVA transformer, and all required underground and exposed power conduits, junction boxes, and outlet receptacles.
75	Security Windows at Admin Building	11,079	0	4	This change was requested by the City to add a security window in the lobby of the new Operations Building to separate City staff from members of the public in the lobby (similar to City Hall).
76	Additional Sodium Bisulfite Pump	58,243	0	4	This change was requested by the City to provide a redundant (second) Sodium Bisulfite feed pump at the Chemical Facility, including all associated mechanical work, piping, electrical and controls. This change also provides heated tote blankets for the Sodium Bisulfite storage totes to control temperature during cold weather. An electrical outlet is also added for the heated tote blankets.
77	Covid-19 Impacts	125,000	0	6	The DB Agreement stipulates that an "epidemic" or "quarantine restriction" is a compensable Force Majeure event. FBV originally submitted costs in the amount of \$152K for COVID-19 impacts based on added janitorial service, added COVID protective supplies, added Safety Officer time, added costs to send infected workers home for quarantine, and loss of efficiency (1 hr. per worker per day from 3/20/20 to 6/1/20 and 10 min. per worker per day from 6/1/20 to 3/20/21). The City was able to negotiate this cost down to \$125K based on a reduction of the assumed inefficiencies and was able to gain FBV agreement that this costs is considered final (i.e. that any future infections would be based on individuals deciding not to be vaccinated rather than Force Majeure).
78	Soil Slip Differing Site Conditions	280,013	0	4	On May 5, 2020 an unidentified ancient landslide was discovered when mass grading the cut slope above the Operations Building. This is a differing subsurface condition per Section 3.10.2 of the Agreement. The costs represent the additional effort associated with remediating the landslide.
79	Water/Sewer Shed Revisions (Ref. PCO 50)	10,847	0	4	This item is a continuation of PCO 50. FBV claims that their previous quote did not include all costs associated.
82	PLC/SCADA Uniformity Complete (Ref. PCO 37)	108,887	0	4	This PCO includes the cost to change PLC hardware and SCADA software from the standard offerings of the Belt Press and Cloth Disk Filter (SAFE) manufacturers to the City requested Allen Bradley and Wonderware products. This PCO applies to only those equipment items. PCO #37 was similarly for other equipment manufacturers on the project.
84	Alternate Red Legged Frog Barrier (Ref. PCO 58)	(468,768)	0	5	Environmental agencies overseeing the project have allowed an alternate wildlife barrier along the Eastern boundary of site. The PCO 58 concrete barrier is only required from Teresa Rd to the facility gate (400'). The remaining 1700' of exclusionary barrier shall be 2 mm thick HDPE attached to 6' chain link fencing, 24" above grade, 36" below grade, with a rigid 4" FRP top lip climbing barrier.
86	Pothole Existing Water Valve in Teresa Road	5,189	0	4	The City requested that FBV pothole an existing City water line and shut off on Teresa Road. On the next day, the City requested FBV pothole the 8" branch line service to the WRF property. The work was on T&M.
87	Modify Conduit Design Scope (Ref. PCO 62)	272,822	0	5	This change provides PVC coated electrical conduit systems (conduits, boxes, accessories) for all wastewater and product water processing and washdown areas, including outdoor process areas and indoors at the RO/UV Building. PVC coated Galvanized Rigid Steel (GRS) conduits provide superior corrosion protection. This PCO essentially reverses previous PCO #62.
88	Dead-Front Control Panels	37,774	0	6	City staff requested that all control panels be dead-front type, wherein no controls are exposed, and that a solid front door is furnished (i.e. keyed or with padlock hasp). FBV has submitted costs in the amount of \$37K and the City is in agreement. This change is being implemented on the following system control panels: Kusters (Headworks), Suez (MBR), Aerzen (Blowers), Gierlich-Mitchell (Sanitary Lift Station), Charter Machine (Dewatering), and other minor panels as required.
90	24Vdc Digital Output Circuits	25,689	0	6	City staff requested that all control digital output circuits be 24vDC to match the 24vDC input signals as required by the DB Agreement. The City requested this to prevent potential signal interference. FBV had planned to use 120vAC digital outputs as the DB Agreement only stipulated the 24vDC signals on inputs (not outputs). This could potentially cause signal interferences and various control system disruptions. This item was disputed by the City as matching input and output signals is a design standard for some design firms (including Carollo). As part of negotiations the City elected to accept the proposed costs which include additional relays and power supply units in various Motor Control Centers (power distribution panels) for the 24Vdc PLC digital circuits being added.
91	Equipment Color (Tnemec 32GR Light Gray)	12,500	0	6	City staff requested that a standard color be established for all manufactured equipment, piping, etc., including for all field applied coatings. This is being implemented so that plant staff only need to maintain supply of one coating color, to simplify coating spot repairs during normal maintenance. The selected color is Tnemec 32R Light Gray or equal. FBV coordinated and made requests to each equipment supplier to change their standard or typical factory color to the Tnemec Light Gray or equal. Some supplier had costs impacts for the equipment color change.

No.	Item	Approved Amount (\$)	Cal Days	Amendment No.	Description
92	West Cut-Slope Soil Slip Reactivation (2021)	825,300	0	6	On January 28, 2021, the previous cut-slope landslide area reactivated during a major storm. The DB Team has performed extensive site investigation, and develop preliminary remediation drawings, and submitted total costs in the amount of \$825,300 to address the known conditions. The remediation scope of work includes: removal and stockpiling of approximately 17,000 cy of loose material to the mapped slip plane, benching into competent native subgrade material, installing a subdrain system at each bench with drainage to surface, placement and compaction of \$17,000+ cy of engineered fill, surface contours to enhance precipitation run-off, concrete v-ditches to divert run-off from the areas, and the installation of two inclinometer for future monitoring by the City (monitoring not included).
93	NEMA 4X Electrical Enclosures	40,000	0	6	The City is requiring that all exterior electrical enclosures be NEMA 4X type. FBV submitted costs in the amount of \$97K to provide the NEMA 4X enclosures. The City does not agree with the contractual merits of this cost request. The City's contention is that the DB Agreement calls for all exterior and exposed electrical and control enclosures are to be NEMA 4X rated. FBV has argued that their intention, and the approved IFC design documents indicate reasonable alternatives to NEMA 4X. The City and FBV have agreed to the settlement amount noted herein and all applicable panels will be NEMA 4X rated.
94	Security System Revisions	25,659	0	6	The City requested the following improvements to the facility security system: add one exterior security camera to enhance coverage of the facility grounds (6 other cameras already in design), add door detectors and motion sensors at the RO Bldg, Storage Shed, Electrical Bldg (detectors and sensors at Ops Bldg and Maint Bldg are already in design). FBV submitted costs in the amount of \$25K and the City is agreeable to the proposed amount.
96	January 2021 Storm Event (1-26 thru 1-29)	40,195	7	6	FBV has submitted costs in the amount of \$40K for actual expenditures associated with the January 2021 major storm (8"+ of precipitation in 48 hours). The work included: actual labor, equipment, and materials to prepare for the storm, maintain the site during the storm while work was otherwise shutdown, and significant post storm efforts to clean and repair storm drain facilities, repair damaged embankments, and repair other erosional damage. The DB Agreement stipulates that "storms" are compensable Force Majeure events. As part of the settlement, City and FBV agree to amend the DB Agreement in that only non-compensable time extensions will be requested by FBV, and/or granted by the City, for any future weather related delay or impact.
97	Hydroseeding Soil & Coverage	25,932	0	8	FBV is reimbursed for additional expenditures related to providing hydroseeding and associated SWPPP and temporary irrigation for the soil slip area.
98	Materials Testing & Inspection (3rd Party)	143,120	0	7	Filanc-Black&Veath (FBV) is reimbursed for costs associated with 3rd party materials testing and special inspections. Under previous Amendment #3, FBV and the City agreed "... All 3rd party testing and inspection shall be provided by FBV up to \$200,000. Anything in excess of \$200,000 shall be borne by the City". This change amount is based on actual applicable testing and inspection costs above \$200,000.
100	Add Thin-Client Licenses and Work Station	17,229	0	7	FBV is reimbursed and compensated for extra work associated with additional Control System elements as follows: (1) Add a thin client workstation in the Maintenance Building, including thin client machine with keyboard and mouse, currently there is just a 42" monitor; and (2) Add two additional Wonderware Supervisory Client License w/ Historian Client and one (1) Dell Wyse 570 Thin Client w/ Windows Server.
101	COVID-19 Related Material Cost Escalation	48,744	0	7	FBV is reimbursed for extra costs associated with COVID-19 material cost escalations from EDI (air diffusers), Jensen Precast (vaults and manholes), Miltimore Tile (bathroom tile), Pacific Acoustics (ceiling tiles) and S&M Fire (fire protection systems). FBV is requesting this material cost escalation reimbursement beyond normal yearly inflation statistics based on terms included in Design-Build Agreement between the City and FBV.
102	City Requested SCADA Screen Revisions	60,000	0	7	FBV is reimbursed for extra work associated with the following City requested SCADA screen upgrades: City and FBV screen development subcontractor shall meet to agree on upgrades to the control screen features, then screen development subcontractor shall implement City preferences including screen readability, graphics use, color use, layout of equipment, use of navigational features, etc. This change item also includes costs for similar modifications to control screens provided by equipment vendors to match the new standard, and costs for two additional empty SCADA server racks in Operations Building for the City's future use.
103	SRF Reimbursement Request Requirements	119,319	0	8	FBV is reimbursed for additional expenditures to assist the City with monthly billing information required for SRF funding, i.e. preparing a separate SRF formatted billing along with cost breakdown as per designated SRF categories, and provide all invoices. This task is performed on a monthly basis with FBV's payment application. Also includes costs to prepare an SRF formatted reconciliation breakdown for Pay Applications 1 to 31.
105	WRF Monument Entry Sign Modifications	23,738	0	7	
106	Add Wash Rack Grease and Sand Interceptor	35,287	0	8	FBV is reimbursed for additional expenditures to provide and install a grease and sand interceptor facility at the WRF Wash Rack (vehicle wash bay) as requested by City staff to match normal developer requirements. This includes an additional underground multiple chamber vault and underground piping modifications.
107	Vactor Unloading Facility Revisions	38,880	0	8	FBV is reimbursed for additional expenditures to provide and install vactor unloading station modifications requested by City staff, including procure and install two (2) 10' section of concrete k-rail with stainless steel brackets, fabrication and installation of stainless steel sluice gate within vactor trench drain, and installation of concrete weir wall in the downstream sewer manhole.
108	Defer SEED PLANT Milestone and Commission	750,000	187	8	FBV is reimbursed for additional expenditures related to deferring the planned seed plant activity from early July 2022 to early October 2022 (3 months) including, revising sequencing and coordination expenses, deferred maintenance period expenses through October 4, 2022, commissioning inefficiencies and remobilization expenses, extended overhead and added site expenses through October 4, 2022, increased cost for Builders Risk insurance, and allowed mark-ups and fees.
109	Procurement of Teletruck for City Staff	74,562	0	7	FBV is reimbursed for the procurement of a JCB Teletruck from Central California Power for City staff use after the project. Details of the purchase are encompassed in the quote dated 2/7/22 from Central California Power (JCB Dealer) to the City of Morro Bay (Stock Order/Serial No:3405218 - Model 30G4x4 CON).
110	Chem Facility Fencing Revisions	24,767	0	7	FBV is reimbursed for extra work associated with modifying the chain link fencing enclosure at Chemical Facility as per the City's direction. The changes entails widening 6 each double swing gates that had already been installed at each chemical bay. The work required removal of existing fence posts, fencing, and anchors, patching of concrete, re-installation of gate posts, and procurement, delivery, and installation of new wider gate panels (12 total).

No.	Item	Approved Amount (\$)	Cal Days	Amendment No.	Description
113	Modify H2O SCADA Screen for RO System	13,264	0	7	FBV is reimbursed for extra work associated with the following City requested SCADA screen upgrades: City and RO System supplier (H2O Innovations) agreed on upgrades to the screens, and H2O Innovations provided additional RO System SCADA screen re-work so that color use and terminologies match the other project SCADA screens.
114	RO/UV Building Insulation (Disputed)	32,025	0	7	FBV was directed on 3/3/22 to provide wall and ceiling insulation at Building 16, Storage Shed and Building 50, RO/UV Facility. The City's directive was based upon an ICC Inspection Report dated 10/22/21, from a Certified Deputy Inspector for Code compliance, stating "the R.O. Building has heating, but no insulation at this time, but per Title 24 should be insulated." FBV considered this outside the original GMP scope and submitted original costs of approximately \$109K on 5/2/22. On 7/28/22, FBV notified the City that the materials had been purchased and submitted a cost of \$32,025 for insulation materials. Because the City and FBV disagree on whether the installation is included in the GMP, the City has agreed to take possession of the insulation materials until the installation cost matter has been resolved. Materials are currently stored on site.
117	Water Main Connection on Teresa Road	37,503	0	7	FBV is reimbursed for extra work associated with providing and additional length of 18" water line piping, fittings, and gate valve for the new WRF City Water service connection. FBV had originally assumed their connection would be near the edge of pavement on Teresa Road. The final installation includes additional trenching, piping, fittings, and a valve extended to a connection point in the center of Teresa Road. This change also includes installing temporary piping and appurtenances to obtain construction water for the project site until the final connection is completed.
118	Fine Screen LOTO Capability (Disputed)	26,905	0	7	FBV is reimbursed for work associated with changes to the fine screens control panel and power feed that will facilitate safe and proper Lockout/Tagout procedures as follows: (1) Relocate flow meter transmitter 180 degrees from current position adjacent to fine screens vendor LCP to make room for new enclosures/equipment. (2) Remove fine screens and conveyor starters, circuit breakers, load monitors, and control wiring. (3) Relocate starters, circuit breakers, load monitors, and control wiring to new individual enclosures for each fine screen and conveyor. (4) Install one 480V main fused disconnect switch for local shutdown of existing 480V circuit. (5) Install one 480V fused disconnect on each new starter enclosure for individual load shutdown. Three individual 480V circuits will tap off of existing 480V circuit per NEC tap rule. (6) Install new 120V circuit from electrical building electrical panel, through local plant control panel, and terminate in vendor LCP for new control power. (7) Remove vendor control power transformer and re-wire door switch. (8) Install galvanized anchor based stand and kickers to support new enclosures. (9) Modify vendor LCP shroud to install conduits for extending new 480V power conductors and 120V control wiring. (10). Energize and test.
119	Credit for Chemicals Supplied by City	(141,972)	0	7	The City is credited back and reimbursed for process facility chemicals to be purchased and supplied by the City rather than FBV as was otherwise required by the Design Build Agreement.
121	Credit for Alternate Frog Barrier (Alum. Top Lip)	(12,000)	0	8	The City is reimbursed for the cost reduction to provide install an aluminum anti-climbing lip at the top of the HDPE frog barrier rather than FRP, which will provide a longer lifespan (over 30 years compared to the 10 to 20 year estimate for FRP).
TOTAL		\$10,780,786	202		

Appendix F

ANVIL AMENDMENT DETAILS



City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 001

Project: WRF Lift Stations and OffSite Pipelines Project **Contractor:** Anvil Builders, Inc.
Date: October 12, 2021 **Project Manager:** Gary Silveira

Upon mutual acceptance and execution of this document by the City of Morro Bay (City) and Anvil Builders, Inc. (Contractor), Contractor is hereby directed to make the following changes for the consideration set forth below:

See following page(s) for Descriptions and Reasons for Change

PCO #	DESCRIPTION	Reason For Change	Amount	Contract Time (Calendar Days)
1	SHPO Delay (35 days no dig moratorium)	REG	\$ 443,000.00	40 Days
2	Add 2 Each 10-in Valves and 10-in Tee	CR1	\$ 23,498.00	0 Days
3	PS-B MAS-Relay Pump Protection Module per DC-01	CR1	\$ 13,477.00	0 Days
4	PS-A & PS-B Conduit Changes per DC-02	CR1	\$ 6,436.00	0 Days
7	Extend Waterline Relocation from Sta 71+00 to Sta 77+43	DSC	\$ 131,096.00	0 Days
12	CA-SLO-2232H Work Interruptions from Stat 147 to Sta 150	REG	\$ 56,978.00	0 Days
NET CHANGE ORDER ADJUSTMENT			\$ 674,485.00	40 Days

ORIGINAL CONTRACT AMOUNT	\$ 31,493,675.00
Previous Change Orders	\$ -
Previous Contract Amount	\$ 31,493,675.00
Adjustments by this Change Order	\$ 674,485.00
New Contract Amount	\$ 32,168,160.00

CURRENT FINAL COMPLETION DATE	2/22/2022
Extension Days s (Calendar)	40 Days
NEW FINAL COMPLETION	4/3/2022

Acceptance of this Change Order constitutes an agreement between the City and Contractor, and the work is to be performed subject to the same terms and conditions as are contained in the Agreement with Contractor and for work on the above-mentioned project.

By signature of this Change Order, the Contractor acknowledges that the adjustments to the Contract Cost and Time contained in the Change Order are in full satisfaction and accord and so waives any right to claim any further cost and time impacts at any time during and after completion of the Contract for the changes encompassed by this Change Order.

When signed by the Owner and Construction Manager and received by Contractor, this document becomes effective IMMEDIATELY, and the Contractor shall proceed with the change(s) described above.

ACCEPTED

APPROVED

ACCEPTED

Anvil Builders Inc.

Carollo Engineers Inc

City of Morro Bay

Contractor (Company Name)

Construction Manager

Owner

(Authorized Signature) (Date)

Authorized Signature (Date)

Authorized Signature (Date)

Gary Silveira - Project Manager

Paul Amico - Project Manager

Scott Collins - City Manager

(Print Name and Title)

(Print Name and Title)

(Print Name and Title)



City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 001

Project: WRF Lift Stations and OffSite Pipelines Project
Contractor: Anvil Builders, Inc.
Date: October 12, 2021

PCO #	TILE	DESCRIPTION OF CHANGE	Reason For Change
1	SHPO Delay	Project NTP was issued on 12-14-20. Based on a notification from SHPO, a stop work order was issued by the City on 2-16-21 restricting Anvil from conducting any ground-disturbing activities. Upon resolution of SHPO concerns, Anvil was allowed to begin most project ground-disturbing activities on 3-15-21 (35 calendar days later). This issue arose from the Section 3 Consultation between EPA and SHPO required as part of the City's WIFIA loan. The process included submittal of a Monitoring Plan to EPA that SHPO needed to approve before any ground-disturbing activities could begin. The Monitoring Plan was submitted to EPA on 10-3-2020, and EPA sent the document to SHPO in early November 2020. SHPO has a statutory requirement to provide a response within 30 days. EPA received SHPO comments in February 2021, past the 30 day limit. Under the regulations, EPA and the City could have moved forward since the statutory 30 day requirement was not met. However, EPA was not willing to do so. Consequently, the City was not approved by SHPO to move forward with any ground disturbing activities until 3-15-2021. Anvil subsequently filed a delay claim and time impact analysis resulting in this change order.	REG
2	Add 2 Each 10-in Valves and 10-in Tee	Anvil exposed the existing Waterline near Sta 121+30 as required to relocate the line per Contract. The existing piping configuration was discovered to be different from what was shown on the as-built drawings. After a review, City staff concluded that a new 10" Valve and 10" Tee fitting were needed to replace the existing piping configuration. This change will increase the reliability and operability of the water distribution system.	CR1
3	PS-B MAS Pump Relay Module per DC-01	The electrical Design Engineer issued Clarification No. 1 on 3-12-2021, indicating that the Pump Station B Pumps have been provided with a different pump protection system than shown in the design. The conduit and wire changes are required to incorporate the pump protection module. As a result conduit/wiring revisions were necessary at PS-B on Drawings 20-E-02, 03, 04, 05, 08 & and 20-I-01.	CR1
4	PS-A & PS-B Conduit Changes per DC-02	The electrical Design Engineer issued Clarification No. 2 on 4-19-2021, indicating that isolation of AC and DC signals is desired to prevent potential signal interferences. The following revisions will isolate the AC signals from the DC signals. As a result conduit/wiring revisions were necessary at PS-A on Drawings 10-E-3, 10-E-6, and 10-E-7, and at PS-B on Drawings 20-E-4, 20-E-5, 20-E-8, and 20-E-9.	CR1
7	Extend 12" RO Waterline Relocation	The original Contract includes relocating an existing 12" Waterline on Quintana between Sta 77+43 and Sta 82+05, due to the waterline being in conflict with the main Joint trench. Anvil's trenching crew on Quintana encountered the waterline entering the main Joint Trench alignment at Sta 73+50. After additional potholing, the City decided to extend the water line relocation back to Sta 71+00 (adding approximately 643 LF of waterline relocation).	DSC
12	CA-SLO-2232H Work Interruptions	Trenching operations on Quintana Rd near South Bay Blvd (Sta 147 to Sta 150) was significantly impacted by two known archaeological sites (CA-SLO-2232/H and CA-SLO-1183), one of which contains recently discovered human burials. This area needed to have excavations treated differently in that direct loading of trucks was not allowed without first confirming the soil was negative for resources or remains. These instruction were provided and enforced by State mandated archeological and tribal monitors assigned to the project.	REG

REASON FOR CHANGE CODES
CR1: City requested (required)
CR2: City requested (Optional)
E&O: Design Error or Omission
ABI: Anvil request / claim item
DSC: Differing Site Conditions
REG: Regulatory Agency Item



City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 002

Project: WRF Lift Stations and OffSite Pipelines Project **Contractor:** Anvil Builders, Inc.
Date: January 11, 2022 **Project Manager:** Matt Scholfield

Upon mutual acceptance and execution of this document by the City of Morro Bay (City) and Anvil Builders, Inc. (Contractor), Contractor is hereby directed to make the following changes for the consideration set forth below:

See following page(s) for Descriptions and Reasons for Change

PCO #	DESCRIPTION	Reason For Change	Amount	Contract Time (Calendar Days)
9	SoCal Gas Delays and Disruptions	ABI	\$ 43,017.00	0 Days
22	6-Inch Waterline Relocation at Pump Station A	DCS	\$ 20,147.00	0 Days
23	Miscellaneous Unforeseen Utility Work	DSC	\$ 27,198.00	0 Days
27	MTBM Delays and Disruptions - Claim Resolution	ABI	\$ 111,161.00	0 Days
28	SLO County APCD Generator Mandates – Procurements	REG	\$ 301,703.00	0 Days
34	Bike Path Jack & Bore Concrete Debris Obstruction	DSC	\$ 84,276.00	0 Days
NET CHANGE ORDER ADJUSTMENT			\$ 587,502.00	0 Days

ORIGINAL CONTRACT AMOUNT	\$ 31,493,675.00
Previous Change Orders	\$ 674,485.00
Previous Contract Amount	\$ 32,168,160.00
Adjustments by this Change Order	\$ 587,502.00
Change Order to Date	\$ 1,261,987.00
New Contract Amount	\$ 32,755,662.00

CURRENT FINAL COMPLETION DATE	4/3/2022
Extension Days (Calendar)	0 Days
NEW FINAL COMPLETION	4/3/2022

Acceptance of this Change Order constitutes an agreement between the City and Contractor, and the work is to be performed subject to the same terms and conditions as are contained in the Agreement with Contractor and for work on the above-mentioned project.

By signature of this Change Order, the Contractor acknowledges that the adjustments to the Contract Cost and Time contained in the Change Order are in full satisfaction and accord and so waives any right to claim any further cost and time impacts at any time during and after completion of the Contract for the changes encompassed by this Change Order.

ACCEPTED

Anvil Builders Inc.

Contractor (Company Name)

(Authorized Signature)

(Date)

Matt Scholfield

(Print Name and Title)

When signed by the Construction Manager, and upon execution of source document Amendment by City Council, this document becomes effective IMMEDIATELY, and Contractor shall proceed with the change(s) described above.

APPROVED

Carollo Engineers Inc / MEG Inc.

Construction Manager

Authorized Signature

(Date)

Steve Mimiaga - Construction Mngr.

(Print Name and Title)



City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 002

Project: WRF Lift Stations and OffSite Pipelines Project			
Contractor: Anvil Builders, Inc.			
Date: January 11, 2022			
PCO	TILE	DESCRIPTION OF CHANGE	Reason For Change
9	SoCal Gas Delays and Disruptions	The project's joint trench, containing multiple pipelines, parallels an existing 16" diameter SoCal Gas high pressure gas main for nearly the entire alignment along Quintana Road. SoCal Gas requires a representative to be on site during all digging activities as well as other work activities occurring within 10 ft of the high pressure gas main (i.e. that could potentially damage or otherwise impact the main). There have been several occurrences where the SoCal Gas representative did not show up for scheduled assignments, which prevented Anvil from performing contract work and/or progressing the joint trench. In these cases Anvil's entire crew was forced to literally stand-by and wait for the SoCal Gas representative to arrive. The City/Carollo have spent considerable time and effort to coordinate between Anvil and SoCal Gas to improve communication and cooperation, but nevertheless, Anvil was negatively impacted on the following days: 5/3/21 for 2 hours, 5/17/21 for 2.5 hours, 5/18/21 for 3 hours, 6/3/21 for 2 hours, 6/17/21 for 2.5 hours for 2 different crews, 8/10/21 for 4 hours.	ABI
22	6" Waterline Relocation at Pump Sta. A	New Pump Station A is located on City property at the City's existing corporation yard on Atascadero Road. As part of the site preparation and demolition work at Pump Station A, an unknown 6" Waterline was discovered and needed to be relocated to construct the pump station. The extra work included potholing and locating the unknown utility, trenching and installation of new by-pass piping, pressure testing and disinfection of the relocated waterline, backfill and other site work.	DSC
23	Miscellaneous Unforeseen Utility Work	During the project work to date, the below noted miscellaneous unforeseen minor utility work was required for contract work to proceed. The following items are acknowledged as unforeseen conditions and as such warrant reimbursement of verified extra costs: (1) potholing unmarked utility at Pump Station A on 5/3/21, (2) emergency work to recover trench caving due to adjacent utilities from Sta 71+75 to Sta 71+85 on 6/13/21, (3) excavating around unmarked 4" (asbestos) Waterline at Sta 146+00 on 7/8/21, (4) Anvil crew standby time during potholing of incorrectly marked telephone conduit on 8/5/21, (5) unknown and unmarked Sanitary Sewer crossing at Sta 88+50, line was struck and repaired on 8/6/21, (6) potholing unknown and unmarked Sanitary Sewer lines on 8/9/21, and (7) unknown and unmarked Sanitary Sewer crossing at Sta 90+50, line was struck and repaired on 8/23/21.	DSC
27	MTBM Delays and Disruptions Claim Resolution	Anvil and their Microtunnel Boring Machine (MTBM) subcontractor, Vadnais Trenchless Services (Vadnais) encountered several unknown utilities, potential obstructions, and differing soil conditions along the MTBM alignment below the Morro Bay Roundabout, including complete equipment stoppages at approximately Sta 98+50 and Sta 98+65. Anvil's subcontractor (Vadnais) claimed delay and equipment standby time for these equipment stoppages that lasted over 8 weeks. During the 8 weeks of work stoppage, Anvil excavated and shored two separate 23 ft deep emergency recovery shafts to clear the apparent obstructions from in front of the MTBM cutting head. However, no actual obstruction was found, located, or confirmed during the recovery shaft excavations. Subsequently, the MTBM casing pipe installation was completed without further incidents. Anvil and Vadnais provided notifications of potential costs under PCO #14 and PCO #27 in excessive \$500,000 for the Vadnais equipment downtime, Vadnais loss of crew efficiencies, and for the cost of the two recovery shafts by Anvil. The City initially denied the claim for stoppages at Sta 98+50 and Sta 98+65, as no obstruction was found. The City does not dispute the other costs related to unknown utilities noted herein. After several meetings between the City, Carollo, Anvil, and Vadnais, a claim settlement was reached in the amount of \$111,161, wherein all other costs and impacts associated with both PCO #14 and PCO #27, are waived or otherwise agreed upon for the final lump sum amount noted herein.	ABI
28	SLO County APCD Emergency Generator Mandates – Procurements	On 9/24/21, the City received a Notice of Incomplete Applications from SLO County Air Pollution Control District (APCD), pursuant to the Pump Station A emergency generator and the Pump Station B emergency generator. It is City staff understanding that both generators were in compliance with APCD requirements at the time of Bid Opening in 2020. However, in late 2020, APCD rules were revised causing the two generators to now need retrofitted emissions reduction components to attain APCD compliance and approval. APCD is now also requiring Health Risk Assessments (HRAs) for both pump station sites which Carollo is undertaking via specialty subconsultant. This change order encompasses the below noted initial known costs for emissions reduction components, however it is acknowledged that there will be a subsequent change order for additional structural, mechanical, electrical, and sitework revisions necessary to implement the changes. This change order includes costs for the following assumed necessary procurement items: At Pump Station A add a Diesel Particulate Filter (DPF); and at Pump Station B add the DPF, plus Selective Catalytic Reduction (SCR) and Diesel Oxidation Catalysts (DOC) technologies.	REG
34	Bike Path Jack & Bore Concrete Debris Obstruction	On 11/11/21, about 3 pm, Anvil and their jack & bore subcontractor (Pacific Boring) encountered a concrete obstruction in the path of the 60" casing pipe. Anvil and Pacific Boring were immediately instructed to suspend the jack & bore mechanical operation and hand excavate to investigate and confirm the size and extent of the concrete obstruction. For the following 6 consecutive days (including Saturday 11/13/21 and Sunday 11/14/21), Anvil and Pacific Boring worked 8 to 10 hour shifts to hand excavate and jack hammer out the concrete obstruction, while simultaneously advancing the casing pipe about 20 ft using the hydraulic jacking equipment. On 11/18/21, the obstruction was cleared and Pacific Boring resumed normal jack & bore operations, finishing the casing installation the same day. Note that the obstruction appears to be an old Caltrans culvert structure from the original CA Route 1 highway. Also note that the jack & bore work through jurisdictional wetlands needed to proceed without delay, working through the weekend, in order to meet a California Department of Fish and Wildlife (CDFW) mandate for the tunnel to be completed by 11/19/21.	DSC

REASON FOR CHANGE CODES
CR1: City requested (required)
CR2: City requested (Optional)
E&O: Design Error or Omission
ABI: Anvil request / claim item
DSC: Differing Site Conditions
REG: Regulatory Agency Item



City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 003

Project: WRF Lift Stations and OffSite Pipelines Project **Contractor:** Anvil Builders, Inc.
Date: March 22, 2022 **Project Manager:** Chris Fassari

Upon mutual acceptance and execution of this document by the City of Morro Bay (City) and Anvil Builders, Inc. (Contractor), Contractor is hereby directed to make the following changes for the consideration set forth below:

See following page(s) for Descriptions and Reasons for Change

PCO #	DESCRIPTION	Reason For Change	Amount	Contract Time (Calendar Days)
8	Additional Project Signage Costs	CR2	\$ 9,196.00	0 Days
9.2	SoCal Gas Delays and Disruptions (Part 2)	ABI	\$ 20,750.00	0 Days
13.1	CA-SLO-16 Work Revisions (Time Extension)	REG	\$ -	153 Days
16	Reroute Joint Trench below State Waterline at 121+75	DSC	\$ 144,616.00	0 Days
20	Pothole Utilities for WRF Pilot Injection Well Layout	CR2	\$ 15,291.00	0 Days
32	Broken Waterline at Quintana Road and Kings Avenue	ABI	\$ 6,198.00	0 Days
39	Cultural Monitor Extra Work at MTBM Launch Pit	DSC	\$ 45,266.00	0 Days
NET CHANGE ORDER ADJUSTMENT			\$ 241,317.00	153 Days

ORIGINAL CONTRACT AMOUNT	\$ 31,493,675.00
Previous Change Orders	\$ 1,261,987.00
Previous Contract Amount	\$ 32,755,662.00
Adjustments by this Change Order	\$ 241,317.00
Change Order to Date	\$ 1,503,304.00
New Contract Amount	\$ 32,996,979.00

CURRENT FINAL COMPLETION DATE	4/3/2022
Extension Days (Calendar)	153 Days
NEW FINAL COMPLETION	9/3/2022

Acceptance of this Change Order constitutes an agreement between the City and Contractor, and the work is to be performed subject to the same terms and conditions as are contained in the Agreement with Contractor and for work on the above-mentioned project.

By signature of this Change Order, the Contractor acknowledges that the adjustments to the Contract Cost and Time contained in the Change Order are in full satisfaction and accord and so waives any right to claim any further cost and time impacts at any time during and after completion of the Contract for the changes encompassed by this Change Order.

ACCEPTED

Anvil Builders Inc.

Contractor (Company Name)

(Authorized Signature)

(Date)

Chris Fassari

(Print Name and Title)

When signed by the Construction Manager, and upon execution of source document Amendment by City Council, this document becomes effective IMMEDIATELY, and Contractor shall proceed with the change(s) described above.

APPROVED

Carollo Engineers Inc / MEG Inc.

Construction Manager

Authorized Signature

(Date)

Steve Mimiaga - Construction Mngr.

(Print Name and Title)



City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 003

Attachment 3

Project: WRF Lift Stations and OffSite Pipelines Project

Contractor: Anvil Builders, Inc.

Date: March 22, 2022

PCO	TILE	DESCRIPTION OF CHANGE	Reason For Change
8	Additional Project Signage Costs	The original contract included a \$5,000 allowance for additional signage not shown on the plans or required by the specifications. Anvil has exhausted this original budget responding to signage requests from City staff to date. This change order item provides reimbursement of Anvil costs to date to provide additional signage, including custom signs, above the \$5,000 allowance as directed by the City. These additional signs are deemed necessary for public safety, public information, enhanced traffic flow, and/or to enhance access to businesses open during construction.	CR2
9.2	SoCal Gas Delays and Disruptions (Part 2)	The project's joint trench, containing multiple pipelines, parallels an existing 16" diameter SoCal Gas high pressure gas main for nearly the entire alignment along Quintana Road. SoCal Gas requires a representative to be on site during all digging activities as well as other work activities occurring within 10 ft of the high pressure gas main (i.e. that could potentially damage or otherwise impact the main). There have been several occurrences where the SoCal Gas representative did not show up for scheduled assignments, which prevented Anvil from performing contract work and/or progressing the joint trench. In these cases Anvil's entire crew was forced to literally stand-by and wait for the SoCal Gas representative to arrive. The City/Carollo have spent considerable time and effort to coordinate between Anvil and SoCal Gas to improve communication and cooperation, but nevertheless, Anvil was negatively impacted on the following days: 8/25/21 for 2 hours, 8/26/21 for 3.5 hours, 9/16/21 for 1.5 hours, 10/7/21 for 2 hours. This is the second change order to reimburse Anvil for SoCal Gas monitor disruptions, the previous change order amount was \$43,017.00.	ABI
13.1	CA-SLO-16 Work Revisions (Time Extension)	Anvil is provided a 153 day non-compensable time extension due to impacts caused by SHPO mandated work restriction at the Morro Creek Utility Bridge, based on the following analysis and terms: Per Anvil's approved Baseline Schedule, the Utility Bridge was to start Feb 1, 2021 with 23 days of float. Per Anvil's Feb 2022 Update, the Utility Bridge was actually started Feb 24, 2022, now with 153 days of negative float (delay). It is acknowledged that SHPO restrictions prevented Anvil from starting any work at the Utility Bridge prior to Feb 24, 2022. It is acknowledged that the on-going (thru March 2022) archeologist supervised work on site, required by SHPO, continues to impact Anvil's schedule. Direct cost impacts resulting from these circumstances are being tracked separately from this analysis. Anvil is provided the 153 calendar day non-compensable time extension at this time based on the applicable Critical Path Schedule Update negative float duration discuss herein above. Anvil has submitted a Time Impact Analysis requesting 201 calendar days. Anvil and the City agree to allow Anvil to seek additional time extensions if warranted in the future when the full extent of this on-going impact is known. The current Contract completion date is 4/3/2022 (through Amendment No. 3). With 153 calendar days added, the new Contract Completion Date will be Sept 3, 2022. The City currently views the SHPO restrictions at Utility Bridge as concurrent with other Anvil caused delays (i.e. the Pump Station A Electrical Building currently has 164 days of negative float). As such the City considers this delay as non-compensable at this time (no extended overhead merit). Similar to above, Anvil and the City agree to allow Anvil the opportunity to present substantiating documentation of extended overhead merit in the future when the full extent of this on-going impact is known.	REG
16	Reroute Joint Trench below State Waterline at 121+75	Prior to starting the Joint Trench excavation near Sta 121+75, an existing 10" State Waterline was marked incorrectly in the field by the pipeline operator. Anvil excavated (potholed) the pipeline at the location marked in the field to verify its position. The State Waterline was not found at the marked location. The pipeline operator re-marked the line again in the field, this time where shown on the Contract Drawings at Sta 121+75. A pipeline was located at this location and the pipeline operators confirmed the line as the correct pipe in the field. Anvil then began excavating the 8-ft wide by 10-ft deep Joint Trench through the area. While excavating the Joint Trench, Anvil discovered another existing pipeline running adjacent to and below the pipe previously identified as the State Waterline shown on the plans. The pipeline operator subsequently confirmed that the adjacent lower pipe was actually the State Waterline to be protected in place. This caused Anvil to have to move back, re-excavate, and deepen the Joint Trench excavation from 10 ft to approximately 14 ft deep. This would allow the Joint Trench pipelines to pass below the lower pipe with required DDW clearances. In doing so, Anvil was also required to provide additional trench shoring measures and trench dewatering for the deeper trench; then Anvil encountered additional difficulties and inefficiencies installing the Joint Trench pipelines in the deeper trench, with additional groundwater, with increased soil instabilities, and additional shoring to work around, etc. Anvil was subsequently required to also provide additional Controlled Low Strength Material (CLSM) backfill and then additional select fill compaction as well. Anvil's pipe installation operation was significantly impacted over the period from 8/4/21 to 8/16/21.	DSC
20	Pothole Utilities for WRF Pilot Injection Well Layout	Anvil provided additional potholing and utility locating at the request of the City, near Anvil's stockpile and staging area on Vistra property (along Bike Path). This additional potholing and utility locating was required to determine the best location and layout for the future Pilot Injection Well to be installed under a separate City contract, as part of the Recycled Water facilities associated with the Morro Bay "Our Water" program. At the City's direction, Anvil contacted Underground Service Alert (USA), had the area underground utilities marked by utility owners, potholed several critical utilities, backfilled and restored the area, and provided resulting survey data to the City.	CR2



City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 003

Attachment 3

Project: WRF Lift Stations and OffSite Pipelines Project

Contractor: Anvil Builders, Inc.

Date: March 22, 2022

PCO	TILE	DESCRIPTION OF CHANGE	Reason For Change
32	Broken Waterline at Quintana Road and Kings Avenue	On Saturday, 10/29/21, City of Morro Bay staff observed a waterline leak where the waterline crosses the Anvil trench in the intersection of Quintana Road at Kings Avenue. The City subsequently confirmed that a 6" Water line, made of Transite (AC) pipe, had deflected and come apart just beyond Anvil's trench line. Anvil had been working in this intersection the previous week and there was strong indication that Anvil activities caused the line brake. Anvil indicated their position that they have no reason to assume they caused the water line break. The City has no reason to believe that the rupture would have occurred if not for Anvil trenching across and backfilling around the existing pipe. After additional discussion and negotiation it was agreed that the City would pay a portion of the Anvil crew expenses for repairs. The settlement amount is less than half of Anvil actual costs. Note that City staff also incurred costs for various activities including temporary repairs made when the leak was first discovered.	ABI
39	Cultural Monitor Extra Work at MTBM Launch Pit	Trenching operations just north of the Microtunnel launch pit on Quintana Road near the Morro Bay Blvd Roundabout (Sta 94 to Sta 95) was significantly impacted by a known archaeological site. Anvil work was significantly impacted by instructions provided and enforced by State mandated archeological and tribal monitors assigned to the project. During trenching in the subject area, all excavated spoils were treated differently in that direct loading of trucks was not allowed without first confirming the soil was negative for resources or remains, by hand investigations performed by the archeological and tribal monitors. Anvil's trenching and shoring operation was significantly impacted over the period from 10/21/21 to 11/8/21.	DSC

REASON FOR CHANGE CODES

CR1: City requested (required)

CR2: City requested (Optional)

E&O: Design Error or Omission

ABI: Anvil request / claim item

DSC: Differing Site Conditions

REG: Regulatory Agency Item



City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 004

Project: WRF Lift Stations and OffSite Pipelines Project **Contractor:** Anvil Builders, Inc.
Date: June 14, 2022 **Project Manager:** Chris Fassari

Upon mutual acceptance and execution of this document by the City of Morro Bay (City) and Anvil Builders, Inc. (Contractor), Contractor is hereby directed to make the following changes for the consideration set forth below:

See following page(s) for Descriptions and Reasons for Change

PCO #	DESCRIPTION	Reason For Change	Amount	Contract Time (Calendar Days)
11	Reroute IPR and Water Line Below Sta. 144 Culvert	DSC	\$ 103,893.00	0 Days
19	Remove City's Existing Desalination Iron Media Tank	CR2	\$ 54,189.00	0 Days
28.1	SLO County APCD Generator Mandates (Rescind)	REG	\$ (301,703.00)	0 Days
33	Paving Repairs Near Todd's Garage	CR2	\$ 6,895.00	0 Days
41	Unknown Cementitious Subgrade at South Bay Blvd	DSC	\$ 26,600.00	0 Days
42	Unknown Conduits at South Bay Blvd and Quintana Road	DSC	\$ 7,788.00	0 Days
49	Vistra/PG&E Easements Unknown Extra Work Items	DSC	\$ 48,273.00	0 Days
NET CHANGE ORDER ADJUSTMENT			\$ (54,065.00)	0 Days

ORIGINAL CONTRACT AMOUNT	\$ 31,493,675.00	CURRENT FINAL COMPLETION DATE	9/3/2022
Previous Change Orders	\$ 1,503,304.00	Extension Days (Calendar)	0 Days
Previous Contract Amount	\$ 32,996,979.00	NEW FINAL COMPLETION	9/3/2022
Adjustments by this Change Order	\$ (54,065.00)		
Change Order to Date	\$ 1,449,239.00		
New Contract Amount	\$ 32,942,914.00		

Acceptance of this Change Order constitutes an agreement between the City and Contractor, and the work is to be performed subject to the same terms and conditions as are contained in the Agreement with Contractor and for work on the above-mentioned project.

By signature of this Change Order, the Contractor acknowledges that the adjustments to the Contract Cost and Time contained in the Change Order are in full satisfaction and accord and so waives any right to claim any further cost and time impacts at any time during and after completion of the Contract for the changes encompassed by this Change Order (EXCEPT AS NOTED IN ITEM 13.1 HEREIN WHEREIN DELAY IMPACTS ARE ON-GOING).

ACCEPTED

Anvil Builders Inc.

Contractor (Company Name)

(Authorized Signature)

(Date)

Chris Fassari

(Print Name and Title)

When signed by the Construction Manager, and upon execution of source document Amendment by City Council, this document becomes effective IMMEDIATELY, and Contractor shall proceed with the change(s) described above.

APPROVED

Carollo Engineers Inc / MEG Inc.

Construction Manager

Authorized Signature

(Date)

Steve Mimiaga - Construction Mngr.

(Print Name and Title)



**City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 004**

Attachment 3

Project: WRF Lift Stations and OffSite Pipelines Project

Contractor: Anvil Builders, Inc.

Date: June 14, 2022

PCO	TILE	DESCRIPTION OF CHANGE	Reason For Change
11	Reroute IPR and Water Line Below Sta. 144 Culvert	The original design called for the IPR and Waterline relocation in this area to be placed above the existing stormwater culvert. After the trench was excavated, it was discovered that there was insufficient soil cover over the existing culvert to allow the IPR and Waterline to be installed over the top per Drawings. Consequently, these pipelines needed to be routed under the culvert, which increased the depth of excavations from 2 ft to 8 ft at Sta 143+99, thereby also increasing requirements for trench shoring, excavated spoils, backfill and compaction, , and potential groundwater management, between Sta 142+95 and Sta 144+95. Reference RFI #52.	DSC
19	Remove City's Existing Desalination Iron Media Tank	The City requested a quote from Anvil to remove and dispose of the existing Desalination Iron Media Tank (horizontal pressure filter) located east of Pump Station A, along Atascadero Rd. Anvils quote includes removal of the tank, tank supports, and air vacs atop the tank. Bid includes the removal of a max. of 20 CY of concrete inside the tank. Bid is based on the steel tank weighing a maximum of 55,000 lbs (once concrete is removed). Anvil will remove and replace the existing chain link with barbed wire fence; 50 LF max. Removal of adjacent piping and appurtenances (air-vacs, anchor bolts, etc.) is not included in this work.	CR2
28.1	SLO County APCD Generator Mandates (Rescind)	On 9/24/21, the City received a Notice of Incomplete Applications from SLO County Air Pollution Control District (APCD), pursuant to the Pump Station A emergency generator and the Pump Station B emergency generator. The City subsequently completed and submitted Health Risk Assessments (HRAs) at each Pump Station, as was required by APCD as part of their Notice of Incomplete Applications. After submission of the HRAs, APCD reversed its initial determination and accepted both generators without modifications. As such, the City and Anvil agree to rescind the associated previous change order for added (assumed) emissions control devices included in Amendment No. 2. Reference PCO #28.	REG
33	Paving Repairs Near Todd's Garage	The City requested that Anvil repair existing failing pavement in the City right-of-way adjacent to Anvil's Joint Trench excavation. It was determined that the damaged asphalt was not the fault of Anvil operations but rather the on-going inclement weather and existing deteriorated pavement conditions. This occurred near Todd's Garage at 972 Quintana Rd, Morro Bay. The area was re-paved 12/10/2021.	CR2
41	Unknown Cementitious Subgrade at South Bay Blvd	During Joint Trench and IPR excavation work on South Bay Blvd, the Contractor encountered cement-treated aggregate base-rock material below the existing pavement. This cementitious base material required additional effort and expenses in mechanical removal work and subsequent off-site disposal (material was not re-useable as backfill). This extra work warrants reimbursement of verified extra costs including documented labor, equipment, and other expenses on 2/1/2022, 2/3/2022, 2/4/2022, 2/5/2022, 2/10/2022, 2/11/2022, and 2/14/2022.	DSC
42	Unknown Conduits at South Bay Bvd and Quintana	During Joint Trench excavation work near the South Bay Blvd and Quintana Road intersection, the Contractor encountered and damaged unknown existing conduits which required additional effort and expenses to hand-dig around and repair. This extra work warrants reimbursement of verified extra costs including documented labor, equipment, and other expenses on 1/25/2022. The conduits were not shown on the plans or claimed by any known utility owner.	DSC
49	Vistra/PG&E Easements Unknown Extra Work Items	During the project work within PG&E/Vistra easements to date, the below noted miscellaneous unforeseen minor utility work was required for contract work to proceed. The following items are acknowledged as unforeseen conditions and as such warrant reimbursement of verified extra costs: (1) Excavate "test percolation ponds" at City request along Bike Path on 2/16/2022, (2) Unknown utilities encountered from Sta 53+00 to Sta 54+00 which impacted production on 2/16/2022, (3) Installation of exclusionary fencing along LS-2 as required by SHPO on 2/23/2022, (4) Potholing LS-2 alignment for unknown utilities not shown on plans but marked by utility companies on 3/7/2022, (5) Unforeseen concrete slab not shown on plans along LS-2 alignment impacting production on 3/22/2022, (6) Excavate around utilities not marked on plans along LS-2 alignment, 8 utilities total, between 3/17/2022 and 3/31/2022, (7) Sawcut, remove, and stockpile unknown concrete slab at Sta 21+00 of LS-2 alignment on 3/30/2022, and (8) Excavate and install 4" pipe and fittings to re-route existing Vistra waterline above LS-2 force main pipe on 4/6/2022.	DSC

REASON FOR CHANGE CODES
CR1: City requested (required)
CR2: City requested (Optional)
E&O: Design Error or Omission
ABI: Anvil request / claim item
DSC: Differing Site Conditions
REG: Regulatory Agency Item



City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 005

Project: WRF Lift Stations and OffSite Pipelines Project **Contractor:** Anvil Builders, Inc.
Date: August 23, 2022 **Project Manager:** Chris Fassari

Upon mutual acceptance and execution of this document by the City of Morro Bay (City) and Anvil Builders, Inc. (Contractor), Contractor is hereby directed to make the following changes for the consideration set forth below:

See following page(s) for Descriptions and Reasons for Change

PCO #	DESCRIPTION	Reason For Change	Amount	Contract Time (Calendar Days)
13	Utility Bridge Abutment Changes	REG	\$ 500,000.00	60 Days
17	Add Tracer Wire, Ground Rods, Terminal Stations	CR2	\$ 108,521.00	0 Days
25	Construction Cost Escalation Increases from Vendors	DSC	\$ 292,000.00	0 Days
50	DSC at South Bay & Teresa (Utilities & Bedrock)	DSC	\$ 210,000.00	0 Days
52	High Level Switch Alarm Termination at Utility Bridge	CR1	\$ 8,743.00	0 Days
61	City Sales Tax Increase During Project	DSC	\$ 134,403.00	0 Days
NET CHANGE ORDER ADJUSTMENT			\$ 1,253,667.00	60 Days

ORIGINAL CONTRACT AMOUNT	\$ 31,493,675.00	CURRENT FINAL COMPLETION DATE	9/3/2022
Previous Change Orders	\$ 1,449,239.00	Extension Days (Calendar)	60 Days
Previous Contract Amount	\$ 32,942,914.00	NEW FINAL COMPLETION	11/2/2022
Adjustments by this Change Order	\$ 1,253,667.00		
Change Order to Date	\$ 2,702,906.00		
New Contract Amount	\$ 34,196,581.00		

Acceptance of this Change Order constitutes an agreement between the City and Contractor, and the work is to be performed subject to the same terms and conditions as are contained in the Agreement with Contractor and for work on the above-mentioned project.

By signature of this Change Order, the Contractor acknowledges that the adjustments to the Contract Cost and Time contained in the Change Order are in full satisfaction and accord and so waives any right to claim any further cost and time impacts at any time during and after completion of the Contract for the changes encompassed by this Change Order (EXCEPT AS NOTED IN ITEM 13.1 HEREIN WHEREIN DELAY IMPACTS ARE ON-GOING).

ACCEPTED

Anvil Builders Inc.

Contractor (Company Name)

(Authorized Signature)

(Date)

Chris Fassari

(Print Name and Title)

When signed by the Construction Manager, and upon execution of source document Amendment by City Council, this document becomes effective IMMEDIATELY, and Contractor shall proceed with the change(s) described above.

APPROVED

Carollo Engineers Inc / MEG Inc.

Construction Manager

 8/23/2022

Authorized Signature

(Date)

Steve Mimiaga - Construction Mngr.

(Print Name and Title)



City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 005

Attachment 3

Project: WRF Lift Stations and OffSite Pipelines Project

Contractor: Anvil Builders, Inc.

Date: August 23, 2022

PCO	TILE	DESCRIPTION OF CHANGE	Reason For Change
13	Utility Bridge Abutment Changes	Anvil is reimbursed and compensated for extra work associated with SHPO mandated work revisions including: (1) revising trenching and finish grade requirements between Atascadero Road and the North Bridge Abutment, (2) revised slide rail shoring at both Bridge Abutment excavations, (3) mandated dewatering systems regardless of groundwater level/status, (3) and Archeologist supervised excavations with severely impacted excavation operations throughout the entire CA-SLO-16 zone. Anvil is provided a 60 day non-compensable time extension through 11/2/2022. Anvil and the City agree to allow Anvil to present substantiating documentation of associated extended overhead impacts for incorporation in a future Amendment.	REG
17	Add Tracer Wire, Ground Rods, Terminal Stations	Anvil is reimbursed and compensated for extra work associated with adding Tracer Wire on all project pipelines that are not located in a Joint Trench. This includes: 7 segments of IPR line, 2 segments of BR line, and 4 segments of Relocated Waterlines. Anvil shall provide Tracer Wire starting and/or ending terminals (Tracer Wire Test Stations per Std Det 2060 and Ground Rods per Std Det 16410). Anvil shall also provide Tracer Wire Test Stations at approximately 500' intervals throughout all associated tracer wire systems.	CR2
25	Construction Cost Escalation Increases from Vendors	Anvil is reimbursed and compensated for construction cost escalation increases from specific vendors resulting from the unprecedented COVID-19 caused inflation. The reimbursement is based on several specific vendors including: Aegion for special HDPE fusing, P&F Distributors for piping materials, Big Wakoo for fencing, Pacific Steel Group for rebar, R&B for construction materials, David Crye for trucking, JB Dewar for diesel fuel, and SC Fuels for diesel fuel. The compensation amount represents a 50/50 settlement split with Anvil.	DSC
50	DSC at South Bay & Teresa (Utilities & Bedrock)	Anvil is reimbursed and compensated for extra work associated with differing site conditions (DSC) encountered while installing project pipelines through the intersection of South Bay Blvd and Teresa Road including significant impacts for unknown bedrock over about 100-ft of trenching. This change item also includes impacts for utility conflicts encountered including for AT&T, SoCal Gas, State Water, City Water, and City Sewer. This change item also includes costs to remove and replace segments of existing City Sewer pipe and City Water pipe that were in poor condition and failing due to the adjacent bedrock excavation operations.	DSC
52	High Level Switch Alarm Termination at Utility Bridge	Anvil is reimbursed and compensated for extra work associated with eliminating the PLC at the Utility Bridge. The PLC only operated a flood sensor. The flood sensor will now be connected to the PLC at Pump Station A via added twisted shielded pair (control wire) running in one of the innerducts in the 4" FO conduit. The purchased PLC, solar panel, and other related equipment will be provided to the City as spare parts.	CR1
61	City Sales Tax Increase During Project	Anvil is reimbursed and compensated for extra costs associated with the City raising local Sales Tax by 1% effective 4/1/2021, essentially just after Anvil started working on the project. This settlement amount is calculated to reflect 1% of all goods and materials purchased within the City and delivered to the site.	DSC

REASON FOR CHANGE CODES
CR1: City requested (required)
CR2: City requested (Optional)
E&O: Design Error or Omission
ABI: Anvil request / claim item
DSC: Differing Site Conditions
REG: Regulatory Agency Item



City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 006

Project: WRF Lift Stations and OffSite Pipelines Project **Contractor:** Anvil Builders, Inc.
Date: November 29, 2022 **Project Manager:** Brett Bennett

Upon mutual acceptance and execution of this document by the City of Morro Bay (City) and Anvil Builders, Inc. (Contractor), Contractor is hereby directed to make the following changes for the consideration set forth below:

See following page(s) for Descriptions and Reasons for Change

PCO #	DESCRIPTION	Reason For Change	Amount	Contract Time (Calendar Days)	
26	Relocate 12" City RO Waterline at Sta 87+00	DSC	\$ 130,452.00	6	Days
31	Existing Storm Drains Collapse at Sta 63+97	DSC	\$ 7,389.00	2	
35	Existing RO Brine Line Discharge to WRF Outfall	REG	\$ 200,000.00	12	Days
36	DDW Initiated Realignment btwn Sta 99 and Sta 116	REG	\$ 82,892.00	2	
37	Restoration of Quintana Near Kings during Inclement Weather	DSC	\$ 13,000.00		
45	Atascadero BR and Joint Trench Realignments	DSC	\$ 34,023.00		
53	Pump Station B Grading and Drainage Revisions	E&O	\$ 65,102.00	5	Days
55	200 LF Fused 4" HDPE for City Emergency Leak Response	CR2	\$ 1,338.00		
57	Add FCA Restraint Rods and Lugs at Pump Stations	E&O	\$ 47,647.00		
58	Change Wet Well Piping Fit-up Bolts to 316SS (RFI 122)	CR2	\$ 9,963.00		
59	Pump Station A Retaining Wall Revision to Detail 1	E&O	\$ 20,837.00		
68	Waterline Breaks on Atascadero Road near Hwy 1	DSC	\$ 34,120.00	2	
NET CHANGE ORDER ADJUSTMENT			\$ 646,763.00	29 Days	

ORIGINAL CONTRACT AMOUNT	\$ 31,493,675.00	CURRENT FINAL COMPLETION DATE	11/2/2022
Previous Change Orders	\$ 2,702,906.00	Extension Days (Calendar)	29 Days
Previous Contract Amount	\$ 34,196,581.00	NEW FINAL COMPLETION	12/1/2022
Adjustments by this Change Order	\$ 646,763.00		
Change Order to Date	\$ 3,349,669.00		
New Contract Amount	\$ 34,843,344.00		

Acceptance of this Change Order constitutes an agreement between the City and Contractor, and the work is to be performed subject to the same terms and conditions as are contained in the Agreement with Contractor and for work on the above-mentioned project.

By signature of this Change Order, the Contractor acknowledges that the adjustments to the Contract Cost and Time contained in the Change Order are in full satisfaction and accord and so waives any right to claim any further cost and time impacts at any time during and after completion of the Contract for the changes encompassed by this Change Order (EXCEPT AS NOTED IN ITEM 13.1 HEREIN WHEREIN DELAY IMPACTS ARE ON-GOING).

ACCEPTED

Anvil Builders Inc.

Contractor (Company Name)

[Signature] 12/01/2022

(Authorized Signature) (Date)

Brett Bennett PM

(Print Name and Title)

When signed by the Construction Manager, and upon execution of source document Amendment by City Council, this document becomes effective IMMEDIATELY, and Contractor shall proceed with the change(s) described above.

APPROVED

Carollo Engineers Inc / MEG Inc.

Construction Manager

Authorized Signature (Date)

Steve Mimiaga - Construction Mngr.

(Print Name and Title)



City of Morro Bay
Water Reclamation Facility
Lift Stations and Offsite Pipelines Project
CHANGE ORDER 006

Project: WRF Lift Stations and OffSite Pipelines Project

Contractor: Anvil Builders, Inc.

Date: November 29, 2022

PCO	TILE	DESCRIPTION OF CHANGE	Reason For Change
26	Relocate 12" City RO Waterline at Sta 87+00	Anvil is reimbursed for extra work to relocate 12" City RO Waterline from Sta 85+90 to Sta 88+00, including potholing, saw cutting, trench excavation from Sta 85+90 to 88+00, installing waterline and backfill, hydrostatic testing, chlorinating, flushing, sampling/testing for BACT, placing concrete kickers for 45-degree elbows at tie-ins, and temporary paving. The relocation work was necessary to provide minimum clearance between the existing waterline and new parallel sewer lines.	DSC
31	Existing Storm Drains Collapse at Sta 63+97	Anvil is reimbursed for extra work to repair collapsed storm drain at Sta 64+00, including excavating damaged storm drain, installation of new SD pipe, placement of CLSM backfill, backfilling and temporary paving.	DSC
35	Existing RO Brine Line Discharge to WRF Outfall	Anvil is reimbursed for extra work related to the City's groundwater RO facility, including re-routing RO concentrate to the existing Air Relief Structure (Ocean Outfall), setting a new 48" sewer diversion manhole near RO Bldg and connecting a new 12" SS to new influent manhole, upsizing new sewer from 8" to 12" (noted above) from added 48" sewer diversion manhole to new influent manhole, installing new 6" RO flush line across Pump Station A site to retaining wall penetration and Cam-Lok (for flushing emergency storage tanks), deleting 6" flush line and vaults shown on Contract Drawings, connecting to existing re-purposed Desal Feed line for new RO discharge (from RO Bldg), and connecting new 6" ROC line to the existing Air relief Structure (Ocean Outfall).	REG
36	DDW Initiated Realignment btwn Sta 100 and Sta 116	Anvil is reimbursed for extra work to relocate or sleeve existing utilities located too close to new Sewer Force Mains and/or the IPR line as determined by the State of California Department of Drinking Water (DDW), including at Stations 100+56, 108+20, 113+52, and 115+52. The work includes potholing in advance of the work, saw cutting and excavating existing utilities to be relocated or sleeved, installing new piping and/or sleeve casing pipes, backfilling, compacting, and temporary paving.	REG
37	Restoration of Quintana Near Kings during Inclement Weather	Anvil is reimbursed for extra work to temporarily restore pavement on Quintana Road near Kings Avenue after an inclement weather event. The work included placement of CLSM backfill in a low area, installation, and maintenance of temporary cold mix asphalt. Temporary repairs were requested by City staff for public safety.	DSC
45	Atascadero BR and Joint Trench Realignment	Anvil is reimbursed for extra work to mitigate and realign the joint trench on Atascadero Road due to potential conflicts with existing utilities and to mitigate the narrow road leaving minimal space for traffic control devices on paved surfacing. Anvil extra work included, confirming the location of existing parallel waterlines by potholing, confirming the vertical clearance between the revised joint trench and all known crossing waterlines, confirming no conflict with other adjacent and crossing utilities, and paint marking in the field, the edges (sawcut lines) of Anvil's proposed Joint Trench for City staff review.	DSC
53	Pump Station Grading and Drainage Revisions	Anvil is reimbursed for extra work to correct grading and drainage issues at Pump Station B as noted in RFI #162, including adding various grade changes, grade breaks, and elevation adjustments throughout the pump station site, adding a concrete curb around the Electrical Building, and adding a concrete valley gutter, drain inlet, and curb drain to allow precipitation runoff to leave the site and flow into the existing Main Street storm drain system.	E&O

55	200 LF Fused 4" HDPE for City Emergency Leak Response	Anvil is reimbursed for extra work to provide 200 LF fused 4-in HDPE for City use in their emergency response to a leak below Route-1 near Cloisters Park. This work is not otherwise related to the Anvil Pipelines and Pump Stations project.	CR2
57	Add FCA Restraint Rods and Lugs at Pump Stations	Anvil is reimbursed for extra work to furnish and install restraint rods and lugs at all flange coupling adapters (FCAs) at each pump station. This includes 6 each FCAs at Pump Station A and 6 each FCAs at Pump Station B. Without these restraint rods the FCAs could come apart and/or leak during high pressure conditions for the noted above grade portions of pump station discharge piping.	E&O
58	Change Wet Well Piping Fit-up Bolts to 316SS (RFI 122)	Anvil is reimbursed for extra work to furnish and Install stainless steel flange bolts for all flanged piping connections within wastewater wet wells at both Pump Station A and Pump Station B. The specified carbon steel bolts would have a significantly shorter service life.	CR2
59	Pump Station A Retaining Wall Revision to Detail 1	Anvil is reimbursed for extra work to increase the size of the pump station site retaining wall and concrete footing, and to add steps in the wall/footing as required. The extra work includes increasing the size of the reinforced concrete footing and changing the CMU blocks from 8" to 10" for additional structural strength. The work also includes adding 3 steps in the wall to accommodate planned finish grading at Pump Station A.	E&O
68	Waterline Breaks on Atascadero Road near Hwy 1	Anvil is reimbursed for extra work to repair a broken existing City waterline that failed during Anvil's work near Sta 26+75, which ceased crew work and diverted resources to repair the failed waterline. The work includes saw cutting and excavating the existing waterline, installing new piping and repair couplings, backfilling, compacting, and temporary paving. The extra work occurred mostly after hours on June 7, 2022.	DSC

REASON FOR CHANGE CODES**CR1:** City requested (required)**CR2:** City requested (Optional)**E&O:** Design Error or Omission**ABJ:** Anvil request / claim item**DSC:** Differing Site Conditions**REG:** Regulatory Agency Item