



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, October 10, 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

- Introductions – Maintenance Division Manager, Carlos Mendoza and Civil Engineer, Austin Della

PRESENTATIONS

- Michael Boswell, Cal Poly professor, presentation on update of City Climate Action Plan

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 SEPTEMBER 12, 2023, CITY COUNCIL MEETING;
(CITY CLERK)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE SEPTEMBER 26, 2023, JOINT CITY COUNCIL AND PLANNING COMMISSION SPECIAL MEETING; (CITY CLERK)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE SEPTEMBER 26, 2023, CITY COUNCIL MEETING; (CITY CLERK)

RECOMMENDATION: Approve as submitted.

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

RECOMMENDATION: Approve as submitted.

A-5 ADOPT RESOLUTION NO. 66-23 APPROVING AN INCREASE TO THE CITY'S CONTRIBUTION TO EMPLOYEE HEALTH CARE COVERAGE; (HUMAN RESOURCES/RISK MANAGER)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 66-23 approving amended Memoranda of Understanding (MOUs) as agreed to by each represented bargaining group [Morro Bay Police Officers Association ("MBPOA"), Service Employees International Union Local 620 ("SEIU Local 620") and Morro Bay Firefighters Association IAFF 3725 ("MBFFA") establishing an increase to the City's contribution to employee health care coverage effective December 1, 2023 for the January 2024 health plan year, extending the same benefits to unrepresented Confidential, Management and Executive employees, and directing staff to return with the associated budget amendment.

A-6 ADOPTION OF RESOLUTION NO. 67-23 AUTHORIZING THE CITY OF MORRO BAY TO ENTER INTO A 2023/2024 SURRENDERED AND ABANDONED VESSEL EXCHANGE GRANT CONTRACT WITH THE STATE OF CALIFORNIA DIVISION OF BOATING AND WATERWAYS IN THE AMOUNT OF \$38,000.00 FOR REMOVAL OF ABANDONED/SURRENDERED VESSELS AND HAZARDS TO NAVIGATION; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 67-23 authorizing the Harbor Director to execute the attached 2023/2024 Surrendered and Abandoned Vessel Exchange (SAVE) Grant Contract Agreement #C23SO605 with the California Division of Boating and Waterways (DBW) for \$38,000.00 for the funding of removal of abandoned/surrendered vessels and hazards to navigation.

A-7 PROCLAMATION RECOGNIZING THE MONTH OF OCTOBER AS "DATING AND DOMESTIC VIOLENCE AWARENESS MONTH"; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

B. PUBLIC HEARING ITEMS

- B-1 PUBLIC HEARING FOR AND CONSIDERATION OF MORRO BAY GARBAGE SERVICE RATE ADJUSTMENT APPLICATION AND ADOPTION OF RESOLUTION NO. 68-23; (PUBLIC WORKS DEPARTMENT)

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

1. Open the “majority protest” public hearing as required by Proposition 218.
2. Take public testimony and accept any additional written protests.
3. Close the Public Hearing, and the Mayor shall ask the City Clerk to provide a count of all protests received.
4. Provided there is no majority protest against the proposed rate increase, adopt Resolution No. 68-23.
5. Assuming there is no majority protest and the proposed rate adjustment is approved (Resolution No. 68-23), then authorize the City Manager to execute an amendment to the City’s franchise agreement with Morro Bay Garbage Service, Inc., to replace the maximum rate schedule in the agreement with the newly adopted rate structure.

- B-2 INTRODUCTION AND FIRST READING OF ORDINANCE NO. 661 AMENDING TITLE 17 OF THE MORRO BAY MUNICIPAL CODE TO ADD CHAPTER 17.31 ESTABLISHING OBJECTIVE DESIGN STANDARDS; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Introduce for first reading, by title only, with further reading waived, Ordinance No. 661: “An Ordinance of the City Council of the City of Morro Bay, California for adoption of Objective Design Standards for inclusion as Chapter 17.31 of the Morro Bay Municipal Code, “Residential and Mixed Use Objective Design Standards,” and further to be an amendment to the 2022 Zoning Code with a finding that no further environmental review is required pursuant to State CEQA Guidelines section 15162.”

C. BUSINESS ITEMS

- C-1 CONSIDERATION OF CONDITIONAL APPOINTMENT OF STEVE CONWAY AS INTERIM ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR AND CONDITIONAL APPROVAL OF EMPLOYMENT AGREEMENT BETWEEN THE CITY OF MORRO BAY AND STEVE CONWAY; (HUMAN RESOURCES)

RECOMMENDATION: Staff recommends the City Council appoint Steve Conway as the Interim Assistant City Manager/Administrative Services Director contingent upon successfully passing the City’s background check, and authorize the City Manager to execute the attached employment agreement following the same.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, October 24, 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: Yvonne Kimball 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 Police Chief
Ted Schiafone Harbor Director
Nancy Hubbard Contract Planner

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 – City Attorney Neumeyer reported Item CS-1 was an anticipated future public agenda item. Regarding CS-4, depending on negotiations, there may be a public agenda item.

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

https://youtu.be/yJBzjhs9K7A?si=4vT_U8gnBo0mSX8j&t=138

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

https://youtu.be/yJBzjhs9K7A?si=yRDGuSG_LamIFHWa&t=822

PRESENTATIONS

<https://youtu.be/yJBzjhs9K7A?si=7avCT80NIhx5EBr&t=973>

- Proclamation recognizing the 65th Anniversary of the Estero Bay United Methodist Church.

PUBLIC COMMENT

https://youtu.be/yJBzjhs9K7A?si=lsdRSJN1_vlsTFyp&t=1194

Larry Newland expressed appreciation for the collaborative efforts and volunteers who helped make the San Salvador visit successful.

Scott Mather, Morro Bay Maritime Museum Board Member, urged the Council to approve Item A-3 and commented on recent Maritime Museum events.

Judy Salamacha, Morro Bay resident and Maritime Museum Board Member, announced upcoming Maritime Museum events.

Gail Johnson, Morro Bay, commented on the Request for Proposal issued for BESS facility safety consulting services.

Garry Johnson, Maritime Museum Board Member, announced upcoming events, thanked Larry Newland for his help organizing the San Salvador event and the Salinan Tribe for their participation.

Jude Long announced the Ducky Derby fundraiser and upcoming event hosted by Morro Bay Friends of the Library.

Val Seymour, Morro Bay, questioned the need for a lease agreement with the Maritime Museum, commented on traffic issues from the Rock to the freeway and need for more parking along the Embarcadero.

Greg Cronk commented on code enforcement issues pertaining to side lot fence heights.

Linda Winters, Morro Bay, commented on Monday Night Dinners and a bill sponsored by Assemblymember Addis to protect mobile home park residents.

Doug Rogers, Morro Bay, wished to understand the impacts of the citizens' initiative and encouraged the Council to request the report (Item C-1).

Aaron Ochs, Morro Bay, commented on the citizens' initiative and encouraged the City to deny the battery energy storage project.

Mary Ann Gustafson announced the upcoming Lighthouse Century Bicycling Event to be held September 23rd.

Ray Riordan, Board Chair Morro Bay Chamber of Commerce, invited residents to attend Thursday's Shop Sip & Stroll event.

Sheri Hafer, Atascadero, spoke on behalf of commercial fishermen asking the Council to approve a resolution encouraging the offshore wind developers to join the Morro Bay Lease Areas Mutual Benefits Corporation.

Barbara Doerr, Morro Bay, spoke regarding Item C-1 and encouraged the Council to immediately put the initiative to a vote of the people.

Tom Hafer, President of Morro Bay Commercial Fishermen's Organization, spoke regarding the organization's donation to help repair boat slips (Item A-9).

Betty Winholtz, Morro Bay, encouraged residents to submit written protests regarding the proposed garbage rate increase.

Melinda Elster, Morro Bay, offered her support for the proposed development at 1140 Allesandro and encouraged Council to deny the appeal (Item B-1).

Terry Simons, Morro Bay, requested clarification regarding public comment for the Consent Agenda.

An unnamed resident shared he was interviewing chemists for a film about potential fire concerns and ways to protect the community.

Bill Martony, Morro Bay, commented on closed session discussions regarding Morro Elementary and offered ways to alleviate traffic congestion along the Embarcadero.

Akash Patel spoke in opposition to Item C-2 and asked the City to redefine the meaning of rent in the tax code.

Darshan Patel voiced concerns with the ordinance proposed in Item C-2 and requested the existing ordinance be updated with clarifying instructions for hotel operators.

Thomas Shorey, Morro Bay, spoke in support of the project at 1140 Allesandro but sought strategies that would keep residents parking on Allesandro rather than Marengo.

Mayor Wixom closed public comment.

A. CONSENT AGENDA

<https://youtu.be/yJBzihs9K7A?si=a9jKqyODqzFiBv8s&t=4948>

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

A-1 APPROVAL OF MINUTES FOR THE AUGUST 22, 2023, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (CITY CLERK)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE AUGUST 22, 2023, CITY COUNCIL MEETING; (CITY CLERK)

RECOMMENDATION: Approve as submitted.

A-3 ADOPTION OF RESOLUTION NO. 55-23 APPROVING A 10-YEAR LEASE AGREEMENT WITH THE CENTRAL COAST MARITIME MUSEUM ASSOCIATION FOR PROPERTY LOCATED AT 1210 EMBARCADERO ROAD; (COMMUNITY DEVELOPMENT DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 55-23 (Attachment 1), approving a 10-year Lease Agreement with the Central Coast Maritime Museum Association, a 501(c)(3), non-profit, public benefit corporation (“Maritime Museum”) for the City property located at 1210 Embarcadero Road including portions of APN: 066-311-041, portions of Front Street and portions of the Embarcadero Road Right-of-Way.

A-4 ACCEPTANCE OF CALIFORNIA OFFICE OF TRAFFIC SAFETY (OTS) GRANT; (FIRE DEPARTMENT)

RECOMMENDATION: 1) Authorize the Fire Department to accept the grant award from the California Office of Traffic Safety Grant program for hydraulic extrication equipment and airbags; and 2) Authorize the City Manager to approve execution of grant related documents.

A-5 ADOPTION OF RESOLUTION NO. 56-23 APPROVING AMENDMENT #1 TO THE LEASE AGREEMENT FOR CALIFORNIA COASTAL INVESTMENTS, LLC, DOING BUSINESS AS LIBERTINE BREWING COMPANY, LEASE SITE 86/86W, 801 EMBARCADERO, MORRO BAY; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 56-23 approving Amendment #1 to the lease agreement for Libertine Brewing Company, Lease Site 86/86/W.

- A-6 ADOPTION OF RESOLUTION NO. 57-23 APPROVING UPDATED RECORDS RETENTION SCHEDULE; (CITY CLERK)

RECOMMENDATION: Staff recommends the Council adopt Resolution No. 57-23 rescinding Resolution No. 76-19, approving the City of Morro Bay Records Retention Schedule, and authorizing subsequent minor updates without further Council action.

- A-7 APPROVAL OF A ONE-YEAR EXTENSION TO THE CONTRACT WITH LENSLOCK INC. FOR BODY WORN CAMERAS; (POLICE DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council direct the City Manager to execute a one-year extension with LensLock Inc., service provider of the department's current Body Worn Camera (BWC) system.

- A-8 APPROVING A REVISED CONSENT OF LANDOWNER (COL) FORM; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council approve a revised Consent of Landowner Form.

- A-9 ACCEPT \$100,000 GRANT FUNDS FROM COMMERCIAL FISHERMAN'S ORGANIZATION OF MORRO BAY, INC., (MBCFO), AMEND HARBOR CIP BUDGET AND APPROVE USE OF FUNDS; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommend the City Council adopt Resolution No. 58-23, approving the acceptance of the MBCFO grant funds of \$100,000 designated for the Harbor Commercial Fishing Dock Repair Project, approve the MOU, approve amending the Harbor budget for said amount and appropriating the funds for both the revenues (923-9960-3390) and expenditures in the Harbor CIP fund (923), and adding them to the "Storm Recovery-Dock Repairs" CIP project account number 923-9960-6106.

- A-10 ADOPTION OF RESOLUTION NO. 59-23 APPROVING A CONSENT OF LANDOWNER DOCUMENT FOR LEASE SITE 62/62W (MORRO BAY PADDLE SPORTS, 551 EMBARCADERO); (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommend the City Council adopt Resolution No. 59-23, approving a Consent of Landowner (COL) document for Morro Bay Paddle Sports, lease site 62/62W as presented.

- A-11 CONSIDERATION OF APPOINTMENT OF DOUG HILL TO THE PUBLIC WORKS ADVISORY BOARD; (CITY CLERK)

RECOMMENDATION: Staff recommends the City Council appoint Doug Hill to the Public Works Advisory Board ("PWAB") to fill an unscheduled vacancy for the remainder of a term through January 31, 2024.

- A-12 PROCLAMATION RECOGNIZING THE 65TH ANNIVERSARY OF THE ESTERO BAY UNITED METHODIST CHURCH; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

Mayor Wixom opened public comment for the Consent Agenda.

Terry Simons, Morro Bay, suggested the Council discuss Item A-3 and need for additional public restrooms in that area.

The public comment period was closed.

Council Member Ford announced she was recusing herself from Item A-3 due to potential economic interest. Item A-3 was pulled for a separate vote.

MOTION: Council Member Barton moved approval of all items on Consent except Item A-3. The motion was seconded by Council Member Edwards and carried 5-0.

Council Member Ford left the dais at 6:59 p.m.

A-3 ADOPTION OF RESOLUTION NO. 55-23 APPROVING A 10-YEAR LEASE AGREEMENT WITH THE CENTRAL COAST MARITIME MUSEUM ASSOCIATION FOR PROPERTY LOCATED AT 1210 EMBARCADERO ROAD; (COMMUNITY DEVELOPMENT DEPARTMENT)

Community Development Director Graham responded to questions raised during public comment.
<https://youtu.be/yJBzjhs9K7A?si=djeC3JahKqvKkR7E&t=5178>

MOTION: Mayor Wixom moved approval of Item A-3. The motion was seconded by Council Member Landrum and carried 4-0-1 with Council Member Ford having recused herself.

Council Member Ford returned to the dais at 7:02 p.m.

The Council took a brief recess at 7:02 p.m. The meeting reconvened at 7:14 p.m. with all members present.

B. PUBLIC HEARINGS

B-1 APPEAL OF THE PLANNING COMMISSION APPROVAL OF A PROPOSED MIXED USE RESIDENTIAL/LIVE-WORK PROJECT THAT INCLUDES 5 ATTACHED RESIDENTIAL DWELLINGS, 2 WITH LIVE/WORK SPACE ON THE GARAGE LEVEL LOCATED AT 1140 ALLESANDRO AVENUE; (COMMUNITY DEVELOPMENT DEPARTMENT)
<https://youtu.be/yJBzjhs9K7A?si=q9lZwWtQghZfcGSC&t=5384>

Contract Planner Hubbard presented the report and responded to Council inquiries.

Council Member Ford, Council Member Landrum, Council Member Edwards and Mayor Wixom disclosed ex parte communications with the appellant, Betty Winholtz, at the site.

Mayor Wixom opened the Public Hearing.
https://youtu.be/yJBzjhs9K7A?si=-NKL1HVw_zj9KJ9w&t=7198

Betty Winholtz, appellant, read comments submitted as agenda correspondence and requested the curb and gutter improvements along Marengo not be deferred to allow for parking on Marengo and that the required common open space be honored and provide

a public benefit. If curb and gutter improvements along both sides were a financial burden, she proposed improvements along Marengo be prioritized.

Gerald Luhr, applicant, provided background information on the project, responded to appellant's questions and concerns, and explained issues related to the proposed curb, gutter and sidewalk improvements.

Mayor Wixom opened Public Comment.

Nattalia Merzoyan, Morro Bay, expressed concern about light industrial businesses being allowed in that area and potential effect on the environment.

Jonathan King, Morro Bay, expressed parking and traffic concerns, opposed front doors facing Marengo, and suggested no parking on one side would not solve the problem.

Terry Simons, Morro Bay, raised various concerns regarding the project, stating it was overbuilt and under parked. He also questioned the validity of the 1992 encroachment permit.

Paul Donnelly, Morro Bay, recounted Planning Commission consideration of the project, questioned compliance with the City's municipal code, and commented on parking as well as curb, gutter and sidewalk improvements.

Lee Johnson, Morro Bay, commented on housing needs and urged the Council to support the Planning Commission's approval of the project.

Jamie Irons, Morro Bay, supported the project and asked how the deferral requirement would be documented.

Linda Donnelly, Morro Bay, commented on setback requirements and suggested the curb, gutter and sidewalk improvements be installed with the project.

Thomas Shorey, Morro Bay, expressed concern regarding parking impacts created if the garages became ADUs.

The public comment period and Public Hearing were closed.

The Council discussed community concerns and issues raised during public comment.

MOTION: Council Member Landrum moved to uphold the appeal. The motion died for lack of a second.

MOTION: Council Member Edwards moved to adopt Resolution No. 60-23, denying the appeal and upholding the Planning Commission approval of the Coastal Development Permit CDP22-004, Conditional Use Permit CUP22-06 and TTM22-04 for the proposed tentative map and new mixed-use project to be located at 1140 Allesandro Avenue with the following conditions: with respect to the deferral, a time limit of two years; request Public Works follow up to look into implementing no parking on Marengo Street; and that the landscaping plan include watering requirement. The motion was seconded by Council Member Ford.

The Council took a brief recess at 8:53 p.m. The meeting resumed at 9:03 p.m. with all members present.

Mr. Neumeyer and Mr. Graham spoke with the developer who indicated he was willing to agree on record with what the Council had directed and recommended a revised Resolution with those conditions be brought back on Consent at the next meeting.

Mayor Wixom reopened the public hearing and invited the applicant and appellant to the podium to comment on the added conditions.

Mr. Luhr preferred a 10-year deferment or improvement of the adjacent property but agreed to a 2-year deferment adding the community garden would be removed when the curb, gutter and sidewalk improvements are made.

Ms. Winholtz suggested the improvements be made now and not deferred.

The public hearing was closed.

The motion carried 4-1 by roll call vote with Council Member Landrum opposed.

Council Member Ford recused herself from Item C-1 out of respect for public perception and left the dais at 9:08 p.m.

C. BUSINESS ITEMS

- C-1 CERTIFY RESULTS OF CITIZENS INITIATIVE PETITION ENTITLED "INITIATIVE MEASURE TO AMEND CITY OF MORRO BAY'S GENERAL PLAN (PLAN MORRO BAY), ADOPTED BY CITY COUNCIL ON MAY 25, 2021, TO PROHIBIT, UNLESS APPROVED BY MORRO BAY VOTERS, ANY CHANGE TO LAND USE DESIGNATIONS OF VISITOR-SERVING COMMERCIAL OR COMMERCIAL/RECREATIONAL FISHING, ON CERTAIN DESIGNATED PARCELS WITHIN THE CITY" AND THEN: 1) ORDER A REPORT ON THE EFFECTS OF THE PROPOSED INITIATIVE; 2) ADOPT THE ORDINANCE WITHOUT ALTERATION; OR, 3) SUBMIT THE ORDINANCE WITHOUT ALTERNATION TO THE QUALIFIED VOTERS OF THE CITY AS A PROPOSED MEASURE AT A REGULAR MUNICIPAL ELECTION; (CITY MANAGER/CITY CLERK)

https://youtu.be/yJBzjhs9K7A?si=TtofboPUlw4I9j_Z&t=11642

City Clerk Swanson provided the report.

There was consensus to go past 9:30 to finish the item.

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

<https://youtu.be/yJBzjhs9K7A?si=IXAt4xJzvEw0LH5k&t=12294>

Casey Cordes, Morro Bay, urged the Council to order a report on the impacts of the initiative and then call the election.

Walter Heath, Morro Bay, was skeptical about the safety of the proposed battery storage facility and urged fellow community members to trust the deliberative process.

Rachel Wilson, Cayucos, commented on the citizens' initiative and desire to preserve current zoning as approved in Plan Morro Bay.

Terry Simons, Morro Bay, offered nearly every decision made by City Council must be ratified by the Coastal Commission and that agency would have final say on the Vistra Project.

Barry Branin, Morro Bay, urged the Council to let voters decide if the land use remains as approved in Plan Morro Bay.

Lee Johnson, Morro Bay, urged the Council to order the report and direct staff to provide information on state and federal clean energy initiatives like AB 205.

Betsy Gaudette-Cross, Morro Bay, disagreed with the previous speaker and felt decisions of this magnitude should be decided by the people.

A unnamed resident urged the Council to not order a report and send the initiative to the voters.

Nicole Dorfman, Morro Bay, suggested the City explore brownfield remediation grant assistance offered by EPA and the State Lands Commission to bring about economic development.

Bill Martony, Morro Bay, commented on the process and cost to remove the stacks, power plant, and remediate the site.

Betty Winholtz, Morro Bay, opposed using staff time to conduct a study and opined people will vote for safety.

Karen Aguilar, Morro Bay, urged the Council to place the initiative on the ballot.

Jamie Irons, Morro Bay, urged the Council to adopt recommendation #1 as described in report and direct the City Attorney to provide legal analysis of AB 205 as it relates to the proposed battery storage project.

Linda Donnelly, Morro Bay, thanked those who circulated and signed the initiative and urged the Council to put this to the vote of the people.

Paul Donnelly, Morro Bay, urged the Council to put the initiative to a vote of the people.

Judy Setting, Morro Bay, offered comments regarding the appraised value of the property and PG&E's responsibility to remediate the site.

Jeff Eckles, Morro Bay, suggested a report was not needed and urged Council to place the initiative on the next regular election.

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

MOTION: Council Member Barton moved to call for an election on the ordinance by adopting Resolution No. 61-23 calling for a General Municipal Election to be held on Tuesday, November 5, 2024, for the submission of Ordinance No. 659(b) to the qualified voters of the City as a proposed measure, and adopt Resolution No. 62-23 setting priorities for written argument(s), and directing the City Attorney to prepare an impartial analysis, striking section 2 with regard to Council preparing arguments against the measure. The motion was seconded by Council Member Landrum.

The Council discussed Resolution No. 63-23 providing for rebuttal arguments; there was consensus to not adopt that resolution.

Following comments, the motion carried 4-0-1 by roll call vote with Council Member Ford having recused herself.

Council Member Ford rejoined the meeting at 10:24 p.m.

- C-2 INTRODUCTION AND FIRST READING OF ORDINANCE NO. 660 AMENDING SECTION 3.24.100, AND REPEALING AND REPLACING SECTION 3.24.110, OF CHAPTER 3.24 OF THE MORRO BAY MUNICIPAL CODE, UPDATING THE TRANSIENT OCCUPANCY TAX APPEALS PROCESS; (CITY MANAGER/CITY ATTORNEY/ASSISTANT CITY MANAGER/ADMIN SERVICE DIRECTOR)
https://youtu.be/yJBzjhs9K7A?si=1XgV1F8v_yAeMlbS&t=16168

City Attorney Neumeyer provided the report and responded to Council inquiries.

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

<https://youtu.be/yJBzjhs9K7A?si=JOfE6L3tCnArG92t&t=16468>

Terry Simons, Morro Bay, commented on the appeal fees noting they should not be penalized if the appeal is upheld.

Betty Winholtz, Morro Bay, agreed with Mr. Simon and suggested a person should not be penalized for trying to get a judicious decision.

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

Mayor asks at future date bring back code for future amendments.

MOTION: Council Member Ford moved the Council introduce for first reading by title only, with further reading waived, Ordinance No. 660 Amending Section 3.24.100, and Repealing and Replacing Section 3.24.110, of Chapter 3.24 of the Morro Bay Municipal Code, Updating the Transient Occupancy Tax Appeals Process. The motion was seconded by Council Member Barton and carried 5-0 by roll call vote.

- C-3 DISCUSSION OF WATERFRONT MASTER PLAN UPDATE AND AUTHORIZATION TO SUBMIT A GRANT APPLICATION FOR CALIFORNIA COASTAL COMMISSION LCP LOCAL ASSISTANT GRANT PROGRAM FUNDING; (COMMUNITY DEVELOPMENT)
https://youtu.be/yJBzjhs9K7A?si=9JO_FNIATcclS3bL&t=16754

This item was continued to the September 26, 2023 regular meeting.

- D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
<https://youtu.be/yJBzjhs9K7A?si=9gBsnQ9BFTAOU7oB&t=16760>

Council Member Landrum requested discussion of the homeless impacts along Quintana Road. Staff explained draft ordinances are being prepared for consideration at a future meeting.

- E. ADJOURNMENT

The meeting adjourned at 10:37 p.m.

Recorded by:

Dana Swanson, City Clerk

This Page Intentionally Left Blank

MINUTES - MORRO BAY
SPECIAL JOINT CITY COUNCIL AND
PLANNING COMMISSION MEETING –
SEPTEMBER 26, 2023
VETERAN'S MEMORIAL HALL – 3:00 P.M.

AGENDA NO: A-2
MEETING DATE: October 10, 2023

PRESENT:	Carla Wixom	Mayor
	Laurel Barton	Council Member
	Cyndee Edwards	Council Member
	Jennifer Ford	Council Member
	Zara Landrum	Council Member
	William Roschen	Planning Commission Chair
	Mike Rodriguez	Planning Commissioner
	Joseph Ingraffia	Planning Commissioner
	Asia King	Planning Commissioner
	Eric Meyer	Planning Commissioner
ABSENT:	None	
STAFF:	Yvonne Kimball	City Manager
	Chris Neumeyer	City Attorney
	Dana Swanson	City Clerk
	Scot Graham	Community Development Director
	Ted Schiafone	Harbor Director (via Zoom)
	Dan McCrain	Fire Chief
	Cindy Jacinth	Planning Manager

ESTABLISH QUORUM AND CALL TO ORDER

A quorum was established by the City Council with all but Council Member Barton present. Council Member Barton joined the meeting at 3:10 p.m.

A quorum was established by the Planning Commission with all members present.

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

<https://youtu.be/JsO8nTbqtpk?si=0afqxNMJbwurJolq&t=212>

Rachel Wilson, Morro Bay, discussed plume model data from Moss Landing, expressing concerns about the proposed BESS plant.

Betsy Gaudette-Cross, Morro Bay, commented on the Moss Landing Town Hall, raised concerns about the proposed BESS project and requested a town hall with Assemblymember Addis and Senator Laird.

Karen Aguilar, Morro Bay, commented on Vistra.

An unnamed spoke in opposition to the proposed BESS project.

An unnamed resident spoke regarding his desire to preserve the community.

Ron Bovasso, Morro Bay, visited Moss Landing last week and noted they have population of 71.

Steve Ray, Morro Bay, spoke regarding the EIR process and recommended the Council direct staff to have a 90 day public review period.

Nicole Dorfman, Morro Bay, spoke in opposition to the proposed BESS project.

The public comment period was closed.

SPECIAL MEETING AGENDA ITEMS:

- I. STATUS UPDATE ON OFFSHORE WIND DEVELOPMENT; (HARBOR DEPARTMENT)
https://youtu.be/JsO8nTbqtpk?si=o7voiYs22_w8sX8j&t=1359

Harbor Director Schiafone provided the presentation and responded to Planning Commission and Council Member inquiries.

The Council and Planning Commissions did not take any action on this item.

- II. STATUS UPDATE ON THE VISTRA BATTERY ENERGY STORAGE (BESS) PROJECT; (CITY MANAGER/COMMUNITY DEVELOPMENT DEPARTMENT)
<https://youtu.be/JsO8nTbqtpk?si=Plqp0oJ5hFpahiZa&t=3472>

Community Development Director Graham provided the report and responded to Planning Commissioner and Council Member inquiries.

The Council and Planning Commissioners did not take any action on this item.

- III. STATUS UPDATE FOR THE DOWNTOWN DESIGN DISTRICT AD HOC COMMITTEE EFFORTS AND UPDATE OF THE 2023-2025 GOALS AND SHORT-TERM ACTION ITEMS RELATED TO COMMUNITY DEVELOPMENT; (CITY MANAGER/COMMUNITY DEVELOPMENT)
<https://youtu.be/JsO8nTbqtpk?si=mAjMOYj9ChdEJXLt&t=5627>

Community Development Director Graham provided a report on the Downtown Design District Ac Hoc Committee Efforts and responded to Planning Commissioner and Council Member inquiries.

The Council and Planning Commissioners did not take any action on this item.

ADJOURNMENT

The meeting adjourned at 5:00 p.m.

Recorded by:

Dana Swanson
City Clerk

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

ABSENT: None

STAFF: Yvonne Kimball 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
Dan McCrain Fire Chief
Tony Mosqueda Police Commander

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 – Mayor Wixom announced a Closed Session Meeting was scheduled for Wednesday, September 27, 2023.

https://youtu.be/rRCpsODh1_0?si=C17Etl_N7qv84qii&t=64

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

https://youtu.be/rRCpsODh1_0?si=ytV6QIR4joenTJTC&t=79

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://www.morrobayca.gov/ArchiveCenter/ViewFile/Item/6280>

PRESENTATIONS

https://youtu.be/rRCpsODh1_0?si=yMQJhoMnLCUIzwGi&t=1509

- National Hispanic Heritage Month Proclamation presented to C.R. Lara, President of Latino Outreach Council.

PUBLIC COMMENT

https://youtu.be/rRCpsODh1_0?si=wEmd7Setaj_JG3LW&t=1776

Cheryl Wigman Craig, Morro Bay, spoke regarding a code enforcement complaint lodged against their property.

Karen Aguilar, Morro Bay, stated another El Nino was anticipated and suggested the community begin flood preparedness.

Jane Heath, Morro Bay resident and business owner, commented on the importance of appropriate public discourse and urged residents to refrain from personalizing debate.

Linda Winters, Morro Bay, shared Assemblymember Addis sponsored AB318, a bill that will help preserve Mobilehome Residency Laws Protection Program.

Terry Simons, Morro Bay, hoped going forward the City would continue to make every effort to enhance compensation policies to aid in employee retention.

Sharon O'Leary, Morro Bay, commented on Monday Night Dinners and expressed appreciation to the City Food Bank Coalition for their support.

Jeff Eckles, Morro Bay, appreciated the information presented at the Special Joint City Council/Planning Commission meeting.

Betty Winholtz, Morro Bay, asked if the IPR well locations were identified in the EIR and reminded the public to submit protests against the proposed garbage rate increase.

Christi Van Cleve, Morro Bay, attended and appreciated the Joint City Council/Planning Commission Meeting. She announced the public comment period on the proposed Chumash Marine Sanctuary closes October 25th.

Mayor Wixom closed public comment.

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

A. CONSENT AGENDA
https://youtu.be/rRCpsODh1_0?si=HKn9KY24tcieRef2&t=3177

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 SEPTEMBER 12, 2023, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (CITY CLERK)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF SB-1 FUNDING PROJECT LIST FOR FY 23/24 PAVEMENT MANAGEMENT PLAN PROJECT; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 63-23 approving the Fiscal Year 2023/24 project list for use of Senate Bill 1 (Road Repair and Accountability Act of 2017) Road Maintenance and Rehabilitation Account (RMRA) funds.

A-3 APPROVAL OF CONTRACT AMENDMENTS WITH CANNON CORPORATION AND ADVANTAGE TECHNICAL SERVICES, INC. FOR KINGS TANKS AND BLANCA TANKS REHABILITATION PROJECT; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council approve amendments to the Professional Services Contracts with Cannon Corporation (Cannon) and Advantage Technical Services, Inc. (ATS) for the completion of the Kings Tanks and Blanca Tanks Rehabilitation Project in the amounts of \$30,373 and \$100,170 respectively and authorize the City Manager to execute the contract amendments.

2

- A-4 ADOPTION OF ORDINANCE NO. 660 AMENDING SECTION 3.24.100, AND REPEALING AND REPLACING SECTION 3.24.110, OF CHAPTER 3.24 OF THE MORRO BAY MUNICIPAL CODE, UPDATING THE TRANSIENT OCCUPANCY TAX APPEALS PROCESS; (CITY MANAGER/CITY ATTORNEY/ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR)

RECOMMENDATION: Staff recommends the City Council adopt by second reading and by title only, with further reading waived, Ordinance No. 660 Amending Section 3.24.100, and Repealing and Replacing Section 3.24.110, of Chapter 3.24 of the Morro Bay Municipal Code, Updating the Transient Occupancy Tax Appeals Process.

- A-5 ADOPTION OF RESOLUTION NO. 60-23 WITH ADDED CONDITIONS OF APPROVAL, DENYING THE APPEAL AND UPHOLDING THE PLANNING COMMISSION APPROVAL OF CUP22-06, CDP22-004 AND TTM 22-04 FOR THE PROJECT AT 1140 ALLESANDRO (THE "PROJECT"); (COMMUNITY DEVELOPMENT DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 60-23 as presented.

- A-6 ACCEPTANCE OF \$50,000 GRANT FROM CALRECYCLE FOR MARINE FLARE AND HAZARDOUS WASTE COLLECTION EVENTS FOR THE PUBLIC; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommends Council adopt Resolution No. 65-23 approving the application and accepting the award of \$50,000 grant funds for the purpose of hosting marine flare and hazardous waste collection events for the public.

- A-7 PROCLAMATION RECOGNIZING SEPTEMBER 15 – OCTOBER 15, 2023 AS "NATIONAL HISPANIC HERITAGE MONTH"; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

Mayor Wixom opened public comment for the Consent Agenda.

https://youtu.be/rRCpsODh1_0?si=sFX4p68UK_rTlq4E&t=3182

Jonathon King, Morro Bay, requested the Council pull Item A-5 and vote to uphold the appeal and deny approval of the Allesandro project.

Terry Simons, Morro Bay, raised issues regarding Item A-5.

Betty Winholtz, Morro Bay, spoke to Item A-4, questioning the selection process and cost of a tax administrator. Regarding Item A-5, she raised issues on sections of the resolution being presented.

The public comment period was closed.

Council Member Landrum pulled Items A-4 and A-5.

MOTION: Council Member Ford moved approval of Items A-1 through A-3, A-6 and A-7 on Consent. The motion was seconded by Council Member Landrum and carried 5-0.

- A-4 ADOPTION OF ORDINANCE NO. 660 AMENDING SECTION 3.24.100, AND REPEALING AND REPLACING SECTION 3.24.110, OF CHAPTER 3.24 OF THE MORRO BAY MUNICIPAL CODE, UPDATING THE TRANSIENT OCCUPANCY TAX APPEALS PROCESS; (CITY MANAGER/CITY ATTORNEY/ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR)
https://youtu.be/rRCpsODh1_0?si=QUSbr6JFZir8LWns&t=3843

Staff responded to Council inquiries.

MOTION: Council Member Landrum moved approval of Item A-4. The motion was seconded by Council Member Edwards and carried 5-0

- A-5 ADOPTION OF RESOLUTION NO. 60-23 WITH ADDED CONDITIONS OF APPROVAL, DENYING THE APPEAL AND UPHOLDING THE PLANNING COMMISSION APPROVAL OF CUP22-06, CDP22-004 AND TTM 22-04 FOR THE PROJECT AT 1140 ALLESANDRO (THE "PROJECT"); (COMMUNITY DEVELOPMENT DEPARTMENT)
https://youtu.be/rRCpsODh1_0?si=nvWljByRAkAGJjiH&t=3951

Staff responded to Council inquiries.

MOTION: Council Member Barton moved approval of Item A-5. The motion was seconded by Council Member Edwards and carried 5-0.

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

- C-1 DISCUSSION OF WATERFRONT MASTER PLAN UPDATE AND AUTHORIZATION TO SUBMIT A GRANT APPLICATION FOR CALIFORNIA COASTAL COMMISSION LCP LOCAL ASSISTANT GRANT PROGRAM FUNDING; (COMMUNITY DEVELOPMENT)
https://youtu.be/rRCpsODh1_0?si=L0l_DK0S4ZzS6dJN&t=4538

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

The public comment period for Item C-1 was opened.
https://youtu.be/rRCpsODh1_0?si=7uto2L0KadyNROq6&t=5388

Terry Simons, Morro Bay, expressed concern about outsourcing this effort.

Betty Winholtz, Morro Bay, suggested the focus are stay within the pedestrian bridge to Tidelands Park to make sure that gets done, then expand based on available grant funding.

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

MOTION: Council Member Landrum moved to adopt Resolution No. 64-23 authorizing staff to submit a grant application for California Coastal Commission LCP Local Assistance Grant Program to fund the update of the City's 1996 Waterfront Master Plan in the amount of \$500,000. according to the scope outlined in the staff report. The motion was seconded by Council Member Barton and carried 5-0.

MOTION: Council Member Landrum moved to direct Community Development Director Graham to include the following items in the grant application: scope to include

both sides of the Embarcadero from Tidelands Park to the pedestrian bridge across Morro Creek, discussion with Cayucos regarding an option in the RFP to include the old wastewater treatment plant property, and include Offshore Wind. The motion was seconded by Mayor Wixom.

Council Member Ford requested a friendly amendment to add the creation of an ad hoc committee. Following discussion, Council Member Ford withdrew her friendly amendment.

The Motion carried 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
None

E. ADJOURNMENT

The meeting adjourned at 7:30 p.m.

Recorded by:

Dana Swanson
City Clerk

This Page Intentionally Left Blank

MINUTES - MORRO BAY CITY COUNCIL
SPECIAL CLOSED SESSION MEETING –
SEPTEMBER 27, 2023 – 3:00 P.M.
CITY HALL CONFERENCE ROOM

AGENDA NO: A-4
MEETING DATE: October 10, 2023

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

ABSENT: None

STAFF: Yvonne Kimball City Manager
Chris Neumeyer City Attorney
Colin Tanner Special Labor Counsel (via Zoom)
Sarah Johnson-Rios Assistant City Manager/Admin Services Director
Rachael Hendricks Human Resources/Risk Manager

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Wixom called the meeting to order at 3:00 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; seeing none, the public comment period was closed.

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

CS-1 CONFERENCE WITH LABOR NEGOTIATORS

City Designated Representative: Colin Tanner, Special Labor Counsel

Employee Organizations: Morro Bay Firefighters' Association; Morro Bay Peace Officers' Association;
Service Employee's International Union - SEIU Local 620; and unrepresented Management,
Confidential and Executive employees

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

ADJOURNMENT - The meeting adjourned at 4:13 p.m.

Recorded by:

Dana Swanson
City Clerk

This Page Intentionally Left Blank



AGENDA NO: A-5

MEETING DATE: October 10, 2023

Staff Report

TO: Honorable Mayor and City Council DATE: October 5, 2023

FROM: Rachael Hendricks, Human Resources/Risk Manager

SUBJECT: Adopt Resolution No. 66-23 Approving an Increase to the City’s Contribution to Employee Health Care Coverage

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 66-23 approving amended Memoranda of Understanding (MOUs) as agreed to by each represented bargaining group [Morro Bay Police Officers Association (“MBPOA”), Service Employees International Union Local 620 (“SEIU Local 620”) and Morro Bay Firefighters Association IAFF 3725 (“MBFFA”) establishing an increase to the City’s contribution to employee health care coverage effective December 1, 2023 for the January 2024 health plan year, extending the same benefits to unrepresented Confidential, Management and Executive employees, and directing staff to return with the associated budget amendment.

ALTERNATIVES

The Council may choose not to adopt Resolution No. 66-23 and provide alternative direction to staff.

FISCAL IMPACT

If the recommendation is approved, the total cost to the City in Fiscal Year 2023/24 is approximately \$122,137 spread over all funds (7 months, given that costs are paid in advance and the increase to City contributions would take effect in December to cover new January premiums). If approved, staff will bring forward a budget amendment at a future meeting.

BACKGROUND

The City has three recognized employee organizations: SEIU Local 620 representing miscellaneous employees, MBPOA representing police officers and sergeants, and MBFFA representing firefighting employees. Additionally, the City has three unrepresented employee groups: Management, Confidential, and Department Heads. All three of the City’s recognized employee organizations have provisions in their current MOUs allowing them to request reopeners regarding changes to the 2024 health insurance premiums and to the City’s contributions to same. Each of the three recognized employee organizations has asked to reopen their contracts and requested that the City increase its contributions to employee health premiums based upon CalPERS’ increases in such premiums to be implemented effective December 1, 2023, for the January 2024 health insurance premiums.

Prepared By: <u> RH </u>	Dept Review: <u> </u>
City Manager Review: <u> YK </u>	City Attorney Review: <u> CT </u>

DISCUSSION

The City contracts with CalPERS for health insurance plans for City employees. CalPERS adopted their 2024 health premium rates on July 31, 2023, which increased by 12.7% the Anthem Gold PPO, the lowest cost plan with the highest out-of-pocket deductible. The City currently offers five plan options to City employees through CalPERS (one additional plan “PORAC” is available only to MBPOA members). The City’s employees have the ability to change plans each year during Open Enrollment, which is currently until October 13, 2024. The last time the City updated the City Health Bank premium contributions was in September 2021, for the 2022 health plan year. In 2023, employees absorbed the cost of the health premium increases, which resulted in employees having to pay \$220 monthly for family coverage on the lowest-cost CalPERS Gold Plan.

The chart below shows the new 2024 CalPERS Health Rates and details how many employees are on each plan, with PERS Gold PPO being the most popular plan due to it being the lowest cost.

2024 CalPERS Health Rates	<u>Emp</u>	<u>Emp + 1</u>	<u>Emp +1++</u>	# of Employees on Each Plan
PERS Platinum PPO	\$1,151.50	\$2,303.00	\$2,993.90	5
PERS Gold PPO	\$799.44	\$1,598.88	\$2,078.54	48
PORAC (members only)	\$926.00	\$1,863.00	\$2,371.00	8
Blue Shield - Access + HMO	\$869.14	\$1,738.28	\$2,259.76	1
Anthem HMO Traditional HMO	\$1,034.38	\$2,068.76	\$2,689.39	0
Blue Shield Trio HMO	\$810.24	\$1,620.48	\$2,106.62	10
United Healthcare HMO	\$837.88	\$1,675.76	\$2,178.49	25
Number Employees Type of Coverage	32	23	42	97

In July/August of each year, CalPERS announces any change in health insurance premium rates for the upcoming calendar year. Because the City’s MOUs with each recognized employee organizations are currently two-year contracts, they all include “reopener” language where the City and/or the recognized employee organizations retain the option to reopen collective bargaining to discuss any employee health premium rate changes effective December 1, 2023 for the 2024 health plan year.

All three recognized employee organizations, SEIU Local 620, MBPOA and MBFFA, requested to reopen their respective MOUs to meet and confer regarding the CalPERS health premium rate changes made effective January 1, 2024. City representatives met and conferred with each recognized employee organizations regarding the increase in 2024 employee health premium rates. The City’s labor representatives reached agreement with MBPOA, SEIU Local 620 and MBFFA to increase City contributions to employee health insurance premiums for the 2024 plan year. Staff also recommends extending the same increased health premium contribution benefit to unrepresented

Confidential, Management and Department Head employees. The monthly cost for health premiums is paid in advance so the new increased City health bank contribution would take effect December 2023 for the January 2024 health care coverage.

Staff recommends increasing the City Paid Monthly Health Bank contribution so that there is no increased out of pocket for employees for the lowest cost PPO and HMO plans. The recommended increased City contribution would cost \$17,448 additional per month, or \$122,137 for 7 months (through the end of fiscal year), and \$209,378 per calendar year. Health insurance is one of several significant recruitment and retention factors for employees. The City's ability to provide a City Health Bank that covers 100% of the premiums for the lowest cost plan for employee only is a standard recruitment and retention tool amongst employers.

2024 City Health Bank (no change to out-of-pocket for employees and same % covered as 2023)

Employee Only = \$810 (up from \$767 currently) – covers 100% of employee cost for lowest cost PPO and HMO plans

Employee + 1 = \$1,439 (up from \$1,232 currently) – covers 90% of employee cost for lowest cost PPO

Employee +2 (family) = \$1,858 (up from \$1,589 currently) – covers 89% of employee cost for lowest cost PPO

CONCLUSION

Staff recommends the City Council adopt Resolution No. 66-23 approving amended MOUs as agreed to by each of the bargaining groups, establishing an increase to the City's contribution to employee health care coverage effective December 1, 2023, for the January 2024 premiums, and extending the same benefits to unrepresented Management, Confidential and Executive employees and amending the budget as necessary.

ATTACHMENTS

1. Resolution No. 66-23 with Exhibits 1, 2 & 3
2. Comparison of Health Rates from 2023 to 2024

This Page Intentionally Left Blank

AMENDMENT NO. 1 TO THE MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY POLICE
OFFICERS' ASSOCIATION FOR THE PERIOD OF JULY 1, 2022 THROUGH
JUNE 30, 2024

WHEREAS, the City of Morro Bay (hereinafter the "City") has, and continues to, recognize the Morro Bay Peace Officers' Association ("MBPOA") as the sole exclusive bargaining agent for those City employees designated as being in the Law Enforcement Unit, including the classification of Police Officer, Senior Officer, Administrative Sergeant, and Sergeant for all matters concerning wages, hours and working conditions; and

WHEREAS, the current Memorandum of Understanding between the City and the MBPOA ("MBPOA MOU 2022-2024"), was duly approved by the City Council by Resolution No. 58-22 on June 28, 2022; and

WHEREAS, the City's labor relations representatives and MBPOA representatives have successfully met and conferred to negotiate an amendment to the MBPOA MOU 2022-2024 to reflect increased City contributions to employee health care premiums effective January 1, 2024, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Gov't Code Section 3500-3511) and the City's Employer-Employee Relations Resolution No. 08-17, and have jointly prepared and executed this Amendment No. 1 to the MBPOA MOU 2022-2024 ("First Amendment"), which was ratified by the MBPOA and remains subject to City Council determination and approval; and

WHEREAS, this First Amendment shall not be in full force and effect until adopted by resolution by the City Council of the City; and

WHEREAS, except as provided in this First Amendment, all other provisions of the MBPOA MOU 2022-2024 shall remain in full force and effect.

NOW, THEREFORE, it is hereby agreed that the MBPOA MOU 2022-2024 is amended in the following particulars only:

A new subsection 15.1.2 is added to Section 15.1 of the MBPOA MOU 2022-2024, entitled "Health Insurance," to read as follows (additions shown in *bold italics*):

15.1 HEALTH INSURANCE

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

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

15.1.2 Effective December 1, 2023 for the 2024 health plan year, UNIT employees shall receive a cafeteria plan contribution, including the amount required by CalPERS, as follows:

Employee only - up to \$810/month or cost of insurance, whichever is less
Employee + 1 – up to \$1,439/month or cost of insurance, whichever is less
Employee + 2 - up to \$1,858/month or cost of insurance, whichever is less

IT IS SO AGREED:

CITY OF MORRO BAY

MORRO BAY PEACE OFFICERS’ ASSN.

Yvonne Kimball, City Manager

Stephanie Storm, President

Rachael Hendricks, HR/Risk Manager

Grant Hasselbach, Secretary

Dana Swanson, City Clerk

Nicole Taylor, Treasurer

Alex Gillespie, Team Member

AMENDMENT NO. 1 TO THE MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY FIRE
FIGHTERS ASSOCIATION, IAFF LOCAL 3725, FOR THE PERIOD OF
JULY 1, 2022 THROUGH JUNE 30, 2024

WHEREAS, the City of Morro Bay (hereinafter the "City") has, and continues to, recognize the Morro Bay Firefighters Association, IAFF Local 3725 ("MBFFA") as the sole exclusive bargaining agent for the City's fire fighting employees as defined by the parties in their labor agreements, for all matters concerning wages, hours and working conditions; and

WHEREAS, the current Memorandum of Understanding between the City and the MBFFA ("MBFFA MOU 2022-2024"), was duly approved by the City Council by Resolution No. 74-22 on August 9, 2022; and

WHEREAS, the City's labor relations representatives and MBFFA representatives have successfully met and conferred to negotiate an amendment to the MBFFA MOU 2022-2024 to reflect increased City contributions to employee health care premiums effective January 1, 2024, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Gov't Code Section 3500-3511) and the City's Employer-Employee Relations Resolution No. 08-17, and have jointly prepared and executed this Amendment No. 1 to the MBFFA MOU 2022-2024 ("First Amendment"), which was ratified by the MBFFA and remains subject to City Council determination and approval; and

WHEREAS, this First Amendment shall not be in full force and effect until adopted by resolution by the City Council of the City; and

WHEREAS, except as provided in this First Amendment, all other provisions of the MBFFA MOU 2022-2024 shall remain in full force and effect.

NOW, THEREFORE, it is hereby agreed that the MBFFA MOU 2022-2024 is amended in the following particulars only:

Section 14.2 of the MBFFA MOU 2022-2024, entitled "Health Insurance," shall be amended to read, in its entirety, as follows (additions shown in ***bold italics***):

14.2 HEALTH INSURANCE

For 2022, MBFFA shall receive a cafeteria plan contribution, including the minimum contribution amount required by CalPERS, as follows:

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

Effective December 1, 2023 for the 2024 health plan year, MBFFA shall receive a cafeteria plan contribution (including the minimum contribution amount required by CalPERS) as follows:

Employee Only - up to \$810/month or cost of insurance, whichever is less
Employee + 1 – up to \$1,439/month or cost of insurance, whichever is less
Employee + 2 - up to \$1,858/month or cost of insurance, whichever is less

IT IS SO AGREED:

CITY OF MORRO BAY

**MORRO BAY FIRE FIGHTERS
ASSOCIATION, IAFF LOCAL 3725**

Yvonne Kimball, City Manager

Travis Hasch, President

Rachael Hendricks, HR/Risk Manager

Michael Talmadge, Vice President

Dana Swanson, City Clerk

Sam Watson, Secretary

Kevin Hames, Treasurer

AMENDMENT NO. 1 TO THE MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF MORRO BAY AND THE SERVICE EMPLOYEES
INTERNATIONAL UNION (SEIU), LOCAL 620, FOR THE PERIOD OF JULY 1,
2022 THROUGH JUNE 30, 2024

WHEREAS, the City of Morro Bay (hereinafter the “City”) has, and continues to, recognize the Service Employees International Union (“SEIU”), Local 620, as the sole exclusive employee organization representing the City’s miscellaneous employees for all matters concerning wages, hours and working conditions; and

WHEREAS, the current Memorandum of Understanding between the City and SEIU Local 620 (“SEIU MOU 2022-2024”), was duly approved by the City Council by Resolution No. 58-22 on June 14, 2022; and

WHEREAS, the City’s labor relations representatives and SEIU Local 620 representatives have successfully met and conferred to negotiate an amendment to the SEIU MOU 2022-2024 to reflect increased City contributions to employee health care premiums effective January 1, 2024, pursuant to both the Meyers-Milias-Brown Act (“MMBA”) (Gov’t Code Section 3500-3511) and the City’s Employer-Employee Relations Resolution No. 08-17, and have jointly prepared and executed this Amendment No. 1 to the SEIU MOU 2022-2024 (“First Amendment”), which was ratified by the SEIU and remains subject to City Council determination and approval; and

WHEREAS, this First Amendment shall not be in full force and effect until adopted by resolution by the City Council of the City; and

WHEREAS, except as provided in this First Amendment, all other provisions of the SEIU MOU 2022-2024 shall remain in full force and effect.

NOW, THEREFORE, it is hereby agreed that the SEIU MOU 2022-2024 is amended in the following particulars only:

Section 15.1 of the SEIU MOU 2022-2024, entitled “Health Insurance,” shall be amended to read, in its entirety, as follows (additions shown in *bold italics*):

15.1 Health Insurance

15.1.1 Employees of this UNIT shall participate in the CalPERS medical insurance plans on a cafeteria style basis, with the CITY contributing the CalPERS minimum (currently \$149/month) to the active employee’s medical insurance, and \$1.00/month, or the amount required by CalPERS, to retiree medical insurance. Any costs in excess of these contribution rates shall be paid by the employee and retiree.

15.1.2 For 2022, UNIT employees shall receive a cafeteria plan contribution (including the amount required by CalPERS in 15.1.1 above) as follows:

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

15.1.3. Effective December 1, 2023 for the 2024 health plan year, UNIT employees shall receive a cafeteria plan contribution (including the amount required by CalPERS in 15.1.1) as follows:

***Employee Only - up to \$810/month or cost of insurance, whichever is less
Employee + 1 – up to \$1,439/month or cost of insurance, whichever is less
Employee + 2 - up to \$1,858/month or cost of insurance, whichever is less***

IT IS SO AGREED:

CITY OF MORRO BAY

SEIU LOCAL 620

Yvonne Kimball, City Manager

Nicole Bryant, Field Representative

Rachael Hendricks, HR/Risk Manager

Lori Stilts, Team Member

Dana Swanson, City Clerk

Kyle Quaglino, Team Member

Tracy McConnell, Team Member

Rebecca Kelly, Team Member

CalPERS Health Rates	2023 rates			2024 rates		
	Emp	Emp + 1	Emp +1++	Emp	Emp + 1	Emp +1++
PERS Platinum PPO	\$1,014.80	\$2,029.60	\$2,638.48	\$1,151.50	\$2,303.00	\$2,993.90
PERS Gold PPO	\$695.93	\$1,391.86	\$1,809.42	\$799.44	\$1,598.88	\$2,078.54
PORAC (members only)	\$820.00	\$1,650.00	\$2,100.00	\$926.00	\$1,863.00	\$2,371.00
Blue Shield - Access + HMO	\$842.61	\$1,685.22	\$2,190.79	\$869.14	\$1,738.28	\$2,259.76
Anthem HMO Traditional HMO	\$935.12	\$1,870.24	\$2,431.31	\$1,034.38	\$2,068.76	\$2,689.39
Blue Shield Trio HMO	\$760.71	\$1,521.42	\$1,977.85	\$810.24	\$1,620.48	\$2,106.62
United Healthcare HMO	\$793.63	\$1,587.26	\$2,063.44	\$837.88	\$1,675.76	\$2,178.49
IF APPROVED AT 10/10/23 COUNCIL MEETING						

CITY HEALTH BANK	\$767	\$1,232	\$1,589	\$810	\$1,439	\$1,858
-------------------------	--------------	----------------	----------------	--------------	----------------	----------------

Additional City Monthly Cost	\$	17,448.18
Additional City 6 Month Cost	\$	104,689.08
Additional City Yearly Cost	\$	209,378.16

	EMPLOYEE PAID 2023 MONTHLY			EMPLOYEE WILL PAY IN 2024		
	Emp	Emp + 1	Emp +1++	Emp	Emp + 1	Emp +1++
PERS Platinum	\$ 247.80	\$ 797.60	\$ 1,049.48	\$ 341.26	\$ 863.98	\$ 1,135.78
PERS Gold	\$ -	\$ 159.86	\$ 220.42	\$ -	\$ 159.86	\$ 220.42
PORAC (members only)	\$ 53.00	\$ 418.00	\$ 511.00	\$ 115.76	\$ 423.98	\$ 512.88
Blue Shield - Access +	\$ 75.61	\$ 453.22	\$ 601.79	\$ 58.90	\$ 299.26	\$ 401.64
Anthem HMO Traditional	\$ 168.12	\$ 638.24	\$ 842.31	\$ 224.14	\$ 629.74	\$ 831.27
Blue Shield Trio	\$ -	\$ 289.42	\$ 388.85	\$ -	\$ 181.46	\$ 248.50
United Health Care	\$ 26.63	\$ 355.26	\$ 474.44	\$ 27.64	\$ 236.74	\$ 320.37
IF APPROVED AT 10/10/23 COUNCIL MEETING						

PERS Platinum	76%	61%	60%	70%	62%	62%
PERS Gold	100%	89%	88%	100%	90%	89%
PORAC (members only)	94%	75%	76%	87%	77%	78%
Blue Shield - Access +	91%	73%	73%	93%	83%	82%
Anthem HMO Traditional	82%	66%	65%	78%	70%	69%
Blue Shield Trio	100%	81%	80%	100%	89%	88%
United Health Care	97%	78%	77%	97%	86%	85%

This Page Intentionally Left Blank



AGENDA NO: A-6

MEETING DATE: October 10, 2023

Staff Report

TO: Honorable Mayor and City Council

DATE: September 25, 2023

FROM: Ted Schiafone, Harbor Director

SUBJECT: Adoption of Resolution No. 67-23 Authorizing the City of Morro Bay to Enter into a 2023/2024 Surrendered and Abandoned Vessel Exchange Grant Contract with the State of California Division of Boating and Waterways in the Amount of \$38,000.00 for Removal of Abandoned/Surrendered Vessels and Hazards to Navigation

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 67-23 authorizing the Harbor Director to execute the attached 2023/2024 Surrendered and Abandoned Vessel Exchange (SAVE) Grant Contract Agreement #C23SO605 with the California Division of Boating and Waterways (DBW) for \$38,000.00 for the funding of removal of abandoned/surrendered vessels and hazards to navigation.

ALTERNATIVES

There are no alternatives being offered.

FISCAL IMPACT

Approval of this \$38,000.00 grant agreement will provide funding for demolition and removal of abandoned or surrendered vessels and hazards to navigation. The City is required to provide a 10% in-kind funding match, or \$3,800.00, which will come from existing budgeted funds, primarily in the form of staff time and supplies.

BACKGROUND

The Vessel Turn-In Program (VTIP) was established by DBW from enabling Legislation in 2009. It provides a funding mechanism for local agencies to identify vessels in danger of being abandoned (generally older vessels at or beyond their useful life and falling into dereliction) and accepting ownership of those vessels from willing owners for demolition prior to them being abandoned and becoming a hazard to navigation or the environment.

The Abandoned Water Abatement Fund (AWAF) was established in 1997 and provides funds to public agencies to remove, store, and dispose of abandoned, wrecked, or derelict vessels or other submerged objects from navigable waterways which pose a hazard to navigation or the environment.

Today, the two grants are combined to create a single grant, entitled "Surrendered and Abandoned Vessel Exchange" (SAVE), which will allow the City the ability to utilize the funds as deemed necessary for both AWAF and VTIP grant purposes. To date, together the Harbor Department has

Prepared By: LS

Dept Review: TS

City Manager Review: YK

City Attorney Review: CFN

received and expended over \$127,500.00 in nine separate grants.

The Harbor Department was most recently approved a \$15,000.00 SAVE grant from DBW in 2022. Those funds are nearly exhausted.

DISCUSSION:

As stewards of the harbor and ocean environment, these grants enable the Harbor Department to continue to accept surrendered vessels for demolition prior to them becoming abandoned and posing hazards to navigation or the environment.

In addition, the Harbor Department identifies vessels in danger of abandonment and prioritizes removal of them by working with willing owners, as well as identifying and prioritizing vessels in probable need of future abatement. Demolition projects are put out to bid as-necessary, and as many vessels as possible within the scope of the grant agreement will be removed.

Currently, we have three vessels ready to be removed and demolished, at an estimated cost of \$9,500.00 and several more potential vessels identified.

CONCLUSION

Staff recommends that the City Council adopt Resolution No. 67-23 accepting a \$38,000 SAVE grant from DBW for demolition and removal of abandoned/surrendered vessels and hazards to navigation.

ATTACHMENTS

1. Resolution No. 67-23
2. SAVE Grant Contract Agreement #C23SO605

RESOLUTION NO. 67-23

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
AUTHORIZING THE CITY OF MORRO BAY TO ENTER
INTO A 2023/2024 SURRENDERED AND ABANDONED VESSEL EXCHANGE
GRANT CONTRACT WITH THE CALIFORNIA DIVISION
OF BOATING AND WATERWAYS**

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

WHEREAS, City of Morro Bay (City) applied for a Surrendered and Abandoned Vessel Exchange (SAVE) Grant from State of California Division of Boating and Waterways (“DBW”) in the Amount of \$38,000.00; and

WHEREAS, DBW awarded the City of Morro Bay a SAVE grant in the amount of \$38,000.00, which will allow the City the ability to utilize the funds as deemed necessary for removal of abandoned and surrendered vessels and hazards to navigation; and

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

1. The City is hereby authorized to enter into SAVE Contract Agreement #C23SO605 in the amount of \$38,000.00 for removal of abandoned/surrendered vessels and hazards to navigation.
2. Harbor Business Coordinator Lori Stilts is hereby authorized to act as the City’s agent in regard to all aspects of the grant contract agreement, including but not limited to approval and execution of necessary and related documents on behalf of the City.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 10th day of October 2023 on the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:
RECUSE:

Carla Wixom, Mayor

ATTEST:

Dana Swanson, City Clerk

State of California – Natural Resources Agency
 DEPARTMENT OF PARKS AND RECREATION
 DIVISION OF BOATING AND WATERWAYS
GRANT AGREEMENT - CERTIFICATE OF FUNDING

GRANTEE: City of Morro Bay Harbor Department
GRANT TITLE: SURRENDERED AND ABANDONED VESSEL EXCHANGE (SAVE-23)
GRANT AMOUNT: \$38,000.00
GRANT NUMBER: C23SO605
GRANT TERM: _____ through September 30, 2025

The Grantee agrees to the terms and conditions of this agreement, hereinafter referred to as Agreement, and the State of California, acting through its Director of the Department of Parks and Recreation, and pursuant to the State of California agrees to fund the total State grant amount indicated below and in Exhibit F which is a part of the agreement consisting of: Exhibit A “Project Representatives”, Exhibit B “Grant Terms and Conditions”, Exhibit C “General Terms and Conditions”, Exhibit D “Grantee Certification Clauses”, Exhibit E “Darfur Contracting Act”, Exhibit F “Application/Scope of Work”.

Grantee: City of Morro Bay Harbor Department Address: 1275 Embarcadero, Morro Bay, CA 93422 Authorized Signature: Printed Name: Title of Authorized Representative: Date:	Agency: Department of Parks and Recreation Division of Boating and Waterways ATTN: Deborah Holmes Address: 4940 Lang Ave., Dock H, Administration, Floor 12 McClellan, CA 95652 Authorized Signature: Printed Name: Keren Dill Title: Staff Services Manager II Date:
--	--

**CERTIFICATE OF FUNDING
(FOR STATE USE ONLY)**

GRANTEE: City of Morro Bay Harbor Department
GRANT TITLE: FY 2023/24 Surrendered and Abandoned Vessel Exchange (SAVE)
GRANT AMOUNT: \$38,000.00
GRANT NUMBER: C23SO605
END DATE: September 30, 2025

AGREEMENT NO C23SO605	AMENDMENT NO	SUPPLIER ID 0000038374		PROJECT NO 3790OTHER
AMOUNT ENCUMBERED BY THIS DOCUMENT \$38,000.00	FUND DESCRIPTION Surrendered and Abandoned Vessel Exchange (SAVE-23)		AGENCY BILLING CODE NO 053706	
REPORTING STRUCTURE 37900709	Approp. Ref. Fund 3790-101-0577	CHAPTER 12	STATUTE 2023	FISCAL YEAR 2023/24
BUSINESS UNIT 3790	INDEX N/A	PROGRAM 2855023	ACTIVITY CODE 69994	ACCOUNT 5432000

STATE OF CALIFORNIA

Department of Parks and Recreation, Division of Boating and Waterways
P.O. Box 942896, Floor 12
Sacramento CA 94296

SURRENDERED AND ABANDONED VESSELS EXCHANGE (SAVE)

FISCAL YEAR 2023/24

EXHIBIT A - PROJECT REPRESENTATIVES

The services shall be performed in the jurisdiction of: City of Morro Bay Harbor Department

State Agency: Division of Boating and Waterways	Grantee (Agency Name): City of Morro Bay Harbor Department
Name: Deborah Holmes	Grantee Representative*: Lori Stilts
Title: Program Administrator	Title: Grants Administrator
Address: 4940 Lang Ave., Dock H, Administration, Floor 12 McClellan, CA 95652	Mailing Address: 1275 Embarcadero, Morro Bay, CA 93422
	Remit to Address:
Phone: (916) 902-8821	Phone: (805) 772-6254 x 256
Fax:	Fax: (805) 772-6258
Email: deborah.holmes@parks.ca.gov	Email: lstilts@morrobayca.gov

* Grantee representative information may only be changed by giving 30 days written notice to DBW.

INDEX

<u>DESCRIPTION</u>	<u>PAGE</u>
EXHIBIT B GRANT TERMS AND CONDITIONS	
1. PURPOSE OF THE PROGRAM	6
2. RIGHT OF INSPECTION	7
3. ANNUAL MEETING	7
4. TIMELINES	7
5. HAZARDOUS MATERIALS	7
6. TITLES AND LIENS	7
7. GRANTEE CITATIONS - ABANDONED VESSELS	7
8. MEDIA	7
9. MEDIA MATERIALS RELEASE	8
10. PERMITS AND DOCUMENTATION	8
11. SECURING OF BIDS	9
12. CONTRACTS WITH SERVICE PROVIDERS	9
13. SUBCONTRACTORS	9
14. TRAFFIC CONTROL AND TRAFFIC SAFETY	9
15. AIR OR WATER POLLUTION VIOLATION	9
16. ENTIRE AGREEMENT	9
17. APPROVAL OF AGREEMENT AND AMENDMENTS	9
18. DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PARTICIPATION REQUIREMENT	10
19. AUTHORITY TO CONTRACT	10
20. COMPLIANCE WITH LAW AND REGULATIONS	10
21. INDEPENDENT CONTRACTOR	10
22. INSURANCE REQUIREMENTS	10
23. TERMINATION	13
24. ASSIGNMENT	13
25. MATCHING 10% REQUIREMENT	13
26. BUDGET DETAIL AND PAYMENT PROVISIONS	14
27. BUDGET CONTINGENCY CLAUSE	16
28. INDEMNIFICATION	16
29. FUNDS ASSIST	17
30. FUNDS ASSIST INDEMNIFICATION	18

31.	90-DAY RETURN OF GRANT DOCUMENTS TO DBW	18
32.	ANTI-CORRUPTION	18
EXHIBIT C	GENERAL TERMS AND CONDITIONS	19
EXHIBIT D	GRANTEE CERTIFICATION CLAUSES	23
EXHIBIT E	DARFUR CONTRACTING ACT	27

EXHIBIT B - GRANT TERMS AND CONDITIONS

SURRENDERED AND ABANDONED VESSEL EXCHANGE (SAVE) GRANT PROGRAM

1. PURPOSE OF THE PROGRAM:

a. Pursuant to its authority under Harbors and Navigation Code (HNC) section 525(1)(a), the Division of Boating and Waterways (DBW) wishes to contract with Grantee for the removal and disposal of:

(1) Abandoned property as described in HNC 522 (below) within Grantee's jurisdiction as listed in Exhibit A.

HNC Section 522: "Any hulk, derelict, wreck, or parts of any ship, vessel, or other watercraft sunk, beached, or allowed to remain in an unseaworthy or dilapidated condition upon publicly owned submerged lands, salt marsh, or tidelands within the corporate limits of any municipal corporation or other public corporation or entity having jurisdiction or control over those lands, without its consent expressed by resolution of its legislative body, for a period longer than 30 days without a watchman or other person being maintained upon or near and in charge of the property, is abandoned property."

(2) Surrendered vessels as defined in HNC 526.1

HNC Section 526.1: "surrendered vessel" means a recreational vessel that the verified titleholder has willingly surrendered to a willing public agency under both of the following conditions:

(a) The public agency has determined, in its sole discretion, that the vessel is in danger of being abandoned, and therefore has a likelihood of causing environmental degradation or becoming a hazard to navigation.

(b) The decision to accept a vessel is based solely on the potential of the vessel to likely be abandoned and cause environmental degradation or become a hazard to navigation."

(3) Wrecked or dismantled vessels, or parts thereof, or any other partially submerged object that pose a substantial hazard to navigation, from navigable waterways or adjacent public property, or private property with the landowner's consent.

b. The funds provided under this Agreement **shall not** be utilized for surrender, abatement, removal, storage, or disposal of commercial vessels. Commercial vessels include those vessels for which the most recent registration or documentation was commercial, even though that registration or documentation may have lapsed.

c. If Grantee is reimbursed for the costs related to the surrender, abatement, removal, storage, and/or disposal of an eligible water hazard by the registered or legal owner or other person or entity known to have an interest in the water hazard, then the water hazard shall no longer be eligible for funding under this Agreement. Grantee shall notify DBW in writing of such reimbursement and shall return all funds disbursed by DBW to Grantee with respect to such water hazard immediately.

d. Vessels listed in Exhibit F Application/Scope of Work are considered solely a demonstration of the agency's need for funding, not an approval that the individual

vessels are eligible for SAVE funding.

2. RIGHT OF INSPECTION

Grantee shall allow DBW and other state agency representatives, at any reasonable time, to inspect any site where Grantee or its subcontractors are performing work under this Agreement.

3. ANNUAL MEETING AND GRANT MANAGEMENT WEBINAR

Grantee's representative or alternate shall participate in an annual grant management and regional coordination one-day video or phone conference conducted by DBW during the term of this agreement. Should the Grantee or representative be unable to attend the meeting and cannot provide a substitute from the agency, the Grantee must forward a letter to DBW stating the reason why they cannot attend. DBW must grant approval in writing in order for the Grantee not to be in breach of this Agreement for failure to attend.

All Grantee staff and volunteers are required to view the SAVE Grant Management webinar available on the DBW website prior to performing work on the SAVE grant.

4. TIMELINESS

Grantee agrees to complete the scope of work submitted in its application in a timely fashion.

5. HAZARDOUS MATERIALS

Grantee shall be responsible for securing any necessary or prudent studies, permits, or authorizations associated with treatment, removal, storage, or any other handling of hazardous substances including, but not limited to, toxic waste, petroleum waste, asbestos, and similar substances, prior to the removal of any vessel and water hazard pursuant to this Agreement.

Grantee shall be responsible for the proper and lawful handling, abatement, removal, storage, and/or disposal of any hazardous substances encountered in the execution of this Agreement.

6. TITLES AND LIENS

- a. **Abandoned vessels:** Grantee shall comply with all relevant provisions of the Harbors and Navigation Code regarding notices, hearings and liens in the performance of this Agreement. Grantee (in conjunction with local law enforcement) shall conduct a title search for all vessels presumed to be abandoned, as provided by Harbors and Navigation Code section 526.
- b. **Surrendered vessels:** Grantee shall comply with all relevant provisions of Harbors and Navigation Code section 526.1 in the performance of this Agreement, requiring that a surrendered vessel be that of the "verified titleholder."
- c. Grantee shall comply with all Department of Motor Vehicles notification requirements related to the disposal of vessels and trailers.

7. GRANTEE CITATIONS - ABANDONED VESSELS

Grantee shall, in accordance with HNC 525(a-c), issue the last registered vessel owner a citation for abandoning a vessel and impose a fine of not less than \$1,000 nor more than \$3,000 for violation of this section.

8. MEDIA

Grantee agrees to acknowledge DBW's financial support whenever work funded by this Agreement is publicized in any news media, brochures, or other type of promotional material.

9. MEDIA MATERIALS RELEASE

Grantee agrees to irrevocably grant to California State Parks, Division of Boating and Waterways, its employees, officers, agents, and assigns (hereinafter referred to as "DBW"), the non-exclusive, royalty-free, perpetual and worldwide right and permission to use, reproduce, publish, copy, distribute, alter, license, adapt, and display the photographs, motion pictures, caption information, and/or written quotes (hereinafter referred to collectively as "Photographs"), that the Grantee has submitted to DBW for art, editorial, advertising, marketing, trade, broadcast, print, educational programs, or any other lawful purpose whatsoever, in any and all media. In connection with the foregoing license, the Grantee agrees not to use, reproduce, adapt, or display the Photographs, or allow others to do so, in a manner that tends to subject DBW or its Abandoned Watercraft Abatement Fund Grants (AWAF), Vessel Turn In Program (VTIP) and/or Surrendered and Abandoned Vessel Exchange (SAVE) programs to ridicule, disparagement, mockery, satire, or that could tarnish the image of the DBW's AWAF, VTIP, and/or SAVE programs. Grantee hereby releases and discharges DBW from any and all claims and demands arising out of or in connection with the use of the Photographs, including without limitations, any and all claims for libel, defamation, invasion of privacy, and/or publicity rights. DBW assumes no responsibility for lost or damaged Photographs or for the use of same. DBW may sell, assign, license, or transfer all rights granted to it hereunder.

Grantee also grants DBW and its licensees the unrestricted right to use and disclose its name in connection with use of the Photographs. The Grantee understands that it will not be paid for any use or right granted herein.

Grantee understands and agrees that the Photographs may be used in whole or in part, at any time. The license granted herein to DBW includes the right and permission to conduct or have conducted such alterations to the Photographs as DBW deems necessary. Grantee releases and discharges DBW and agrees to indemnify and hold DBW harmless from any liability by virtue of any blurring, distortion, alteration, optical illusion or use in composite form, loss or damage, whether intentional or otherwise, that may occur in the use of the Photographs. Grantee waives any right to inspect or approve any finished product, advertising or other copy that may be used in connection therewith or the use to which it may be applied.

Grantee declares and avows that the Photographs it is submitting to DBW are its own original work in all respects. Grantee is the sole and exclusive owner of the Photographs; they are free, clear, and unencumbered. No part of them is taken from or based on any other work; no part infringes the copyright or any other right of any person; and the reproduction, publication, exhibition, or any other use by DBW of the Photographs in any form whatever will not in any way, directly or indirectly, infringe on the rights of any person. Grantee agrees to indemnify and hold DBW harmless from and against any and all loss, damage, costs, charges, legal fees, recoveries, judgments, amounts paid in settlement, penalties, and expenses that may be obtained against, imposed on, or suffered by DBW by reason of (1) any violation or infringement of any proprietary right or copyright; or (2) any libelous or unlawful matter contained in the Photographs. Grantee also agrees to indemnify and hold DBW harmless for any such amounts arising from its breach of any covenant, representation, or warranty of this agreement.

10. PERMITS AND DOCUMENTATION

Prior to the removal of any abandoned vessel, eligible water hazard, or surrendered vessel,

Grantee shall obtain all necessary permits, authorizations, and documentation necessitated by any applicable provision of law.

11. SECURING OF BIDS

Grantee shall comply with any applicable laws and regulations governing the competitive bidding process when awarding subcontracts under this Agreement. Grantee, upon request, must make available to DBW procurement documents such as requests for proposal, invitations for bid and independent cost estimates.

12. CONTRACTS WITH SERVICE PROVIDERS

All contracts/executed agreements with service providers for which grantee will seek reimbursement must be in writing and shall be executed (signed) prior to commencement of any and all work completed. Grantee will provide to DBW copies of all executed agreements with service providers who are performing work funded by this SAVE grant. Grantee shall provide DBW with a certificate of insurance from any contractor(s) and subcontractor(s) prior to the commencement of any work under this Agreement. Grantee's agreement number (C23SXXXX) must appear on the certificate of insurance.

13. SUBCONTRACTORS

Grantee agrees that it shall guarantee and shall be responsible for ensuring that any and all of its contractors and subcontractors hold a valid business license and carry general commercial liability insurance coverage sufficient to fully insure against any and all risks of hazardous activities associated with the work to be performed under this Agreement; and Grantee agrees that if any of Grantee's contractors or subcontractors fail to fulfill any of these requirements, that Grantee itself carries general commercial liability insurance coverage sufficient to fully insure against any and all risks of hazardous activities associated with the work to be performed under this Agreement, whether performed by the Grantee, Grantee's contractor(s), or Grantee's subcontractor(s). Grantee shall provide DBW with a certificate of insurance from any contractor(s) and subcontractor(s) prior to the commencement of any work under this Agreement. Grantee's agreement number (C23SXXXX) must appear on the certificate of insurance.

14. TRAFFIC CONTROL AND TRAFFIC SAFETY

Grantee shall provide for adequate traffic control and safety measures at any site where Grantee and its subcontractors will perform any work under this Agreement.

15. AIR OR WATER POLLUTION VIOLATION

Grantee warrants that it is not (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to any cease and desist order not subject to review issued pursuant to Water Code section 13301 for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

16. ENTIRE AGREEMENT

This Agreement consists of the terms of this Agreement and all attachments, which are expressly incorporated herein. No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required.

Failure by the Grantee to comply with the terms of any Department of Parks and Recreation grant agreement may jeopardize the grantee's ability to be awarded funding in future funding opportunities offered by the Department of Parks and Recreation.

17. APPROVAL OF AGREEMENT AND AMENDMENTS

This Agreement and any variation thereto is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Commencement of performance prior to approval of this Agreement will be at the Grantee's own risk.

18. DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PARTICIPATION REQUIREMENT

There are no Disabled Veteran Business Enterprise participation requirements with this agreement.

19. AUTHORITY TO CONTRACT

Grantee must provide DBW with evidence of its authority to enter into this Agreement. Grantee may provide a delegation of contracting authority from its local governing body that by law has authority to contract. Alternatively, Grantee shall provide DBW with a resolution, order, motion, or ordinance of its local governing body that by law has authority to contract, authorizing execution of this Agreement.

20. COMPLIANCE WITH LAW AND REGULATIONS

Grantee and its subcontractor(s) shall comply with all applicable laws and regulations of the State of California for all work to be performed under this Agreement. By signing this Agreement, Grantee certifies its compliance and the compliance of all subcontractors with: (a) applicable provisions of the California Environmental Quality Act; (b) Nondiscrimination Program requirements of Government Code section 12990 (a-f) and Title 2, California Code of Regulations, section 8103 (and section 8113 in contracts over \$5,000) along with section 7285 et. seq. of the Fair Employment and Housing Act; (c) Drug-Free Workplace requirement of Government Code section 8350 et seq.; (d) National Labor Relations Board Certification of Public Contract Code section 10296; (e) Workers' Compensation requirement of Labor Code section 3700; and (f) Americans with Disabilities Act regulations issued pursuant to 42 U.S.C. section 12101 et seq.

21. INDEPENDENT CONTRACTOR

Grantee and its employees are independent contractors and shall not be considered officers or employees of DBW or agents of the State of California.

22. INSURANCE REQUIREMENTS

The abatement, removal, storage, and /or disposal of vessels under this Agreement is a hazardous activity. Grantee therefore must maintain commercial general liability insurance in an amount and of a type acceptable to DBW and to the Department of General Services/ Office of Risk and Insurance Management (ORIM).

a. GENERAL PROVISIONS APPLYING TO ALL POLICIES

(1) Coverage Term

Coverage needs to be in force for the complete term of the Agreement. If insurance expires during the term of the grant, a new certificate must be received by the DBW at least ten (10) days prior to the expiration of this insurance. Any new insurance must still comply with the original terms of the grant.

(2) Policy cancellation or termination & notice of non-renewal

Insurance policies shall contain a provision stating coverage will not be cancelled without 30 days prior written notice to the DBW. In the event

Grantee fails to keep in effect at all times the specified insurance coverage, the DBW may, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such event, subject to the provisions of this Agreement.

(3) Deductible

Grantee is responsible for any deductible or self-insured retention contained within their insurance program.

(4) Primary clause

Any required insurance contained in this Agreement shall be primary, and not excess or contributory, to any other insurance carried by the State.

(5) Insurance carrier required rating

All insurance companies must carry a rating acceptable to ORIM. If the Grantee is self-insured for a portion or all of its insurance, review of financial information including a letter of credit may be required by DBW or ORIM.

(6) Endorsements

Any required endorsements requested by the DBW must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance.

(7) Inadequate Insurance

Inadequate or lack of insurance does not negate the Grantee's obligations under the Agreement.

(8) Use of Subcontractors

In the case of Grantee's utilization of subcontractors to complete the contracted scope of work, Grantee shall include all subcontractors as insured's under Grantee's insurance or supply evidence of subcontractor's insurance to the State when requested equal to policies, coverages, and limits required of Grantee.

b. INSURANCE REQUIREMENTS

(1) Commercial General Liability

The Grantee shall maintain general liability on an occurrence form with limits of not less than \$1,000,000 per occurrence for bodily injury and property damage liability combined with a \$2,000,000 annual policy aggregate. The policy shall include coverage for liabilities arising out of premises, operations, independent subcontractors, products, completed operations, personal and advertising injury, and liability assumed under an insured agreement. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the Grantee's limit of liability. The policy must include:

"The State of California, its officers, agents, employees and servants as additional insureds, but only with respect to work performed under the agreement."

This **endorsement** must be supplied under form acceptable to the Office of Risk and Insurance Management.

In the case of Grantee's utilization of subcontractors to complete the contracted scope of work, Grantee shall include all subcontractors as insured's under Grantee's insurance or supply evidence of insurance to the State equal to policies, coverages and limits required of Grantee.

(2) Automobile Liability

The Grantee shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired and non-owned motor vehicles.

(3) Watercraft Liability

The Grantee shall maintain watercraft liability insurance with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of the maintenance and use of any watercraft (owned, hired or non-owned). The policy must include:

"The State of California, its officers, agents, employees and servants as additional insureds, but only with respect to work performed that is connected with or related to the activities contemplated in this Agreement."

This **endorsement** must be supplied under form acceptable to the Office of Risk and Insurance Management.

(4) Workers Compensation and Employers Liability

The Grantee shall maintain statutory worker's compensation and employer's liability coverage for all its employees who will be engaged in the performance of the Agreement. Employer's liability limits of \$1,000,000 are required. The insurer waives any right of recovery the insurer may have against the State because of payments the insurer makes for injury or damage arising out of the work done under agreement with the State. A Waiver of Subrogation or Right to Recover endorsement in favor of the State must be attached to certificate.

If applicable, Grantee shall provide coverage for all its employees for any injuries or claims under the U.S. Longshoremen's and Harbor Workers' Compensation Act, the Jones Act or under laws, regulations, or statutes applicable to maritime employees. By signing this agreement, Grantee acknowledges compliance with these regulations.

c. **ENVIRONMENTAL/POLLUTION LIABILITY**

Grantee shall maintain Pollution Liability for limits not less than \$1,000,000 occurrence covering the Grantee's liability for bodily injury, property damage and environmental damage resulting from pollution and related cleanup costs incurred arising out of the work or services to be performed under this agreement. The policy must include:

"The State of California, its officers, agents, employees and servants as additional insureds, but only with respect to work performed under the agreement."

This **endorsement** must be supplied under form acceptable to the Office of Risk and

Insurance Management.

Coverage shall be provided for both work performed on site and during transportation as well as proper disposal of hazardous materials.

d. **SELF INSURANCE**

If the Grantee is self-insured for a portion or all of its insurance, the Grantee shall provide evidence of self-insurance when requested by DBW. Review of financial information including a letter of credit may be required. The DBW reserves the right to request financial information.

e. **STATEMENT OF INSURANCE COVERAGE:**

Grantee certifies and agrees that they have all required insurance coverages as stated in the grant agreement, which will be in effect for the entire term of the agreement.

Approver initials :

Date:

Name:

Title:

23. TERMINATION

- a. DBW may terminate this Agreement for any reason upon thirty (30) days written notice to Grantee.
- b. If the Grantee fails to keep the required insurance in effect at all times during the term of this agreement, DBW may, in addition to other remedies it may have, terminate this agreement upon two days written notice.
- c. DBW may, by two-day written notice to Grantee and without any prejudice to its other remedies, terminate this agreement because of failure of Grantee to fulfill any of the requirements of this agreement.
- d. Upon receipt of any notice terminating this Agreement, Grantee shall immediately discontinue all removal and disposal activities affected, unless the notice directs otherwise. In such event, DBW shall pay Grantee only for removal and disposal activities completed prior to the termination date.
- e. Upon termination of this agreement, Grantee shall promptly return all advanced funds. At DBW's sole discretion, DBW may offer an opportunity to cure any breach prior to terminating for default.

24. ASSIGNMENT

This Agreement is not assignable by the Grantee, either in whole or in part, without the consent of the State in the form of a formal written amendment.

25. MATCHING 10% REQUIREMENT

- a. Section 525(C) of the Harbors and Navigation Code states, "A grant awarded by the department pursuant to subparagraph (A) shall be matched by a 10% contribution from the local agency receiving the grant."
- b. The 10% contribution is in addition to funds awarded in the grant and may be made by cash and/or in-kind contributions from agency's personnel hours (net hourly rate

only with no benefits included) for work completed directly toward SAVE program objectives. Other SAVE-related expenses may be used with advance DBW approval in writing.

- c. If using personnel hours for in-kind match, only net, raw hours will be accepted, and verification of in-kind contribution is required with reimbursement request(s). The statement of in-kind hours must be on the form provided by DBW through the Online Grants Application (OLGA), or available upon request, and must include:
 - (1) Activity date
 - (2) Vessel/issue name or description
 - (3) Personnel name
 - (4) Description of SAVE program service provided
 - (5) Number of hours provided by each person (may not exceed more than 8 hours per person per day.)
 - (6) Hourly rate and total value
- d. The burden of proof in complying with the 10-percent contribution requirement is the responsibility of the grantee. Funds will not be disbursed until the grantee has provided DBW with acceptable documentation that it complied with the 10-percent contribution requirement for each disbursement.

26 BUDGET DETAIL AND PAYMENT PROVISIONS

a. **Covered Expenses and Reimbursement Claims Processes**

- (1) DBW will reimburse the following contract-negotiated rate expenditures provided by Grantee's contracted service providers, contractors and/or subcontractors, within the scope of the SAVE program for **abandoned** vessels:
 - (a) Raising of submerged vessels from shallow waters. Depth of water over obstruction at low water must be 15 feet or less; objects submerged more than 15 feet at low water are not eligible without prior DBW approval.
 - (b) Mast and/or rigging removal if vessel is in waters greater than 15 feet deep at low water.
 - (c) Vessel removal from accessible locations
 - (d) Hazardous materials (hazmat) removal and disposal
 - (e) Towing
 - (f) Storage
 - i. Without lien sale: 60 days maximum
 - ii. With lien sale: 90 days maximum with justification
 - iii. If stored onsite at Grantee's facility, 50% of the normal rate of charge to the public will be reimbursed, and fee schedule is required for verification.
 - (g) Lien sale expenses: fees charged by lien sale service companies, postage, DMV fees, and advertising costs
 - (h) Public notice advertising
 - (i) Vessel appraisal

- (j) Salvage and demolition
- (2) DBW will reimburse the following contract-negotiated rate expenditures provided by Grantee's contracted service providers, contractors and/or subcontractors, within the scope of the SAVE program for **surrendered** vessels:
 - (a) Vessel and/or hazardous material removal and disposal
 - (b) Towing from grantee's facility to landfill
 - (c) Demolition
- (3) Other expenses may be considered with advance written approval from DBW.
- (4) Ineligible expenses include hand tools, consumables, grantee direct staffing, time and materials from subcontractors, etc. without prior written approval from DBW.

b. Reimbursement claim forms:

Reimbursement claim forms are available in DBW's Online Grant Application System (OLGA) or upon request. Grantee must sign and date each reimbursement claim in blue ink and submit with the following documents to DBW:

(1) Invoices from service providers, contractors and/or subcontractors to Grantee:

Invoices must contain the following:

- (a) Name and address of Grantee
- (b) Contract or invoice number
- (c) Description of service performed
- (d) Date the service was performed
- (e) Location of each service (GPS if possible)
- (f) Vessel name, CF# or HIN# if available; otherwise, description of vessel

(2) Proof of payment for all invoices.

The following acceptable forms of proof are:

- (a) Cancelled check (with bank's cancelled stamp on back of check copy)
- (b) Copy of credit card statement charge slip
- (c) Invoices from service provider showing zero balance.
- (d) Proof of Accounting Clearing House (ACH) or Electronic transfer showing date, amount and transaction confirmation number.

(3) 10% in-kind match contribution statement:

- (a) If Grantee is matching the 10% requirement with in-kind services, complete the DPR265 Itemized 10% In-kind Contribution Statement located in OLGA or available upon request.
- (b) Only net hourly rates will be accepted. Grantee must include verification of net rates with first claim and each time rates change.

(4) Photos of vessels (Required)

- (a) **One photo** showing the vessel where it was abandoned and the CF or HIN number (if available). If the CF number is not visible/available, photo must show description used on clam form. Photos of surrendered vessels need to show the CF or HIN number, if

available.

(5) For Surrendered Vessels ONLY:

Statement of Vessel Release of Interest and Ownership: to be completed and signed by vessel owner(s) and SAVE agency representative (SAVE AGENCY ONLY section). DBW release form can be downloaded from OLGA.

One proof of vessel ownership must be provided. This can be a copy of the Certification of Ownership (title/pink slip or Coast Guard document) signed by the owner, DMV registration form; or a DMV issued junk slip. Power of Attorney or DMV issued marina lien documents the marina has legal interest are also acceptable. Keep the originals and provide DBW with copies.

NOTE: Vessel ownership verification is required; however, it is not required that boat owners bring their registration up to date to surrender their vessel through the VTIP.

(6) DO NOT INCLUDE DOCUMENTATION THAT IS NOT REQUIRED such as incident reports, CLETS printouts, internal routing forms, accounting journals, etc.

- c. Submit one (1) hard copy and one (1) electronic copy of each reimbursement claim form and all supporting document to:

Division of Boating and Waterways

4940 Lang Avenue H Dock

McClellan Park, CA 95652

Attention: SAVE Program Manager

Email: deborah.holmes@parks.ca.gov

- d. Submission of fraudulent invoices or other claim documentation is a breach of this Agreement, which shall result in forfeiture of all funds advanced and provided under this agreement.
- e. The Grantee shall maintain accounting records in accordance with Generally Accepted Accounting Principles.
- f. All requests for payment must be submitted to DBW no later than 45 days after the expiration date of the agreement. DBW is not obligated to make any payment on any reimbursement request(s) received or for any services completed after this date.

27. BUDGET CONTINGENCY CLAUSE

- a. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program; this Agreement shall be of no further force and effect. In this event, DBW shall have no liability to pay any funds whatsoever to Grantee or to furnish any other considerations under this Agreement and Grantee shall not be obligated to perform any provisions of this Agreement.
- b. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, DBW shall have the option to either cancel this Agreement with no liability occurring to DBW, or offer an agreement amendment to Grantee to reflect the reduced amount.

28. INDEMNIFICATION

Grantee shall be responsible for, and DPR shall not be answerable or accountable in any manner for, any loss or expense by reason of any damage or injury to person or property, or both, arising out of or related in any way to activities carried out by Grantee, its agents, officers, contractors, subcontractors and/or employees, under this Agreement Grantee shall protect, hold harmless, indemnify and defend DPR, its agents, officers, and/or employees against any and all actions, claims, and damages to persons or property, penalties, obligations and liabilities that may be asserted or claimed by any person, firm, association, entity, corporation, political subdivision, or other organization or person arising out of or in connection with Grantee or Grantee's contractor's or subcontractor's activities hereunder, whether or not there is concurrent passive negligence on the part of DPR, its agents, officers, and/or employees.

29. FUNDS ASSIST

The Funds Assist process has been developed by DBW as a method for grantees with excessive, unused funds to assist other participating SAVE agencies in need. Funds Assist is a voluntary action (by both agencies) until within three (3) months of the expiration date of the grant at which time it will become a required action of those agencies with remaining grant balances, at DBW's discretion.

The Funds Assist process works as follows:

- a. An introduction is made by DBW between the agency with excessive funds (Agency A) and the agency in need (Agency B).
- b. A deadline shall be imposed by DBW for the work to be completed by Agency B.
- c. Agency B pays for all contractor invoices, as is required with the SAVE grant.
- d. The 10% required match is the obligation of Agency B and may be met with cash, in-kind services, or a combination of both.
- e. To obtain reimbursement, Agency B will be required to supply the following to Agency A:
 - (1) A Tax Identification Form (W-9)
 - (2) All requirements/documents apply as outlined in this agreement under #24
 - (3) A statement on Agency B's letterhead invoicing Agency A for the total reimbursement request.
 - (4) Copies of completed forms and support documents to DBW for pre-approval.
- f. Agency A completes the following actions:
 - (1) Upon approval by DBW, pay Agency B the invoiced amount within 30 days and record as a pass-through grant (or use your accounting method preference).
 - (2) Complete DBW's Abandoned Vessel and/or Surrendered Vessel Reimbursement Claim Form and attach all supporting documents as listed in item b, c & d above, including the verification of payment to Agency B i.e., cancelled check or statement from Agency B of payment received.
 - (3) Email the documents to the DBW program administrator for review. Once reviewed and approved, send finalized claim forms to DBW for payment processing.

DBW will act as a courtesy liaison between the agencies to ensure (as much as possible) that documents are correctly processed.

30. FUNDS ASSIST INDEMNIFICATION

Grantee and sub grantee (hereafter known as Agency A and Agency B respectively) shall be responsible for, and DPR shall not be answerable or accountable in any manner for, any loss or expense by reason of any damage or injury to person or property, or both, arising out of or related in any way to activities carried out by Agency A and B, its agents, officers, contractors, subcontractors and/or employees, under this Agreement Agency A and B shall protect, hold harmless, indemnify and defend DPR, its agents, officers, and/or employees against any and all actions, claims, and damages to persons or property, penalties, obligations and liabilities that may be asserted or claimed by any person, firm, association, entity, corporation, political subdivision, or other organization or person arising out of or in connection with Agency A and B's contractor's or subcontractor's activities hereunder, whether or not there is concurrent passive negligence on the part of DPR, its agents, officers, and/or employees.

If Agency B is a recipient of a current SAVE grant, as depleted or with insufficient funds for removal project, and receives assistance through the Funds Assist process, all provisions of the SAVE grant applies.

Approver initials: _____ Date: _____
Name: _____
Title: _____

31. 90-DAY RETURN OF GRANT DOCUMENTS TO DBW

Grant agreements issued to the awarded agency must be completed and returned within 90 days of the date of issuance according to the instructions issued by DBW with the grant agreement. If extenuating circumstances prevent the ability of the agency to meet this deadline, approval from DBW must be obtained in writing. DBW retains the right to determine approval or denial of extensions.

32. ANTI-CORRUPTION

SAVE grantees are required to report to DBW any written, suggested, or verbally implied cases whereby a contractor, subcontractor or other service provider increases their fee(s) due to the existence of a Grantee's SAVE grant, or inquires about the amount/balance of a SAVE grant in order to increase their fee(s), for possible investigation of price gouging. A two year history of charges applied to work of all known SAVE grant work by that contractor will be required by DBW for review.

EXHIBIT C

GENERAL TERMS AND CONDITIONS

1. **APPROVAL:**

This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Grantee may not commence performance until such approval has been obtained.

2. **EFFECTIVE DATE:**

Effective date means either the start date or the approval date by the Department of General Services (DGS), whichever is later. In cases where DGS approval is not required, this Agreement is of no force or effect until the date of the last DBW signature. No work shall commence until the effective date.

3. **AMENDMENT:**

No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

4. **ASSIGNMENT:**

This Agreement is not assignable by the Grantee, either in whole or in part, without the consent of the State in the form of a formal written amendment.

5. **AUDIT:**

Grantee agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. **Grantee agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated.** Grantee agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Grantee agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).

6. **INDEMNIFICATION:**

Grantee agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the subcontractor or Grantee in the performance of this Agreement.

7. **DISPUTES:**

Grantee shall continue with the responsibilities under this Agreement during any dispute.

8. **TERMINATION FOR CAUSE:**

The State may terminate this Agreement and be relieved of any payments should the Grantee fail to perform the requirements of this Agreement at the time and in the manner

herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Grantee under this Agreement and the balance, if any, shall be paid to the Grantee upon demand.

9. RECYCLING CERTIFICATION:

The Grantee shall certify in writing under penalty of perjury, the minimum, if not exact, percentage of post consumer material as defined in the Public Contract Code Section 12200, in products, materials, goods, or supplies offered or sold to the State regardless of whether the product meets the requirements of Public Contract Code Section 12209. With respect to printer or duplication cartridges that comply with the requirements of Section 12156(e), the certification required by this subdivision shall specify that the cartridges so comply (Pub. Contract Code §12205).

10. NON-DISCRIMINATION CLAUSE:

During the performance of this Agreement, Grantee and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. Grantee and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Grantee and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12900 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 11000 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code §§11135-11139.5), and the regulations or standards adopted by the awarding state agency to implement such article. GRANTEE shall permit access by representatives of the Department of Fair Employment and Housing and the awarding state agency upon reasonable notice at any time during the normal business hours, but in no case less than 24 hours' notice, to such of its books, records, accounts, and all other sources of information and its facilities as said Department or Agency shall require to ascertain compliance with this clause. Grantee and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.(See Cal. Code Regs., tit. 2, §11105.)

Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

11. CERTIFICATION CLAUSES:

The GRANTEE CERTIFICATION CLAUSES contained in the document CCC 04/2017 are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.

12. TIMELINESS:

Time is of the essence in this Agreement.

13. COMPENSATION:

The consideration to be paid Grantee, as provided herein, shall be in compensation for all of Grantee's expenses incurred in the performance hereof, as outlined in Exhibit B, item #24.

14. GOVERNING LAW:

This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

15. ANTITRUST CLAIMS:

The Grantee by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Grantee shall comply with the requirements of the Government Codes Sections set out below.

- a. The Government Code Chapter on Antitrust claims contains the following definitions:
 - (1) "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.
 - (2) "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.
- b. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.
- c. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.
- d. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

16. CHILD SUPPORT COMPLIANCE ACT:

For any Agreement in excess of \$100,000, the Grantee acknowledges in accordance with Public Contract Code 7110, that:

- a. The Grantee recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and

compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

- b. The Grantee, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

17. UNENFORCEABLE PROVISION:

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

18. PRIORITY HIRING CONSIDERATIONS:

If this Agreement includes services in excess of \$200,000, the Grantee shall give priority consideration in filling vacancies in positions funded by the agreement to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Pub. Contract Code §10353.

19. SMALL BUSINESS PARTICIPATION AND DVBE PARTICIPATION REPORTING REQUIREMENTS:

- a. If for this Agreement Grantee made a commitment to achieve small business participation, then Grantee must within 60 days of receiving final payment under this Agreement (or within such other time period as may be specified elsewhere in this Agreement) report to the awarding department the actual percentage of small business participation that was achieved. (Govt. Code § 14841.)
- b. If for this Agreement Grantee made a commitment to achieve disabled veteran business enterprise (DVBE) participation, then Grantee must within 60 days of receiving final payment under this Agreement (or within such other time period as may be specified elsewhere in this Agreement) certify in a report to the awarding department: (1) the total amount the prime Grantee received under the Agreement; (2) the name and address of the DVBE(s) that participated in the performance of the Agreement; (3) the amount each DVBE received from the prime Grantee; (4) that all payments under the Agreement have been made to the DVBE; and (5) the actual percentage of DVBE participation that was achieved. A person or entity that knowingly provides false information shall be subject to a civil penalty for each violation. (Mil. & Vets. Code § 999.5(d); Govt. Code § 14841.)

20. LOSS LEADER:

If this agreement involves the furnishing of equipment, materials, or supplies then the following statement is incorporated: It is unlawful for any person engaged in business within this state to sell or use any article or product as a "loss leader" as defined in Section 17030 of the Business and Professions Code. (PCC 10344(e).)

EXHIBIT D

GRANTEE CERTIFICATION CLAUSES

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Grantee to the clause(s) listed below. This certification is made under the laws of the State of California.

Grantee Agency Name (Printed)	Federal ID Number
City of Morro Bay Harbor Department	95-2308629
By (Authorized Signature)	
Printed Name and Title of Person Signing	
Date Executed	Executed in the County of
	San Luis Obispo

GRANTEE CERTIFICATION CLAUSES

1. STATEMENT OF COMPLIANCE:

Grantee has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 11102) (Not applicable to public entities.)

2. DRUG-FREE WORKPLACE REQUIREMENTS:

Grantee will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
 - (1) the dangers of drug abuse in the workplace;
 - (2) the person's or organization's policy of maintaining a drug-free workplace;
 - (3) any available counseling, rehabilitation and employee assistance programs; and,
 - (4) penalties that may be imposed upon employees for drug abuse violations.
- c. Every employee who works on the proposed Agreement will:
 - (1) receive a copy of the company's drug-free workplace policy statement; and,
 - (2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Grantee may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Grantee has made false certification, or violated the certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION:

Grantee certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Grantee within the immediately preceding two-year period because of Grantee's failure to comply with an order of a Federal court, which orders Grantee to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

4. CONTRACTS FOR LEGAL SERVICES \$50,000 OR MORE- PRO BONO REQUIREMENT:

Grantee hereby certifies that Grantee will comply with the requirements of Section 6072 of the Business and Professions Code, effective January 1, 2003.

Grantee agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the agreement equal to the lessor of 30 multiplied by the number of full time attorneys in the firm's offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its agreement with the State.

Failure to make a good faith effort may be cause for non-renewal of a state agreement for legal services, and may be taken into account when determining the award of future contracts/agreements with the State for legal services.

5. EXPATRIATE CORPORATIONS:

Grantee hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

6. SWEATFREE CODE OF CONDUCT:

a. All Grantees contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The Grantee further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at www.dir.ca.gov, and Public Contract Code Section 6108.

b. The Grantee agrees to cooperate fully in providing reasonable access to the Grantee's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the Grantee's compliance with the requirements under paragraph (a).

7. DOMESTIC PARTNERS:

For contracts over \$100,000 executed or amended after January 1, 2007, the Grantee certifies that Grantee is in compliance with Public Contract Code section 10295.3.

8. GENDER IDENTITY:

For contracts of \$100,000 or more, GRANTEE certifies that GRANTEE is in compliance with Public Contract Code section 10295.35.

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

1. CONFLICT OF INTEREST:

Grantee needs to be aware of the following provisions regarding current or former state employees. If Grantee has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Grantee violates any provisions of above paragraphs, such action by Grantee shall render this Agreement void. (PCC 10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

2. LABOR CODE/WORKERS' COMPENSATION:

Grantee needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Grantee affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

3. AMERICANS WITH DISABILITIES ACT:

Grantee assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. GRANTEE NAME CHANGE:

An amendment is required to change the Grantee's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment. Any changes of the Grantee's representative shall be notified to DBW within 30 days written notice on Grantee's letterhead.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the Grantee is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate Grantee performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. RESOLUTION:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION:

Under the State laws, the Grantee shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204:

This form must be completed by all Grantees that are not another state agency or other governmental entity.

EXHIBIT E – DARFUR CONTRACTING ACT

If your agency hires a contractor to complete work under this grant, the contractor must fill out and sign the Darfur Contracting Act form prior to execution of the contract. A Sample of The Darfur Contracting Act form is provided on the next page; this form (DGS PD 1) can also be downloaded from the California Department of General Services website.

Effective January 1, 2009, all Invitations for Bids (IFB) or Requests for Proposals (RFP) for goods or services must address the requirements of the Darfur Contracting Act of 2008 (Act). (Public Contract Code sections 10475, et seq.; Stats. 2008, Ch. 272). The Act was passed by the California Legislature and signed into law by the Governor to preclude State agencies generally from contracting with “scrutinized” companies that do business in the African nation of Sudan (of which the Darfur region is a part), for the reasons described in Public Contract Code section 10475.

A scrutinized company is a company doing business in Sudan as defined in Public Contract Code section 10476. Scrutinized companies are ineligible to, and cannot, bid on or submit a proposal for a contract with a State agency for goods or services. (Public Contract Code section 10477(a)).

Therefore, Public Contract Code section 10478 (a) requires a company that currently has (or within the previous three years has had) business activities or other operations outside of the United States to certify that it is not a “scrutinized” company when it submits a bid or proposal to a State agency. (See # 1 on the sample Attachment).

The following sample Attachment may be included in an IFB or RFP to satisfy the Act’s certification requirements of bidders and proposers.

EXHIBIT E – DARFUR CONTRACTING ACT

SAMPLE FORM

Public Contract Code Sections 10475 -10481 applies to any company that currently or within the previous three years has had business activities or other operations outside of the United States.

For such a company to bid on or submit a proposal for a State of California contract, the company must certify that it is either a) not a scrutinized company; orb) a scrutinized company that has been granted permission by the Department of General Services to submit a proposal.

If your company has not, within the previous three years, had any business activities or other operations outside of the United States, you do **not** need to complete this form.

OPTION #1 - CERTIFICATION

If your company, within the previous three years, has had business activities or other operations outside of the United States, in order to be eligible to submit a bid or proposal, please insert your company name and Federal ID Number and complete the certification below.

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that a) the prospective proposer/bidder named below is not a scrutinized company per Public Contract Code 10476; and b) I am duly authorized to legally bind the prospective proposer/bidder named below. This certification is made under the laws of the State of California.

Company/Vendor Name (Printed) {grantee_name}	Federal ID Number {fed_id}
By (Authorized Signature) {agy_sign_name}	Date {agy_sign_dt}
Printed Name and Title of Person Signing {agy_sign_name}, {agy_sign_dsg}	

OPTION #2 - WRITTEN PERMISSION FROM DGS

Pursuant to Public Contract Code Section 10477(b), the Director of the Department of General Services may permit a scrutinized company, on a case-by-case basis, to bid on or submit a proposal for a contract with a state agency for goods or services, if it is in the best interests of the state. If you are a scrutinized company that has obtained written permission from the DGS to submit a bid or proposal, complete the information below.

We are a scrutinized company as defined in Public Contract Code section 10476, but we have received written permission from the Department of General Services to submit a bid or proposal pursuant to Public Contract Code section 10477(b). A copy of the written permission from DGS is included with our bid or proposal.

Company/Vendor Name (Printed) {grantee_name}	Federal ID Number {fed_id}
By (Authorized Signature) {agy_sign_name}	Date {agy_sign_dt}
Printed Name and Title of Person Signing {agy_sign_name}, {agy_sign_dsg}	

General

1 Applicant Information

- a. Applicant Name City of Morro Bay Harbor Department
- b. Organizational Unit
- c. Address 1275 Embarcadero
- d. Address 2
- e. City Morro Bay State CA Zip 93422
- f. Federal ID Number 95-2308629 Unique Entity Id.
- g. Agency Type
 - City County
 - Federally or State Recognized Native American Tribe District

Goals and Objectives

Based on an agencies application, DBW will prioritize funding according to agencies with the most need, cost efficient methods, and effective prevention strategies. Additionally, points are awarded for agencies that work with their local private marina owners in the prevention of abandoned vessels.

2 Project Information

- a. Project Name Surrendered and Abandoned Vessel Exchange (SAVE) Fiscal Year 2023/2024
- b. Is implementing agency same as Applicant Yes No
- c. Implementing Agency Name
- d. Project Start Date Oct-01-2023 End Date Sep-30-2025
- e. Amount of Funds Requested \$38,000.00 Project Cost \$41,800.00

3. Billing Address

If billing address is different than Applicant and/or Contact, please provide

- a. Billing Agency Name:
Address:

City: State: Zip:

Phone:

3 Contacts

a. Project Administrator

Name	Lori Stilts				
Title	Grants Administrator				
Mailing Address	1275 Embarcadero				
City	Morro Bay	State	CA	Zip	93442
Telephone	(805) 772-6254 - 256			Fax	(805) 772-6258 - 256
E-mail Address	lstilts@morrobayca.gov				

1. Minimum Qualifications

1. Does your agency have an enforcement program to address abandoned boats? Yes No

If Yes, describe

As the primary uniformed public safety agency on Morro Bay waters, the Morro Bay Harbor Patrol is authorized to and tasked with enforcement of Morro Bay Municipal Code Chapter 15, Morro Bay Harbor Department Rules and Regulations and State of California Harbor and Navigation Code. The authority is codified in Morro Bay Municipal Code primarily in Sections 15.04.080, 15.08.020, 15.44.010-020, 15.52.010-070 and 15.56.010-020, and Penal Section 836.5. Abandoned vessels are removed specifically under California Harbors and Navigation Code Sections 500-526 and 551.

2. Attach ordinance, resolution, or municipal code authorizing your agency's involvement and its jurisdiction for prevention and removal of abandoned vessels and accepting surrendered vessels. [37448_0_835_2.qualifications attachment.pdf](#)

3. Has your agency been out of compliance with the terms of any other Department of Parks and Recreation contract or grant agreements within the past 3 years? Yes No

1. California State Senate Districts

Select one or more of the California State Senate Districts where the proposed project activities will occur. Copy and Paste the URL (http://www.legislature.ca.gov/legislators_and_districts/districts/districts.html) in your browser to determine the State Senate district(s).

- State Senate 01 State Senate 02 State Senate 03 State Senate 04 State Senate 05
- State Senate 06 State Senate 07 State Senate 08 State Senate 09 State Senate 10
- State Senate 11 State Senate 12 State Senate 13 State Senate 14 State Senate 15
- State Senate 16 State Senate 17 State Senate 18 State Senate 19 State Senate 20
- State Senate 21 State Senate 22 State Senate 23 State Senate 24 State Senate 25
- State Senate 26 State Senate 27 State Senate 28 State Senate 29 State Senate 30
- State Senate 31 State Senate 32 State Senate 33 State Senate 34 State Senate 35
- State Senate 36 State Senate 37 State Senate 38 State Senate 39 State Senate 40

2. California State Assembly Districts

Select one or more of the California State Assembly Districts where the proposed project activities will occur. Copy and Paste the URL (http://www.legislature.ca.gov/legislators_and_districts/districts/districts.html) in your browser to determine the State Assembly district(s).

- State Assembly 01 State Assembly 02 State Assembly 03 State Assembly 04
- State Assembly 05 State Assembly 06 State Assembly 07 State Assembly 08
- State Assembly 09 State Assembly 10 State Assembly 11 State Assembly 12
- State Assembly 13 State Assembly 14 State Assembly 15 State Assembly 16
- State Assembly 17 State Assembly 18 State Assembly 19 State Assembly 20
- State Assembly 21 State Assembly 22 State Assembly 23 State Assembly 24
- State Assembly 25 State Assembly 26 State Assembly 27 State Assembly 28
- State Assembly 29 State Assembly 30 State Assembly 31 State Assembly 32
- State Assembly 33 State Assembly 34 State Assembly 35 State Assembly 36
- State Assembly 37 State Assembly 38 State Assembly 39 State Assembly 40
- State Assembly 41 State Assembly 42 State Assembly 43 State Assembly 44
- State Assembly 45 State Assembly 46 State Assembly 47 State Assembly 48
- State Assembly 49 State Assembly 50 State Assembly 51 State Assembly 52
- State Assembly 53 State Assembly 54 State Assembly 55 State Assembly 56
- State Assembly 57 State Assembly 58 State Assembly 59 State Assembly 60
- State Assembly 61 State Assembly 62 State Assembly 63 State Assembly 64
- State Assembly 65 State Assembly 66 State Assembly 67 State Assembly 68
- State Assembly 69 State Assembly 70 State Assembly 71 State Assembly 72
- State Assembly 73 State Assembly 74 State Assembly 75 State Assembly 76
- State Assembly 77 State Assembly 78 State Assembly 79 State Assembly 80

3. California Congressional Districts

Select one or more of the California Congressional Districts where the proposed project activities will occur. Copy and Paste the URL (<https://www.govtrack.us/congress/members/CA>) in your browser to determine the Congressional district(s).

- Congressional District 1 Congressional District 2 Congressional District 3
- Congressional District 4 Congressional District 5 Congressional District 6

EXHIBIT F - Grant Application: Letter of Intent, Scope of Work and Work Plan

- | | | |
|--|--|---|
| <input type="checkbox"/> Congressional District 7 | <input type="checkbox"/> Congressional District 8 | <input type="checkbox"/> Congressional District 9 |
| <input type="checkbox"/> Congressional District 10 | <input type="checkbox"/> Congressional District 11 | <input type="checkbox"/> Congressional District 12 |
| <input type="checkbox"/> Congressional District 13 | <input type="checkbox"/> Congressional District 14 | <input type="checkbox"/> Congressional District 15 |
| <input type="checkbox"/> Congressional District 16 | <input type="checkbox"/> Congressional District 17 | <input type="checkbox"/> Congressional District 18 |
| <input type="checkbox"/> Congressional District 19 | <input type="checkbox"/> Congressional District 20 | <input type="checkbox"/> Congressional District 21 |
| <input type="checkbox"/> Congressional District 22 | <input type="checkbox"/> Congressional District 23 | <input checked="" type="checkbox"/> Congressional District 24 |
| <input type="checkbox"/> Congressional District 25 | <input type="checkbox"/> Congressional District 26 | <input type="checkbox"/> Congressional District 27 |
| <input type="checkbox"/> Congressional District 28 | <input type="checkbox"/> Congressional District 29 | <input type="checkbox"/> Congressional District 30 |
| <input type="checkbox"/> Congressional District 31 | <input type="checkbox"/> Congressional District 32 | <input type="checkbox"/> Congressional District 33 |
| <input type="checkbox"/> Congressional District 34 | <input type="checkbox"/> Congressional District 35 | <input type="checkbox"/> Congressional District 36 |
| <input type="checkbox"/> Congressional District 37 | <input type="checkbox"/> Congressional District 38 | <input type="checkbox"/> Congressional District 39 |
| <input type="checkbox"/> Congressional District 40 | <input type="checkbox"/> Congressional District 41 | <input type="checkbox"/> Congressional District 42 |
| <input type="checkbox"/> Congressional District 43 | <input type="checkbox"/> Congressional District 44 | <input type="checkbox"/> Congressional District 45 |
| <input type="checkbox"/> Congressional District 46 | <input type="checkbox"/> Congressional District 47 | <input type="checkbox"/> Congressional District 48 |
| <input type="checkbox"/> Congressional District 49 | <input type="checkbox"/> Congressional District 50 | <input type="checkbox"/> Congressional District 51 |
| <input type="checkbox"/> Congressional District 52 | <input type="checkbox"/> Congressional District 53 | |

4. County

Select one or more of the California Counties where the proposed project activities will occur.

- | | | | | | |
|---------------------------------------|--|--------------------------------------|---|-------------------------------------|---|
| <input type="checkbox"/> Alameda | <input type="checkbox"/> Alpine | <input type="checkbox"/> Amador | <input type="checkbox"/> Butte | <input type="checkbox"/> Calaveras | <input type="checkbox"/> Colusa |
| <input type="checkbox"/> Contra Costa | <input type="checkbox"/> Del Norte | <input type="checkbox"/> El Dorado | <input type="checkbox"/> Fresno | <input type="checkbox"/> Glenn | <input type="checkbox"/> Humboldt |
| <input type="checkbox"/> Imperial | <input type="checkbox"/> Inyo | <input type="checkbox"/> Kern | <input type="checkbox"/> Kings | <input type="checkbox"/> Lake | <input type="checkbox"/> Lassen |
| <input type="checkbox"/> Los Angeles | <input type="checkbox"/> Madera | <input type="checkbox"/> Marin | <input type="checkbox"/> Mariposa | <input type="checkbox"/> Mendocino | <input type="checkbox"/> Merced |
| <input type="checkbox"/> Modoc | <input type="checkbox"/> Mono | <input type="checkbox"/> Monterey | <input type="checkbox"/> Napa | <input type="checkbox"/> Nevada | <input type="checkbox"/> Orange |
| <input type="checkbox"/> Placer | <input type="checkbox"/> Plumas | <input type="checkbox"/> Riverside | <input type="checkbox"/> Sacramento | <input type="checkbox"/> San Benito | <input type="checkbox"/> San Bernardino |
| <input type="checkbox"/> San Diego | <input type="checkbox"/> San Francisco | <input type="checkbox"/> San Joaquin | <input checked="" type="checkbox"/> San Luis Obispo | <input type="checkbox"/> San Mateo | <input type="checkbox"/> Santa Barbara |
| <input type="checkbox"/> Santa Clara | <input type="checkbox"/> Santa Cruz | <input type="checkbox"/> Shasta | <input type="checkbox"/> Sierra | <input type="checkbox"/> Siskiyou | <input type="checkbox"/> Solano |
| <input type="checkbox"/> Sonoma | <input type="checkbox"/> Stanislaus | <input type="checkbox"/> Sutter | <input type="checkbox"/> Tehama | <input type="checkbox"/> Trinity | <input type="checkbox"/> Tulare |
| <input type="checkbox"/> Tuolumne | <input type="checkbox"/> Ventura | <input type="checkbox"/> Yolo | <input type="checkbox"/> Yuba | | |

3. Jurisdictional Control

List all waterbodies that are in your jurisdictional control and fill in the chart for each - What are your Primary Responsibilities in your AOR - Objective 4: Existence of an Active Enforcement Program

Waterbody Name	Acres or square miles of this waterbody in your jurisdiction	What are the corporate limits of your agency's jurisdictional control in each waterbody?	List all other agencies who share jurisdictional control of this waterbody.	Identify which agency has lead jurisdiction for removing abandoned vessels and accepting surrendered vessels in this waterbody.	How often does your agency monitor this area?	Identify your primary responsibilities in this waterbody
City of Morro Bay Harbor City Limits	5.2 Square Miles	The City of Morro Bay's jurisdictional control are those waters conveyed to the County of San Luis Obispo by the State of California in trust by Chapter 1076 Statutes 1947, amended Chapter 1874 Statutes 1957, and subsequently conveyed to the City of Morro Bay upon the City's incorporation in 1964.	United States Coast Guard, San Luis Obispo County Sheriffs, California State Fish & Wildlife	City of Morro Bay Harbor Patrol	24/7 - 365 days per year	Boating Safety & Enforcement

4. Staff Dedicated to Abandoned and Surrendered Vessel Activities

Staff Dedicated to Abandoned and Surrendered Vessel Activities - Objective 4: Existence of an active enforcement program

List staff assigned in their job duties to the removal of abandoned vessels and receipt of surrendered vessels.	Total number of Hours Per Week dedicated to removal of abandoned vessels	Total number of hours Per Week dedicated to receipt of surrendered vessels	Total hours Per Week
Harbor Director	0.25	0.25	0.50
Harbor Business Coordinator	1.00	1.00	2.00
Harbor Patrol Supervisor	1.00	1.00	2.00

EXHIBIT F - Grant Application: Letter of Intent, Scope of Work and Work Plan

Harbor Patrol Officer	0.50	0.50	1.00
Harbor Patrol Officer	0.50	0.50	1.00
Harbor Patrol Officer	0.50	0.50	1.00
Harbor Patrol Officer	0.50	0.50	1.00

Objective 1: Prevention

- Does your agency participate in the Surrendered Vessel Program? Yes No
- Select activities, enter number of brochures and info on how your agency promotes vessel surrendering efforts

Number of brochures distributed per year at:

# of Brochures	List names of Events
25	Friends of the Morro Bay Harbor Annual Marine Swap Meet
5	National Safe Boating Day

# of Brochures	List names of Marinas
20	Associate Pacific Constructors
20	Bay Front Marina
20	Morro Bay Marina, Inc.
20	Marina Square
20	Morro Bay Yacht Club

# of Brochures	List names of Other Activities
20	Harbor Department - Front Office
1	Morro Bay National Estuary Program
1	State Park Marina - Cork Board
1	Morro Bay Maritime Museum Kiosk

Publicity Efforts:

- Advertised on your website
- Agency newsletters
- PSAs, billboards
- Social media
- Other
[Harbor Office Counter]

Question 7

- Did your agency have a plan to increase the number of surrendered vessels accepted over the last calendar year? If so, what was the plan and what were the results?. Additionally, what is your plan to increase the number of surrendered vessels you accept this year?

Number one goal is to identify vessels that are becoming derelict and could potentially become abandoned, and before they do become derelict, reach out to the vessels' owners to convince them to surrender the vessel under the VTIP program.

We recently conducted a boat demo with funding from last years grant. All five detroyed vessels were surrendered vessels. We believe our outreach has been successful and we continue to promote the VTIP in program.

Question 8

8. How often does your agency coordinate with local boating groups or marinas to inform them of the vessel surrendered program? Describe activities and identify groups/marina's contacted in the last calendar year. (Answer only if you selected 'Yes' to Q 5.)

Annually at National safe boating day, and in regular correspondence with marina tenants

Objective 1: Prevention

9. Do you accept surrendered vessels from boaters outside your jurisdiction? Yes No

If so, how many surrendered vessels have you received in the last calendar year? 0

If not, identify why?

10. Describe how your agency monitors abandoned vessel activity in your jurisdiction. Select all that apply.

- Routine patrol of jurisdiction
- Visit marinas/dockwalks
- Direct contact with boat owners
- Check vessel registration
- Check seaworthiness (listing, occupancy, trash, bilge running, operable lights)
- Abandoned vessel mapping and tracking
- Multi-agency coordination
- Utilize NASA data

11. Describe additional methodologies, if any, (besides participation in SAVE) your agency use **to prevent abandoned vessels within its jurisdiction?**
- Identification and monitoring of at-risk vessels by Harbor Patrol on a daily basis for those that require regular assistance such as towing, pumping, or other measures, or how frequently the vessel get periodically hauled-out. Is the vessel owner's slip or mooring account current? This information, in addition to close collaboration with waterfront leaseholders who manage slips and marinas in Morro Bay, is used to coordinate enforcement and code-compliance efforts on potential problems vessels and vessels owners before they become abandonment issues. Education and outreach to all and especially at-risk vessels owners
- Enforcement of local and State laws, rules and regulations pertaining to such vessels such as registration and operational requirements pollution discharge issues and applicable permit requirements.
- Citation of offenders and aggressive delinquent fee collection, impoundment and liens as a deterrent.

Objective 2: Control

12. Describe methodologies, if any, you have implemented to control and **prevent**
- Close coordination with neighboring and sister agencies to implement those efforts as described above in a regional approach.

abandoned vessels from entering your jurisdiction from other areas.

13. Does your agency collaborate with neighboring SAVE grantees that manage abandoned and surrendered vessels? Yes No

If yes, list agencies and describe collaboration.

Primarily Port San Luis - Collaborate with tracking and consistent enforcement of problem vessels & vessel owners as described above. But also, Santa Barbara and Monterey.

14. **Does your agency have any special circumstances and/or conditions that contribute to abandoned vessels in your jurisdiction? Explain circumstances/conditions.**

Morro Bay is relatively isolated geographically and by weather, and as such can be a place where marginally seaworthy vessels can get stuck and fall into dereliction and abandonment. This situation is not helped by the fact that Morro Bay does not have a full-size, full-service boatyard.

Objective 5: SNHAP

15. Does your agency have a Submerged Navigational Hazard Abatement Plan (SNHAP)? Yes No

If Yes, attach copy.

[37469_0_35_SNHAP.pdf](#)

16. Summarize the detailed process in your SNHAP for the abatement of non-vessel related navigational hazards and commercial vessels.
1. Identification and monitoring of at-risk vessels by Harbor Patrol on a daily basis, and closed collaboration with waterfront leaseholders who manage slips and marinas in Morro Bay.
 2. Education and outreach to all and especially at-risk vessels owners
 3. Enforcement of local and State laws, rules and regulations pertaining to such vessels such as registration and operational requirements, pollution discharge issues and applicable permit requirements.
 4. Citation of offenders and aggressive delinquent fee collection, impoundment and liens as a deterrent.

17. Identify the SNHAP's funding source for the control/abatement of **non-vessel related** water hazards, hazardous floating debris (such as logs), submerged objects and abandoned piers and pilings

Non-vessel related water hazards in Morro Bay, such as debris or submerged objects, are generally mitigated in real-time by the Harbor or Public Works Departments and funded through the City's operational funds. With the entirety of Morro Bay's waterfront being under the City's control via long-term leases, piers and pilings are not allowed to become hazards by way of proper management of the long-term leases.

Questions 18 - 21a

Has your agency been involved in abatement activities during the past 3 calendar years? Yes No

If so, answer the following:

Yearly average number of abandoned vessels removed and destroyed over the past 3 calendar years. 2

18. What was the average cost to remove and destroy abandoned vessels of 30' or less in the **last calendar year**? 2,283.33

18 a. What was the average cost to remove and destroy abandoned vessels 30' or less in the **past 3 calendar years**? 2,330.00

19. What was the average cost to remove and destroy abandoned vessels 31' or more in the **last calendar year**? 0.00

19 a. What was the average cost of disposal to remove and destroy abandoned vessels 31' or more in the **past 3 calendar years**. 0.00

Has your agency been involved in surrendered vessel activities during the past 3 calendar years? Yes No

If so, answer the following:

Yearly average number of surrendered vessels removed and destroyed over the past 3 calendar years. 7

20. What was the average cost to receive and destroy surrendered vessels 30' or less **last calendar year**? 2,283.33

20 a. What was the average cost to receive and destroy surrendered vessels 30' or less over the **past 3 calendar years**? 2,725.00

21. What was the average cost to receive and destroy surrendered vessels 31' or more **last calendar year**? 2,750.00

21 a. What was the average cost to receive and destroy surrendered vessels 31' or more in the **past 3 calendar years**? 0.00

Questions 22 - 30

22. Identify the last three SAVE grants awarded and the percentage of unspent funding that was left in each grant.

ONLY LIST CLOSED GRANTS

Name of SAVE grants awarded	Year Awarded	Amount Awarded	Percentage of funding left over
SAVE C17S0602-S	2018	16,100.00	0
SAVE C19S0602	2019/2020	20,000.00	0
SAVE C20S0604	2020/2021	18,200.00	4

23. Identify the number of personnel currently working in the program with more than 2 years' experience managing the SAVE program. 5

24. What process/method/practice have you implemented in the last 24 months to reduce the cost of removal and destruction of abandoned or surrendered vessels? We continue to employ surrendered vessel owners to provide a Department of Motor Vehicle "Junk certificate" at time of vessel turn-in, in addition to requiring turn-in vessel owners to remove all hazardous wastes, fuels and oils prior to turn-in. This allows our department to cut the costs & time of paying staff to go to the DMV to get the vessel out of their system and saves time and money and reduces potential spills in the demolition/removal process.

25. Does your agency have additional funding sources (other than SAVE) for disposal of abandoned vessels in the event you run out of grant funding or are not awarded the full grant request? Yes No

If yes, list

26. Do you or a partner agency have abandoned vessel storage capabilities that can be used by your agency at no cost to SAVE? Yes No

27. Does your agency have access/ability to dispose of vessels at a local or neighboring landfill? Yes No

28. Number of current abandoned vessels in your jurisdiction ready to be destroyed? 0

How were these vessels identified? n/a

29. Number of current surrendered vessels in your jurisdiction ready to be destroyed? 0

How were these vessels identified? n/a

30. Did you collaborate with marinas in your jurisdiction to identify the number of potential surrendered vessels listed in your budget? Yes No

If yes, list marinas. Marina Square

EXHIBIT F - Grant Application: Letter of Intent, Scope of Work and Work Plan

Budget

List Identified Abandoned Vessels (CF #s)	Total number of vessels	VESSEL LENGTH	ESTIMATED COST
n/a	0	0	0.00
Total	0		0

List Identified Surrendered Vessels (CF #s)	Total number of vessels	VESSEL LENGTH	ESTIMATED COST
CF 5125 TC - Helene (concrete)	1	57	12,500.00
1071302 - Arafura (steel)	1	39	11,000.00
Total	2		23,500.00

Estimate Future Abandoned Vessels	Total number of vessels	VESSEL LENGTH	ESTIMATED COST
CF 0675 HK - Volunteer (wood)	1	55	10,000.00
Total	1		10,000.00

Justification: A Lien has been filed for this vessel by the Harbor Department. Vessel has been neglected and carries past due dockage account. Will be ready for destruction by the end of the year.

Estimate Future Surrendered Vessels	Total number of vessels	VESSEL LENGTH	ESTIMATED COST
666268 - Kaifu	1	41	4,500.00
Total	1		4,500.00

Justification: Vessel owner has inquired and will consider turning in their vessel for removal.

TOTAL REQUEST	38,000
PLUS 10% MATCH	3,800
TOTAL PROJECT COST	41,800

1. Applicant Certification

Per Harbors and Navigation Code 525 (C) "A grant awarded by the department pursuant to subparagraph (A) shall be matched by a 10% contribution from the local agency receiving the grant." Matching fund may be rendered in cash, or through in-kind contributions which must be verified, and are at the discretion of DBW. These contributions may include (but are not limited to) the following: administrative costs, personnel hours, removal, and/or storage.

Grant monies WILL NOT be reimbursed by DBW unless 10% match for each reimbursement claim is met.

- a. Under penalty of perjury, I certify that I have examined this application and the document(s), proposal(s), and statement(s) submitted in conjunction herewith, and that to the best of my information and belief, the information contained herein is true, accurate, correct, and complete.
- b. I certify that I am the person authorized to submit this application on behalf of the applicant.

Prepared by: Name: Lori Stilts Date: 04/24/2023

Reviewed by: Name: Becka Kelly Date: 04/24/2023

Approving Officer: Name: Ted Schifone Date: 04/24/2023

This Page Intentionally Left Blank

**A PROCLAMATION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY RECOGNIZING
OCTOBER 2023 AS DATING AND DOMESTIC
VIOLENCE AWARENESS MONTH**

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

WHEREAS, Dating and Domestic Violence Awareness Month calls attention to the fact that intimate partner violence is widespread and impacts every person in Morro Bay; and

WHEREAS, Lumina Alliance provide essential, lifesaving services for survivors, their children, and families throughout San Luis Obispo County including Morro Bay; and

WHEREAS, domestic violence is a pattern of control in an intimate relationship where one person uses coercion and violence to gain power and control over his or her partner; and

WHEREAS, domestic violence can result in physical injury, psychological trauma, and even death. The devastating consequences of domestic violence can cross generations and can last a lifetime; and

WHEREAS, there is a need to focus on the individualized needs of domestic violence survivors; and

WHEREAS, the marginalization of certain groups in society, including undocumented individuals, transgender individuals, and those living with disabilities, increases their vulnerability to intimate partner violence; and

WHEREAS, LUMINA ALLIANCE continues to provide a safe environment to those affected by domestic violence with crisis intervention, counseling, education, legal services, and emergency safe housing, with the help of dedicated volunteers and professionals; and

WHEREAS, LUMINA ALLIANCE has received over two thousand calls to the crisis & information line, provided more than six thousand collective nights for shelter clients, and provided more than four thousand eight hundred hours of therapy; and

WHEREAS, LUMINA ALLIANCE serves as “A Bright Light During Dark Times” for survivors of Intimate Partner Violence, illuminating a path towards safety and healing; and

WHEREAS, the City of Morro Bay strongly supports the efforts of LUMINA ALLIANCE, how every segment of our society can work together to better address intimate partner violence, and how to help survivors connect with services.

NOW, THEREFORE, BE IT RESOLVED that Morro Bay City Council does hereby recognize the important work done by domestic violence programs, do hereby proclaim the month of October to be National Dating and Domestic Violence Awareness Month.

IN WITNESS WHEREOF I have hereunto
set my hand and caused the seal of the City
of Morro Bay to be affixed this 10th day of
October 2023

CARLA WIXOM, Mayor
City of Morro Bay, California

This Page Intentionally Left Blank



AGENDA NO: B-1

MEETING DATE: October 10, 2023

Staff Report

TO: Honorable Mayor and City Council **DATE:** September 22, 2023

FROM: Greg Kwolek – Public Works Director
Janeen Burlingame – Management Analyst

SUBJECT: Public Hearing for and Consideration of Morro Bay Garbage Service Rate Adjustment Application and Adoption of Resolution No. 68-23

STAFF RECOMMENDATION

Staff recommends the City Council receive the presentation and:

1. Open the “majority protest” public hearing as required by Proposition 218.
2. Take public testimony and accept any additional written protests.
3. Close the Public Hearing, and the Mayor shall ask the City Clerk to provide a count of all protests received.
4. Provided there is no majority protest against the proposed rate increase, adopt Resolution No. 68-23.
5. Assuming there is no majority protest and the proposed rate adjustment is approved (Resolution No. 68-23), then authorize the City Manager to execute an amendment to the City’s franchise agreement with Morro Bay Garbage Service, Inc., to replace the maximum rate schedule in the agreement with the newly adopted rate structure.

ALTERNATIVES

The City Council could choose not to approve the requested rate increase if it is believed any of the factors identified in the Rate Adjustment Application (Attachment 2) are inaccurate or inflated. Based on R3 Consulting Group’s evaluation of the Rate Adjustment Application, the information provided is accurate and reasonable.

Failure to approve the proposed Rate Adjustment could result in the Morro Bay Garbage Service’s (MBGS) inability to meet certain regional and State-mandated regulations, as further outlined below.

Should MBGS be unable to implement State mandates for refuse and recycling requirements, particularly pursuant to Senate Bill (“SB”) 1383, the City could be subjected to the State of California’s Department of Resources Recycling and Recovery’s (CalRecycle) progressive enforcement process. Such an enforcement process would entail significant State oversight, a violation, and a reporting plan requiring the expenditure of City staff time and resources, and ultimately could lead to monetary penalties against the City upwards of \$10,000 per day.

If the proposed rates are not implemented, the City could use general fund revenues to cover the proposed fee increases to keep MBGS in compliance with State law. Moreover, failure to permit MBGS to cover its costs of providing refuse services (as verified by R3) would very likely result in a deterioration of refuse and recycling services and programs available to the City’s residents and businesses. Given the high potential for underfunded refuse services to result in nuisance conditions, health threats, environmental hazards and public discontent, alternatives that may underfund such services pose significant and expensive long-term risks to the City.

Prepared By: <u>JB</u>	Dept Review: <u>GK</u>
City Manager Review: <u>YK</u>	City Attorney Review: <u>LNL</u>

FISCAL IMPACT

The proposed increase to waste collection rates would have two impacts on the City. First, City facilities utilize waste collection services at a cost, and this cost would increase the expenditure budget by approximately \$48,000 for the FY 23/24 budget. These funds are included in the adopted budget and no budget amendment would be required. Second, the City's Franchise Fee, which is a 10% fee MBGS pays to the City based on gross revenues received by MBGS, is expected to increase the FY 23/24 revenue budget by approximately \$92,000.

Beyond impacts to the City, an increase in waste collection rates will impact MBGS's customers in the City. These increases are detailed in Proposition 218 Notice (Attachment 3).

BACKGROUND / DISCUSSION

On December 5, 2022, the City received a Rate Application from MBGS proposing to increase the Maximum Rate Schedule effective March 1, 2023 (Attachment 2). Receipt of this application obligated the City to the following processes and procedures:

- Evaluate the Rate Application for reasonableness and discuss findings with MBGS,
- Follow Proposition 218 noticing requirements,
- Facilitate a protest process,
- Hold a City Council public hearing and vote on the requested rate increase.

Rate Application

MBGS submitted a Rate Application to outline their request for a rate increase and the basis of their request. Their initial Rate Application submitted in December showed a \$956,532 shortfall projection in revenue needed to provide the residential and commercial solid waste, recycling, and organic materials services in the City's Franchise Agreement (Agreement) between the City and MBGS. To cover this shortfall, MBGS originally proposed a 30.62% increase to solid waste, recycling, and organic materials collection, processing, and disposal rates for its Morro Bay customers. The basis for the proposed increase is as follows:

- Post-pandemic inflation affecting supply chain and labor markets.
- Reduced revenues from recyclables largely due to the recycling market not rebounding after initial downturns, as well as excess global supply of recyclables due to limited overseas acceptance of materials during and since the pandemic.

Pursuant to Article 8.3E of the Agreement, the City retained R3 Consulting Group (R3) to evaluate the Rate Application for reasonableness of the rate increase and for compliance with State law. Specifically, R3 staff reviewed the projected revenue and expenditures submitted in the Rate Application and requested additional information from MBGS, including audited financial statements that would provide the base documentation for R3's review.

City Staff and R3 met with MBGS several times to ask questions and gather more information about the request. This resulted in the following recommended changes to the MBGS's Rate Application, which were ultimately accepted by MBGS:

- Depreciation
 - Change in depreciation schedule for containers and vehicles
 - \$19,488 decrease to the Rate Application submitted
- Company Return
 - Change based on industry standards and cost adjustments noted above
 - \$306,515 decrease to the Rate Application submitted
- Franchise Fees
 - Change in calculation to more accurate method based on industry standard
 - \$36,151 decrease to the Rate Application submitted

In short, after reviewing MBGS' rate proposal and financial data, staff and R3 were able to find means of negotiating-down several of MBGS' proposed rates, while still allowing the company to recover its costs of providing refuse service as permitted by Proposition 218. After factoring in changes to various

expense categories identified above, the total projected expenses in the Rate Application submitted were reduced from \$4,534,126 to \$4,171,972 (\$362,154). As such, the total revenue required to provide solid waste, recycling, and organic materials collection, processing, and disposal services in the Agreement based on the changes to the Rate Application submitted are now \$4,171,972.

R3 also reviewed the total projected revenues in the Rate Application. Based on information provided by MBGS, R3 found MBGS's revenue projections for residential and commercial revenues to be reasonable and in alignment with audited financial statements. Total projected revenues for 2023 without any increase to the Maximum Rate Schedule are \$3,470,742.

The Rate Application projected a \$956,532 shortfall in revenue needed to cover projected expenditures to provide the solid waste, recycling, and organic materials services in the Agreement. With the recommended adjustments detailed above, the projected shortfall in revenue needed to cover costs decreased to \$701,230.

R3 prepared and submitted to the City and MBGS a report (Attachment 4) on its review of the Rate Application with recommendations on adjustments to various costs as noted previously resulting in a reduction of the proposed rate increase from 30.62% to 20.20%. However, the original requested rate increase proposed to go into effect on March 1, 2023, was pushed back to October 15, 2023, due to the thorough review of rates and negotiations with MBGS. Since the increased costs of service claimed by MBGS have continued to be incurred, MBGS is seeking an additional, temporary retroactive increase of 18.38% for nine months following the effective date of October 15, 2023, to recoup the costs of providing waste services in the interim period.

The City's independent consultant, R3, reviewed, audited and in conjunction with City staff negotiated the proposed waste collections rate schedule to a level found to be requisite for covering the costs of providing services for refuse, recyclables, and organic collection and processing and as in accordance with applicable law.

Consumer Price Index Adjustments

Proposition 218, specifically Government Code Section 53756, allows for five years of inflationary adjustments to be made to the Maximum Rate Schedule with year 1 being the time when the Maximum Rate Schedule is adopted. As the Maximum Rate Schedule is proposed to be effective October 15, 2023, that would be year 1, and the next inflationary adjustment (year 2 of 5) would occur January 1, 2024, followed by years 3 through 5 inflationary adjustments occurring January 1 of 2025, 2026, and 2027 as illustrated below:

Year 1	Year 2	Year 3	Year 4	Year 5
10/15/23 Maximum Rate Schedule Adoption	1/1/24-12/31/24 CPI Increase	1/1/25-12/31/25 CPI Increase	1/1/26-12/31/26 CPI Increase	1/1/27-12/31/27 Final CPI Increase

Should no majority protest occur during the public hearing and Resolution No. 68-23 (Attachment 1) is adopted, it would result in the following:

1. Effective October 15, 2023, there will be a 20.20% increase to residential and commercial solid waste, recycling, and organics collection rates. This increase in the collection rates will be borne by individual residential and commercial customers, and there will be a negligible increase to franchise fee revenues payable to the City.
2. Additionally, effective October 15, 2023, there will be a temporary 18.38% increase to residential and commercial solid waste, recycling, and organics collection rates to account for a deficit in funding due to the proposed rate increase process being delayed from the proposed March 1, 2023, effective date to October 15, 2023, to allow for completing the evaluation process for the proposed rate increase and capture consulting evaluation fees that are to be paid by MBGS. This

short-term cost recoupment will expire July 15, 2024, net of any consumer price index adjustment.

3. Effective January 1, 2024, January 1, 2025, January 1, 2026, and January 1, 2027, rates shall be adjusted to account for annual inflationary increases to all solid waste collection rates for residential, commercial, and industrial units in an amount equal to the annual percent change based on the following:

Adjustment shall be made each January 1st and shall be equal to the percentage change in Consumer Price Index (CPI) for the year that ended the immediately preceding September 30 for the Bureau of Labor Statistics' All Urban Consumers Los Angeles-Long Beach-Anaheim.

After the five years, solid waste rates would remain as the rates set in that fifth year's Maximum Rate Schedule until another Proposition 218 public hearing process is performed and approved to enact another five years of automatic inflationary adjustments.

Noticing, Protest Process, and Public Hearing

On September 13, 2022, the City Council approved the Restated Solid Waste, Recycling, and Organic Services Franchise Agreement (Agreement) with MBGS to provide solid waste, recycling, and organic materials services to City of Morro Bay residential and commercial customers. The Agreement added required elements of SB 1383 as well as updated the rate setting process to reflect requirements of Proposition 218. As such, the process for rate adjustments changed from the previous San Luis Obispo Rate Setting Manual methodology of a base year setting of rates plus two annual Consumer Price Index (CPI) adjustments to a process with a Maximum Rate Schedule to set rates and four annual adjustments based on the CPI changes.

The terms of how new rates are set are established in the Agreement. Article 8 of the Agreement outlines compensation and rates for MBGS, setting and adjusting a Maximum Rate Schedule, as well Proposition 218 compliance to determine revenue adequacy while ensuring the community is receiving quality service at reasonable rates. Additionally, Article 8.2A states the City and MBGS "may mutually agree to adjustments or increases to the Maximum Rate Schedule" and that "any increases to the Maximum Rate Schedule are strictly subject to the assent of the City and compliance with Proposition 218." Article 8.3D states "the City will exercise its powers reasonably and in good faith *and shall favorably consider and shall accord proper weight to a Maximum Rate Schedule proposal if accompanied by substantial supporting evidence.*"

Proposition 218

Proposition 218 enacted Article XIID, §6 of the California Constitution in 1996, which regulates the various of rate increases. More specifically, California Constitution Article XIID, § 2 defines "fee" or "charge" as "including a user fee or charge for a property related service." Notably, these "property-related fees" are a category of charges distinct from other exactions regulated by Proposition 218, such as "assessments" or "taxes," and as such property-related fees bear a unique procedural protocol - i.e., the "majority protest" process. Proposition 218 expressly permits a service provider (whether direct municipal services or via contracted services) to recover their costs of providing such property-related services.

Per the Agreement, the City must follow Proposition 218 noticing and hearing requirements when considering rate increases for solid waste services. Further, Morro Bay Municipal Code Sections 8.18.040 through 8.18.060 state all single-family, multi-family, and commercial premises are to subscribe to and pay for the City's three-container collection services for weekly collection of recyclable materials, organic materials, and solid waste generated. As such, refuse rates related to these subscriptions are "property-related" as a requirement of owning or operating a site within the City. Due to this, the City is required to go through the public hearing and notification process outlined in Proposition 218 for solid waste rate adjustments. The Proposition 218 procedural requirements are as follows:

- Noticing Requirement: A notice of the proposed rate increase to both property owners and customers must be mailed out at least 45 days in advance of the public hearing. The notice must specify the basis of the fee, the reason for the fee, and the date/time/location of the public hearing where the proposed rates will be considered/adopted. This notice was prepared and sent by the waste hauler on August 23, 2023, with City staff and Council review prior to mailing.
- Public Hearing: The City must hold a public hearing prior to adopting the proposed rate increase.
- Majority Protest: A proposed rate increase is subject to majority protest. If more than 50% of affected property owners submit a written protest against the proposed rate increase, the increase cannot be adopted. Written protests must be received prior to the close of the public hearing and cannot be submitted electronically. The person signing the protest must either be the property owner or the customer of record. In the event a protest is submitted by the owner and also by the tenant responsible for payment of the bill, one valid protest is counted for the parcel.

On a substantive level, Proposition 218 also requires:

1. Revenues derived from fees or charges for property-related service not to exceed the cost to provide service;
2. Revenues derived from fees or charges not to be used for any purpose other than that for which it was imposed;
3. The amount of a fee or charge upon an account not to exceed the proportional cost of the service attributable to the parcel;
4. No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property; and,
5. No fee or charge may be imposed for general governmental services.

If valid written protests are filed by a majority of customers/property owners, then the applicable proposed rate cannot be imposed. Based on the customer count of 5,271 accounts, 2,636 valid written protests would need to be filed for this to occur. At the conclusion of the public hearing, the City Clerk will be asked by the Mayor to make a statement indicating the number of protests received and indicate whether that amount is a majority of the customers/property owners. If a majority of written protests are received by the end of the public hearing, the Mayor will ask the City Council for a motion to continue this public hearing to a future meeting to allow time for the City Clerk's office to validate each protest received to determine the final tally of valid protests.

CONCLUSION

Provided there is no majority protest against the proposed rate increase, staff recommends the City Council hold a public hearing, consider all evidence and testimony presented, adopt Resolution No. 68-23, and authorize the City Manager to execute an amendment to the City's franchise agreement with Morro Bay Garbage Service, Inc., to replace the maximum rate schedule in the agreement with the newly adopted rate structure.

ATTACHMENTS

1. Resolution No. 68-23
2. Morro Bay Garbage Service Rate Adjustment Application Submitted 12/5/22
3. Proposition 218 Notice
4. R3 Consulting Group, Inc. August 5, 2023 Review of 2023 Rate Adjustment Request Report

RESOLUTION NO. 68-23

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
APPROVING MORRO BAY GARBAGE SERVICE RATE ADJUSTMENT APPLICATION
ADJUSTING SOLID WASTE COLLECTION RATES**

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

WHEREAS, on September 13, 2022, the City Council approved the restated Solid Waste, Recycling, and Organic Services Franchise Agreement (Agreement) with Morro Bay Garbage Service (MBGS) for collection, processing, and disposal services, adding provisions allowing for California Senate Bill 1383 (SB 1383) implementation and compliance as well as updating the rate setting process to reflect requirements of Proposition 218; and

WHEREAS, on December 5, 2022, MBGS District Manager, Jeffrey Clarin, submitted a rate adjustment application requesting a 30.62% increase to residential and commercial solid waste, recycling, and organic materials collection, processing, and disposal rates effective March 1, 2023; and

WHEREAS, the rate application projected a \$956,532 shortfall projection in revenue needed to provide residential and commercial solid waste, recycling, and organic materials services in the Agreement between the City and MBGS; and

WHEREAS, the rate application stated several factors as the basis for the proposed increase, including increased wages and materials costs due to post-pandemic inflation; and

WHEREAS, the rate application also stated reduced revenues from the sale of recyclables resulting from recycling markets not rebounding after downturns as well as excess global supply of recyclables due to limited overseas acceptable of materials during and since the pandemic contributed to the shortfall; and

WHEREAS, receipt of the application obligated the City to evaluate the rate application for reasonableness, discuss findings with MBGS, follow Proposition 218 noticing requirements, facilitate a protest process, and for the City Council to hold a public hearing and vote on the requested rate increase; and

WHEREAS, the City retained R3 Consulting Group (R3) to evaluate the rate application for reasonableness of the rate increase, specifically reviewing projected revenue and expenditures submitted as well as additional information provided by MBGS, including audited financial statements; and

WHEREAS, the R3 evaluation resulted in identifying recommended changes in costs for depreciation, company return, and franchise fees based on industry standards and change in depreciation schedule for containers and vehicles; and

WHEREAS, subsequent discussions between R3 staff, City staff, and MBGS resulted in an agreed upon negotiation down of these costs that reduced the projected shortfall to \$701,230 while still allowing MBGS to recover its costs of providing refuse service as permitted by Proposition 218; and

WHEREAS, the rate increase was recalculated and reduced to 20.20%; and

WHEREAS, the increase is necessary for MBGS to continue providing safe, environmentally sound, and reliable solid waste, recycling, and green waste/organics collection, transportation, and disposal/processing services to Morro Bay citizens; and

WHEREAS, the original requested rate increase that was to go into effect March 1, 2023, was pushed back to October 15, 2023, due to the thorough review of rates and negotiations with MBGS; and

WHEREAS, the increased costs of service continued to be incurred by MBGS during the evaluation and negotiation period; and

WHEREAS, MBGS requested a temporary 9-month increase of 18.38% from the October 15, 2023 effective date in order to recoup the increased costs of providing services in the Agreement during the interim period; and

WHEREAS, this temporary increase will expire July 15, 2024; and

WHEREAS, Proposition 218 notices regarding the requested MBGS 20.20% rate increase and 18.38% 9-month temporary rate increase, were sent on August 23, 2023, to all property owners and customers, and a public hearing regarding that matter was held on October 10, 2023; and

WHEREAS, sufficient protests were not received to prevent the rate increase; and

WHEREAS, a review of the Rate Adjustment Application has been completed in accordance with the adopted solid waste rate setting policies.

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

Section 1. The City Council approves the revised Morro Bay Garbage Service's (MBGS) Rate Adjustment Application to increase the solid waste collection rates by 20.20% and the 9-month temporary increase of 18.38% as outlined in Exhibit A, effective October 15, 2023. The Council hereby ratifies the Proposition 218 process and adopts the solid waste rates proposed by MBGS as set forth in the Notice of Public Hearing mailed to all residential and commercial property owners on August 23, 2023, and pursuant to Proposition 218 finds as follows:

- a) *Fee for Service Provided Only*: Revenues derived from the fee may not be used for any purpose other than that for which the fee was imposed. The fees collected are used to pay MBGS for the solid waste, recycling, and organics collection, processing, and disposal services it provides to the City's residential and commercial customers, and MBGS's accrual of direct and unforeseen costs incurred by MBGS as a result of:
1. Increased costs associated with post-pandemic inflation affecting supply chain and labor markets with increases to wages, container and truck repairs, tires, fuel and other petroleum related products;
 2. Increased Material Recovery Facility tipping fees due to limited overseas acceptance of recycling materials with some products exceeding demand and/or requiring lower contamination rates that require more labor to sort those materials out; and
 3. Decreased revenues associated with recycling commodity markets not healthily rebounding from initial downturn of the recycling market values.

- b) *Fee not to Exceed Cost of Service*: Revenues derived from the fee may not exceed the funds required to provide solid waste service. The City's cost for solid waste service is established by its agreement with MBGS, which permits MBGS to recover its actual costs. It is found that MBGS's Rate Adjustment Application after R3's evaluation and subsequent negotiations to reduce the initial request to a 20.20% increase of the solid waste collection rates and the 9-month temporary 18.38% increase to recoup increased costs for the interim period while the rate application evaluation was completed will not result in more fees being collected than are needed to provide collection services. This conclusion is further supported by all findings of fact presented at the City Council hearing, including without limitation those facts stated in the accompanying staff report, all of which evidence is incorporated herein by this reference.
- c) *Fee not to Exceed Proportional Cost*: The amount of the fee may not exceed the proportional cost of the solid waste service attributable to the parcel. The City's rate structure has historically been designed to be proportional, cost-based, and to meet the general requirements of fairness and equity under Proposition 218. Nothing in the rate adjustments at Exhibit A alters the methodology of apportionment (i.e., proportionality) of the rate structure. More specifically, the proposed rate adjustment is based on the overall revenue required to fund all of MBGS's Morro Bay operations, and rates will be adjusted similarly across all lines of business, consistent with past practice and common in the solid waste industry. This conclusion is further supported by all findings of fact presented at the City Council hearing, including without limitation those facts stated in the accompanying staff report, all of which evidence is incorporated herein by this reference.
- d) *Other Findings*. Proposition 218 also requires that the fee or charge may not be imposed for a service unless (i) the service is actually used by, or immediately available to, the property, and (ii) the fee or charge is not imposed for general governmental services. Both these findings are met. Because the fees are paid directly to MBGS for their refuse and recycling services (including organics recovery), the fees are (i) used directly by MBGS for its costs of making such services immediately available throughout the City, and (ii) are not otherwise allocated to other general governmental services. This conclusion is further supported by all findings of fact presented at the City Council hearing, including without limitation those facts stated in the accompanying staff report, all of which evidence is incorporated herein by this reference.

Section 2. The Council has fully considered this matter and has:

- a) Reviewed the information submitted herewith regarding the proposed solid waste service rate adjustment for residential and commercial accounts, the parcels to which the proposed fee adjustment would apply, and the reasons and basis for the adjustment and the fees;
- b) Provided notice of the proposed fee adjustment to the record owners (or renters responsible for payment of the fee) of all parcels to which the proposed fee adjustment would apply in accordance with Article XIID of the California Constitution;
- c) Heard and received all written protests from any owners (or renters) of real property subject to the fee;
- d) Taken and received oral and documentary evidence pertaining to the proposed fee adjustment; and
- e) Been fully informed of this matter.

Section 3. The Council finds that insufficient written protests were presented to prevent the residential and commercial component of the proposed MBGS solid waste rate schedule from being imposed.

Section 4. The Council finds that based on these facts and the circumstances and information received during the public hearing, the changes in residential and commercial solid waste rates proposed by MBGS are necessary and are hereby adopted, contingent upon there being no majority protest from a majority of all property owners under an omnibus protest by all those permitted to protest the proposed new rate system. (*Morgan v. Imperial Irrigation District* (2014) 223 Cal.App.4th 892.) Said solid waste rates shall take effect on October 15, 2023.

Section 5. The Council authorizes the City Manager to execute an amendment to the City's franchise agreement with MBGS, to replace the maximum rate schedule in the agreement with the newly adopted rate structure in Exhibit A.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 10th day of October 2023 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:
RECUSE:

CARLA WIXOM, Mayor

ATTEST:

DANA SWANSON, City Clerk

EXHIBIT A

Morro Bay Garbage				
Solid Waste Service Rates - Effective 10/15/2023				
City of Morro Bay				
Service Description	Service Frequency	Currently Monthly Rate Effective 7/1/2022	Proposed Rate Adjustment %	Proposed Monthly Rate Effective 10/15/2023 ,
MONTHLY SINGLE-FAMILY AND MULTI-UNIT RESIDENTIAL SERVICE (4 UNITS OR LESS)				
Price per month for specified waste wheeler collected each week. Residential customers must use the waste wheelers provided by the garbage company. This solid service fee for residential trash collections (container with black or gray lid) includes once a week pick-up of one greenwaste/organics container (green lid), and one recycling container (blue lid). The fees listed below do not include the updated IWMA fee of 4.4 percent of the Garbage Company's gross receipts.				
MINI-CAN SERVICE				
One 19 gallon waste wheeler container	1	\$15.59	\$3.15	\$18.74
ECONOMY RATE				
One 32 gallon waste wheeler container	1	\$24.95	\$5.04	\$29.99
STANDARD RATE				
One 64 gallon waste wheeler container	1	\$49.90	\$10.08	\$59.98
PREMIUM RATE				
One 96 gallon waste wheeler container	1	\$74.86	\$15.12	\$89.98
SERVICE AWAY FROM THE STREET CURB (IN YARD)				
Additional per month per can or container charge		\$13.60	\$2.75	\$16.35
COMMERCIAL - OTHER CHARGES:				
Rates for all commercial customers include recycling or greenwaste/organics pickup once per week, included with the garbage service rate. Customers can choose from a 64 or 96 gallon blue commingled recycle waste wheeler or a 32 or 64 gallon organics waste wheeler included with the garbage service rate (96 gallon waste wheelers can only be used with green waste due to weight). The fees listed below do not include the updated IWMA fee of 4.4 percent of the Garbage Company's gross receipts. If you need more frequent recycling, including organics/greenwaste service, it can be provided at 50% of the garbage service rates for the specified level of service required.				
MONTHLY COMMERCIAL WASTE WHEELERS SERVICE				
One 32 Gallon Waste Wheeler	1	\$51.52	\$10.41	\$61.93
One 32 Gallon Waste Wheeler	2	\$100.57	\$20.32	\$120.89
One 32 Gallon Waste Wheeler	3	\$131.55	\$26.57	\$158.12
One 32 Gallon Waste Wheeler	4	\$162.52	\$32.83	\$195.35
One 32 Gallon Waste Wheeler	5	\$211.61	\$42.75	\$254.36
One 32 Gallon Waste Wheeler	6	\$260.65	\$52.65	\$313.30
One 64 Gallon Waste Wheeler	1	\$74.75	\$15.10	\$89.85
One 64 Gallon Waste Wheeler	2	\$131.50	\$26.56	\$158.06
One 64 Gallon Waste Wheeler	3	\$190.86	\$38.55	\$229.41
One 64 Gallon Waste Wheeler	4	\$258.01	\$52.12	\$310.13

Service Description	Service Frequency	Currently Monthly Rate Effective 7/1/2022	Proposed Rate Adjustment %	Proposed Monthly Rate Effective 10/15/2023
One 64 Gallon Waste Wheeler	5	\$322.60	\$65.17	\$387.77
One 64 Gallon Waste Wheeler	6	\$376.79	\$76.11	\$452.90
One 96 Gallon Waste Wheeler	1	\$100.55	\$20.31	\$120.86
One 96 Gallon Waste Wheeler	2	\$175.34	\$35.42	\$210.76
One 96 Gallon Waste Wheeler	3	\$257.92	\$52.10	\$310.02
One 96 Gallon Waste Wheeler	4	\$343.10	\$69.31	\$412.41
One 96 Gallon Waste Wheeler	5	\$417.95	\$84.43	\$502.38
One 96 Gallon Waste Wheeler	6	\$510.81	\$103.18	\$613.99
MONTHLY COMMERCIAL CONTAINER SERVICE - (CUBIC YARDS)				
1 Yd Container	1	\$126.87	\$25.63	\$152.50
1 Yd Container	2	\$196.55	\$39.70	\$236.25
1 Yd Container	3	\$253.34	\$51.17	\$304.51
1 Yd Container	4	\$317.86	\$64.21	\$382.07
1 Yd Container	5	\$366.95	\$74.12	\$441.07
1 Yd Container	6	\$457.29	\$92.37	\$549.66
1 Yd Container	7	\$690.84	\$139.55	\$830.39
1.5 Yd Container	1	\$155.27	\$31.36	\$186.63
1.5 Yd Container	2	\$255.97	\$51.71	\$307.68
1.5 Yd Container	3	\$343.77	\$69.44	\$413.21
1.5 Yd Container	4	\$436.66	\$88.21	\$524.87
1.5 Yd Container	5	\$524.44	\$105.94	\$630.38
1.5 Yd Container	6	\$625.13	\$126.28	\$751.41
1.5 Yd Container	7	\$917.08	\$185.25	\$1,102.33
2 Yd Container	1	\$186.27	\$37.63	\$223.90
2 Yd Container	2	\$325.63	\$65.78	\$391.41
2 Yd Container	3	\$436.66	\$88.21	\$524.87
2 Yd Container	4	\$555.44	\$112.20	\$667.64
2 Yd Container	5	\$679.36	\$137.23	\$816.59
2 Yd Container	6	\$803.25	\$162.26	\$965.51
2 Yd Container	7	\$1,153.56	\$233.02	\$1,386.58
3 Yd Container	1	\$240.51	\$48.58	\$289.09
3 Yd Container	2	\$436.66	\$88.21	\$524.87
3 Yd Container	3	\$614.83	\$124.20	\$739.03
3 Yd Container	4	\$780.00	\$157.56	\$937.56
3 Yd Container	5	\$1,009.79	\$203.98	\$1,213.77
3 Yd Container	6	\$1,164.65	\$235.26	\$1,399.91

Service Description	Service Frequency	Currently Monthly Rate Effective 7/1/2022	Proposed Rate Adjustment %	Proposed Monthly Rate Effective 10/15/2023
3 Yd Container	7	\$1,573.42	\$317.83	\$1,891.25
4 Yd Container	1	\$317.86	\$64.21	\$382.07
4 Yd Container	2	\$591.56	\$119.50	\$711.06
4 Yd Container	3	\$821.28	\$165.90	\$987.18
4 Yd Container	4	\$1,097.55	\$221.71	\$1,319.26
4 Yd Container	5	\$1,373.77	\$277.50	\$1,651.27
4 Yd Container	6	\$1,554.48	\$314.00	\$1,868.48
4 Yd Container	7	\$2,021.60	\$408.36	\$2,429.96
6 Yd Container	1	\$476.21	\$96.19	\$572.40
6 Yd Container	2	\$864.61	\$174.65	\$1,039.26
6 Yd Container	3	\$1,217.34	\$245.90	\$1,463.24
6 Yd Container	4	\$1,544.43	\$311.97	\$1,856.40
6 Yd Container	5	\$1,999.37	\$403.87	\$2,403.24
6 Yd Container	6	\$2,306.02	\$465.82	\$2,771.84
6 Yd Container	7	\$3,115.38	\$629.31	\$3,744.69
8 Yd Container	1	\$629.42	\$127.14	\$756.56
8 Yd Container	2	\$1,171.27	\$236.60	\$1,407.87
8 Yd Container	3	\$1,626.15	\$328.48	\$1,954.63
8 Yd Container	4	\$2,173.18	\$438.98	\$2,612.16
8 Yd Container	5	\$2,720.06	\$549.45	\$3,269.51
8 Yd Container	6	\$3,077.82	\$621.72	\$3,699.54
8 Yd Container	7	\$3,321.78	\$671.00	\$3,992.78
EXTRA COLLECTION SERVICE OPTIONS				
Over stacked Garbage & extra bags Minimum/unit	Per Occurrence	\$12.47	\$2.52	\$14.99
Over stacked Greenwaste & extra bags Minimum/unit	Per Occurrence	\$8.09	\$1.63	\$9.72
Over stacked Blue Bin & extra bags Minimum/unit	Per Occurrence	\$6.24	\$1.26	\$7.50
Monthly charge for additional 64 or 96 gallon recycle service	Each	\$4.17	\$0.84	\$5.01
Monthly charge for additional 32 or 96 gallon green waste service	Each	\$8.09	\$1.63	\$9.72
Monthly charge for additional commercial 96 gallon recycle service	Each	\$25.14	\$5.08	\$30.22
Service level changes more than once per 12 months	Per Occurrence	\$11.39	\$2.30	\$13.69
Small item pickup (TV, toilet)	Each	\$23.69	\$4.79	\$28.48

Service Description	Service Frequency	Currently Monthly Rate Effective 7/1/2022	Proposed Rate Adjustment %	Proposed Monthly Rate Effective 10/15/2023 ,
Per white good article/appliance	Each	\$79.33	\$16.02	\$95.35
Per mattress or box spring	Each	\$23.70	\$4.79	\$28.49
Change waste wheeler size (once per year free)	Per Occurrence	\$11.39	\$2.30	\$13.69
Re-deliver fee-if pulled for collections	Per Occurrence	\$45.33	\$9.16	\$54.49
Install locking device on bin	Each	\$100.57	\$20.32	\$120.89
Extra bin cleaning	Each	\$79.99	\$16.16	\$96.15
Garbage extras on your scheduled pickup day	Per Yard	\$20.61	\$4.16	\$24.77
Loose Cardboard	Per Yard	\$10.34	\$2.09	\$12.43
Garbage extras - NOT ON YOUR SCHEDULED PICKUP DAY	Per Bag	\$16.97	\$3.43	\$20.40
Garbage extras - NOT ON YOUR SCHEDULED PICKUP DAY	Per Yard	\$32.71	\$6.61	\$39.32
Compactors	Per Ton	\$66.97	\$13.53	\$80.50
Bin Rental	Per Month	\$46.96	\$9.49	\$56.45
Temp Bin Rental	Per Day	\$2.61	\$0.53	\$3.14
Stand by time	Per Hour	\$90.96	\$18.37	\$109.33
Trip charge	Per Occurrence	\$11.39	\$2.30	\$13.69
Damage/Destruction of bins or waste wheelers	Each	Replacement/repair at market price		
ADDITIONAL INFORMATION ALL CUSTOMERS:				
1. Customers requesting Temporary Bins or Roll-off Box Service can call the office for current rates.				
2. Polystyrene (Styrofoam, Plastic #6) is not collected for recycling and should be thrown away as trash. Please bag Styrofoam packing peanuts before placing in trash container.				
3. It is encouraged to bag your trash in the garbage container but do not bag your recyclables or green waste in their respective containers and keep it loose.				
4. Recycling, Greenwaste/Organics and Garbage containers should be spaced 3 feet apart away from any obstacles (i.e., mailboxes, cars, etc) before 6:00am on collection service day.				
5. The fee schedule above only includes the Garbage Company rates and does not include IWMA fees, which are separately noted on the billings.				
6. Cleaning fees will be billed on a time and materials basis.				
7. Late Fees are imposed for residential customers over 30 days delinquent. The fee is 1.5% per month of the outstanding charge, with a minimum fee of \$5.00. No prior notice is required, as this late fee policy is stated at the bottom of every bill.				
8. Customers can be responsible for contamination fees .				
9. The rates effective October 15, 2023 in the above table DO NOT include the temporary retroactive rate recovery surcharge of 18.38% that will expire on July 15, 2024 or the annual Consumer Price Index adjustments that will occur January 1 of 2024, 2025, 2026, and 2027.				
Any additional recycling, including greenwaste/organic services are charged out at 50% of the garbage rate.				



- SAN LUIS GARBAGE
- SOUTH COUNTY SANITARY
- MISSION COUNTRY DISPOSAL
- MORRO BAY GARBAGE



Safety • Integrity • Service

December 5, 2022

Ms. Janeen Burlingame
City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442

Subject: Morro Bay Garbage 2023 Adjustments to the Maximum Rate Schedule

Dear Ms. Burlingame,

Please find attached Morro Bay Garbage's (MBG) support for adjusting the maximum rate schedule. As you are aware, there has been significant upward pressure on solid waste and recycling rates from almost every direction. This letter summarizes the forces that are contributing to this increase and lays out the proposed timeline for implementing the increase. Ultimately, we request a rate adjustment of 30.62 %, effective March 1, 2023.

Forces Contributing to Increase

The City showed foresight in granting MBG's request for a 9.07% extraordinary increase in July 2022. At that time, we identified specific cost drivers of organics processing and capital replacement requirements. We also explained that the extraordinary increase was a down payment to cushion the effect of numerous additional cost pressures that are accounted for in this maximum rate schedule request. Our revenue offset calculation, which represents our current revenue run rate prior to this request, includes an annualization of the July 2022 increase that ensures that ratepayers receive credit for it.

The historical test period used is the 12 months ended August 31, 2022. To estimate the effect of 2023 general inflation, our projection includes a 9.0%¹ increase to most general costs. Recycling commodity markets are a special concern to our industry. Supply of commingled materials and cardboard now exceeds demand and market prices have tumbled dramatically since the middle of Q2 of 2022. Our projection includes an increase in processing costs over the test period.

The previous base year of 2019 reflected pre-pandemic times, and an economy that did not anticipate the labor and supply chain problems that have increased the wages we must pay to retain drivers, the cost of steel to purchase and repair containers and trucks, the cost of petroleum and related products, such as tires, and the everyday costs of items generally used in

¹ Equals the percentage change in the US City Average CPI-U, seasonally adjusted, for 12 months ended June 30, 2022

business. Our historical year, indexed for 2023, reflects how these and other cost drivers have specifically affected MBG as opposed to a generic urban consumer.

When our current 30.62% request is combined with the mid-year increase of 9.07%, City rate payers will experience a combined adjustment of 40% over a two-year period. These increases are not unique to Morro Bay. In the north coast area Cambria and Cayucos are up over 50% during the same period. In addition, the Los Osos CSD and the County portion of the north coast are looking at increases over 50-70%. The mid-year increase really helped spread out the cost to the City of Morro Bay community.

Timing

We understand these are increases come at a time when inflation is high, but we can meet and discuss any part of the maximum rate schedule adjustment. We previously discussed a schedule to release a Proposition 218 notice in late December or early January for a rate hearing in February 2023. New maximum rates would become effective on March 1, 2023.

Our management team has reviewed and accepts responsibility for this rate request. This application is based upon what our management team feels is the best course of action based on the conditions outlined in this letter.

We appreciate our continued partnership between the City and Morro Bay Garbage and allowing us to service our community's solid waste and recycling collection needs.

Sincerely,



Jeffrey Clarin, P.E.
District Manager
Morro Bay Garbage Company
Waste Connections
Cell: 805-748-8041

Morro Bay Garbage

Rate Adjustment Application For Rates to Be Effective March 1, 2023

Summary

Requested Increase

Base Year Rate Application Price Increase

1. Rate Increase Requested

Proposed Maximum Rate Schedule (Selected Rates)

Rate Schedule	Current Rate	Increased Rate	New Rate
*Per Month			
Single Family Residential			
2. One 19 gallon waste wheeler container	\$15.59	\$4.77	\$20.36
3. One 32 gallon waste wheeler container	\$24.95	\$7.64	\$32.59
4. One 64 gallon waste wheeler container	\$49.90	\$15.28	\$65.18
5. One 96 gallon waste wheeler container	\$74.86	\$22.92	\$97.78

6. **Multiunit Residential and Commercial**

Certification

To the best of my knowledge, the data and information in this application is complete and accurate.

Name: Jeff Clarin

Title: District Manager

Signature: 

Date: 12/02/22

Morro Bay Garbage

Rate Adjustment Application For Rates to Be Effective March 1, 2023

Financial Information

	Projected
	Base Year
	2023
7. Direct Labor and Benefits	\$941,290
8. Tipping Fees (Solid Waste & Recycling)	\$554,800
9. Organics Processing	\$293,945
10. Truck	\$423,690
11. Depreciation	\$410,591
12. Facilities and Utilities	\$74,135
13. Operating Costs	\$2,698,450
14. Administrative Salaries & Benefits	\$175,691
15. Insurance and Risk Management	\$286,454
16. Bad Debt	\$3,036
17. Interest	\$40,813
18. Other Administrative	\$234,637
19. Administrative Costs	\$740,631
20. Franchise Fees	\$346,497
21. AB 939/Regulatory Fees	\$34,800
22. Regulatory Costs	\$381,297
23. Hauler Service Fee	\$606,897
24. Revenue Requirement	\$4,427,274

Morro Bay Garbage

Rate Adjustment Application For Rates to Be Effective March 1, 2023

Calculation of Rate Adjustment

	Projected
Base Year Revenue (without a price adjustment)	Base Year
	2023
25. Total Residential	\$ 1,779,838
26. Total Commercial and Multifamily Revenue	\$ 1,685,129
27. Other Income	\$ 5,776
28. Adjustments to Base Year Revenue	\$ -
29. Total Base Year Revenue before Price Adjustment	\$ 3,470,742

Calculation of Surplus (Shortfall) and Revenue Adjustment Percentage

30. Revenue Requirement (from Page 2)	\$ 4,427,274
31. Base Year Revenue from Above	\$ 3,470,742
32. Net Surplus (Shortfall)	\$ (956,532)
33. Percentage Increase/(Decrease) required to Base Rates to Eliminate Surplus(Shortfall)	27.56%

Percentage Change in Rates

34. Total Residential and Commercial Revenue without Increase in Base Year (pg.3, lines 19+39)	\$ 3,470,742
35. Percent Change in Residential and Commercial Revenue Requirement	27.56%
36. <u>Franchise Fee Adjustment Factor</u>	90%
37. Percent Change in Existing Rates	30.62%

Notice of Public Hearing Regarding Proposed Solid Waste Rate Increases

PARA UNA VERSIÓN EN ESPAÑOL DE ESTE "AVISO DE AUDIENCIA PÚBLICA SOBRE LOS AUMENTOS PROPUESTOS DE LA TASA DE RESIDUOS SÓLIDOS", UTILICE EL SIGUIENTE ENLACE AL SITIO WEB:

<https://www.sanluisgarbage.com/news/list/>

ADEMÁS, UNA TRADUCCIÓN AL ESPAÑOL DE ESTE AVISO ESTÁ DISPONIBLE EN LA OFICINA DEL SECRETARIO DE LA CIUDAD DURANTE EL HORARIO COMERCIAL REGULAR

Property Owners and Tenants - Customers:

This notice is to inform you the City of Morro Bay ("the City") will hold a public hearing regarding solid waste disposal rate increases (the "Proposed Rate Increase") proposed by Morro Bay Garbage Service, Inc. ("Morro Bay Garbage") for properties and customers receiving solid waste services within the City. The Proposed Rate Increase will be considered by the Morro Bay City Council at the date, time and location specified below. Consistent with the requirements of Proposition 218, this notice also provides you with the following information:

- The Date, Time, and Place of the Public Hearing;
- The Reason for the Proposed Rate Increase; and
- The Basis on which the Proposed Rate Increase is calculated; and
- The Majority Protest Procedures; and
- Proposed Rate Increase Amounts.

NOTICE OF PUBLIC HEARING

The Public Hearing for the Proposed Rate Increase within the City limits will be held on:

Date: October 10, 2023

Time: 5:30 PM

Place: Morro Bay City Council Chambers, Veterans Memorial Hall, 209 Surf Street, Morro Bay, CA

At the Public Hearing, the Council will consider all public comment in support of and protests in opposition to the Proposed Rate Increase and whether or not a Majority Protest exists pursuant to the California Constitution (as described below). If approved, the Proposed Rate Increase would become effective on October 15, 2023.

Reason for the Proposed Rate Increase

The Proposed Rate Increase is 20.20 percent for solid waste, recycling, and green waste/organics collection services. In addition, there will be a temporary 18.38 percent to account for a deficit in funding due to this rate increase being delayed from March 1, 2023 to October 15, 2023, to allow for completing the evaluation process for Proposed Rate increase and capture consulting fees to validate the increase. This short-term cost recoupment will expire July 15, 2024.

The increase is due to post-pandemic inflation which has affected supply chain and labor markets. Further, Morro Bay Garbage had to increase wages to retain and attract quality staff and drivers that are committed to safety and superior service. The costs of steel for container and truck repairs, tires, fuel and other petroleum related products have increased substantially. In addition, the recycling commodity markets have not healthily

rebounded from the initial downturn of the recycling market values. Limited overseas acceptance has some products exceeding demand and/or requiring lower contamination rates, which require more labor to sort out. Because of this, the Material Recovery Facility has increased their tipping fees, which are a further cost of service incorporated into the overall rate structure. Over seventy percent of the residential properties have either a 19 or 32 gallon container, which will result in a \$3.15 or \$5.04 increase per month, respectively. The additional residential, commercial, and industrial Proposed Rate increases are attached at the end.

Basis of the Proposed Rate Increase Calculation

The total Proposed Rate Increase of 20.20 percent is based on the following cost increases incurred by Morro Bay Garbage:

1. 30.32 percent of the Proposed Rate Increase is for market wage adjustments to attract and retain safe, quality employees.
2. 35.00 percent of the Proposed Rate Increase is on increased truck replacement, truck maintenance , and fuel costs.
3. 4.68 percent of the Proposed Rate Increase is for increases in insurance premiums.
4. 30.00 Percent of the Proposed Rate Increase for increases in general overall inflation across all operating costs.

The additional 16.84 percent temporary increase is for delayed rate implementation back to March 1, 2023, and 1.54 percent temporary increase is for rate review costs not imbedded in the service rates. The total Proposed Rate increase (to be implemented October 15, 2023) will be 38.58 percent. However, the short-term 18.38 percent cost recoupment will expire July 15, 2024, net of any consumer price index adjustment as discussed next.

In addition, commencing on January 1, 2024, January 1, 2025, January 1, 2026, and January 1, 2027 rates shall be adjusted to account for annual inflationary increases to all solid waste collection rates for residential, commercial and industrial units in an amount equal to the annual percent change based on the following:

Adjustment shall be made each January 1st and shall be equal to the percentage change in Consumer Price Index (CPI) for the year that ended the immediately preceding September 30 for the Bureau of Labor Statistics' All Urban Consumers Los Angeles-Long Beach-Anaheim.

A copy of the Maximum Rate Adjustment Application submitted in December 2022 and R3 Consulting Group, Inc.'s evaluation report of the Application provides additional information on the Proposed Rate increase, and is available at the City Clerk's Office located at 595 Harbor Street, Morro Bay, CA 93442.

How Do I Protest the Proposed Rate Increase?

Pursuant to Section 6 of Article XIII D of the California Constitution, the following persons may submit a written protest against the Proposed Rate Increase to the City Clerk before the close of the Public Hearing referenced above.

- An owner(s) of property (parcel(s)) receiving solid waste, recycling, and green waste services within the City limits. If the person(s) signing the protest, as an owner, is not shown on the last equalized assessment roll as the owner of the parcel(s) then the protest must contain or be accompanied by written evidence that such person signing the protest is the owner of the parcel(s) receiving services;
- or
- A tenant(s) whose name appears on Morro Bay Garbage's records as the customer of record for the corresponding parcel receiving solid waste, recycling, and green waste services within the City limits (tenant-customer).

A valid written protest must contain: 1) a statement that you protest the Proposed Rate Increase; 2) the address or Assessor's Parcel Number (APN) of the parcel or parcels which receive solid waste, recycling, and green waste services; and, 3) a signature by either the owner or the tenant-customer of the parcel or parcels. One written protest per parcel

hall be counted in calculating a majority protest to the Proposed Rate Increase subject to the requirements of Section 6 of Article XIII D of the California Constitution. Written protests will not be accepted by e-mail or by facsimile. Verbal protests will also not be counted in determining the existence of a majority protest. **To be counted, a qualified protest must be received in writing by the City Clerk before the close of the Public Hearing referenced above.**

Written protests regarding the solid waste rate increase may be mailed to or hand-delivered (during regular City business hours) to:

City of Morro Bay
Attn: City Clerk – Proposition 218
595 Harbor Street
Morro Bay, CA 93442

Written protests may also be personally delivered to the City Clerk’s Office located at 595 Harbor Street, Morro Bay, CA 93442.

If valid written protests are presented by a majority of owners and/or tenants-customers of parcels receiving solid waste service within the City’s limits, then the City will not adjust/increase the solid waste disposal rates. Only one protest per parcel will be counted in determining whether or not a majority protest exists.

Morro Bay Garbage				
Solid Waste Service Rates - Effective 10/15/2023				
City of Morro Bay				
Service Description	Service Frequency	Currently Monthly Rate Effective 7/1/2022	Proposed Rate Adjustment %	Proposed Monthly Rate Effective 10/15/2023
MONTHLY SINGLE-FAMILY AND MULTI-UNIT RESIDENTIAL SERVICE (4 UNITS OR LESS)				
Price per month for specified waste wheeler collected each week. Residential customers must use the waste wheelers provided by the garbage company. This solid service fee for residential trash collections (container with black or gray lid) includes once a week pick-up of one greenwaste/organics container (green lid), and one recycling container (blue lid). The fees listed below do not include the updated IWMA fee of 4.4 percent of the Garbage Company's gross receipts.				
MINI-CAN SERVICE				
One 19 gallon waste wheeler container	1	\$15.59	\$3.15	\$18.74
ECONOMY RATE				
One 32 gallon waste wheeler container	1	\$24.95	\$5.04	\$29.99
STANDARD RATE				
One 64 gallon waste wheeler container	1	\$49.90	\$10.08	\$59.98
PREMIUM RATE				
One 96 gallon waste wheeler container	1	\$74.86	\$15.12	\$89.98
SERVICE AWAY FROM THE STREET CURB (IN YARD)				
Additional per month per can or container charge		\$13.60	\$2.75	\$16.35
COMMERCIAL - OTHER CHARGES:				
Rates for all commercial customers include recycling or greenwaste/organics pickup once per week, included with the garbage service rate. Customers can choose from a 64 or 96 gallon blue commingled recycle waste wheeler or a 32 or 64 gallon organics waste wheeler included with the garbage service rate (96 gallon waste wheelers can only be used with green waste due to weight). The fees listed below do not include the updated IWMA fee of 4.4 percent of the Garbage Company's gross receipts. If you need more frequent recycling, including organics/greenwaste service, it can be provided at 50% of the garbage service rates for the specified level of service required.				
MONTHLY COMMERCIAL WASTE WHEELERS SERVICE				
One 32 Gallon Waste Wheeler	1	\$51.52	\$10.41	\$61.93
One 32 Gallon Waste Wheeler	2	\$100.57	\$20.32	\$120.89
One 32 Gallon Waste Wheeler	3	\$131.55	\$26.57	\$158.12
One 32 Gallon Waste Wheeler	4	\$162.52	\$32.83	\$195.35
One 32 Gallon Waste Wheeler	5	\$211.61	\$42.75	\$254.36

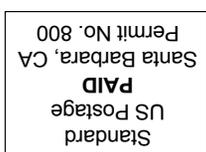
Service Description	Service Frequency	Currently Monthly Effective Rate 7/1/2022	Proposed Rate Adjustment %	Proposed Monthly Effective Rate 10/15/2023 ₉
One 32 Gallon Waste Wheeler	6	\$260.65	\$52.65	\$313.30
One 64 Gallon Waste Wheeler	1	\$74.75	\$15.10	\$89.85
One 64 Gallon Waste Wheeler	2	\$131.50	\$26.56	\$158.06
One 64 Gallon Waste Wheeler	3	\$190.86	\$38.55	\$229.41
One 64 Gallon Waste Wheeler	4	\$258.01	\$52.12	\$310.13
One 64 Gallon Waste Wheeler	5	\$322.60	\$65.17	\$387.77
One 64 Gallon Waste Wheeler	6	\$376.79	\$76.11	\$452.90
One 96 Gallon Waste Wheeler	1	\$100.55	\$20.31	\$120.86
One 96 Gallon Waste Wheeler	2	\$175.34	\$35.42	\$210.76
One 96 Gallon Waste Wheeler	3	\$257.92	\$52.10	\$310.02
One 96 Gallon Waste Wheeler	4	\$343.10	\$69.31	\$412.41
One 96 Gallon Waste Wheeler	5	\$417.95	\$84.43	\$502.38
One 96 Gallon Waste Wheeler	6	\$510.81	\$103.18	\$613.99
MONTHLY COMMERCIAL CONTAINER SERVICE - (CUBIC YARDS)				
1 Yd Container	1	\$126.87	\$25.63	\$152.50
1 Yd Container	2	\$196.55	\$39.70	\$236.25
1 Yd Container	3	\$253.34	\$51.17	\$304.51
1 Yd Container	4	\$317.86	\$64.21	\$382.07
1 Yd Container	5	\$366.95	\$74.12	\$441.07
1 Yd Container	6	\$457.29	\$92.37	\$549.66
1 Yd Container	7	\$690.84	\$139.55	\$830.39
1.5 Yd Container	1	\$155.27	\$31.36	\$186.63
1.5 Yd Container	2	\$255.97	\$51.71	\$307.68
1.5 Yd Container	3	\$343.77	\$69.44	\$413.21
1.5 Yd Container	4	\$436.66	\$88.21	\$524.87
1.5 Yd Container	5	\$524.44	\$105.94	\$630.38
1.5 Yd Container	6	\$625.13	\$126.28	\$751.41
1.5 Yd Container	7	\$917.08	\$185.25	\$1,102.33
2 Yd Container	1	\$186.27	\$37.63	\$223.90
2 Yd Container	2	\$325.63	\$65.78	\$391.41
2 Yd Container	3	\$436.66	\$88.21	\$524.87
2 Yd Container	4	\$555.44	\$112.20	\$667.64
2 Yd Container	5	\$679.36	\$137.23	\$816.59
2 Yd Container	6	\$803.25	\$162.26	\$965.51
2 Yd Container	7	\$1,153.56	\$233.02	\$1,386.58
3 Yd Container	1	\$240.51	\$48.58	\$289.09
3 Yd Container	2	\$436.66	\$88.21	\$524.87
3 Yd Container	3	\$614.83	\$124.20	\$739.03
3 Yd Container	4	\$780.00	\$157.56	\$937.56
3 Yd Container	5	\$1,009.79	\$203.98	\$1,213.77
3 Yd Container	6	\$1,164.65	\$235.26	\$1,399.91
3 Yd Container	7	\$1,573.42	\$317.83	\$1,891.25
4 Yd Container	1	\$317.86	\$64.21	\$382.07
4 Yd Container	2	\$591.56	\$119.50	\$711.06
4 Yd Container	3	\$821.28	\$165.90	\$987.18
4 Yd Container	4	\$1,097.55	\$221.71	\$1,319.26
4 Yd Container	5	\$1,373.77	\$277.50	\$1,651.27
4 Yd Container	6	\$1,554.48	\$314.00	\$1,868.48

Service Description	Service Frequency	Currently Monthly Effective Rate 7/1/2022	Proposed Rate Adjustment %	Proposed Monthly Effective Rate 10/15/2023 ₉
4 Yd Container	7	\$2,021.60	\$408.36	\$2,429.96
6 Yd Container	1	\$476.21	\$96.19	\$572.40
6 Yd Container	2	\$864.61	\$174.65	\$1,039.26
6 Yd Container	3	\$1,217.34	\$245.90	\$1,463.24
6 Yd Container	4	\$1,544.43	\$311.97	\$1,856.40
6 Yd Container	5	\$1,999.37	\$403.87	\$2,403.24
6 Yd Container	6	\$2,306.02	\$465.82	\$2,771.84
6 Yd Container	7	\$3,115.38	\$629.31	\$3,744.69
8 Yd Container	1	\$629.42	\$127.14	\$756.56
8 Yd Container	2	\$1,171.27	\$236.60	\$1,407.87
8 Yd Container	3	\$1,626.15	\$328.48	\$1,954.63
8 Yd Container	4	\$2,173.18	\$438.98	\$2,612.16
8 Yd Container	5	\$2,720.06	\$549.45	\$3,269.51
8 Yd Container	6	\$3,077.82	\$621.72	\$3,699.54
8 Yd Container	7	\$3,321.78	\$671.00	\$3,992.78
EXTRA COLLECTION SERVICE OPTIONS				
Overstacked Garbage & extra bags Minimum/unit	Per Occurrence	\$12.47	\$2.52	\$14.99
Overstacked Green waste & extra bags Minimum/unit	Per Occurrence	\$8.09	\$1.63	\$9.72
Overstacked Blue Bin & extra bags Minimum/unit	Per Occurrence	\$6.24	\$1.26	\$7.50
Monthly charge for additional 64 or 96-gallon recycle service	Each	\$4.17	\$0.84	\$5.01
Monthly charge for additional 32 or 96-gallon green waste service	Each	\$8.09	\$1.63	\$9.72
Monthly charge for additional commercial 96-gallon recycle service	Each	\$25.14	\$5.08	\$30.22
Service level changes more than once per 12 months	Per Occurrence	\$11.39	\$2.30	\$13.69
Small item pickup (TV, toilet)	Each	\$23.69	\$4.79	\$28.48
Per white good article/ appliance.	Each	\$79.33	\$16.02	\$95.35
Per mattress or box spring.	Each	\$23.70	\$4.79	\$28.49
Change waste wheeler size (once per year free)	Per Occurrence	\$11.39	\$2.30	\$13.69
Re-deliver fee-if pulled for collections	Per Occurrence	\$45.33	\$9.16	\$54.49
Install locking device on bin	Each	\$100.57	\$20.32	\$120.89
Extra bin cleaning	Each	\$79.99	\$16.16	\$96.15
Garbage extras on your scheduled pickup day	Per Yard	\$20.61	\$4.16	\$24.77
Loose Cardboard	Per Yard	\$10.34	\$2.09	\$12.43
Garbage extras - NOT ON YOUR SCHEDULED PICKUP DAY	Per Bag	\$16.97	\$3.43	\$20.40
Garbage extras - NOT ON YOUR SCHEDULED PICKUP DAY	Per Yard	\$32.71	\$6.61	\$39.32
Compactors	Per Ton	\$66.97	\$13.53	\$80.50
Bin Rental	Per Month	\$46.96	\$9.49	\$56.45
Temp Bin Rental	Per Day	\$2.61	\$0.53	\$3.14
Stand by time	Per Hour	\$90.96	\$18.37	\$109.33
Trip charge	Per Occurrence	\$11.39	\$2.30	\$13.69
Damage/Destruction of bins or waste wheelers	Each	Replacement/re pair at market price		

ADDITIONAL INFORMATION ALL CUSTOMERS:

1. Customers requesting Temporary Bins or Roll-off Box Service can call the office for current rates.
2. Polystyrene (Styrofoam, Plastic #6) is not collected for recycling and should be thrown away as trash. Please bag Styrofoam packing peanuts before placing in trash container.
3. It is encouraged to bag your trash in the garbage container but do not bag your recyclables or green waste in their respective containers and keep it loose.
4. Recycling, Greenwaste/Organic and Garbage containers should be spaced 3 feet apart away from any obstacles (i.e. mailboxes, cars, etc) before 6:00am on collection service day.
5. The fee schedule above only includes the Garbage Company rates and does not include IWMA fees, which are separately noted on the billings.
6. Cleaning fees will be billed on a time and materials basis.
7. Late Fees are imposed for residential customers over 30 days delinquent. The fee is 1.5% per month of the outstanding charge, with a minimum fee of \$5.00. No prior notice is required, as this late fee policy is stated at the bottom of every bill.
8. Customers can be responsible for contamination fees.
9. The rates effective October 15, 2023 in the above table DO NOT include the temporary retroactive rate recovery surcharge of 18.38% that will expire on July 15, 2024 or the annual Consumer Price Index adjustments that will occur January 1 of 2024, 2025, 2026, and 2027.

Any additional recycling, including greenwaste/organic services are charged out at 50% of the garbage rate.



REPORT

City of Morro Bay

Review of 2023 Rate Adjustment Request

Submitted electronically: August 4, 2023



August 4, 2023

Ms. Janeen Burlingame
Management Analyst
Public Works Department
955 Shasta Avenue
Morro Bay, CA 93442
submitted via email: jburlingame@morrobayca.gov

SUBJECT: Review of Morro Bay Garbage Company's 2023 Rate Adjustment Request – Report

Dear Ms. Burlingame,

R3 Consulting Group (R3) is engaged by the City of Morro Bay (City) to review the 2023 Rate Adjustment Request by its franchised hauler, Morro Bay Garbage Company (MBG), a subsidiary of Waste Connections. This report presents the results of R3's review of the 2023 rate adjustment request for MBG.

MBG's original Rate Adjustment Request calculated a net shortfall in revenues for 2022 of approximately **\$956,532** with a requested rate increase of **30.62%**. However, it was determined in the initial review that MBG miscalculated franchise fees and as a result, the revised request calculated a net shortfall of **\$1,063,384**, with a requested rate increase of **30.64%**. Subsequent to completion of the review, the Rate Adjustment Request was revised to reflect a rate increase of **20.20%**, based on a revised revenue shortfall of approximately **\$701,230**.

Any rate adjustment resulting from this rate request from MBG was scheduled to be implemented on March 1, 2023. However, because of the size and complexity of the request and the need to engage an outside firm with specific knowledge, the process took a number of months to evaluate and negotiate this rate adjustment. Therefore City staff and MBG have agreed to recommend an additional but temporary "retro-active" rate adjustment for the prior 9-months to allow MBG to regain lost revenue from implementing a rate adjustment in October rather than March 1, 2023.

* * * * *

We appreciate the opportunity to be of service to the City and would like to thank MBG's staff for their support during the review. Staff were very responsive and provided us with requested information in a timely fashion.

Sincerely,



Jordan Muratsuchi | *Sr. Project Analyst*
R3 Consulting Group, Inc.
916.655.2104 | jmuratsuchi@r3cgi.com



Scott Hanin | *Principal*
R3 Consulting Group, Inc.
510.812.7144 | shanin@r3cgi.com

TABLE OF CONTENTS

1. Introduction
page 1



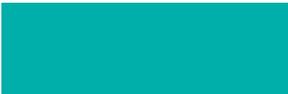
2. Review of Rate Application
page 3



**3. Franchise Fee Calculation
in Rates**
page 6



4. Findings
page 7



5. Rate Comparison
page 8



1. INTRODUCTION

Background

Service Areas

The City has an exclusive franchise agreement with MBG to collect and remove for disposal and recycling, residential and commercial solid waste and recyclable materials (including organic materials), which expires On December 31, 2040, with the City's option to extend up to three years.

MBG's parent company, Waste Connections, services multiple communities in San Luis Obispo County and services multiple other franchise regions with individual agreements.

Overview of Rate Setting Process

MBG contacted the City to request a rate study to evaluate their rate adjustment request to determine the actual cost of providing service compared to the revenue generated by service rates. The City agreed to the study and hired R3 to assist in evaluating MBG's request.

Historically, the rate setting process was governed by the City of San Luis Obispo Rate Setting Manual. However, in the City's new Agreement with MBG, signed in 2022, the process moves away from the historical San Luis Obispo Rate Setting Manual and relies primarily on annual adjustments based on the Consumer Price Index (CPI). This approach is becoming quite common throughout California in an effort to simplify rate setting and shift most of the risk to the service provider based on their experience and rates agreed to at the start of the agreement. Because of this change, the new Agreement does not provide guidance or structure for a detailed rate setting review/rate study, as would be common with this type of engagement. Therefore, most of the requested adjustments are reviewed based on historical precedent, industry standards and best practices.

Article 8 of the Agreement discusses the rate adjustment process. This Article covers the annual CPI adjustment process and the requirements for following Proposition 218. Particularly, Section 8.3 (D) states that the Agreement "contemplates that the City will exercise its powers reasonably and in good faith, and shall favorably consider and shall accord proper weight to a Maximum Rate Schedule proposal if accompanied by substantial supporting evidence." As a result, the City has the power to exercise discretion in approving rate adjustments but shall also favorably consider such adjustments if accompanied by approved support for the request.

Rate Adjustment Request Review Process

As supporting documentation for the request, MBG submitted financial statements for the previously completed fiscal year, which serve as the base documents for the Rate Adjustment Request. The review of the Rate Adjustment Request confirmed financial status by evaluating audited financial statements from 2020-2022 as well as the projected expenses for 2023. MBG also provided substantial supporting documentation to support its application as requested by R3.

Proposition 218

To increase rates for solid waste services, the City intends to comply with Article XIID, Section 6 of the California Constitution, which was enacted by Proposition 218 in 1996. This Section requires that (1) revenues derived from fees or charges for property-related service not exceed the cost to provide service; (2) revenues derived from fees or charges not to be used for any purpose other than that for which it was imposed; (3) the amount of a fee or charge upon an account not exceed the proportional cost of the service attributable to the parcel; (4) no fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property; and, (5) no fee or charge may be imposed for general governmental services.

The procedural requirements of Proposition 218 for all solid waste rate increases are as follows:

- › Noticing Requirement: The City must mail a notice of proposed rate increases to all affected property owners. The notice must specify the basis of the fee, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted.
- › Public Hearing: The City must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed.
- › Rate increases Subject to Majority Protest: At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners submit written protests against the proposed rate increases, the increases cannot be adopted.

The review of MBG's rate request was based on the projected costs to provide solid waste collection and post-collection services to all accounts (i.e., residential and commercial) in the City. The proposed rate adjustment is based on the overall revenue required to fund all of MBG's Morro Bay operations, and rates will be adjusted similarly across all lines of business, consistent with past practice and common in the solid waste industry.

Scope of Analysis

The review of the Rate Adjustment Request included but was not limited to the following:

- › Reviewed and documented the prior 2019 Base Year Rate Application adjustments, and their potential application to the 2023 Rate Adjustment;
- › Reviewed the 2023 Rate Adjustment Request for consistency with the Franchise Agreement;
- › Reviewed the 2023 Rate Adjustment Request for mathematical accuracy;
- › Reviewed MBG's 2020, 2021, and 2022 audited financial statements;
- › Reviewed 2022 and 2023 projected revenues and expenses for reasonableness, including general consistency with changes in reported revenues, accounts, and tonnages; and
- › Reviewed MBG's survey of rates in neighboring communities.

2. REVIEW OF RATE APPLICATION

All expenses were examined, and supporting documentation and justification was requested from MBG and reviewed by R3. R3, MBG and the City held multiple discussions on several cost items. Based on industry standards, our industry experience, and consistency with City operations and the County's communities, R3 recommends the following adjustments to the Rate Adjustment Request. The adjustments R3 recommends are discussed in this section.

Table 1 below illustrates the Revenue Requirement, showing the expenses of MBG's original request alongside R3's proposed adjustments.

Table 1: MBG's Requested Expenses (Rates) and R3's Adjustments

	Proposed 2023	Adjustment	Adjusted 2023
MBG Expenses			
Direct Labor and Benefits	\$941,290	\$0	\$941,290
Truck	\$423,690	\$0	\$423,690
Depreciation	\$410,591	-\$19,488	\$391,103
Facilities and Utilities	\$74,135	\$0	\$74,135
Organics Processing	\$293,945	\$0	\$293,945
Tip Fees	\$554,800	\$0	\$554,800
Administrative Salaries & Benefits	\$175,691	\$0	\$175,691
Insurance and Risk Management	\$286,454	\$0	\$286,454
Bad Debt	\$3,036	\$0	\$3,036
Interest	\$40,813	\$0	\$40,813
Other Administrative	\$234,637	\$0	\$234,637
Rate Study Cost*	\$36,168	\$0	\$36,168
AB 939/Regulatory Fees	\$34,800	\$0	\$34,800
Total	\$3,510,049	-\$19,488	\$3,490,561
Company Return			
Total	\$606,897	-\$306,515	\$300,382
Franchise Fees			
Total	\$453,348	-\$36,151	\$417,197
Revenue Requirement	\$4,534,126	-\$362,154	\$4,171,972

*The Rate Study Cost is a one-time expense and is not included in the regular percent rate increase but instead is treated as an independent temporary rate increase. This cost has been removed from the calculated Revenue Requirement above.

Operating Costs

Depreciation

MBG projected \$410,591 in 2023 Depreciation expenses, citing the need for new vehicles to comply with the Agreement, which states collection vehicles cannot be older than 10 years. MBG also included costs for new SB 1383 approved containers. MBG used a 10-year straight-line method for calculating its

depreciation on vehicles and a 7-year straight-line method for depreciation on containers. The use of a 10-year depreciation schedule for vehicles is in alignment with the Agreement that no vehicles shall be older than 10 years. However, today most franchises agree to a longer depreciation schedule for containers.

Assessment

MBG provided their depreciation inventory and calculations. The majority of MBG's depreciation is on vehicles and containers. MBG allocates depreciation from their total company amount to each individual franchise based on percentages of container counts, customer counts, and vehicle driver hours.

Upon discussion with the City and MBG, it was agreed that containers would also be depreciated on a 10-year schedule. Additionally, it was found that MBG's final depreciation calculation actually used a 7-year depreciation schedule instead of the agreed upon 10-year schedule, which R3 adjusted.

Depreciation expenses were reduced as a result of depreciating vehicles and containers over a 10-year period.

Adjustments

Reduced Depreciation expenses to \$391,103.

Company Return

Service rates are based on a projected revenue requirement that is intended to cover all of the company expenses, pass through costs, city fees and a reasonable return. The actual amount of the return depends on the then-current economic conditions, actual expenses and management decisions. Because the actual company expenses are higher than originally anticipated when developing the initial rates for the new agreement and therefore were not generating what was believed to be a fair rate of return based on current industry norms, the company requested an adjustment to their return.

Assessment

R3 adjusted MBG's projected return based on industry standards and to accommodate the other adjustments discussed above.

Adjustments

Adjusted MBG's projected return to \$300,382.

Other Costs

Franchise Fees

MBG remits to the City a monthly Franchise Fee of 10% of gross revenues. This fee is considered a pass-through cost adjusted each year equal to any rate adjustment.

Assessment

Franchise Fees are to be projected as 10% of projected gross revenues. MBG projected a 2023 Franchise Fee expense of \$453,348. MBG provided supporting calculations for the franchise fee, however R3's analysis identified a recommended adjustment to the franchise fee calculation method to match projected revenue more accurately with required revenue. This is described in more detail later in this report.

Adjustments

Reduced Franchise Fees to \$417,197 based on the adjustments noted above.

Total Projected Expenses

MBG's total projected expenses yields the total revenue requirement - the total annual revenue required from rate payers. The total revenue requirement based on the revised Rate Application is \$4,171,972, reduced from the original Rate Application of \$4,534,126. This does not include the cost of the Rate Study, which is addressed as part of the "retro-active" amount that will be calculated as noted previously in this report.

Total Projected Revenues

MBG projected a 1.00% increase in total revenues for 2023 as compared to the current 2022 projected revenues, resulting in projected 2023 revenue of \$3,470,742 (without any rate adjustment).

Assessment

MBG provided calculations supporting their projected revenues. MBG provided actual total revenues. We assessed the reasonableness of MBG's projected residential and commercial revenues and based on this analysis we found MBG's revenue projections to be reasonable and in alignment with audited financial statements.

Adjustments

No adjustment.

3. FRANCHISE FEE CALCULATION

MBG included an additional franchise fee calculation step that was taken from the previously-used San Luis Obispo (City) Rate Setting Manual’s methodology. The Rate Setting Manual calculates the “Percent Change in Residential and Non-Residential Revenue Requirement” by dividing the net revenue shortfall/surplus by the total rate revenue expected without a Base Year increase.

The Rate Setting Manual then instructs the applicant to further adjust the calculated result, to account for additional franchise fees to be paid on the net revenue shortfall.

Table 2 can be used to follow MBG’s rate request to arrive at the final proposed revenue and franchise fee expense, including the adjustment for additional franchise fees on the revenue shortfall.

Table 2: MBG's Franchise Fee Calculation Flow from Original Application

	FYE 6/30/22	Initial Increase	Before Gross Up	Additional Fee Gross Up	Company Proposal
Revenue	3,470,742	956,532	4,427,274	106,210	\$ 4,533,484
<i>% Increase on 2022 revenue base</i>		27.56%		3.06%	30.62%
Franchise Fees	\$346,497	95,653	\$442,150	\$11,198	\$453,348
<i>% Increase on 2022 fee base</i>		27.61%		3.23%	30.84%

This method of calculating franchise fees is less accurate than the industry standard method and is no longer recommended for use. The mathematical formulas for both methods are shown below.

The following calculations demonstrate the Rate Setting Manual's methodology that was used by MBG:

A

$$\% \text{ Change in Rate Rev. Requirement} = \frac{\text{Net Shortfall (Surplus)}}{\text{Total Rate Revenue without an Adjustment}} * 100\%$$

B

$$\% \text{ Total Change in Existing Rates} = \frac{\% \text{ Change in Rate Rev. Requirement}}{100\% - \text{Franchise Fee \%}} * 100\%$$

The recommended calculation is presented below:

$$\% \text{ Change in Existing Rates} = \left(\frac{\text{Revenue Requirement}}{\text{Total Rate Revenue without an Adjustment}} - 1 \right) * 100\%$$

This recommended change was made to MBG’s rate application and should represent accurate Franchise Fee generation for the duration of the term.

4. FINDINGS

Revised Rate Adjustment

MBG's original 2023 Rate Adjustment Request calculated a net shortfall in revenues for 2022 of approximately \$956,532 with a requested rate increase of 30.62%. However, it was determined in the initial review that MBG miscalculated franchise fees and as a result, the revised request calculated a net shortfall of **\$1,063,384**, with a requested rate increase of **30.64%**. Subsequent to completion of the review, the Rate Adjustment Request was revised to reflect a rate increase of **20.20%**, based on a revised revenue shortfall of approximately **\$701,230**.

The difference between the adjusted rate adjustment and MBG's calculated rate adjustment is due to the following:

- › Reduced Depreciation by \$19,488.
- › Reduced operating return because of the above adjustments.
- › Reduced franchise fees because of the above adjustments.

5. RATE COMPARISON

When adjusting solid waste rates, it's common to also compare the City's rates to surrounding communities to get a general understanding for the regional industry. No rate comparison is perfect and every community has unique factors that affect their own solid waste rates. However, general comparisons can be made to evaluate whether the City's rates are within the reasonableness of the region. Should the City be a major outlier in terms of its rates, there may be factors at play that could be further assessed.

Including a proposed 20.20% increase to rates, Morro Bay remains competitive among regional communities. The City's rate for a 19-Gallon cart is 38.65% lower than the average, while the City's rate for a 32-Gallon cart is 24.56% lower than the average. It's worth noting that the 19-Gallon and 32-Gallon cart sizes are by far the most popular option among the City's residents with the purpose of maximizing recycling and reducing disposal. The majority of the City's residents are therefore paying significantly less for the same service in neighboring and regional communities.

The 64-Gallon cart is 7.09% higher than the average, whereas the 96-Gallon cart is 29.30% higher than the average. This higher cost likely influences some customers to migrate to smaller, less expensive garbage cart sizes.

The rate for a 2 cubic yard commercial bin serviced once a week (the most common commercial subscription level) is 5.41% higher than the average and is thus in line with the regional industry.

The City's solid waste rates are largely competitive and for most customers the rates compare favorably to several regional communities.

Table 3: Community Rate Comparison

	Community	19-Gallon Cart	32-Gallon Cart	64-Gallon Cart	96-Gallon Cart	2 CY Bin 1x/Wk
Waste Connections Affiliates	Cambria		\$ 40.30	\$ 80.59	\$ 120.92	\$ 196.06
	Cayucos		\$ 31.65	\$ 37.39	\$ 43.18	\$ 178.95
	Los Osos CSD ¹	\$ 34.94	\$ 49.68	\$ 76.28	\$ 81.81	\$ 288.02
	City of San Luis Obispo	\$ 14.31	\$ 22.84	\$ 45.69	\$ 68.54	\$ 179.82
	Morro Bay (current)	\$ 15.59	\$ 24.95	\$ 49.90	\$ 74.86	\$ 186.27
	Morro Bay (Proposed 20.20% increase)	\$ 18.74	\$ 29.99	\$ 59.98	\$ 89.98	\$ 223.90
Non-Waste Connections	Atascadero		\$ 32.23	\$ 51.28	\$ 64.43	\$ 167.35
	Templeton		\$ 39.45	\$ 55.65	\$ 61.53	\$ 152.37
	Solvang		\$ 34.72	\$ 43.45	\$ 52.60	\$ 246.52
	Buelton		\$ 37.65	\$ 44.98	\$ 52.40	\$ 261.28
	San Miguel		\$ 45.42	\$ 63.99	\$ 83.90	\$ 163.70
	Paso Robles	\$ 37.11	\$ 42.14	\$ 55.86	\$ 61.86	\$ 183.23
	Monterey County	\$ 35.81	\$ 43.53	\$ 68.27	\$ 85.33	
	City of Santa Maria		N/A	\$ 36.73	\$ 44.60	\$ 166.72
	Santa Barbara County (Orcutt)		\$ 31.44	\$ 35.96	\$ 40.32	
	City of Santa Barbara		\$ 46.55	\$ 57.70	\$ 68.85	\$ 256.38
	Mid-State Area (rural North SLO County, Santa Margarita) ²		\$ 58.98	\$ 86.33	\$ 113.61	\$ 320.89
Average without Morro Bay		\$ 30.54	\$ 39.76	\$ 56.01	\$ 69.59	\$ 212.41
Difference Between Proposed Morro Bay and Average		\$ (11.80)	\$ (9.77)	\$ 3.97	\$ 20.39	\$ 11.49
Percent Difference		-38.65%	-24.56%	7.09%	29.30%	5.41%

¹ Includes a temporary retroactivity component.

² Includes a temporary retroactivity component.



AGENDA NO: B-2

MEETING DATE: October 10, 2023

Staff Report

TO: Honorable Mayor and City Council

DATE: October 4, 2023

**FROM: Scot Graham, Community Development Director
Nancy Hubbard, Contract Planner**

SUBJECT: Introduction and First Reading of Ordinance No. 661 Amending Title 17 of the Morro Bay Municipal Code to add Chapter 17.31 establishing Objective Design Standards

RECOMMENDATION

Introduce for first reading, by title only, with further reading waived, Ordinance No. 661: “An Ordinance of the City Council of the City of Morro Bay, California for adoption of Objective Design Standards for inclusion as Chapter 17.31 of the Morro Bay Municipal Code, “Residential and Mixed Use Objective Design Standards,” and further to be an amendment to the 2022 Zoning Code with a finding that no further environmental review is required pursuant to State CEQA Guidelines section 15162.”

FISCAL IMPACT

Preparation of the Ordinance was supported by grant awards received by the City in 2021. Projects processed utilizing ODS will include a planning application and associated application fee payment that covers the cost to process the application.

DISCUSSION

California state law requires housing development projects to be reviewed against objective design standards (ODS). Certain projects may only be denied approval by local governments if they violate these objective standards, which must be verifiable and measurable. Objective design standards are defined in Government Code Sections 65913.4 and 66300(a)(7) as standards that:

“involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official before submittal. . .”

Notably, projects must also comply with all applicable building permit requirements, zoning code requirements, and development standards such as height, setbacks, floor area ratio, etc.

Prepared By: NH

Department Review: SG

City Manager: YK

City Attorney: LNL

The intent is to streamline and increase housing production with a focus on making the approval process more routine and predictable for developers/applicants. Jurisdictions who do not adopt ODS are still required to streamline review and expedite administrative approval for qualified projects but may not have adequate objective standards in their zoning code to provide local guidance as to design or other standards. Approval to proceed with the drafting of the Objective Design Standards was through the City Council approval of the Housing Element Update 2020-2028, and the ODS implementation goal was funded through grant proceeds awarded in 2021.

The Planning Commission (PC) started their review process of the Objective Design Standards with the first public hearing on May 16, 2023. The public hearings were continued to three subsequent hearings, on June 6, 2023, July 18, 2023 with a final hearing on August 15, 2023. Each public hearing included a presentation, questions and answers about the proposed ordinance, public comment and a lengthy discussion by the Planning Commissioners. The Planning Commissioners spent hours reviewing the document and researching the requirements, which resulted in the final draft document that is presented to City Council with the Planning Commission favorable recommendation for approval. The exhibits to this staff report are as follows:

- Attachment 1: Ordinance No. 661 for City Council approval of the ODS with Exhibit A
- Final draft of the ODS document with PC revisions;
- Attachment 2: Resolution 09-23, PC favorable recommendation to City Council
- Attachment 3: Cover memo from RRM (consulting firm) to show PC requested revisions/changes and how the changes were incorporated into the document.
- Attachment 4: Final draft ODS document showing the original text (from March 2023) with changes shown in red made by the Planning Commission and changes shown in blue made by the city attorney

California Environmental Quality Act (CEQA)

Pursuant to State CEQA guidelines, a Program EIR for the Plan Morro Bay project was prepared, released for a 45-day public review process on October 19, 2020 to December 4, 2020 and certified by the City Council on May 25, 2021 (State Clearinghouse number 2021111026). The proposed ODS Zoning Code Amendments further implements the GP/LCP which was considered through the programmatic EIR review referenced above. That document provides a programmatic review of the potential impacts associated with implementation of the overall Plan Morro Bay project. State CEQA Guidelines Section 15162 provides that no further review is required under CEQA when there are no substantial changes in the Project, there are no substantial changes with respect to the circumstances under which the Project is undertaken, and there is no new information of substantial importance, which was not known and could not have been known at the time of certification of the EIR. The proposed ODS Zoning Code amendment is consistent with the analysis presented in the EIR and therefore, pursuant to State CEQA Guidelines Section 15162, no subsequent analysis is required.

CONCLUSION

The ODS is in final form and includes the updates and changes recommended by and agreed upon by a majority of the Planning Commission. Planning Commission voted 4/1 to forward

a favorable recommendation to City Council for approval of this ODS ordinance. One Planning Commissioner abstained from the vote. The final ODS ordinance, once approved by City Council, will be included as an amendment to the 2022 Zoning Code. California Coastal Commission has confirmed the ODS section will not be part of the Coastal Implementation Plan and therefore, will go into effect 30 days after the City Council adoption of the Ordinance update.

ATTACHMENTS

1. Ordinance No. 661 for City Council approval of the ODS w/ Exhibit A - Final Draft ODS Document with PC revisions (clean)
2. Resolution No. 09-23 PC favorable recommendation to CC
3. RRM cover memo with list of PC comments and how they were addressed in the document.
4. Track Change version of the ODS – red text reflects all PC changes from the original March 2023 ODS draft

ORDINANCE NO. 661

**AN ORDINANCE OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
FOR ADOPTION OF OBJECTIVE DESIGN STANDARDS FOR INCLUSION AS
CHAPTER 17.31 OF THE MORRO BAY MUNICIPAL CODE, "RESIDENTIAL AND
MIXED USE OBJECTIVE DESIGN STANDARDS," AND FURTHER TO BE AN
AMENDMENT TO THE 2022 ZONING CODE WITH A FINDING THAT NO FURTHER
ENVIRONMENTAL REVIEW IS REQUIRED PURSUANT TO STATE CEQA
GUIDELINES SECTION 15162**

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

WHEREAS, the City Council of the City of Morro Bay (the "City") conducted a public hearing on October 10, 2023, conducted in a hybrid format with both an in-person meeting at the Morro Bay Veterans Memorial Building, 209 Surf Street, Morro Bay, CA 93442 as well as through virtual public participation provided telephonically through Zoom, for the purpose of considering the approval of "Objective Design Standards" for various development case types in the City, which resulted from a policy goal in the adopted Housing Element update 2020-2028; and

WHEREAS, California Government Code Section 65300 requires the City adopt a comprehensive, long-term general plan for the physical development of the City; and

WHEREAS, Government Code Section 65860 requires that the City's zoning regulations be consistent with its General Plan and that in the event that zoning regulations become inconsistent with the General Plan by reason of amendment to the General Plan, the zoning shall be amended so that it is consistent with the General Plan as amended; and

WHEREAS, in May 2021 the City adopted a comprehensive update to its General Plan and Local Coastal Program Coastal Land Use Plan (LCP) known as Plan Morro Bay; and

WHEREAS, on November 22, 2022 the City Council adopted Ordinance 654, which repealed and replaced Title 17 of the Morro Bay Municipal Code (MBMC) in its entirety and adopted the 2022 Zoning Code / Coastal Implementation Plan (IP); and

WHEREAS, amendments to the MBMC, including its zoning regulations, are necessary to provide consistency with the 2021 General Plan/LCP Update; and

WHEREAS, the City determined that the General Plan /LCP Update, including the Plan Morro Bay's Zoning Code/ Coastal Implementation Plan (IP) Update was a project requiring review pursuant to the California Environmental Quality Act (CEQA), Public Resources Code 21000 et seq., and that an Environmental Impact Report (EIR) should be prepared to evaluate the potential environmental effects of such updates; and

WHEREAS, on May 26, 2021, the City Council adopted Resolution 20-21, certifying the EIR for the General Plan Update (State Clearinghouse Number SCH#2021111026), adopting Findings of Fact and Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program; and

WHEREAS, the Planning Commission reviewed the ordinance setting Objective Design Standards, attached hereto as Exhibit A as a new proposed MBMC Chapter 17.31, in four public hearings, resulting in the presented version of the ordinance at Exhibit A; and

WHEREAS, in its August 15, 2023 public hearing, Planning Commission voted 4-1 to forward a favorable recommendation for City Council adoption of the proposed new Chapter 17.31 of the MBMC, "Residential and Mixed Use Objective Design Standards," at Exhibit A hereto; and

WHEREAS, notice of the public hearing was provided at the time and in the manner required by law.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA FINDS AND ORDAINS AS FOLLOWS:

SECTION 1. FINDINGS. Based upon all the evidence, the Council makes the following findings:

- (a) California Environmental Quality Act. No further environmental review is required pursuant to State CEQA Guidelines Section 15162. To this end:
 - i. The proposed Objective Design Standards to be added as amendment to the 2022 Zoning Code implements the General Plan/LCP, which was considered through the General Plan /LCP Update Environmental Impact Report (EIR) (SCH No. 2021111026). That document provides a programmatic review of the potential impacts associated with implementation of the overall General Plan/LCP. The EIR is comprised of a Draft EIR (Draft EIR) and Final EIR (Final EIR). The Final EIR was released for public review on October 19, 2020 and certified by the City Council on May 25, 2021.
 - ii. The proposed Objective Design Standards as a Zoning Code amendment are consistent with the analysis presented in the EIR and, pursuant to State CEQA Guidelines Section 15162, no subsequent analysis is required.
 - iii. Therefore, there are no substantial changes in the project analyzed in the EIR, there are no substantial changes with respect to the circumstances under which such project is undertaken, and no new information of substantial importance, which was not known and could not have been known at the time of certification of the EIR, and no further environmental review is required.
- (b) Municipal Code (Zoning Code Update) Amendment. The proposed municipal code amendment is consistent with the General Plan goals, policies, and implementation programs and are necessary in order to provide consistency with the 2021 General Plan. This action is supported by the findings in Section 2(a) above, and is further supported by all findings of fact presented at the City Council hearing, including without limitation those facts stated in the accompanying staff report and exhibits thereto, and all evidence, determinations and direction of the City's Planning Commission, all of which evidence is incorporated herein by this reference.

SECTION 2. FINDINGS. The City Council does hereby adopt the Objective Design Standards, new Chapter 17.31 of the MBMC, "Residential and Mixed Use Objective Design Standards," provided as Exhibit A hereto, which includes the Planning Commission recommended changes and serves as an amendment to the 2022 Zoning Code for the Plan Morro Bay Update.

SECTION 3. SEVERABILITY. If any section, subsection, sentence, clause, phrase, or portion of this ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this ordinance and each section, subsection, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions thereof may be declared invalid or unconstitutional.

SECTION 4. EFFECTIVE DATE. This ordinance shall be in full force and effect thirty (30) days after its passage and adoption.

SECTION 5. CERTIFICATION. The City Clerk shall certify as to the passage and adoption of this ordinance, and the City Clerk shall cause the same to be posted and codified in the manner required by law.

INTRODUCED at a regular meeting of the City Council held on the 10th day of October 2023, by motion of _____ and seconded by _____.

PASSED AND ADOPTED on the _____ day of _____ 2023 on the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:
- RECUSE:

CARLA WIXOM, Mayor

ATTEST

DANA SWANSON, City Clerk

APPROVED AS TO FORM:

CHRIS F. NEUMEYER, City Attorney

STATE OF CALIFORNIA)
COUNTY OF SAN LUIS OBISPO)
CITY OF MORRO BAY)

I, Dana Swanson, CITY CLERK OF THE CITY OF MORRO BAY, DO HEREBY CERTIFY that the foregoing Ordinance Number 661 was duly adopted by the City Council of the City of Morro Bay at a regular meeting of said Council on the ____ day of _____ 2023, and that it was so adopted by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:
RECUSE:

IN WITNESS WHEREOF I have hereunto set my hand and affixed the official seal of the City of Morro Bay, California, this ____ day of _____, _____.

DANA SWANSON, City Clerk

Chapter 17.31: Residential and Mixed Use Objective Design Standards

17.31.010	Introduction
17.31.020	Site Design Standards
17.31.030	Building Design Standards
17.31.040	Additional Mixed Use Standards
17.31.050	Parking Structures
17.31.060	Utilitarian Elements

17.31.010 Introduction

- A. **Purpose.** The purpose of these design standards is to provide the public, building and design professionals, and decision-makers with objective, clear, and measurable criteria for eligible residential and mixed use development in Morro Bay.
1. State housing laws have established eligibility for various types of residential and mixed use development, which must be evaluated on the basis of objective standards adopted by the city.
 2. The intent of such State legislation is to facilitate and expedite the construction of housing, contribute to the Regional Housing Needs Allocation, and address the local shortage of housing. The State finds that lack of homes has resulted in the following across California:
 - a. Workers, public safety employees, healthcare providers, educators moving to lower-cost homes farther away from the communities they serve;
 - b. Employers facing increasing difficulty in securing and retaining a workforce;
 - c. Increased pressure to develop farmlands, open space, and rural areas into lower-cost homes, with longer commute times, greenhouse gas emissions, and higher exposure to fire hazard;
 - d. Increased poverty and homelessness;
 - e. Lower income residents moving into crowded and unsafe homes; and
 - f. Families and individuals moving out of their communities and ultimately out of the State of California.
 3. The intent of this Chapter is to provide clear design direction and an expedited planning process for these eligible residential projects. Unless otherwise indicated herein, all references to State statutes refer to the California Government Code.
- B. **Eligible Projects.** The provisions of this chapter apply to projects made eligible by, but not limited to, the following State housing laws:
1. ***Senate Bill 35 Projects (California Government Code §65913.4).*** SB 35 establishes eligible residential development in cities where the number of residential units built is less than the Regional Housing Needs Allocation for the reporting period. Eligible

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

projects are subject to a ministerial, streamlined approval process, consistent with objective standards, if the following conditions are met.

- a. The proposed project contains two or more residential units, and at least two-thirds of the square footage of the development is designated for residential use;
 - b. The proposed project is located on a site that satisfies the following:
 - i. The site is a legal parcel or parcels located in city boundaries;
 - ii. 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses (parcels that are only separated by a street or highway shall be considered to be adjoined);and
 - iii. The site is zoned for residential use or residential mixed use development;
 - c. The proposed site is not located any of the following:
 - i. A coastal zone (defined in Division 20 and commencing with Section 30000 of the Public Resources Code);
 - ii. Prime farmland or farmland of statewide importance (as defined by the United States Department of Agriculture);
 - iii. Wetlands (as defined in the United States Fish and Wildlife Service Manual);
 - iv. Very high fire hazard severity zone (as defined by the Department of Forestry and Fire Protection pursuant to Section 51178 of the California Government Code);
 - v. Hazardous waste sites (defined by the Department of Toxic Substances Control and pursuant to Section 65962.5);
 - vi. Delineated earthquake fault zone (defined by the State Geologist);
 - vii. Floodplains (defined by the Federal Emergency Management Agency);
 - viii. Floodways (defined by the Federal Emergency Management Agency);
 - ix. Lands identified for conservation in an adopted natural community conservation plan (pursuant to the Natural Community Conservation Planning Act);
 - x. Habitat for protection species identified as candidate, sensitive, or species of special status by state or federal agencies, fully protect species, or species protected by the federal Endangered Species Act of 1973;
 - xi. Lands under conservation easement;
 - d. The proposed project is required to record land use deed restrictions for any units that are subsidized;
 - e. The proposed project would not require the demolition of housing and is not located on a site that is governed under the Mobilehome Residency Law.
2. **Senate Bill 330 Projects (California Government Code §65589.5 and §65920).** SB 330 establishes eligible affordable residential development in cities where the number of residential units built is less than the Regional Housing Needs Allocation for the

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

reporting period. Eligible residential development is subject to a preliminary application process pursuant to Sections 65589.5 and 65920, and must be consistent with objective standards.

3. ***Assembly Bill 2011 Projects (California Government Code §65400, §65585, and §65912).*** AB 2011 establishes eligible 100 percent affordable residential and mixed use development along commercial corridors (where office, retail, or parking is the principal use), subject to specific affordability, labor, and environmental criteria. AB 2011 projects are subject to a ministerial, streamlined approval process, if the following conditions are met.
 - a. The proposed project meets the following affordability criteria:
 - i. 100 percent of the units within the development project, excluding managers' units, shall be dedicated to lower income households at an affordable cost, as defined by Section 50052.5 of the Health and Safety Code; and
 - ii. The units shall be subject to a recorded deed restriction for a period of 55 years for rental units and 45 years for owner-occupied units;
 - b. The proposed site satisfies the following:
 - i. The proposed project is located in a zoning district where office, retail, or parking are a principally permitted use;
 - ii. The proposed project is located on a legal parcel or parcels located in city boundaries; and
 - iii. The proposed project is located on a site where 75 percent of the perimeter adjoins parcels that are developed with urban uses (parcels that are only separated by a street or highway shall be considered to be adjoined);
 - c. The proposed site is not located in any of the following:
 - i. Prime farmland or farmland of statewide importance (as defined by the United States Department of Agriculture);
 - ii. Wetlands (as defined in the United States Fish and Wildlife Service Manual);
 - iii. Very high fire hazard severity zone (as defined by the Department of Forestry and Fire Protection pursuant to Section 51178 of the California Government Code);
 - iv. Hazardous waste sites (defined by the Department of Toxic Substances Control and pursuant to Section 65962.5);
 - v. Delineated earthquake fault zone (defined by the State Geologist);
 - vi. Floodplains (defined by the Federal Emergency Management Agency);
 - vii. Floodways (defined by the Federal Emergency Management Agency);
 - viii. Lands identified for conservation in an adopted natural community conservation plan (pursuant to the Natural Community Conservation Planning Act);

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

- ix. Habitat for protection species identified as candidate, sensitive, or species of special status by state or federal agencies, fully protect species, or species protected by the federal Endangered Species Act of 1973;
 - x. Lands under conservation easement; or
 - xi. A site where more than one-third of the square footage on the site is dedicated to industrial use;
- d. The proposed project would not require the demolition of housing and is not located on a site that is governed under the Mobilehome Residency Law; and
- e. If vacant, the proposed site does not contain tribal cultural resources (as defined by Section 21074 of the Public Resources Code) found pursuant to a consultation.
4. **Assembly Bill 2162 Projects (California Government Code §65583 and §65650).** AB 2162 establishes eligible supportive housing by-right in zones where multi-unit and mixed use development is permitted. Eligible projects are subject to a ministerial, streamlined approval process, consistent with objective standards, if the following conditions are met.
- a. Units within the proposed development are subject to a recorded affordability deed restriction for 55 years;
 - b. 100 percent of the units within the development project, excluding managers' units, shall be dedicated to lower income households at an affordable cost, as defined by Section 50052.5 of the Health and Safety Code; and
 - c. At least 25 percent of the total units, or 12 units, whichever is greater, are restricted to residents in supportive housing who meet target criteria.
5. **Senate Bill 6 Projects (California Government Code §65913.4 and §65852.24).** SB 6 establishes eligible residential development along commercial corridors (where office, retail, or parking is the principal use), subject to specific labor and environmental criteria, in cities where the number of residential units built is less than the Regional Housing Needs Allocation for the reporting period. Eligible projects are subject to a ministerial, streamlined approval process, consistent with objective standards, if the following conditions are met.
- a. The proposed project contains two or more residential units, and at least two-thirds of the square footage of the development is designated for residential use;
 - b. The proposed project is located on a site that satisfies the following:
 - i. The site is a legal parcel or parcels located in city boundaries;
 - ii. 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses (parcels that are only separated by a street or highway shall be considered to be adjoined); and
 - iii. The site is zoned for residential use, residential mixed use development, office commercial use, or retail commercial use;
 - c. The proposed site is not located any of the following:
 - i. A coastal zone (defined in Division 20 and commencing with Section 30000 of the Public Resources Code);

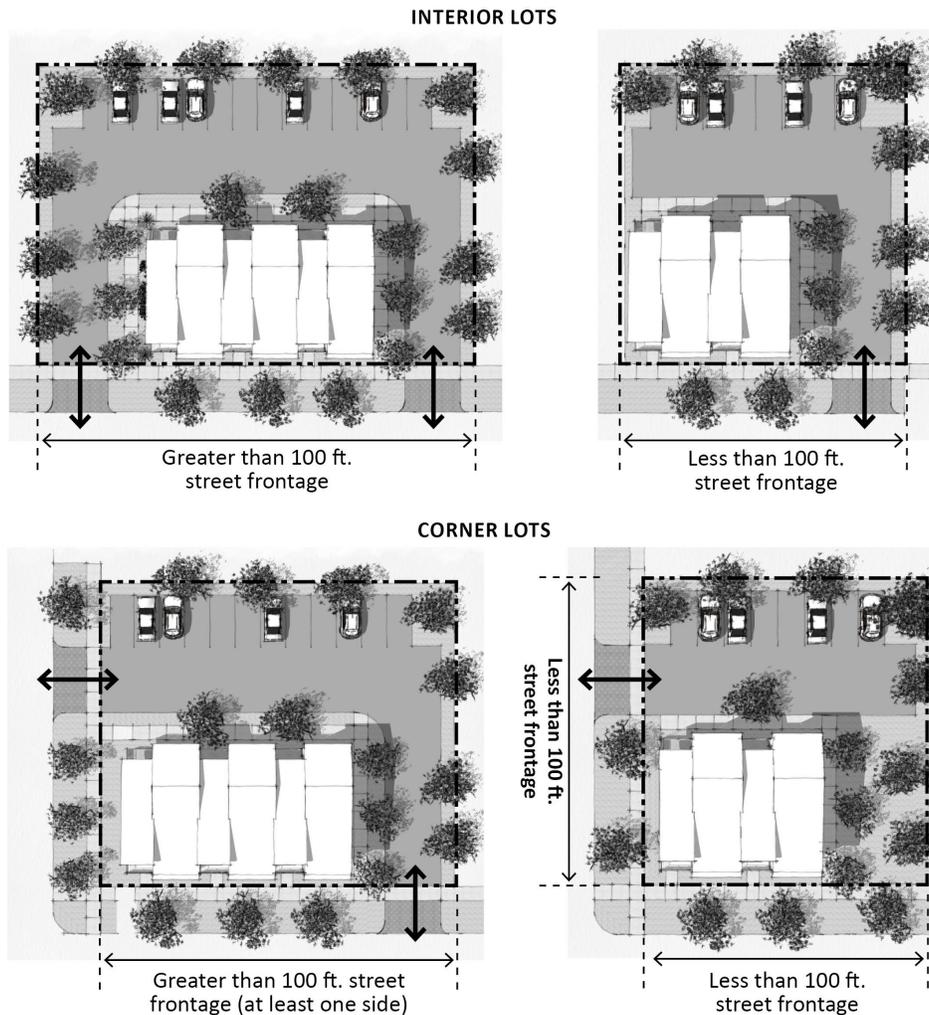
CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS
OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

- ii. Prime farmland or farmland of statewide importance (as defined by the United States Department of Agriculture);
 - iii. Wetlands (as defined in the United States Fish and Wildlife Service Manual);
 - iv. Very high fire hazard severity zone (as defined by the Department of Forestry and Fire Protection pursuant to Section 51178 of the California Government Code);
 - v. Hazardous waste sites (defined by the Department of Toxic Substances Control and pursuant to Section 65962.5);
 - vi. Delineated earthquake fault zone (defined by the State Geologist);
 - vii. Floodplains (defined by the Federal Emergency Management Agency);
 - viii. Floodways (defined by the Federal Emergency Management Agency);
 - ix. Lands identified for conservation in an adopted natural community conservation plan (pursuant to the Natural Community Conservation Planning Act);
 - x. Habitat for protection species identified as candidate, sensitive, or species of special status by state or federal agencies, fully protect species, or species protected by the federal Endangered Species Act of 1973; or
 - xi. Lands under conservation easement;
- d. The proposed project is required to record land use deed restrictions for any units that are subsidized.
6. All other residential or mixed use projects made eligible by State law and which are required to meet objective standards.
- C. **Compliance with Other Standards.** In addition to meeting objective standards in this chapter, eligible residential projects shall comply with other objective standards as established in the Morro Bay Municipal Code, other adopted City plans, and the California Building Code (CBC).
- D. **Conflicting Standards.** If there is any conflict between the objective design standards of this Chapter and other City requirements, the less restrictive objective design standard applicable to the project shall apply. If there is any conflict between City requirements stated in this chapter and State law, the State law requirement shall apply.
- E. **Exceptions, Waivers, or Modifications.** The City's non-streamlined, discretionary review process shall be required for any project that seeks exceptions, waivers, variances or other modifications to the objective standards of this Chapter.

17.31.020 Site Design Standards

- A. **Purpose.** Site planning refers to the arrangement of - and relationships between - buildings, parking areas, common and private open space, landscaping, and pedestrian connections. The site planning topics in this section include site layout and building placement, vehicular surface parking and access, pedestrian circulation and access, landscaping, and common and private open space.
- B. **Building Placement and Orientation.** Building placement and orientation shall comply with the provisions of Chapter 17.07, Residential Districts, or Chapter 17.08, Commercial and Mixed Use Districts. In addition, if buildings on the same block establish a contiguous street wall along at least 50 percent of the primary street frontage, new buildings shall be located to maintain the contiguous street wall.
- C. **Vehicular Parking and Access.** Off-street vehicular parking and access shall comply with the provisions of Chapter 17.27, Parking and Loading. For properties in Commercial and Mixed Use Districts, projects shall also comply with Section 17.08.040, Supplemental Regulations. In addition, projects shall comply with the following:
1. **Primary Access.** Side street or alley access shall serve as the primary vehicular access to off-street parking areas, if available. If not available, the primary street shall serve vehicular access. See Section 17.27.100, Driveways and Drive Approaches, for detailed standards related to driveway location, site layout, limits to driveway width and design.
 2. **Number of Access Points.**
 - a. For interior lots with less than 100 linear feet of street frontage, a maximum of one vehicle access point from the street is permitted. For interior lots with 100 linear feet or more of street frontage, a maximum of two vehicular access points from the street is permitted.
 - b. For corner lots, one vehicular access point is permitted where both street frontages are less than 100 linear feet. Two vehicular access points are permitted for lots where at least one street frontage is 100 linear feet or more.
 - c. The above standards assume that an access point can be a two-way connection (both ingress and egress) or a one-way connection (either ingress or egress).

CITY OF MORRO BAY
 OBJECTIVE DESIGN STANDARDS
 OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)
FIGURE 17.31.020(C)(2): VEHICULAR ACCESS POINTS



3. **Parking Location.** Parking areas shall not be located within any front or street side setback, or between any residential/mixed use structure and the primary street.
 - a. **Parking Area Gates.** Parking areas with gates to control access are allowed. Gates shall be located a minimum of 20 feet from the back of sidewalk, or edge of pavement where there is no sidewalk.
4. **Loading and Service Areas.** The provision, layout and design of loading and service areas shall comply with Section 17.27.090, Loading, as well as the following standards:
 - a. All required loading and service areas shall be located adjacent to a façade other than the primary building frontage.
 - b. Loading and service areas shall not be located adjacent to residential dwelling units or common open space areas. Loading areas shall be screened from public view by building walls and/or uniformly solid fencing or walls, not less than six feet in height, or evergreen trees at least 10 feet in height.
5. **Avoid Vehicle Light Intrusion into Ground-Floor Units.** Vehicle parking areas shall be located, oriented, and/or screened to prevent visual intrusion of vehicle lights into

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

interior residential spaces, including residential units on neighboring properties. Where parking areas are located within 15 feet of a residential unit, they shall be located within a garage, carport, or parking structure, or screened by a solid wall, fence, or landscaping a minimum of six feet in height.

D. **Pedestrian Circulation and Access.** On-site pedestrian circulation and access shall be provided according to the following standards.

1. **Internal Connections.** A system of pedestrian walkways shall connect all buildings on a site to each other, to on-site automobile and bicycle parking areas, and to any on-site open space areas or pedestrian amenities.
2. **To Circulation Network.** Regular connections between on-site walkways and the public sidewalk shall be provided. An on-site walkway shall connect the primary building entry or entries to a public sidewalk on each street frontage. Such walkway shall be the shortest practical distance between the main entry and sidewalk, generally no more than 125 percent of the straight line distance.
3. **To Neighbors.** Direct and convenient access shall be provided from commercial and mixed-use projects to adjoining residential and commercial areas to the maximum extent feasible while still providing for safety and security.
4. **To Transit.** Safe and convenient pedestrian connections shall be provided from transit stops to building entrances.
5. **Pedestrian Walkway Design.**
 - a. Walkways shall be a minimum of five feet wide, shall be hard-surfaced, and paved with concrete, stone, tile, brick, or comparable material.
 - b. Where a required walkway crosses parking areas or loading areas, it must be clearly identifiable through the use of a raised crosswalk, a different paving material, or similar method.
 - c. Where a required walkway is parallel and adjacent to an auto travel lane, it must be raised or separated from the auto travel lane by a raised curb at least four inches high, bollards, or other physical barrier.
6. **Pedestrian Design in Parking Areas.** See Section 17.27.110, Parking Area Design and Development Standards, for requirements involving pedestrian access to vehicle parking areas.

E. **Common and Private Open Space.** Common and private open spaces shall be provided according to the base zoning district regulations in Chapter 17.07, Residential Districts, or Chapter 17.08, Commercial and Mixed Use Districts. Section 17.23.100, Open Space, contains objective standards regarding minimum dimensions, usability, and accessibility for both private and common open space. In addition, the following standards apply:

1. **Common Open Space.** Common open space shall be provided according to Section 17.23.100, Open Space, and shall comply with the following:
 - a. **Amenity Types.** Where required by the base zoning district, projects shall provide at least one common open space through the following amenities: play areas, common courtyards, patios, gathering spaces, multi-use paths and trails, athletic/recreational facilities, dog runs and enclosures; pools and spas, rooftop decks, and community gardens. An applicant may provide common open space

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

through an amenity not on this list if it is readily accessible by all residents for recreation and social purposes.

- b. *Location.* Common open space shall be located to fulfill at least one of the following:
 - i. Avoid Building Shadow. The common open space shall not be located within the winter shadow line of the north-facing side of any building.
 - ii. Proximity to Multiple Homes. The common open space(s) is within 250 feet of the pedestrian entrances to at least 20 percent of the residential homes.
 - iii. Rooftop. The common open space is located on a building rooftop and is a minimum of 15 feet away from any property line.
 - c. *Visibility.* Common open space shall be located and arranged to allow visibility into the space from pedestrian walkways within the development. Fencing or barriers shall be designed with opaque, nontransparent materials for a maximum of 80 percent of the surface area, to allow some visual transparency between the common open space and pedestrian walkways.
2. **Private Open Space.** Private open space shall be provided according to Section 17.23.100, Open Space, and shall be screened with one of the following options:
- a. *Screening with Structural Elements.* A private open space screened by a fence or wall shall comply with Section 17.23.060, Fences and Freestanding Walls.
 - b. *Screening with Landscaping and Structural Elements.* A private open space screened by landscaping shall provide a landscape buffer or dense evergreen shrubs/vines of minimum 5 feet width and minimum 4 feet height. If a ground-level private open space is visible from a public right-of-way or common open space, a landscape buffer is required.

F. **Landscaping.** Landscaping shall be utilized for all outdoor areas that are not specifically used for parking, driveways, walkways, or open space. Refer to Chapter 17.25, Landscaping, for regulations applicable to all new development. In addition, projects within the Coastal Resource Protection (CRP) Overlay District shall comply with relevant regulations in Chapter 17.14, Coastal Resource Protection Overlay District. For landscaping requirements in vehicular parking areas, refer to Section 17.27.110, Parking Area Design and Development Standards. In addition, the following standards apply:

- 1. **Number of Plants.** A minimum of one 15-gallon tree or equivalent box size and 10 five-gallon shrubs shall be planted for every 1,000 square feet of required landscape area.
- 2. **Plant Selection.** Projects shall comply with water efficient planting standards of Section 17.25.050, General Requirements. Plants shall be selected from plants that are native to California, or plants included on the City's Street Tree List. Artificial or synthetic plants, except for turf, are prohibited. In addition, tree and plant species that attract and provide habitat for local fauna (e.g., birds and pollinators such as bees and butterflies) are encouraged.
- 3. **Privacy.** Landscaping shall be provided as a buffer between adjacent individual units. Landscaping shall obscure direct sight lines, and may be used in combination with walls, fencing, and/or trellises to screen views. Plant selection and landscape screening

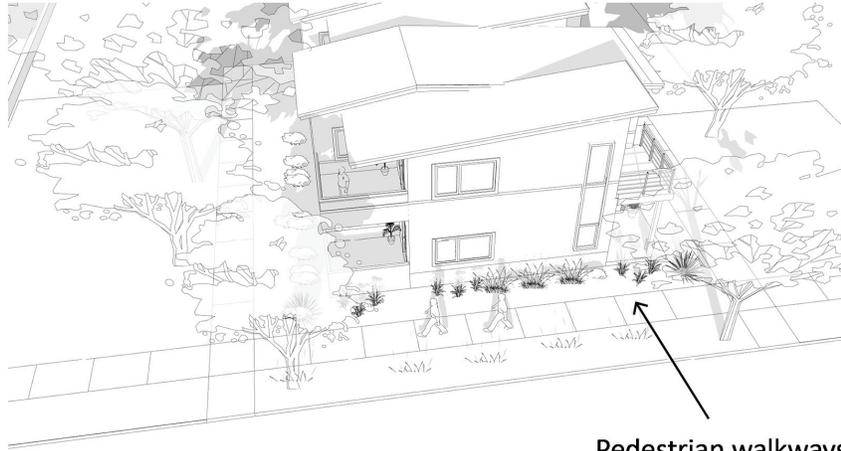
CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

container size shall be selected to achieve at least 50 percent of this height within three years of installation.

4. ***Pedestrian Walkways.*** Pedestrian walkways shall be adjacent to landscaping, on at least one side and may include a mix of turf, groundcover, or shrubs. Trees provided within 20 feet of pedestrian walkways shall be placed a maximum of 30 feet apart on center, in order to provide some shade.

FIGURE 17.31.020(F)(4): PEDESTRIAN WALKWAYS



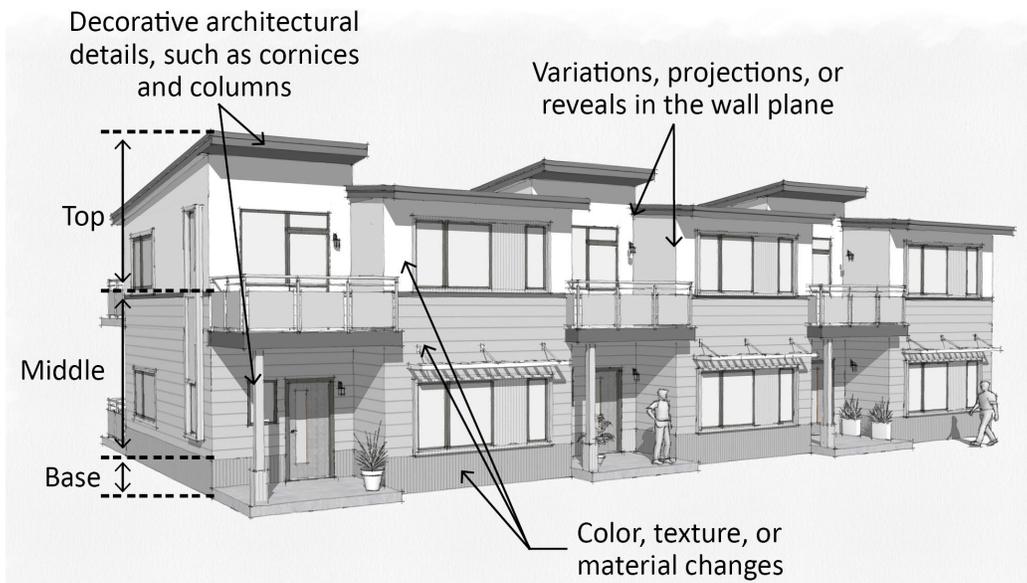
Pedestrian walkways
adjacent to landscaping
on at least one side

17.31.030 Building Design Standards

A. **Building Form, Massing, and Façade Articulation.** Building form, massing and façade articulation facilitate the distinction of individual units, or groups of units, through varied heights, projections, setbacks, and recesses. Materials and colors emphasize changes and hierarchy in building form.

1. **Building Form and Vertical Hierarchy.** Buildings shall be designed to differentiate between a defined base; a middle or body; and a top, cornice, or parapet cap. Buildings two stories or less shall include a defined base and a top, cornice, or parapet cap. This effect shall be achieved through incorporating at least two of the following design elements for all buildings:
 - a. Color, texture, or material changes.
 - b. Variations, projections, or reveals in the wall plane.
 - c. Variations in fenestration size or pattern.
 - d. Decorative architectural details such as cornices and columns.

FIGURE 17.31.030(B)(1): BUILDING FORM AND VERTICAL HIERARCHY



2. **Four-sided Architecture.** Buildings shall be designed and articulated with common details, articulation, materials, and elements on all sides.
3. **Massing.**
 - a. **Upper Floor Area Reduction.**
 - i. Main Street and Morro Bay Boulevard. The floor area for upper floors shall be reduced through one of the following options:
 - (1) The second floor shall have a maximum floor area that is 90 percent of the ground floor area, and the third and higher floors

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS
OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

shall have a maximum floor area that is 80 percent of the ground floor area.

- (2) The second and higher floors shall provide that 50 percent of every elevation is set back a minimum of 3 feet in addition to the required setback area.

ii. All Other Locations.

- (1) The second floor shall have a maximum floor area that is 90 percent of the ground floor area.

- (2) The third floor shall have a maximum floor area that is 80 percent of the ground floor area.

- (3) Floors above the third floor shall have a maximum floor area that is 70 percent of the ground floor area.

- b. *Upper Floor Cantilever.* Upper floor uncovered decks a minimum of 6 feet by 8 feet in dimension shall be allowed to cantilever and protrude into front or street side setbacks or public-right-of-way, provided that there is a minimum of 12 feet of vertical clearance and that the cantilever does not encroach more than 2 feet into the setback or public right-of-way. Right-of-way encroachment shall obtain an Encroachment Permit in accordance with Title 12 of the Morro Bay Municipal Code.

4. ***Façade Articulation.*** All street-facing facades shall have at least one horizontal or vertical projection or recess at least two feet in depth for every 25 horizontal feet of wall. If located on a building with two or more stories, the articulated elements must be greater than one story in height, and may be grouped rather than evenly spaced in 25-foot modules. Building entrances and front porches and projections into required yards such as stoops, bays, overhangs, fireplaces, and trellises may count towards meeting this requirement.

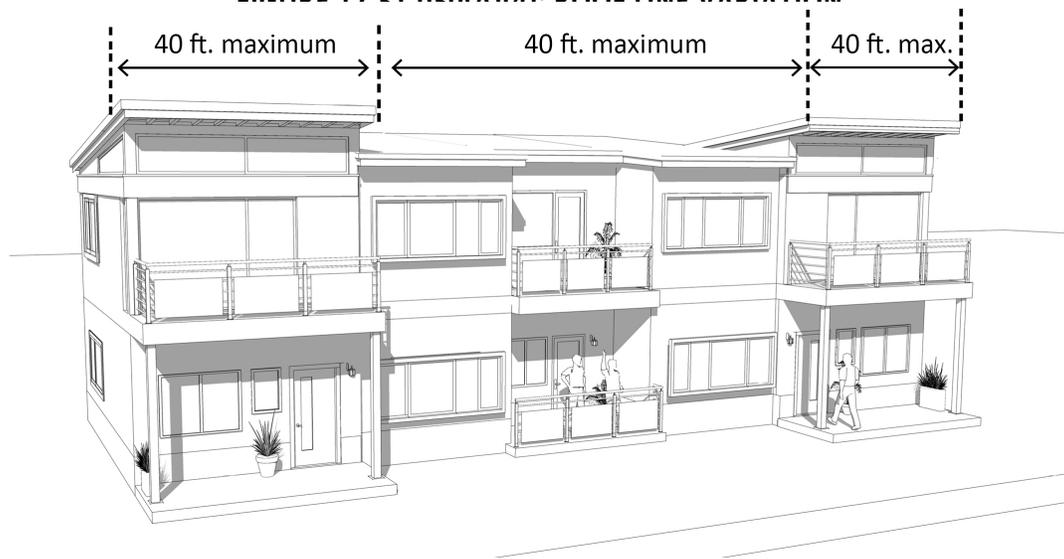
5. ***Roofs.***

- a. *Roof Line Variation.* Roof lines shall not extend more than a length of 40 feet without at least one prominent change as described below:

- i. Provide variation in roof form, such as hip, gable, shed, and flat with parapet.

- ii. Provide variation of roof height of at least 18 inches (as measured from the highest point of each roof line).

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS
OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)
FIGURE 17.21.030(A)(4) - ROOF LINE VARIATION



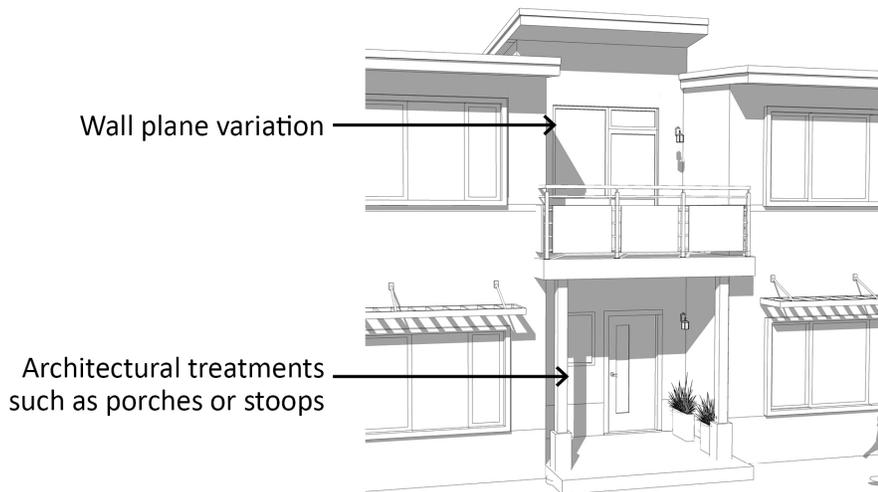
- b. **Flat Roofs and Parapets.** Parapets shall be provided around the perimeter of a flat roof and shall be a minimum of six inches taller than all rooftop equipment.
 - i. Interior side of parapet walls shall not be visible from a common open space or public right-of-way.
 - ii. Parapets shall be capped with “precast” treatment, continuous banding, or projecting cornices, dentils, or similar edge treatment. Visible unfinished metal flashing is prohibited.
- 6. **Corner Architectural Features.** Buildings located on the corner of two streets, and greater than one story, shall include one or more of the following features on both of the intersecting facades, located within 25 feet of the corner of the building:
 - a. An entry to ground-floor use or a primary building entrance.
 - b. A different material application, color, or fenestration pattern of windows and doors from the rest of the façade.
 - c. The area encompassed within 25 feet of the corner of the building shall have a change in height of at least 2 feet.
- B. **Building and Unit Entrances.** Entrance orientation and design shall comply with the provisions of Section 17.07.040, Supplemental Regulations (Residential Districts), or Section 17.08.040, Supplemental Regulations (Commercial and Mixed Use Districts). The following additional standards also apply:
 - 1. **Primary Residential Building Entrances.**
 - a. **Street-Facing Entry.** Residential buildings located adjacent to the primary street shall have a ground-level common entry facing the primary street unless units are accessed by individual entries.
 - b. **Building Entry Architectural Treatments.** Common building entries shall be differentiated from the main façade through at least two of the following:

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

- i. Roof above the entry incorporating a change in roof line of at least 18 inches in height.
 - ii. Entry incorporating a variation of wall plane (recessed or projected) a minimum of 2 feet from the adjacent wall planes.
 - iii. Entry incorporating architectural treatments that vary from those on the general facade (e.g., window and/or door trim with substantial depth and detail, decorative siding, decorative fascia, porches, stoops).
- c. *Porch Requirements.* A porch serving more than one unit shall be a minimum of 6 feet by 8 feet in dimension.
- d. *Enhanced Paving for Building Entrances.* Primary building entryways shall provide decorative and accent paving that contrast in color and texture from any adjacent pedestrian walkway surfaces. Allowed materials include stamped concrete, stained concrete painted concrete, concrete pavers, brick, stone, flagstone, and tile. Decomposed granite, pea gravel, and other types of crushed rock are prohibited.

FIGURE 17.31.030(B)(1)(B): PRIMARY BUILDING ENTRY ARCHITECTURAL TREATMENTS



2. ***Individual Unit Entrances.***

- a. *Upper-Floor Unit Entry.* Exterior entries to individual units on upper floors are permitted; however, in order to avoid a “motel-style” appearance, no exterior access corridor located above the ground floor may provide access to five or more upper-floor units.
- b. *Non Street-Adjacent Buildings.* Buildings not located adjacent to a street shall have unit front entryways oriented to face common open space areas such as landscaped courtyards, plazas, or paseos.
- c. *Porch Requirements.* A porch serving an individual unit shall be a minimum of 5 feet by 8 feet in dimension.
- d. *Stoop Requirements.* A stoop serving an individual unit shall be a minimum of 4 feet by 4 feet in dimension. The stoop adjacent to the door shall be a maximum

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

of 5 feet in height above the adjacent walkway, and stairs or ramps from the stoop lead directly to the public right-of-way, or a parallel to the public right-of-way.

C. **Windows.**

1. **Privacy.** Where a residential building is located within 10 feet of a neighboring property line, windows facing neighboring buildings shall be offset a minimum of 5 feet from closest edge to edge. Where this offset cannot be provided, the window design on the building facades facing each other shall avoid unfiltered/direct views into interiors and shall be designed with one or more of the following:
 - a. Utilize non-transparent or obscured glazing, such as frosted/patterned glass, glass block, or non-operable opaque windows. Reflective glazing is not permitted.
 - b. Provide permanent architectural screens or affixed louvers at windows.
 - c. Utilize clerestory windows with the bottom edge of the window a minimum height of 6 feet from the ground.
2. **Window Treatment.** All windows shall either be recessed at least 2 inches from the plane of the surrounding exterior wall or shall have trim at least 1/2 inch in depth and 2 inches in width.
 - a. *Windows Facing a Public Street.* Windows facing a public street shall feature enhanced window treatments, such as decorative architectural brackets, trim, shutters, awnings, and/or trellises.
 - b. *Window Shutters.* Functional and decorative shutters shall be one-half-width of the associated window glazing (for paired shutters), or matching window width for a single shutter.

D. **Materials and Colors.** Exterior building materials and colors shall comply with the provisions of Section 17.07.040, Supplemental Regulations (Residential Districts), or Section 17.08.040, Supplemental Regulations (Commercial and Mixed Use Districts).

1. **Wall Material.** The primary exterior siding material for buildings shall be stone, brick, stucco, concrete block, painted wood clapboard, fiber cement clapboard, or painted metal clapboard.
2. **Window Material.** Window materials, color, and style shall be consistent on all elevations, unless used at an entry way or as an accent feature.
3. **Material Transition.** Changes in material shall occur at inside corners of intersecting walls or at architectural features that break up the wall plane, such as columns.
4. **Awnings.** Glossy finish vinyl awning material is not allowed.

17.31.040 Additional Mixed Use Standards

- A. **Façade Articulation.** Building façades visible from the primary street shall not extend more than 50 feet in length without at least one of the following: a 5-foot variation in depth in the wall plane, architectural element, or other prominent feature that provides visual interest. Building entrances, front porches, upper-story setbacks, and projections such as stoops, bays, overhangs, fireplaces, upper-story decks and trellises count towards this requirement.

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

- B. **Ground Floor Height.** In order to retain the small-scale building character of Morro Bay, the ground floor height of commercial portions of mixed use projects shall be a maximum of 12 feet, measured floor to floor.
- C. **Ground Floor Transparency.** Exterior walls of buildings or portions of buildings containing non-residential uses facing and within 20 feet of a front or street side lot line shall include windows, doors, or other openings for at least 50 percent of the building wall area located between 2.5 and seven feet above the level of the sidewalk. Such walls may run in a continuous plane for no more than 30 feet without an opening.
- D. **Street-Facing Setbacks.** Where a front setback or street-facing side setback is provided for a mixed use building, it shall be designed for pedestrian orientation with hard surface and amenities. The setback area on each lot shall contain at least two amenities per 50 linear feet such as benches, drinking fountains, shade structure, or other design element (e.g. art or sculpture, planters, and kiosks).
- E. **Entrances.**
 - 1. **Residential Street-Adjacent Entry.** Mixed use buildings located adjacent to the primary street shall incorporate at least one residential building entrance that directly fronts the public sidewalk or right-of-way and complies with the requirements of Subsection 17.31.030(B)(1).
 - 2. **Commercial Storefronts.** Commercial entrances adjacent to the sidewalk shall be recessed from the façade by a minimum of 2 feet from the rest of the building, creating an alcove.

17.31.050 Parking Structures.

- A. **Wall Plane Variation.** Façades visible from the primary street shall not extend more than 50 feet in length without at least one of the following: a 3-foot variation in depth in the wall plane, architectural element, or other prominent feature that provides visual interest.
- B. **Materials and Colors.** The parking structure shall utilize the same colors and materials as the primary buildings.
- C. **Articulation.** The exterior of the parking structure shall apply at least one of the following as articulation:
 - 1. Applied materials such as brick, stone, and/or siding which extend at least two inches from the face of the structure to the face of the applied materials. Painted concrete, smooth concrete, or stucco walls shall not be considered sufficient articulation.
 - 2. Decorative architectural features such as cut metal screens, awnings, trellises, louvers, and/or decorative security grills shall be used on openings facing a public street or open space.
- D. **Landscaping.** Vertical plantings shall be located between openings, entrances, and architectural accent features. At least one tree shall screen the building façade per 50 feet. Trees shall be selected from California native plants or from the City's Street Tree list. Trees shall be selected to grow to 40 feet in height at maturity, and shall grow to at least 15 feet in height within two years from time of installation.

17.31.060 Utilitarian Elements

- A. **Bicycle Parking.** Bicycle parking shall comply with the provisions of Section 17.27.080, Bicycle Parking. Additionally, long-term bicycle parking areas shall be required to provide one 110 voltage wall outlet per every 10 long-term bicycle parking spaces for residents with electric bicycles.
- B. **Refuse Storage and Collection Areas.** Trash, recycling, and green waste container enclosures are required for residential and mixed use developments. They shall be located within a service section of the primary building, incorporated into the exterior building design, or located within a detached and locked enclosure designed and placed as follows:
 - 1. **Location.** The enclosure shall be located to the rear or side of the building and located outside of view from a public right-of-way.
 - 2. **Screening.** The enclosure shall include a solid wall a minimum of 6 feet in height and a roof structure that fully shields the top of the container, and be located on the site in an area where the screening height required is allowed.
 - 3. **Materials.** The enclosure shall use materials that are consistent with exterior colors and materials of the primary building.
- C. **Fences and Walls.** Fences and walls shall comply with the provisions of Section 17.23.060, Fences and Freestanding Walls. In addition, where fences and walls of different materials or finishes intersect, a column or pilaster shall be provided.
- D. **Lighting.** Lighting shall comply with the provisions of Section 17.23.080, Lighting and Illumination. Projects within the Coastal Resource Protection (CRP) Overlay Zone District shall comply with additional provisions of Section 17.14.090, Visual Resource Protection. Lighting in parking areas shall also comply with Section 17.27.110, Parking Area Design and Development Standards.
- E. **Screening of Mechanical Equipment.** Equipment and utilities shall comply with the provisions of Section 17.23.130, Screening.
- F. **Vents and Exhaust.** All wall-mounted elements shall be located at interior corners of building walls or behind building or screening elements that conceal them from public view. All flashing, sheet metal vents, exhaust fans/ventilators, and pipe stacks shall be painted to match the adjacent roof or wall material and/or color.

RESOLUTION NO. PC 09-23

A RESOLUTION OF THE MORRO BAY PLANNING COMMISSION FORWARDING A FAVORABLE RECOMMENDATION TO THE MORRO BAY CITY COUNCIL FOR ADOPTION OF OBJECTIVE DESIGN STANDARDS FOR INCLUSION AS SECTION 17.31 OF THE MORRO BAY MUNICIPAL CODE AND AMENDMENT TO THE 2022 ZONING CODE WITH A FINDING THAT NO FURTHER ENVIRONMENTAL REVIEW IS REQUIRED PURSUANT TO STATE CEQA GUIDELINES SECTION 15162

WHEREAS, California Government Code Section 65300 requires the City adopt a comprehensive, long-term general plan for the physical development of the City; and

WHEREAS, Government Code Section 65860 requires that the city's zoning regulations be consistent with the General Plan and that in the event that zoning regulations become inconsistent with the general plan by reason of amendment to the General Plan, the zoning shall be amended so that it is consistent with the General Plan as amended; and

WHEREAS, in May 2021 the City adopted a comprehensive update to its General Plan and Local Coastal Program Coastal Land Use Plan (LCP) known as Plan Morro Bay; and

WHEREAS, on November 22, 2022 the City Council adopted Ordinance 654 which repealed and replaced Title 17 of the Morro Bay Municipal Code in its entirety and adopted the 2022 Zoning Code / Coastal Implementation Plan (IP) (also referred to herein as "Project"); and

WHEREAS, amendments to the Morro Bay Municipal Code (MBMC), including its zoning regulations, are necessary to provide consistency with the 2021 General Plan/LCP Update; and

WHEREAS, the city determined that the General Plan /LCP Update, including the Plan Morro Bay's Zoning Code/ Coastal Implementation Plan (IP) Update was a project requiring review pursuant to the California Environmental Quality Act (CEQA), Public Resources Code 21000 et seq. and that an Environmental Impact Report (EIR) should be prepared to evaluate the potential environmental effects of the Project; and

WHEREAS, on May 26, 2021, the City Council adopted Resolution 20-21, certifying the EIR for the General Plan Update (State Clearinghouse Number SCH#2021111026), adopting Findings of Fact and Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program; and

WHEREAS, amendments to the MBMC are necessary in order to provide consistency between the General Plan/LCP and MBMC;

WHEREAS, duly noticed public hearings for the Public Draft of the Objective Design Standards Zoning Amendment was held by Planning Commission on May 16, 2023 and continued to June 6, 2023 and July 18, 2023; and

WHEREAS, the Planning Commission of the City of Morro Bay (the "City") held a third continued public hearing on August 15, 2023 conducted in a hybrid format with both an in-person meeting at the Morro Bay Veterans Memorial Building, 209 Surf Street, Morro Bay, CA 93442 as well as through virtual public participation provided telephonically through Zoom, for the purpose of considering a favorable recommendation to the Morro Bay City Council for adoption of the Objective Design Standards as a Zoning Code Amendment to be included as Title 17.31 of the Morro Bay Municipal Code and included as an amendment to the 2022 Zoning Code ("Project"); and

WHEREAS, notice of the public hearing was provided at the time and in the manner required by law; and

WHEREAS, the Planning Commission has duly considered all evidence, including the written and oral staff report, presentation, public testimony on the Project, and whether the Project should be adopted; and

WHEREAS, the written staff report regarding the Project are found to be true and accurate in all respects and is incorporated herein by this reference;

WHEREAS, the Planning Commission has completed review of the Project and related materials.

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission of the City of Morro Bay recommends that the City Council approve the inclusion of the Objective Design Standards, updated to include the Planning Commission recommended changes, as Section 17.31 of the Morro Bay Municipal Code and Amendment to the 2022 Zoning Code based upon the following findings:

Section 1: California Environmental Quality Act

Finding: No further environmental review is required pursuant to State CEQA Guidelines Section 15162.

Evidence: The proposed Objective Design Standards to be added as amendment to the 2022 Zoning Code implements the General Plan/LCP, which was considered through the General Plan /LCP Update Environmental Impact Report (EIR) (SCH No. 2021111026). That document provides a programmatic review of the potential impacts associated with implementation of the overall General Plan/LCP. The EIR is comprised of a Draft EIR (Draft EIR) and Final EIR (Final EIR). The Final EIR was released for public review on October 19, 2020, and certified by the City Council on May 25, 2021.

The proposed Objective Design Standards as a Zoning Code amendment are consistent with the analysis presented in the EIR and, pursuant to State CEQA Guidelines Section 15162, no subsequent analysis is required.

Therefore, there are no substantial changes in the Project, there are no substantial changes with respect to the circumstances under which the Project is undertaken, and no new information of substantial importance, which was not known and could not have been known at the time of certification of the EIR, and no further environmental review is required.

Section 2: Municipal Code (Zoning Code Update) Amendment

Finding: The proposed municipal code amendment is consistent with the General Plan goals, policies, and implementation programs and are necessary in order to provide consistency with the 2021 General Plan.

ACTION. The Planning Commission does hereby forward a favorable recommendation to the City Council to adopt the Objective Design Standards, with the Planning Commission recommended changes, as new Section 17.31 of the Morro Bay Municipal Code and include as an amendment to the 2022 Zoning Code for the Plan Morro Bay Update Project.

PASSED AND ADOPTED by the Morro Bay Planning Commission at a regular meeting thereof held on this 15th day of August 2023 on the following vote:

AYES: Ingraffia(s), Meyer(m), King, Roschen

NOES:

ABSENT:

ABSTAIN: Rodriquez


Bill Roschen, Chairperson

ATTEST:


Scot Graham, Planning Secretary

The foregoing resolution was passed and adopted on this 15th day of August 2023.

MEMORANDUM

The Morro Bay Planning Commission held public hearings on May 18th, June 6th, and July 18th to consider the public review draft Objective Design Standards. The Objective Design Standards are one component of the City’s SB 2 and LEAP grants to implement Housing Element policy.

City staff and RRM received suggestions for revisions at three hearings as well as a request to provide a revised draft document. The Objective Design Standards document was revised and published for the August 15th Planning Commission agenda item, where the Planning Commission recommended additional revisions before recommending the item onto City Council for adoption. This accompanying memo provides documentation of all direction for recommendations by a quorum of Planning Commissioners; as well as explanations of how each recommendation was addressed in the revised draft.

Topic, Location, and Suggested Revision	Addressed in August 15 th Revised Draft
<p>Introduction – Purpose (17.31.010.A, pg. 1) Expand and revise to make language more robust; define what objective standards are, why they are necessary due to State action, and how they relate to other Morro Bay policy documents.</p>	<p>Language has been expanded to more explicitly address how objective design standards are necessary as a result of State housing laws.</p>
<p>Introduction – Eligible Projects (17.31.010.B, pg. 1 – 5) Expand the description of each bill, with applicability and eligibility information to be more clear; which projects qualify for process under State legislation.</p>	<p>The description of each bill has been expanded to outline what types of projects are made eligible through State laws. Detailed applicability lists with location and affordability requirements have been incorporated consistent with the California Government Code. Based on August 15th comments, caveat language was added to 17.31.010.B that makes clear the ODS apply to, but are not limited to, the list of State laws.</p>
<p>Introduction – Eligible Projects (17.31.010.B.6, pg. 5) Remove #6 applicability for all multi-unit residential and mixed use projects of 10 homes or fewer.</p>	<p>This language including applicability for residential projects of 10 homes or fewer has been removed. Commission has been advised that this streamlining provision is intended to implement Housing Element policies as well as 2023-2025 City Goals and Short Term Actions.</p>
<p>Procedures Add section on procedures, including clarification that qualifying State-mandated projects go through streamlined processes. If allowed by the State, write provisions to allow for ministerial Planning Commission review of qualifying projects.</p>	<p>The City will be addressing procedures for streamlined, ministerial approvals; however, establishing new city administrative procedure is fully outside of the scope of RRM’s work. Planning Commission comments on procedure have been forwarded to the City Attorney and will be forwarded</p>

	to the City Council, to ensure eligible projects adhere to the specific time limits, CEQA requirements, and application materials established by each State housing law.
<p>Global – Document Graphics Simplify graphics by removing specific architectural style elements and detail.</p>	Graphics have been revised to remove some detail and articulation. However, since these graphics are intended to convey design standards, they contain more detail than other graphics found in the rest of the Zoning Code.
<p>Vehicular Parking - Parking Location (17.31.020.C.3, pg. 7) No parking should be allowed between the street and the building.</p>	New provision added to prohibit location of parking between the street and the building.
<p>Vehicular Parking – Parking Gates (17.31.020.C.3.a, pg. 7) Add a section that addresses gated parking, and prohibit gates from being located at the access point between the street and the property line.</p>	New provision added to address gated parking and limit location of gates.
<p>Vehicular Parking – Vehicle Light Intrusion (17.31.020.C.3, pg. 8) Clarify if this provision also protects residential units on neighboring properties.</p>	Language has been added to clarify that this provision shall also protect residential units on neighboring properties.
<p>Common Open Space – Location (17.31.020.E.1.b, pg. 9) Require common open space to avoid the shadows cast by buildings.</p>	Different location options have been added, including locating common open space amenities on the south- and west-facing side(s) of a building. This was revised on 8/15 in order to avoid the winter shadow lines of buildings.
<p>Common Open Space – Roof Decks (17.31.020.E.1.b.iii, pg. 9) Include a section on roof decks with a setback from the rear property line for second-story decks.</p>	Roof decks have been included in the list of common open space amenity types, with the caveat that all points of the deck must be located at least 15 feet away from any property line.
<p>Private Open Space (17.31.020.E.2, pg. 9) Change “may” language to “shall”.</p>	Language has been clarified to “shall”.
<p>Landscaping – Pedestrian Walkways (17.31.020.F.4, pg. 10) Reduce requirement for pedestrian walkways to be flanked with trees on both sides and address shading requirement.</p>	The requirement for trees and shrubs flanking pedestrian walkways has been reduced. The accompanying graphic label has been revised.
<p>Building Design – Purpose (17.31.030, pg. 11) Language regarding “human scale” and “visual interest” is very subjective.</p>	Language has been removed.
<p>Building Design – Four-Sided Architecture (17.31.030.A.2, pg. 11) Re-insert the provision for four-sided architecture, which was removed from the August 15th version.</p>	Language has been reinserted.

<p>Massing – Upper Floor Area Reduction (17.31.030.A.3, pg. 11-12) Language should be added that reduces the massing of upper floors on Main Street and Morro Bay Boulevard. The Commission discussed a number of different options. On August 15th, the Commission recommended that the requirement for locations outside of Main Street and Morro Bay Boulevard be reduced further.</p>	<p>Language has been added under “Upper Floor Area Reduction”, with more specific requirements for Main Street and Morro Bay Boulevard. The requirement for locations outside of Main Street and Morro Bay Boulevard has been reduced as well, stepped from a 90 percent requirement on the second floor, 80 percent on the third floor, and 70 percent for any higher floors.</p>
<p>Massing – Upper Floor Cantilever (17.31.030.A.3.b, pg. 12) Include a provision that governs the second-story uncovered cantilevered outdoor space. Suggest that a 2-foot protrusion into front setbacks up to two feet as long as they have a 12 feet clearance over the sidewalk. Add “vertical” to clearance provision for clarity.</p>	<p>A provision allowing for cantilevered upper floors where an uncovered deck is provided has been added, clarifying the required clearance is vertical, and clarifying that a cantilever is only allowed to encroach into front or street side setbacks.</p>
<p>Building Form – Roof Line Variation (17.31.030.A.5.a, pg. 12) Recommendation to prohibit mansard roofs because they can be poorly designed and executed. On August 15th, the Planning Commission recommended that mansard roofs should not be called out as prohibited in this section.</p>	<p>Language has been revised to remove the prohibition against mansard roofs.</p>
<p>Building Form – Flat Roofs/Parapet Materials (17.31.030.A.5.b, pg. 13) Language regarding materials needs to be more specific so that shoddy or low quality materials are not used. Add quotation marks around “precast”.</p>	<p>Quotation marks have been added around “precast”. Additional language prohibiting visible unfinished metal flashing was incorporated.</p>
<p>Corner Architectural Features (17.31.030.A.5, pg. 13) Language regarding “a sense of hierarchy” is very subjective.</p>	<p>Language has been removed.</p>
<p>Building and Unit Entrances – Enhanced Paving for Building Entrances (17.31.030.B.1.d, pg. 14) This requirement should provide a list of acceptable materials, including stained concrete.</p>	<p>This standard was re-organized within the document. Lists of allowable and prohibited paving materials have been provided.</p>
<p>Building and Unit Entrances – Porches (17.31.030.B.1.c and 17.31.030.B.2.c, pg. 14-15) Add a minimum size for porches to ensure usability as a residential amenity.</p>	<p>New porch requirements have been added.</p>
<p>Building and Unit Entrances – Stoops (17.31.030.B.2.d, pg. 14) Stoops should be 4x4 and no higher than 5 feet above the bottom of the step to the top of the steps.</p>	<p>New stoop requirements have been added.</p>

<p>Windows – Privacy (17.31.030.C.1, pg. 15) There should be additional qualifiers, such as distance from property line where the requirement may not apply.</p>	<p>This requirement has been revised to apply to residential buildings within 10 feet of a neighboring property line.</p>
<p>Mixed Use Standards – Ground Floor Height (17.31.040, pg. 16) On August 15th, the Planning Commission recommended adding language to clarify the intent of this provision. For mixed use projects, limit the first floor plate height to 12 feet floor-to-floor.</p>	<p>The suggested revisions have been incorporated. RRM has advised that a height limitation can be prohibitive for market-rate and high-quality commercial/mixed-use development.</p>
<p>Utilitarian Elements – Bicycle Parking (17.31.060.A, pg. 17) Include charging requirements for electric bicycles.</p>	<p>Provision requiring wall outlets for long-term bicycle parking areas has been added.</p>
<p>Utilitarian Elements – Refuse Storage Enclosures (17.31.060.B, pg. 17) Refuse area should be lockable.</p>	<p>Requirement for locked enclosures has been added.</p>

Chapter 17.31: Residential and Mixed Use Objective Design Standards

17.31.010	Introduction
17.31.020	Site Design Standards
17.31.030	Building Design Standards
17.31.040	Additional Mixed Use Standards
17.31.050	Parking Structures
17.31.060	Utilitarian Elements

17.31.010 Introduction

- A. **Purpose.** The purpose of these design standards is to provide the public, building and design professionals, and decision-makers with objective, clear, and measurable criteria for eligible residential and mixed use development in Morro Bay. ~~The intent is to provide clear design direction and an expedited planning process for residential projects that enhance an area's unique character and sense of place, respects existing neighborhood compatibility and privacy, and ensures a high-quality living environment.~~
1. ~~**Applicability.** State housing laws have established eligibility for various types of residential and mixed use development, which must be evaluated on the basis of objective standards adopted by the city.~~
 2. ~~The intent of such State legislation is to facilitate and expedite the construction of housing, contribute to the Regional Housing Needs Allocation, and address the local shortage of housing. The State finds that lack of homes has resulted in the following across California:~~
 - a. ~~Workers, public safety employees, healthcare providers, educators moving to lower-cost homes farther away from the communities they serve;~~
 - b. ~~Employers facing increasing difficulty in securing and retaining a workforce;~~
 - c. ~~Increased pressure to develop farmlands, open space, and rural areas into lower-cost homes, with longer commute times, greenhouse gas emissions, and higher exposure to fire hazard;~~
 - d. ~~Increased poverty and homelessness;~~
 - e. ~~Lower income residents moving into crowded and unsafe homes; and~~
 - f. ~~Families and individuals moving out of their communities and ultimately out of the State of California.~~
 3. ~~The intent of this Chapter is to provide clear design direction and an expedited planning process for these eligible residential projects. Unless otherwise indicated herein, all references to State statutes refer to the California Government Code.~~
- B. **Eligible Projects.** The provisions of this chapter apply to projects made eligible by, but not limited to, the following State housing laws:

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

1. ~~Senate Bill 35 P~~**projects (California Government Code §65913.4).** ~~In addition to criteria established by the California Government Code, the project must be a multi-unit housing development containing at least two or more new~~SB 35 establishes eligible residential development in cities where the number of residential units, ~~or a mixed use project where at least two-thirds of the square footage is dedicated to residential use. SB 35 built is less than the Regional Housing Needs Allocation for the reporting period. Eligible projects are subject to a ministerial, streamlined approval process-, consistent with objective standards, if the following conditions are met.~~
 - a. ~~The proposed project contains two or more residential units, and at least two-thirds of the square footage of the development is designated for residential use;~~
 - b. ~~The proposed project is located on a site that satisfies the following:~~
 - i. ~~The site is a legal parcel or parcels located in city boundaries;~~
 - ii. ~~75 percent of the perimeter of the site adjoins parcels that are developed with urban uses (parcels that are only separated by a street or highway shall be considered to be adjoined);-and~~
 - iii. ~~The site is zoned for residential use or residential mixed use development;~~
 - c. ~~The proposed site is not located any of the following:~~
 - i. ~~A coastal zone (defined in Division 20 and commencing with Section 30000 of the Public Resources Code);~~
 - ii. ~~Prime farmland or farmland of statewide importance (as defined by the United States Department of Agriculture);~~
 - iii. ~~Wetlands (as defined in the United States Fish and Wildlife Service Manual);~~
 - iv. ~~Very high fire hazard severity zone (as defined by the Department of Forestry and Fire Protection pursuant to Section 51178 of the California Government Code);~~
 - v. ~~Hazardous waste sites (defined by the Department of Toxic Substances Control and pursuant to Section 65962.5);~~
 - vi. ~~Delineated earthquake fault zone (defined by the State Geologist);~~
 - vii. ~~Floodplains (defined by the Federal Emergency Management Agency);~~
 - viii. ~~Floodways (defined by the Federal Emergency Management Agency);~~
 - ix. ~~Lands identified for conservation in an adopted natural community conservation plan (pursuant to the Natural Community Conservation Planning Act);~~
 - x. ~~Habitat for protection species identified as candidate, sensitive, or species of special status by state or federal agencies, fully protect species, or species protected by the federal Endangered Species Act of 1973;~~
 - xi. ~~Lands under conservation easement;-~~
 - d. ~~The proposed project is required to record land use deed restrictions for any units that are subsidized;~~

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

a-e. The proposed project would not require the demolition of housing and is not located on a site that is governed under the Mobilehome Residency Law.;

2. **Senate Bill 330 Pprojects (California Government Code §65589.5 and §65920).** ~~In addition to criteria established by the California Government Code, the project may be residential only, mixed use where at least two-thirds of the square footage is dedicated to residential use, or transitional, supportive, emergency, or farmworker housing. SB 330 projects are entitled to a~~ establishes eligible affordable residential development in cities where the number of residential units built is less than the Regional Housing Needs Allocation for the reporting period. Eligible residential development is subject to a preliminary application process prior to filing a complete application pursuant to Sections §65589.5 and §65920, and must be consistent with objective standards.

3. **Assembly Bill 2011 Pprojects (California Government Code §65400 ~~and~~ §65585).** ~~In addition to criteria established by the California Government Code, the project must be located within a zone, and §65912).~~ AB 2011 establishes eligible 100 percent affordable residential and mixed use development along commercial corridors (where office, retail, or parking is a principally permitted use the principal use), subject to specific affordability, labor, and environmental criteria. AB 2011 projects are subject to a ministerial, streamlined approval process, if the following conditions are met.
 - a. The proposed project meets the following affordability criteria:
 - i. 100 percent of the units within the development project, excluding managers' units, shall be dedicated to lower income households at an affordable cost, as defined by Section 50052.5 of the Health and Safety Code; -and
 - ii. The units shall be subject to a recorded deed restriction for a period of 55 years for rental units and 45 years for owner-occupied units; -
 - b. The proposed site satisfies the following:
 - i. The proposed project is located in a zoning district where office, retail, or parking are a principally permitted use;
 - ii. The proposed project is located on a legal parcel or parcels located in city boundaries; and
 - iii. The proposed project is located on a site where 75 percent of the perimeter adjoins parcels that are developed with urban uses (parcels that are only separated by a street or highway shall be considered to be adjoined);
 - c. The proposed site is not located in any of the following:
 - i. Prime farmland or farmland of statewide importance (as defined by the United States Department of Agriculture);
 - ii. Wetlands (as defined in the United States Fish and Wildlife Service Manual);
 - iii. Very high fire hazard severity zone (as defined by the Department of Forestry and Fire Protection pursuant to Section 51178 of the California Government Code);

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS
OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

- iv. Hazardous waste sites (defined by the Department of Toxic Substances Control and pursuant to Section 65962.5);
 - v. Delineated earthquake fault zone (defined by the State Geologist);
 - vi. Floodplains (defined by the Federal Emergency Management Agency);
 - vii. Floodways (defined by the Federal Emergency Management Agency);
 - viii. Lands identified for conservation in an adopted natural community conservation plan (pursuant to the Natural Community Conservation Planning Act);
 - ix. Habitat for protection species identified as candidate, sensitive, or species of special status by state or federal agencies, fully protect species, or species protected by the federal Endangered Species Act of 1973;
 - x. Lands under conservation easement; or-
 - xi. A site where more than one-third of the square footage on the site is dedicated to industrial use;
 - d. The proposed project would not require the demolition of housing and is not located on a site that is governed under the Mobilehome Residency Law; and
 - e. If vacant, the proposed site does not contain tribal cultural resources (as defined by Section 21074 of the Public Resources Code) found pursuant to a consultation.
4. **Assembly Bill 2162 Pprojects (California Government Code §65583 and §65650).** ~~In addition to criteria established by the California Government Code, the project must be a~~ AB 2162 establishes eligible supportive housing by-right in zones where multi-unit and mixed use development is permitted. Eligible projects are subject to a ministerial, streamlined approval process, consistent with objective standards, if the following conditions are met.
- a. Units within the proposed development are subject to a recorded affordability deed restriction for 55 years;-
 - b. 100 percent of the units within the development project, excluding managers' units, shall be dedicated to lower income households at an affordable cost, as defined by Section 50052.5 of the Health and Safety Code; and-
 - a.c. At least 25 percent of the total units, or 12 units, whichever is greater, are restricted to residents in supportive housing development located in a zone where multi-unit or mixed use is permitted-who meet target criteria.
- 4.5. **Senate Bill 6 Pprojects (California Government Code §65913.4 and §65852.24).** ~~In addition to criteria established by the California Government Code, the project must be located within a zone where office, retail, or parking is a principally permitted use; and no part of the project is designated for hotel, motel, or other transient lodging use. SB 6 establishes eligible residential development along commercial corridors (where office, retail, or parking is the principal use), subject to specific labor and environmental criteria, in cities where the number of residential units built is less than the Regional Housing Needs Allocation for the reporting period. Eligible projects are subject to a ministerial, streamlined approval process, consistent with objective standards, if the following conditions are met.~~

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

- a. ~~All~~The proposed ~~new by-right multi-unit residential and mixed use projects of 10~~project contains ~~two or more~~ residential units ~~or fewer~~, and ~~at least two-thirds of the square footage of the development is designated for residential use;~~
- b. The proposed project is located on a site that satisfies the following:
 - i. The site is a legal parcel or parcels located in city boundaries;
 - ii. 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses (parcels that are only separated by a street or highway shall be considered to be adjoined); and
 - iii. The site is zoned for residential use, residential mixed use development, office commercial use, or retail commercial use;
- c. The proposed site is not located any of the following:
 - i. A coastal zone (defined in Division 20 and commencing with Section 30000 of the Public Resources Code);
 - ii. Prime farmland or farmland of statewide importance (as defined by the United States Department of Agriculture);
 - iii. Wetlands (as defined in the United States Fish and Wildlife Service Manual);
 - iv. Very high fire hazard severity zone (as defined by the Department of Forestry and Fire Protection pursuant to Section 51178 of the California Government Code);
 - v. Hazardous waste sites (defined by the Department of Toxic Substances Control and pursuant to Section 65962.5);
 - vi. Delineated earthquake fault zone (defined by the State Geologist);
 - vii. Floodplains (defined by the Federal Emergency Management Agency);
 - viii. Floodways (defined by the Federal Emergency Management Agency);
 - ix. Lands identified for conservation in an adopted natural community conservation plan (pursuant to the Natural Community Conservation Planning Act);
 - x. Habitat for protection species identified as candidate, sensitive, or species of special status by state or federal agencies, fully protect species, or species protected by the federal Endangered Species Act of 1973; or
 - xi. Lands under conservation easement;
- a-d. The proposed project is required to record land use deed restrictions for any units that are subsidized.;

5.6. All other residential or mixed use projects made eligible by State law and which are required to meet objective standards.

- C. **Compliance with ExistingOther Standards.** In addition to meeting objective standards in this chapter, eligible residential projects shall comply with ~~existing~~other objective standards as established in the Morro Bay Municipal Code, other adopted City plans, and the California Building Code (CBC).

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

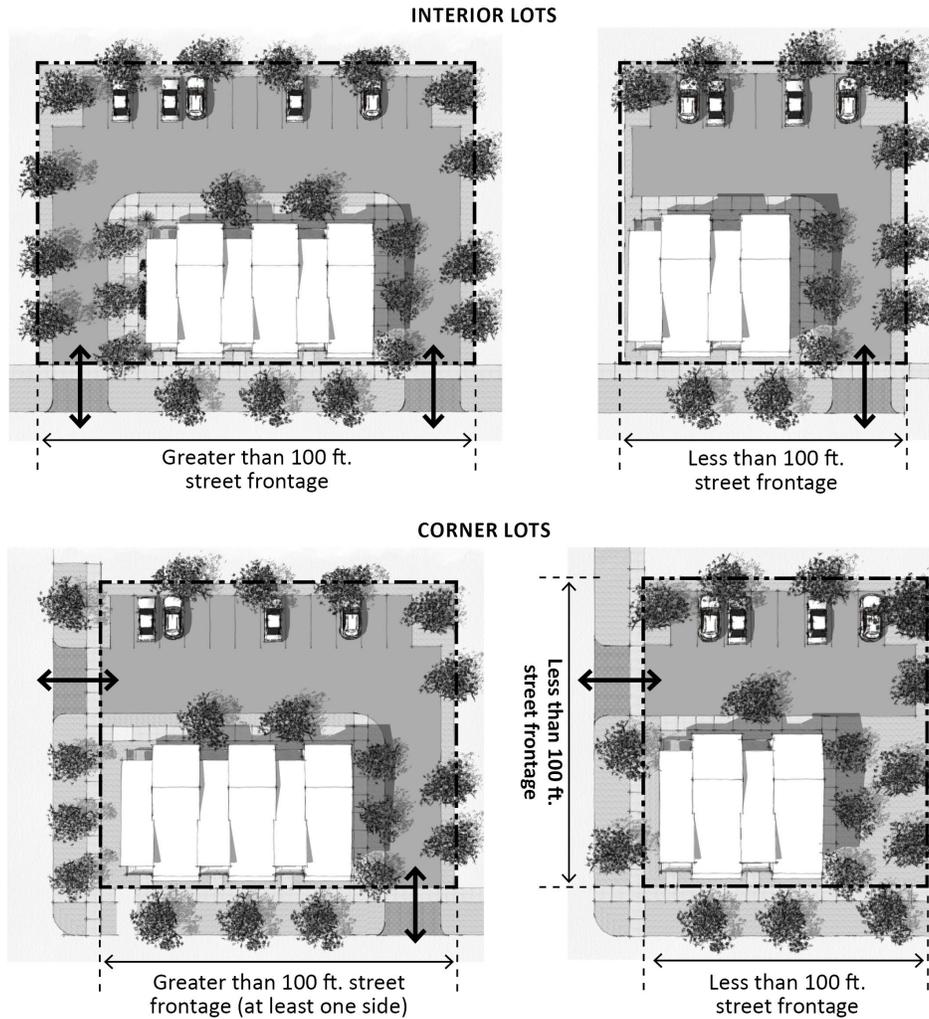
- D. **Conflicting Standards.** If there is any conflict between ~~these~~the objective design standards of this Chapter and ~~existing~~other City requirements, the less restrictive objective design standard applicable to the project shall apply. If there is any conflict between City requirements stated in this chapter and State law, the State law requirement shall apply.
- E. ~~**Exceptions, Waivers, or Modifications.** Residential and mixed use projects seeking exceptions, waivers, or modifications to any development standards set forth in the Morro Bay Municipal Code or the design standards set forth in this chapter, excluding modifications such as concessions, incentives, parking reductions, or waivers of development standards pursuant to State Density Bonus Law, shall not be eligible for streamlined, ministerial processing per SB 35.~~**Exceptions, Waivers, or Modifications.** The City's non-streamlined, discretionary review process shall be required for any project that seeks exceptions, waivers, variances or other modifications to the objective standards of this Chapter.

~~F. **No Design Review.** Eligible housing development projects complying with the objective standards in this chapter shall not be subject to the provisions of Chapter 17.38, Design Review.~~

17.31.020 Site Design Standards

- A. **Purpose.** Site planning refers to the arrangement of - and relationships between - buildings, parking areas, common and private open space, landscaping, and pedestrian connections. The site planning topics in this section include site layout and building placement, vehicular surface parking and access, pedestrian circulation and access, landscaping, and common and private open space.
- B. **Building Placement and Orientation.** Building placement and orientation shall comply with the provisions of Chapter 17.07, Residential Districts, or Chapter 17.08, Commercial and Mixed Use Districts. In addition, if buildings on the same block establish a contiguous street wall along at least 50 percent of the primary street frontage, new buildings shall be located to maintain the contiguous street wall.
- C. **Vehicular Parking and Access.** Off-street vehicular parking and access shall comply with the provisions of Chapter 17.27, Parking and Loading. For properties in Commercial and Mixed Use Districts, projects shall also comply with Section 17.08.040, Supplemental Regulations. In addition, projects shall comply with the following:
1. **Primary Access.** Side street or alley access shall serve as the primary vehicular access to off-street parking areas, if available. If not available, the primary street shall serve vehicular access. See Section 17.27.100, Driveways and Drive Approaches, for detailed standards related to driveway location, site layout, limits to driveway width and design.
 2. **Number of Access Points.**
 - a. For interior lots with less than 100 linear feet of street frontage, a maximum of one vehicle access point from the street is permitted. For interior lots with 100 linear feet or more of street frontage, a maximum of two vehicular access points from the street is permitted.
 - b. For corner lots, one vehicular access point is permitted where both street frontages are less than 100 linear feet. Two vehicular access points are permitted for lots where at least one street frontage is 100 linear feet or more.
 - c. The above standards assume that an access point can be a two-way connection (both ingress and egress) or a one-way connection (either ingress or egress).

CITY OF MORRO BAY
 OBJECTIVE DESIGN STANDARDS
 OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)
FIGURE 17.31.020(C)(2): VEHICULAR ACCESS POINTS



3. Parking Location. Parking areas shall not be located within any front or street side setback, or between any residential/mixed use structure and the primary street.

3-a. Parking Area Gates. Parking areas with gates to control access are allowed. Gates shall be located a minimum of 20 feet from the back of sidewalk, or edge of pavement where there is no sidewalk.

3-4. Loading and Service Areas. The provision, layout and design of loading and service areas shall comply with Section 17.27.090, Loading, as well as the following standards:

- a. All required loading and service areas shall be located adjacent to a façade other than the primary building frontage.
- b. Loading and service areas shall not be located adjacent to residential dwelling units or common open space areas. Loading areas shall be screened from public view by building walls and/or uniformly solid fencing or walls, not less than six feet in height, or evergreen trees at least 10 feet in height.

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

~~4.5.~~ ***Avoid Vehicle Light Intrusion into Ground-Floor Units.*** Vehicle parking areas shall be located, oriented, and/or screened ~~so that not to prevent visual intrusion of~~ vehicle lights ~~enter~~ into ~~ground-floor interior~~ residential spaces, including ~~private open space~~ residential units on neighboring properties. Where parking areas are located within 15 feet of a residential unit, they shall be located within a garage, carport, or parking structure, or screened by a solid wall, fence, or landscaping a minimum of six feet in height.

~~D.~~ ***Pedestrian Circulation and Access.*** On-site pedestrian circulation and access shall be provided according to the ~~provisions of Section 17.07.040, Supplemental Regulations (Residential Districts), or Section 17.08.040, Supplemental Regulations (Commercial and Mixed Use Districts), following standards.~~

~~1.~~ ***Internal Connections.*** A system of pedestrian walkways shall connect all buildings on a site to each other, to on-site automobile and bicycle parking areas, and to any on-site open space areas or pedestrian amenities.

~~2.~~ ***To Circulation Network.*** Regular connections between on-site walkways and the public sidewalk shall be provided. An on-site walkway shall connect the primary building entry or entries to a public sidewalk on each street frontage. Such walkway shall be the shortest practical distance between the main entry and sidewalk, generally no more than 125 percent of the straight line distance.

~~3.~~ ***To Neighbors.*** Direct and convenient access shall be provided from commercial and mixed-use projects to adjoining residential and commercial areas to the maximum extent feasible while still providing for safety and security.

~~4.~~ ***To Transit.*** Safe and convenient pedestrian connections shall be provided from transit stops to building entrances.

~~5.~~ ***Pedestrian Walkway Design.***

~~a.~~ Walkways shall be a minimum of five feet wide, shall be hard-surfaced, and paved with concrete, stone, tile, brick, or comparable material.

~~b.~~ Where a required walkway crosses parking areas or loading areas, it must be clearly identifiable through the use of a raised crosswalk, a different paving material, or similar method.

~~c.~~ Where a required walkway is parallel and adjacent to an auto travel lane, it must be raised or separated from the auto travel lane by a raised curb at least four inches high, bollards, or other physical barrier.

~~5-6.~~ ***Pedestrian Design in Parking Areas.*** See Section 17.27.110, Parking Area Design and Development Standards, for requirements involving pedestrian access to vehicle parking areas. ~~The following additional standard also apply:~~

~~6.~~ ~~*Enhanced Paving for Building Entrances.*~~ Primary building entryways shall provide decorative and accent paving that contrast in color and texture from any adjacent pedestrian walkway surfaces.

~~D-E.~~ ***Common and Private Open Space.*** Common and private open spaces shall be provided according to the base zoning district regulations in Chapter 17.07, Residential Districts, or Chapter 17.08, Commercial and Mixed Use Districts. Section 17.23.100, Open Space, contains objective standards

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

regarding minimum dimensions, usability, and accessibility for both private and common open space. In addition, the following standards apply:

1. **Common Open Space.** Common open space shall be provided according to Section 17.23.100, Open Space, and shall comply with the following:
 - a. *Amenity Types.* Where required by the base zoning district, projects shall provide at least one common open space through the following amenities: play areas, common courtyards, patios, gathering spaces, multi-use paths and trails, athletic/recreational facilities, dog runs and enclosures; pools and spas; rooftop decks, and community gardens. An applicant may provide common open space through an amenity not on this list if it is readily accessible by all residents for recreation and social purposes.
 - b. Location. Common open space shall be located to fulfill at least one of the following:
 - i. Avoid Building Shadow. The common open space shall not be located within the winter shadow line of the north-facing side of any building.
 - ii. Proximity to Multiple Homes. The common open space(s) is within 250 feet of the pedestrian entrances to at least 20 percent of the residential homes.
 - iii. Rooftop. The common open space is located on a building rooftop and is a minimum of 15 feet away from any property line.
 - ~~b.c.~~ *Visibility.* Common open space shall be located and arranged to allow visibility into the space from pedestrian walkways within the development. Fencing or barriers shall be designed with opaque, nontransparent materials for a maximum of 80 percent of the surface area, to allow some visual transparency between the common open space and pedestrian walkways.
2. **Private Open Space.** Private open space shall be provided according to Section 17.23.100, Open Space, and shall be screened with one of the following options:
 - a. *Screening with Structural Elements.* A private open space ~~may be~~ screened by a fence or wall ~~complying shall comply~~ with Section 17.23.060, Fences and Freestanding Walls.
 - b. *Screening with Landscaping and Structural Elements.* A private open space ~~may be~~ screened by landscaping shall provide a landscape buffer or dense evergreen shrubs/vines of minimum 5 feet width and minimum 4 feet height, ~~and a fence or wall complying with Section 17.23.060, Fences and Freestanding Walls.~~ If a ground-level private open space is visible from a public right-of-way or common open space, a landscape buffer is required.

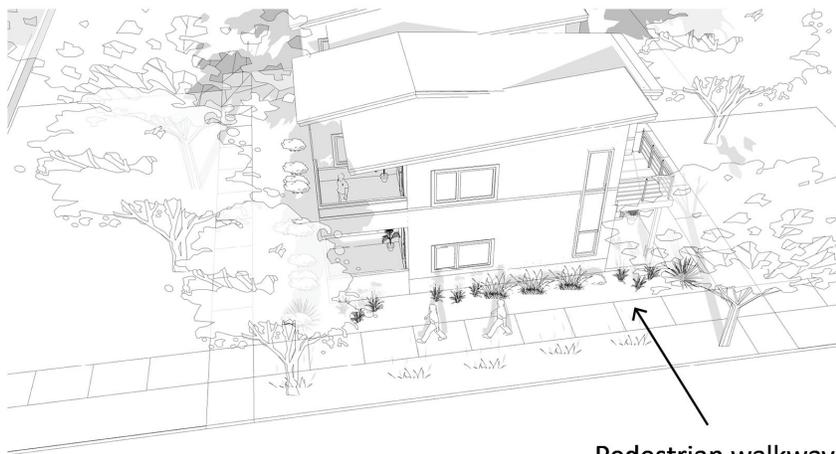
E.F. **Landscaping.** Landscaping shall be utilized for all outdoor areas that are not specifically used for parking, driveways, walkways, or open space. Refer to Chapter 17.25, Landscaping, for regulations applicable to all new development. In addition, projects within the Coastal Resource Protection (CRP) Overlay District shall comply with relevant regulations in Chapter 17.14, Coastal Resource Protection Overlay District. For landscaping requirements in vehicular parking areas, refer to Section 17.27.110, Parking Area Design and Development Standards. In addition, the following standards apply:

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

- ~~1. **Pedestrian Walkways.** Pedestrian walkways shall be flanked on both sides with landscaping, and may include a mix of turf, groundcover, or shrubs. Both sides of walkways shall provide trees spaced to shade at least 25 percent of the overall walkway length at maturity.~~
- ~~2.1. **Number of Plants.** A minimum of one 15-gallon tree or equivalent box size and 10 five-gallon shrubs shall be planted for every 1,000 square feet of required landscape area.~~
- ~~3.2. **Plant Selection.** Projects shall comply with water efficient planting standards of Section 17.25.050, General Requirements. Plants shall be selected from plants that are native to California, or plants included on the City's Street Tree List. **Artificial or synthetic plants, except for turf, are prohibited.** In addition, tree and plant species that attract and provide habitat for local fauna (e.g., birds and pollinators such as bees and butterflies) are encouraged. **Artificial or synthetic plants, except for turf, are prohibited.**~~
- ~~4.3. **Privacy.** Landscaping shall be provided as a buffer between adjacent individual units. Landscaping shall obscure direct sight lines, and may be used in combination with walls, fencing, and/or trellises to screen views. Plant selection and landscape screening container size shall be selected to achieve at least 50 percent of this height within three years of installation.~~
4. **Pedestrian Walkways.** Pedestrian walkways shall be adjacent to landscaping, on at least one side and may include a mix of turf, groundcover, or shrubs. Trees provided within 20 feet of pedestrian walkways shall be placed a maximum of 30 feet apart on center, in order to provide some shade.

FIGURE 17.31.020(F)(14): PEDESTRIAN WALKWAYS



Pedestrian walkways
adjacent to landscaping
on at least one side

17.31.030 Building Design Standards

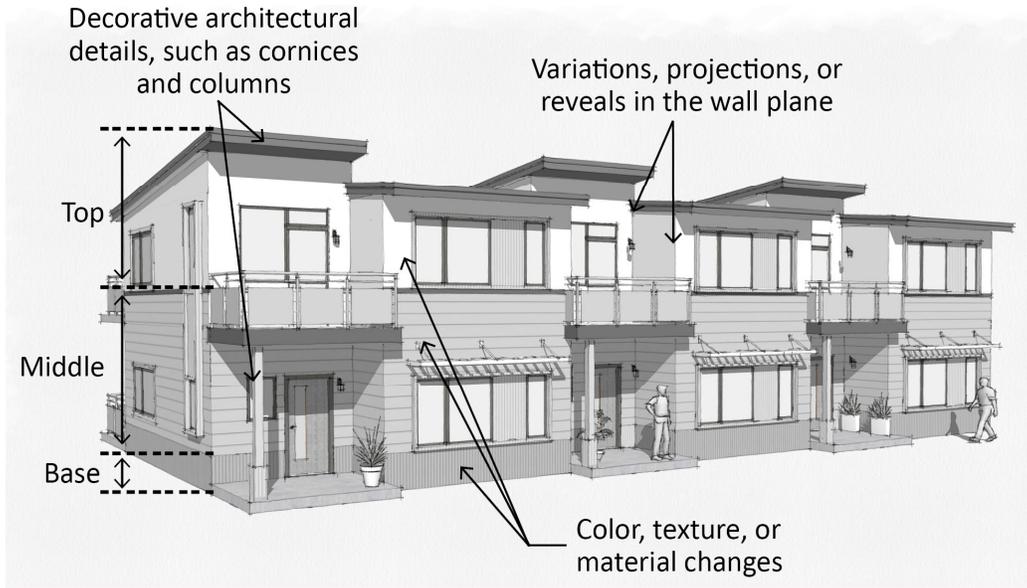
~~A. **Purpose.** Building design incorporating variations in form, massing and façade articulation provides human scale and visual interest to a building and contributes to Morro Bay's eclectic character and architectural diversity. Topics in this section include building massing, scale and form, façade articulation, roof forms, building and unit entryways, fenestration, parking structure design, and building materials and colors.~~

A. **Building Form, Massing, and Façade Articulation.** Building form, massing and façade articulation facilitate the distinction of individual units, or groups of units, through varied heights, projections, setbacks, and recesses. Materials and colors emphasize changes and hierarchy in building form.

1. ***Building Form and Vertical Hierarchy.*** Buildings shall be designed to differentiate between a defined base; a middle or body; and a top, cornice, or parapet cap. Buildings two stories or less shall include a defined base and a top, cornice, or parapet cap. This effect shall be achieved through incorporating at least two of the following design elements for all buildings:
 - a. Color, texture, or material changes.
 - b. Variations, projections, or reveals in the wall plane.
 - c. Variations in fenestration size or pattern.
 - d. Decorative architectural details such as cornices and columns.

FIGURE 17.31.030(B)(1): BUILDING FORM AND VERTICAL HIERARCHY

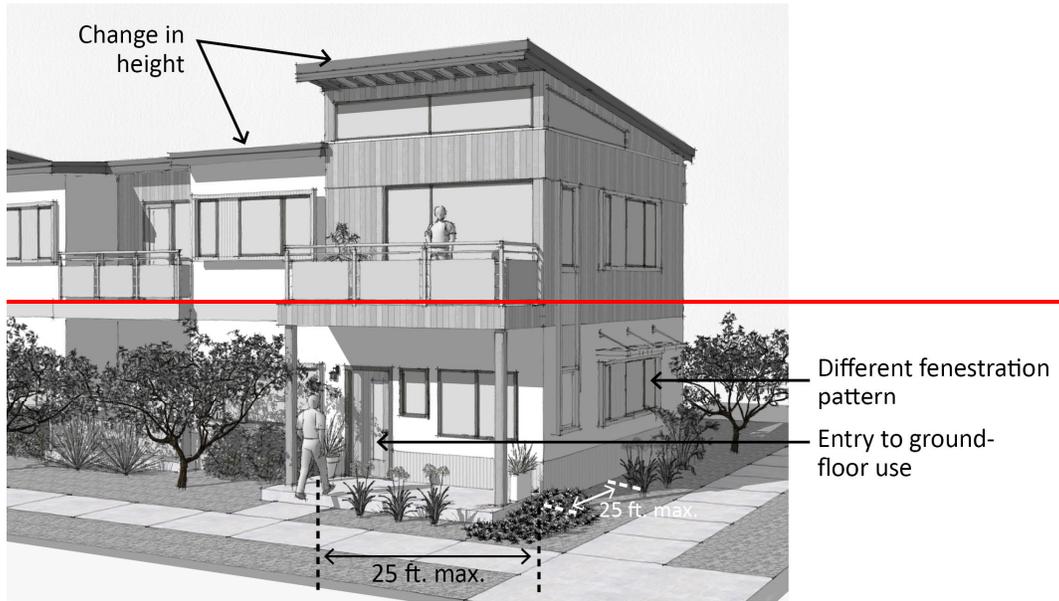
~~WALL PLANE VARIATION. SEE SECTION 17.07.040, SUPPLEMENTAL REGULATIONS, FOR BUILDING FAÇADE ARTICULATION IN RESIDENTIAL ZONING DISTRICTS. FOR MIXED USE PROJECTS, SEE SECTION 17.31.030 IN THIS CHAPTER.~~



2. **Four-sided Architecture.** Buildings shall be designed and articulated with common details, articulation, materials, and elements on all sides.
- ~~3. **Corner Architectural Features.** Buildings shall incorporate architectural features at corners such as towers, primary entries, enhanced materials, or roof projections to create a sense of hierarchy.~~
- ~~4. **Corner Façade Articulation.** Buildings located on the corner of two streets, and greater than one story, shall include one or more of the following features on both of the intersecting facades, located within 25 feet of the corner of the building:
 - a. ~~An entry to ground-floor use or a primary building entrance.~~
 - b. ~~A different material application, color, or fenestration pattern of windows and doors from the rest of the façade.~~
 - c. ~~The area encompassed within 25 feet of the corner of the building shall have a change in height of at least 5 feet.~~~~

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS
OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

FIGURE 17.31.030(B)(5): CORNER FACADE ARTICULATION



3. **Massing.**

a. **Upper Floor Area Reduction.**

i. **Main Street and Morro Bay Boulevard.** The floor area for upper floors shall be reduced through one of the following options:

(1) The second floor shall have a maximum floor area that is 90 percent of the ground floor area, and the third and higher floors shall have a maximum floor area that is 80 percent of the ground floor area.

(2) The second and higher floors shall provide that 50 percent of every elevation is set back a minimum of 3 feet in addition to the required setback area.

ii. **All Other Locations.**

(1) The second floor shall have a maximum floor area that is 90 percent of the ground floor area.

(2) The third floor shall have a maximum floor area that is 80 percent of the ground floor area.

(3) Floors above the third floor shall have a maximum floor area that is 70 percent of the ground floor area.

b. **Upper Floor Cantilever.** Upper floor uncovered decks a minimum of 6 feet by 8 feet in dimension shall be allowed to cantilever and protrude into front or street side setbacks or public-right-of-way, provided that there is a minimum of 12 feet of vertical clearance and that the cantilever does not encroach more than 2 feet into the setback or public right-of-way. Right-of-way encroachment shall obtain an Encroachment Permit in accordance with Title 12 of the Morro Bay Municipal Code.

4. **Facade Articulation.** All street-facing facades shall have at least one horizontal or vertical projection or recess at least two feet in depth for every 25 horizontal feet of wall. If located on a building with two or more stories, the articulated elements must be greater than one story in height, and may be grouped rather than evenly spaced in 25-foot modules. Building entrances and front porches and projections into required yards such as stoops, bays, overhangs, fireplaces, and trellises may count towards meeting this requirement.

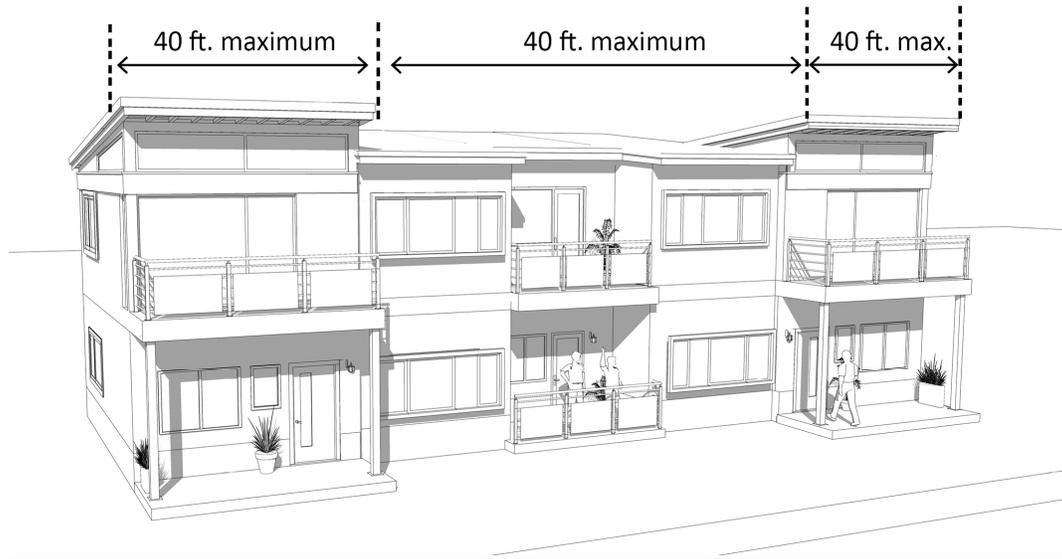
5. **Roofs.**

d.a. **Roof Line Variation.** Roof lines shall not extend more than a length of 40 feet without at least one prominent change as described below:

i. Provide variation in roof form, such as hip, gable, shed, and flat with parapet.

ii. Provide variation of roof height of at least 18 inches (as measured from the highest point of each roof line).

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS
OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)
FIGURE 17.31.030(B)(6A)(4): ROOF LINE VARIATION



e.b. Flat Roofs and Parapets. Parapets shall be provided around the perimeter of a flat roof and shall be a minimum of six inches taller than all rooftop equipment.

- i. Interior side of parapet walls shall not be visible from a common open space or public right-of-way.
- ii. Parapets shall be capped with “precast” treatment, continuous banding, or projecting cornices, dentils, or similar edge treatment. Visible unfinished metal flashing is prohibited.

6. Corner Architectural Features. Buildings located on the corner of two streets, and greater than one story, shall include one or more of the following features on both of the intersecting facades, located within 25 feet of the corner of the building:

- a. An entry to ground-floor use or a primary building entrance.
- b. A different material application, color, or fenestration pattern of windows and doors from the rest of the façade.
- c. The area encompassed within 25 feet of the corner of the building shall have a change in height of at least 2 feet.

B. Building and Unit Entrances. Entrance orientation and design shall comply with the provisions of Section 17.07.040, Supplemental Regulations (Residential Districts), or Section 17.08.040, Supplemental Regulations (Commercial and Mixed Use Districts). The following additional standards also apply:

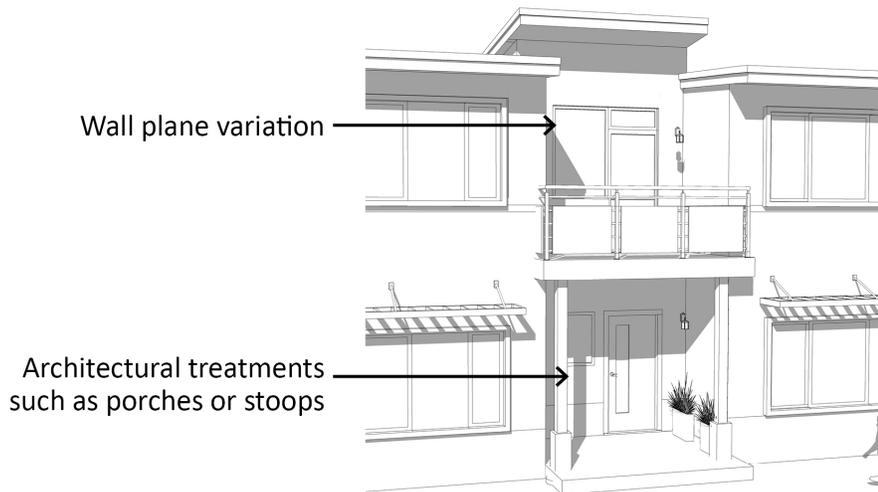
1. **Primary Residential Building Entrances.**
 - a. *Street-Facing Entry.* Residential buildings located adjacent to the primary street shall have a ground-level common entry facing the primary street unless units are accessed by individual entries.

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

- b. *Building Entry Architectural Treatments.* Common building entries shall be differentiated from the main façade through at least two of the following:
 - i. Roof above the entry incorporating a change in roof line of at least 18 inches in height.
 - ii. Entry incorporating a variation of wall plane (recessed or projected) a minimum of 2 feet from the adjacent wall planes.
 - iii. Entry incorporating architectural treatments that vary from those on the general facade (e.g., window and/or door trim with substantial depth and detail, decorative siding, decorative fascia, porches, stoops).
- c. *Porch Requirements.* A porch serving more than one unit shall be a minimum of 6 feet by 8 feet in dimension.
- d. *Enhanced Paving for Building Entrances.* Primary building entryways shall provide decorative and accent paving that contrast in color and texture from any adjacent pedestrian walkway surfaces. Allowed materials include stamped concrete, stained concrete painted concrete, concrete pavers, brick, stone, flagstone, and tile. Decomposed granite, pea gravel, and other types of crushed rock are prohibited.

FIGURE 17.31.030(CB)(1)(B): PRIMARY BUILDING ENTRY ARCHITECTURAL TREATMENTS



2. ***Individual Unit Entrances.***

- a. *Upper-Floor Unit Entry.* Exterior entries to individual units on upper floors are permitted; however, in order to avoid a “motel-style” appearance, no exterior access corridor located above the ground floor may provide access to five or more upper-floor units.
- b. *Non Street-Adjacent Buildings.* Buildings not located adjacent to a street shall have unit front entryways oriented to face common open space areas such as landscaped courtyards, plazas, or paseos.

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

c. *Porch Requirements.* A porch serving an individual unit shall be a minimum of 5 feet by 8 feet in dimension.

d. *Stoop Requirements.* A stoop serving an individual unit shall be a minimum of 4 feet by 4 feet in dimension. The stoop adjacent to the door shall be a maximum of 5 feet in height above the adjacent walkway, and stairs or ramps from the stoop lead directly to the public right-of-way, or a parallel to the public right-of-way.

C. **Windows.**

1. ***Privacy.*** ~~Where a residential building is located within 10 feet of a neighboring property line, windows facing adjacent neighboring buildings shall be offset a minimum of 5 feet from closest edge to edge. Where this offset cannot be provided, the window design on the building facades facing each other shall avoid unfiltered/direct sight lines/views into interiors and from neighboring properties. This requirement is waived if opposing windows are adjacent to commercial uses. In addition, windows opposite an adjacent building shall be further screened through shall be designed with~~ one or more of the following:

a. Utilize non-transparent or obscured glazing, such as frosted/patterned glass, glass block, or non-operable opaque windows. Reflective glazing is not permitted.

b. Provide permanent architectural screens or affixed louvers at windows.

c. Utilize clerestory windows with the bottom edge of the window a minimum height of 6 feet from the ground.

2. ***Window Treatment.*** All windows shall either be recessed at least 2 inches from the plane of the surrounding exterior wall or shall have trim at least 1/2 inch in depth and 3.52 inches in width. ~~See Section 17.07.040, Supplemental Regulations (Residential Districts).~~

a. *Windows Facing a Public Street.* Windows facing a public street shall feature enhanced window treatments, such as decorative architectural brackets, trim, shutters, awnings, and/or trellises.

b. *Window Shutters.* Functional and decorative shutters shall be one-half-width of the associated window glazing (for paired shutters), or matching window width for a single shutter.

D. **Materials and Colors.** Exterior building materials and colors shall comply with the provisions of Section 17.07.040, Supplemental Regulations (Residential Districts), or Section 17.08.040, Supplemental Regulations (Commercial and Mixed Use Districts).

1. ***Wall Material.*** The primary exterior siding material for buildings shall be stone, brick, stucco, concrete block, painted wood clapboard, fiber cement clapboard, or painted metal clapboard.

2. ***Window Material.*** Window materials, color, and style shall be consistent on all elevations, unless used at an entry way or as an accent feature.

3. ***Material Transition.*** Changes in material shall occur at inside corners of intersecting walls or at architectural features that break up the wall plane, such as columns.

4. ***Awnings.*** Glossy finish vinyl awning material is not allowed.

17.31.040 Additional Mixed Use Standards

- A. **Façade Articulation.** Building façades visible from the primary street shall not extend more than 50 feet in length without at least one of the following: a 5-foot variation in depth in the wall plane, architectural element, or other prominent feature that provides visual interest. Building entrances, front porches, upper-story setbacks, and projections such as stoops, bays, overhangs, fireplaces, upper-story decks and trellises count towards this requirement.
- ~~B. **Ground Floor Transparency.** Refer to Section 17.080.040, Supplemental Regulations, for standards related to exterior walls containing non-residential uses.~~ **Height.** In order to retain the small-scale building character of Morro Bay, the ground floor height of commercial portions of mixed use projects shall be a maximum of 12 feet, measured floor to floor.
- ~~B.C. **Ground Floor Transparency.** Exterior walls of buildings or portions of buildings containing non-residential uses facing and within 20 feet of a front or street side lot line shall include windows, doors, or other openings for at least 50 percent of the building wall area located between 2.5 and seven feet above the level of the sidewalk. Such walls may run in a continuous plane for no more than 30 feet without an opening.~~
- ~~C.D. **Street-Facing Setbacks.** Where a front setback or street-facing side setback is provided for a mixed use building, it shall be designed for pedestrian orientation with hard surface and amenities. The setback area on each lot shall contain at least two amenities per 50 linear feet such as benches, drinking fountains, shade structure, or other design element (e.g. art or sculpture, planters, and kiosks).~~
- ~~D.E. **Entrances.**~~
1. **Residential Street-Adjacent Entry.** Mixed use buildings located adjacent to the primary street shall incorporate at least one residential building entrance that directly fronts the public sidewalk or right-of-way and complies with the requirements of Subsection 17.31.030(~~CB~~)(1).
 2. **Commercial Storefronts.** Commercial entrances adjacent to the sidewalk shall be recessed from the façade by a minimum of 2 feet from the rest of the building, creating an alcove.

17.31.050 Parking Structures.

- A. **Wall Plane Variation.** Façades visible from the primary street shall not extend more than 50 feet in length without at least one of the following: a 3-foot variation in depth in the wall plane, architectural element, or other prominent feature that provides visual interest.
- B. **Materials and Colors.** The parking structure shall utilize the same colors and materials as the primary buildings.
- C. **Articulation.** The exterior of the parking structure shall apply at least one of the following as articulation:
1. Applied materials such as brick, stone, and/or siding which extend at least two inches from the face of the structure to the face of the applied materials. Painted concrete, smooth concrete, or stucco walls shall not be considered sufficient articulation.
 2. Decorative architectural features such as cut metal screens, awnings, trellises, louvers, and/or decorative security grills shall be used on openings facing a public street or open space.

CITY OF MORRO BAY
OBJECTIVE DESIGN STANDARDS

OCTOBER 2023 CITY COUNCIL DRAFT (TRACKED CHANGES)

- D. **Landscaping.** Vertical plantings shall be located between openings, entrances, and architectural accent features. At least one tree shall screen the building façade per 50 feet. Trees shall be selected from California native plants or from the City's Street Tree list. Trees shall be selected to grow to 40 feet in height at maturity, and shall grow to at least 15 feet in height within two years from time of installation.

17.31.060 Utilitarian Elements

- A. **Bicycle Parking.** Bicycle parking shall comply with the provisions of Section 17.27.080, Bicycle Parking. Additionally, long-term bicycle parking areas shall be required to provide one 110 voltage wall outlet per every 10 long-term bicycle parking spaces for residents with electric bicycles.
- B. **Refuse Storage and Collection Areas.** Trash, recycling, and green waste container enclosures are required for residential and mixed use developments. They shall be located within a service section of the primary building, incorporated into the exterior building design, or located within a detached and locked enclosure designed and placed as follows:
1. **Location.** The enclosure shall be located to the rear or side of the building and located outside of view from a public right-of-way.
 2. **Screening.** The enclosure shall include a solid wall a minimum of 6 feet in height and a roof structure that fully shields the top of the container, and be located on the site in an area where the screening height required is allowed.
 3. **Materials.** The enclosure shall use materials that are consistent with exterior colors and materials of the primary building.
- C. **Fences and Walls.** Fences and walls shall comply with the provisions of Section 17.23.060, Fences and Freestanding Walls. In addition, where fences and walls of different materials or finishes intersect, a column or pilaster shall be provided.
- D. **Lighting.** Lighting shall comply with the provisions of Section 17.23.080, Lighting and Illumination. Projects within the Coastal Resource Protection (CRP) Overlay Zone District shall comply with additional provisions of Section 17.14.090, Visual Resource Protection. Lighting in parking areas shall also comply with Section 17.27.110, Parking Area Design and Development Standards.
- E. **Screening of Mechanical Equipment.** Equipment and utilities shall comply with the provisions of Section 17.23.130, Screening.
- F. **Vents and Exhaust.** All wall-mounted elements shall be located at interior corners of building walls or behind building or screening elements that conceal them from public view. All flashing, sheet metal vents, exhaust fans/ventilators, and pipe stacks shall be painted to match the adjacent roof or wall material and/or color.

This Page Intentionally Left Blank



AGENDA NO: C-1
MEETING DATE: October 10, 2023

Staff Report

TO: Honorable Mayor and City Council **DATE:** September 26, 2023
FROM: Rachael Hendricks, Human Resources Manager
SUBJECT: Consideration of Conditional Appointment of Steve Conway as Interim Assistant City Manager/Administrative Services Director and Conditional Approval of Employment Agreement between the City of Morro Bay and Steve Conway

RECOMMENDATION:

Staff recommends the City Council appoint Steve Conway as the Interim Assistant City Manager/Administrative Services Director contingent upon successfully passing the City's background check, and authorize the City Manager 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. Conway 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. Mr. Conway will be paid \$87.56 per hour, which is within the hourly compensation range for the Assistant City Manager/Administrative Services Director position (\$182,118.00 divided by 12 divided by 173.333 = \$87.56). By law, his hours are limited to no more than 960 per fiscal year.

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, compensation will be no more than the hourly rate of the Assistant City Manager/Administrative Services Director position, and those amounts have been programmed in the current year FY23/24 approved budget.

BACKGROUND/DISCUSSION:

Sarah Johnson-Rios, Morro Bay's current Assistant City Manager/Administrative Services Director, has announced she will resign on October 13, 2023. As it is expected to take several months to run a full-scale recruitment for her replacement, the City is in need of an Interim Assistant City Manager/Administrative Services Director while the City conducts its recruitment for this position. Following notice of Ms. Johnson-Rios' resignation, Staff explored options for pursuing an Interim while we recruit for a permanent Assistant City Manager/Administrative Services Director. As of October 5, 2023, the City is actively recruiting for this position.

Prepared By: <u> RH </u>	Dept Review: <u> </u>
City Manager Review: <u> YK </u>	City Attorney Review: <u> MH </u>
2023-10-10 CC Meeting Page 175 of 188	

With the assistance of Ms. Johnson-Rios, City staff was able to locate a candidate for interim Assistant City Manager/Administrative Services Director, retired Los Gatos Finance Director, Steve Conway. Steve Conway has over 25 years of experience in public sector finance management and a CPA Certificate, and has the specialized skills needed to perform the work of the City's Assistant City Manager/Administrative Services Director. Mr. Conway brings a wealth of experience and expertise to the City of Morro Bay, having served as the Town of Los Gatos' Finance Director for 21 years. Mr. Conway's experience in public sector finance management is extensive. During his tenure as the Finance Director of Los Gatos, he directed the Town's financial management activities including responsibility for the Town's accounting and budget, tax collections, purchasing, debt and cash management and numerous administrative functions. Mr. Conway holds a degree in Business Administration with an Accounting emphasis from the University of South Dakota.

The proposed employment agreement is provided as Attachment 1 and Mr. Conway's resume is provided as Attachment 2. It is anticipated that Mr. Conway's first official day with the City will be Monday, October 16, 2023. The term of the proposed employment agreement would be for one year, and terminate automatically upon the City's appointment of a permanent Assistant City Manager/Administrative Services Director, but no later than October 15, 2023.

CONCLUSION

Staff recommends the City Council appoint Steve Conway as the Interim Assistant City Manager/Administrative Services Director contingent upon successfully passing the City's background check and authorize the City Manager to execute the attached employment agreement following the same.

ATTACHMENTS

1. Proposed Interim City Manager Employment Agreement
2. Resume submitted by Steve Conway

CITY OF MORRO BAY

**AT-WILL INTERIM ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES
DIRECTOR**

EMPLOYMENT AGREEMENT

This AT-WILL INTERIM ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR EMPLOYMENT AGREEMENT (“Agreement”) is made by and between the CITY OF MORRO BAY (the “City”) and STEPHEN D. CONWAY (“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 City’s former Assistant City Manager/Administrative Services Director recently resigned from this position and as a result, the Assistant City Manager/Administrative Services Director position is presently vacant; and

WHEREAS, the City is currently conducting an open recruitment to permanently fill the position of Assistant City Manager/Administrative Services Director; and

WHEREAS, the City anticipates the Assistant City Manager/Administrative Services Director position will be filled with a permanent replacement within TWELVE months after the effective date of this Agreement; and

WHEREAS, the duties of the Assistant City Manager/Administrative Services Director are set forth in full in Exhibit “A” to this Agreement; and

WHEREAS, it is the desire of the City Manager to appoint Employee to serve as an at-will, temporary employee for the position of Interim Assistant City Manager/Administrative Services Director, which is a position that requires specialized skills and expert professional services for a definite period of time, effective October 16, 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 Assistant City Manager/Administrative Services Director, as demonstrated by his prior experience as a Finance Director over an extensive period of time, (ii) desires to perform the duties of and assume responsibility for the position of Interim Assistant City Manager/Administrative Services Director, 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 October 16, 2023 and shall automatically terminate on October 15, 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 Assistant City Manager/Administrative Services Director. 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 in excess of 960 hours in a single fiscal year during the Term of this Agreement, then this Agreement shall terminate automatically. October 16, 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 Assistant City Manager/Administrative Services Director, 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 Manager shall, from time to time, direct or assign to Employee. Employee acknowledges the position of Interim Assistant City Manager/Administrative Services Director 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 manner.

B. During the term of his appointment to the position of Interim Assistant City Manager/Administrative Services Director, the Parties anticipate that Employee will work a full-time schedule of approximately thirty (30) to forty (40) hours per week as well as attendance at City Council and other City or community meetings. Employee shall not work more than forty (40) hours per week without first obtaining written authorization to do so from the City Manager. 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 Eighty Seven Dollars and Fifty Six Cents (\$87.56) per hour, which is within the hourly compensation range for the Assistant City Manager/Administrative Services Director position. The current compensation range for the Assistant City Manager/Administrative Services Director position is \$149,829.00 to \$182,118.00 annually. (\$182,118.00 divided by 12 divided by 173.333 = \$87.56 hourly.)

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 Manager with at least **thirty days advance written notice unless otherwise shortened by the City Manager.**

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

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

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

Employee

Stephen D. Conway
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 Manager 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 San Luis Obispo County, California. Employee expressly waives any right to remove any such action from San Luis Obispo 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 30-40 hours per week will not cause him to exceed the 960 hours per fiscal year limit pursuant to Government Code subdivision 21221(h), including work for any other CalPERS employer during the current fiscal year.

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 City Manager, and approved as to form by the City Attorney, and executed by the Employee.

CITY OF MORRO BAY,

Dated: _____
Yvonne Kimball,
City Manager

Attest: _____
Dana Swanson,
City Clerk

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

[Signatures continued on Page 7]

[Signatures continued from on Page 6]

EMPLOYEE,

In signing this Agreement, Employee understands and agrees he is an **at-will 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: _____
STEPHEN D. CONWAY

CITY OF MORRO BAY

ADMINISTRATIVE SERVICES DIRECTOR – ASSISTANT CITY MANAGER

DEFINITION

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

DISTINGUISHING CHARACTERISTICS

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

ESSENTIAL DUTIES & RESPONSIBILITIES

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

ADMINISTRATIVE SERVICES DIRECTOR – ASSISTANT CITY MANAGER

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

QUALIFICATIONS

Knowledge of:

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

Ability to:

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

ADMINISTRATIVE SERVICES DIRECTOR – ASSISTANT CITY MANAGER

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

Education and Experience:

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

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

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

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

PHYSICAL DEMANDS

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

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

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

WORK ENVIRONMENT

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

ADMINISTRATIVE SERVICES DIRECTOR – ASSISTANT CITY MANAGER

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

SELECTION GUIDELINES

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

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

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

Approved by the Morro Bay City Council February 23, 2021

STEPHEN D. CONWAY, C.P.A.

EDUCATION

- May 1988** **State Board of Accountancy**
Awarded C.P.A. certificate
- May 1979** **University of South Dakota, School of Business**
B.S. degree in Business Administration, Major – Accounting

EMPLOYMENT

- 2001-2022** **Town of Los Gatos, Finance Department, Los Gatos California**
Director of Finance.
Reporting directly to the Town Manager, the position supports and provides direction to seven support staff who administer the Town’s financial activities including compilation and oversight of the Town’s annual budgets, capital improvement plans, and financial statement audits/publication. Responsible for the Town’s investment activities, accounting, financial forecasting, debt management, purchasing, business licensing, payroll processing, accounts payable and receivables, revenue collection and oversight of the Town’s financial operating system. The Director is a key support to the Town’s executive team, Town Council and the Town’s Finance Commission.
- 1996-2001** **Santa Clara Valley Water District, San Jose, California**
Chief Accounting Officer/Controller. Responsible for all accounting related activities for the District with total assets of approximately \$1.3 billion, operating budget of \$140 million, and over 600 full time employees. Supervise 17 direct reports in all phases of financial administration and accounting including budget preparation, general ledger, accounts payable, payroll, treasury, debt transactions and revenue collection.
- 1987-1996** **City of Campbell, Finance Division, Campbell California**
Accounting Manager. Functions as Assistant Finance Director managing accounting operations for the City’s finance department. Daily duties include oversight of professional staff of eight personnel performing A/P, A/R and billing, revenue collection and cashing, payroll, internal audit, MIS, budget and financial reporting. Key role in developing the City’s award-winning operating and capital budgets on both an annual and two-year budget presentation basis.
- 1986-1987** **Moreland and Associates Certified Public Accountants, Newport Beach, CA**
Audit Senior. Performed financial, internal controls and compliance audits for a variety of medium to large size cities/special districts in the local Southern California area.