

City of Morro Bay

City Council Agenda

Mission Statement

The City of Morro Bay is dedicated to the preservation and enhancement of the quality of life. The City shall be committed to this purpose and will provide a level of municipal service and safety consistent with and responsive to the needs of the public.

REGULAR MEETING – TUESDAY, AUGUST 9, 2011

**CLOSED SESSION – TUESDAY, AUGUST 9, 2011
CITY HALL CONFERENCE ROOM - 5:00 P.M.
595 HARBOR ST., MORRO BAY, CA**

CS-1 GOVERNMENT CODE SECTION 54957.6; CONFERENCE WITH LABOR NEGOTIATOR. Conference with City Manager, the City's Designated Representative, for the purpose of reviewing the City's position regarding the terms and compensation paid to the City Employees and giving instructions to the Designated Representative.

**IT IS NOTED THAT THE CONTENTS OF CLOSED SESSION MEETINGS
ARE CONFIDENTIAL AND EXEMPT FROM DISCLOSURE.**

**PUBLIC SESSION – TUESDAY, AUGUST 9, 2011
VETERANS MEMORIAL HALL - 6:00 P.M.
209 SURF ST., MORRO BAY, CA**

ESTABLISH QUORUM AND CALL TO ORDER
MOMENT OF SILENCE
PLEDGE OF ALLEGIANCE
MAYOR AND COUNCILMEMBERS ANNOUNCEMENTS & PRESENTATIONS
CLOSED SESSION REPORT

PUBLIC COMMENT PERIOD - Members of the audience wishing to address the Council on City business matters (other than Public Hearing items under Section B) may do so at this time.

To increase the effectiveness of the Public Comment Period, the following rules shall be followed:

- When recognized by the Mayor, please come forward to the podium and state your name and address for the record. Comments are to be limited to three minutes.
- All remarks shall 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.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk, (805) 772-6205. Notification 24 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

A. CONSENT CALENDAR

Unless an item is pulled for separate action by the City Council, the following actions are approved without discussion.

A-1 APPROVAL OF THE MINUTES FOR THE REGULAR CITY COUNCIL MEETING OF JULY 12, 2011; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 RESOLUTION NO. 57-11 ESTABLISHING THE ANNUAL PROPOSITION 4 APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2011/12; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 57-11.

A-3 AUTHORIZATION TO FILE NOTICE OF COMPLETION FOR DESAL PRODUCT WATER LINE REPLACEMENT PROJECT: MB-2010-W1; (PUBLIC SERVICES)

RECOMMENDATION: Accept the Project as completed by Brough Construction, Inc. and authorize the filing of a Notice of Completion.

A-4 RESOLUTION NO. 55-11 ESTABLISHING THE COMPENSATION AND WORKING CONDITIONS FOR THE MANAGEMENT GROUP OF THE CITY OF MORRO BAY; (ADMINISTRATION)

RECOMMENDATION: Adopt Resolution No. 55-11.

A-5 RESOLUTION NO. 56-11 ADOPTING AN AGREEMENT ON THE COMPENSATION AND WORKING CONDITIONS FOR THE CONFIDENTIAL GROUP OF THE CITY OF MORRO BAY; (ADMINISTRATION)

RECOMMENDATION: Adopt Resolution No. 56-11.

B. PUBLIC HEARINGS, REPORTS & APPEARANCES

B-1 AMENDMENT TO CONDITIONAL USE PERMIT #UP0-042 AND COASTAL DEVELOPMENT PERMIT #CP0-064 FOR 555 MAIN STREET TO INCREASE DENSITY FROM 18 UNITS TO 21 UNITS AND ADOPTION OF A RESOLUTION NO 58-11 AUTHORIZING THE SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE HOME INVESTMENT PARTNERSHIP PROGRAM; (PUBLIC SERVICES)

RECOMMENDATION: Conditionally approve an amendment to Conditional Use Permit #UP0-042 and Coastal Development Permit #CP0-064 to allow three additional deed restricted senior affordable residential units subject to the Findings in Exhibit A and Conditions of Approval in Exhibit B; and adopt Resolution No. 58-11 authorizing submittal of an application to the California State Department of Housing and Community Development for funding under the HOME Investment Partnership Program; and if selected, the execution of a standard agreement.

C. UNFINISHED BUSINESS

C-1 ADOPTION OF ORDINANCE NO. 569 AUTHORIZING THE AMENDMENT OF SECTION 20475 (DIFFERENT LEVEL OF BENEFITS; SECTION 21363.1 (3% @ 55 FULL FORMULA); AND SECTION 20037 (THREE-YEAR FINAL COMPENSATION) FOR NEW, SWORN HIRES IN THE POLICE DEPARTMENT; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Ordinance No. 569.

D. NEW BUSINESS

D-1 RESOLUTION NO. 52-11 AUTHORIZING AND DIRECTING THE EXECUTION OF CERTAIN INSTALLMENT SALE DOCUMENTS IN CONNECTION WITH THE OFFERING AND SALE OF \$1,500,000 CERTIFICATES OF PARTICIPATION RELATING TO THE FINANCING OF FIRE STATION NO. 53, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 52-11.

D-2 RESOLUTION NO. 53-11 AUTHORIZING AND DIRECTING THE EXECUTION OF CERTAIN INSTALLMENT SALE DOCUMENTS IN CONNECTION WITH THE OFFERING AND SALE OF \$300,000 CERTIFICATES OF PARTICIPATION RELATING TO THE FINANCING OF FIRE STATION NO. 53, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 53-11.

D-3 RESOLUTION NO. 54-11 AUTHORIZING THE SIGNING OF USDA FORMS, WHICH AUTHORIZE AND PROVIDE FOR THE INCURRENCE OF INDEBTEDNESS FOR FIRE STATION NO. 53 ADMINISTRATION BUILDING; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 54-11.

D-4 AWARD OF CONTRACT TO RARIG CONSTRUCTION, INC. OF SAN LUIS OBISPO, CA FOR THE PROJECT NO. MB-2010-FD-01: FIRE STATION 53 OFFICE AND LIVING QUARTERS PROJECT; (PUBLIC SERVICES)

RECOMMENDATION: Award the project contract to Rarig Construction, Inc. in the amount of \$2,852,000.

D-5 DISCUSSION ON APPOINTMENT OF CITY COUNCIL MEMBERS TO THE CHAMBER OF COMMERCE ECONOMIC DEVELOPMENT COMMITTEE; (ADMINISTRATION)

RECOMMENDATION: Staff recommends Council participate on the Chamber of Commerce Economic Development Committee by appointing two Council members to attend the meetings.

D-6 DISCUSSION ON THE ALLOCATION OF THE TOURISM BUSINESS IMPROVEMENT DISTRICT FUNDS FOR THE VISITORS CENTER; (ADMINISTRATION)

RECOMMENDATION: Staff recommends the City Council review the motion made at the November 8, 2010 meeting, review staff's interpretation of that motion, review the concern from the TBID Budget Sub-Committee, and make any changes Council deems necessary.

E. DECLARATION OF FUTURE AGENDA ITEMS

F. ADJOURNMENT

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS OR CALL THE CLERK'S OFFICE AT 772-6200 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 AT CITY HALL LOCATED AT 595 HARBOR STREET DURING NORMAL BUSINESS HOURS OR AT THE SCHEDULED MEETING.

AGENDA NO: A-1

MEETING DATE: 08/09/11

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – JULY 12, 2011
VETERANS MEMORIAL HALL - 6:00 P.M.

Mayor Yates called the meeting to order at 6:00 p.m.

PRESENT:	William Yates	Mayor
	Carla Borchard	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Bridgett Kessling	City Clerk
	Eric Endersby	Harbor Operations Manager
	Susan Lichtenbaum	Harbor Business Manager
	Rob Livick	Public Services Director
	Tim Olivas	Police Chief
	Mike Pond	Fire Chief
	Susan Slayton	Administrative Services Director
	Joe Woods	Recreation & Parks Director

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

MAYOR AND COUNCIL MEMBERS REPORTS, ANNOUNCEMENTS &
PRESENTATIONS

CLOSED SESSION REPORT - – there was no Closed Session report.

PUBLIC COMMENT

Richard Sadowski announced the Rock to Pier Run would be held on Saturday, July 16th and noted the church he attends will be providing nourishment for the runners.

Garry Johnson shared pictures of the skateboard and 4th of July events and noted how much fun everyone had over this successful weekend.

Betty Winholtz reminded residents that the deadline for comments on the Wastewater Treatment Plant upgrade was Friday, July 15th. She also stated an error was made on the airing of the Wastewater Treatment Plant workshop on July 27th where a speaker was omitted and she would hope that does not happen again.

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – JULY 12, 2011

Richard Margesten asked why the June and July JPA meetings were canceled. He said he would think the City Council would want a discussion after the workshops were held and receive additional comments regarding the Wastewater Treatment Plant upgrade.

Joan Solu stated a California Welcome Center may be allowed in Morro Bay since there is not one within 50 miles along Highway 1; she said she will pursue this issue.

Mayor Yates closed the hearing for public comment.

A. CONSENT CALENDAR

Unless an item is pulled for separate action by the City Council, the following actions are approved without discussion.

A-1 APPROVAL OF MINUTES FOR THE REGULAR CITY COUNCIL MEETINGS OF JUNE 14, 2011 AND JUNE 28, 2011; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 RESOLUTION NO. 47-11 ADOPTING MEMORANDUM OF UNDERSTANDING WITH THE MORRO BAY PEACE OFFICERS ASSOCIATION; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 47-11.

A-3 RESOLUTION NO. 48-11 INTENTION TO APPROVE AN AMENDMENT TO THE CONTRACT BETWEEN THE BOARD OF ADMINISTRATION OF CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY OF MORRO BAY (LOCAL POLICE SAFETY); (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 48-11.

A-4 AUTHORIZATION FOR THE CITY OF MORRO BAY TO ENTER INTO GRANT AGREEMENT #10-101-101 WITH THE DEPARTMENT OF BOATING AND WATERWAYS FOR "MORRO BAY STATE PARK MARINA - NON-MOTORIZED KAYAK LAUNCH DREDGING"; (HARBOR)

RECOMMENDATION: Adopt Resolution No. 50-11.

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – JULY 12, 2011

A-5 AUTHORIZATION FOR THE CITY OF MORRO BAY TO ENTER INTO GRANT AGREEMENT #10-127-938 WITH THE DEPARTMENT OF BOATING AND WATERWAYS FOR "MORRO BAY STATE PARK MARINA - MARINA BASIN AND ENTRANCE CHANNEL DREDGING"; (HARBOR)

RECOMMENDATION: Adopt Resolution No. 51-11.

Councilmember Smukler pulled Item A-1 from the Consent Calendar.

MOTION: Councilmember Johnson moved the City Council approve the Consent Calendar with the exception of Item A-1. The motion was seconded by Councilmember Borchard and carried unanimously. (5-0)

A-1 APPROVAL OF MINUTES FOR THE REGULAR CITY COUNCIL MEETINGS OF JUNE 14, 2011 AND JUNE 28, 2011; (ADMINISTRATION)

Councilmember Smukler referred to the minutes of June 28, 2011; Item B-3 (Adoption of the Urban Water Management Plan 2010 Update) page 6, and requested the following amendment to his statement:

“Councilmember Smukler requested the motion include recognition of the risk of unplanned ~~an~~ emergency interruptions to the State Water Project in the Plan.”

MOTION: Councilmember Smukler moved the City Council approve Item A-1 of the Consent Calendar with the amendment to the minutes of June 28, 2011. The motion was seconded by Councilmember Borchard and carried unanimously. (5-0)

B. PUBLIC HEARINGS, REPORTS & APPEARANCES

B-1 INTRODUCTION AND FIRST READING OF ORDINANCE NO. 569 AUTHORIZING THE AMENDMENT OF SECTION 20475 (DIFFERENT LEVEL OF BENEFITS; SECTION 21363.1 (3% @ 55 FULL FORMULA); AND SECTION 20037 (THREE-YEAR FINAL COMPENSATION) FOR NEW, SWORN HIRES IN THE POLICE DEPARTMENT; (ADMINISTRATIVE SERVICES)

Administrative Services Director Susan Slayton stated per the contract amendment process, the City Council was presented with Resolution No. 48-11, which authorized the Resolution of Intention to approve an amendment to the contract between the Board of Administration California Public Employees' Retirement System (PERS) and the City of

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – JULY 12, 2011

Morro Bay (Local Police Members). The process also requires the introduction and first reading of an Ordinance which is being presented to Council. This Ordinance is not to be adopted until 20 days have passed since the adoption of the Resolution of Intention. Ms. Slayton recommended the City Council approve Ordinance No. 569 for first reading and introduction by number and title only; she noted the adoption of Ordinance No. 569 will be scheduled for the August 9, 2011 meeting.

Mayor Yates opened the hearing for public comment; there were no comments, and Mayor Yates closed the hearing for public comment.

MOTION: Councilmember Borchard moved the City Council approve Ordinance No. 569 for first reading and introduction by number and title only. The motion was seconded by Councilmember Smukler and carried unanimously. (5-0)

City Manager Andrea Lueker read Ordinance No. 569 by title and number only.

**B-2 RESOLUTION NO. 49-11 ADOPTING THE FISCAL YEAR 2011/12
OPERATING BUDGETS; (ADMINISTRATIVE SERVICES)**

Administrative Services Director Susan Slayton stated the FY 2011/12 budget is balanced in all funds without the use of any General Fund Emergency Reserves. She said any amendments that the City Council makes to the budget will be included in the final document. Ms. Slayton recommended Council provide any further direction regarding the FY 2011/12 operating budgets, and adopt Resolution No. 49-11 accepting the budget as the spending plan for the upcoming year.

Mayor Yates opened the hearing for public comment.

Joan Solu stated with efforts being made in marketing, the hoteliers have hopes that percentages in Transient Occupancy Tax collections will go up as well as the Tourism Business Improvement District. She said the budget projects the Tourism Business Improvement District to be at \$360,000, which is at a 2% collection rate, and the hoteliers are actually collecting 3% which would be \$480,000. Ms. Solu asked Council to review the schedule for the Tourism Business Improvement District collections. She also requested Council review the motion approving \$50,000 for the Visitor Center funding, and when the funding was to begin.

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – JULY 12, 2011

Betty Winholtz referred to the following items in the budget and requested clarification: 1) \$560,000 coming out for Capital Projects from the Harbor fund – she finds only \$30,000 is needed for the Harbor Marina; what is the remaining funding going towards; 2) Streets – how much is going towards streets, how much is from Measure Q funds and where is the rest of the funding coming from; 3) Water – money coming out of Reserves and going towards Operations - what are these funds being used for; and, 4) Capital Projects – why have these projects not been completed. She said it appears \$94,000 of impact fees were collected in the last year, and due to Council's action at its previous meeting, it will be losing these fees for the next three years. Ms. Winholtz stated Dial-a-Ride could have been extended for another couple of years with a few minor adjustments from Reserves.

Mayor Yates closed the hearing for public comment.

The City Council reviewed the Fiscal Year 2011/12 preliminary annual budget, and the following changes/transfers/dedications were made:

1. Transfer \$170,551, which represents the unallocated, excess cash reserves, from the General Fund Emergency Reserve Fund to the Streets Division of the District Transaction Tax (DTT) (Measure Q) Fund; and
2. Remove the reservation of +/- \$110,000, which currently exists in the DTT Fund for the City Hall/Public Services/Transit Building Generator, and apply that money to the Streets Division in the DTT Fund; and
3. Change the revenue projection in the Morro Bay Tourism Business Improvement District (MBTBID) Fund from \$380,000 to \$460,000; the original estimate was calculated at 2%, when the actual assessment is 3%; and
4. Transfer the Mimosa Special Assessment District cash balance of \$12,607 from the Special Assessment District Fund to the Streets Division of the DTT Fund for Mimosa Street; and
5. Reduce the Fire Department's 2011/12 request for funding for a firefighter, which was made in the DTT Fund, from \$147,101 to \$143,864 to recognize the savings from the 2nd Tier retirement program, and dedicate that money (\$3,237) to the Fire Station #53 Reserve in the DTT Fund; and

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – JULY 12, 2011

6. Remove the following requested items from the DTT Fund “A” list, as they will be paid for with the COPS grant or Vehicle License Fees, for a total of \$100,000:
 - a) Booking fees (VLF): \$40,000
 - b) Safety items (COPS): \$43,000
 - c) Salary for ½ time Property/Evidence Technician (COPS): \$17,000
7. Add the following Police request for DTT Fund money to the “A” list from the “A.1” list: \$16,000 for (3) ballistic entry vests and LASERFICH software upgrade; and
8. The balance of \$84,000, which is \$100,000 of removed items above less the \$16,000 item added from the “A.1” list, is to be dedicated in the DTT Fund to storm drains; and
9. Remove the 2008/09 through 2010/11 reservations in the DTT Fund Fire Division for Fire - firefighter, and apply that money to the Fire Station #53 reserve in the DTT Fund Fire Division.

MOTION: Mayor Yates moved the City Council adopt Resolution No. 49-11 with the following amendments: 1) \$170,000 from Unallocated Emergency Reserve Funds and place it in the Street Fund; 2) \$100,000 +/- allocated for the City Hall generator and place it in the Street Fund; 3) adjust the Tourism Business Improvement District income from \$380,000 to \$460,000; 4) Measure Q – List A: remove the Police Department booking fees (\$40,000), safety items (\$43,000), salary for the half-time Property/Evidence Technician (\$17,000) and add \$16,000 from the A-1 List (Police Department vests), and the remaining \$84,000 from the \$100,000 generator savings will be placed into the Street and Storm Drain Funds; 5) Mimosa Street Assessment District unallocated funds (\$12,000) shall be placed in the Street Fund and specifically earmarked for the Mimosa Street maintenance; and 6) \$131,983 savings dedicated for the Measure Q firefighter position (\$3,237) and two other reservations for Fire and place it towards the Fire Station #53 Project. The motion was seconded by Councilmember Borchard and carried unanimously. (5-0)

C. UNFINISHED BUSINESS – None.

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – JULY 12, 2011

D. NEW BUSINESS

D-1 DESIGNATION OF VOTING DELEGATE AND ALTERNATE VOTING DELEGATE AT LEAGUE OF CALIFORNIA CITIES 2011 ANNUAL CONFERENCE BUSINESS MEETING; (ADMINISTRATION)

MOTION: Councilmember Smukler moved the City Council appoint City Attorney Robert Schultz as the City's voting delegate at the League of California Cities 2011 Annual Conference Business Meeting. The motion was seconded by Councilmember Johnson and carried unanimously. (5-0)

E. DECLARATION OF FUTURE AGENDA ITEMS

Councilmember Smukler requested to agendize a discussion on options for a bike/pedestrian connector pathway through the power plant property and incorporates recommendations into the City Bike Plan; Council concurred.

Councilmember Smukler requested to agendize a discussion on the implementation of short and long-term actions to resolve trash situations at the Morro Rock parking lot.

Councilmember Smukler requested the Tourism Business Improvement District Advisory Board to review the California Welcome Center option.

Councilmember Smukler requested to agendize a discussion on a long-range planning priorities and goal setting workshop; Council concurred.

Councilmember Borchard requested to agendize a discussion on the Tourism Business Improvement District allocation of funds; Council concurred.

Councilmember Borchard requested to agendize a discussion on the review of Commission and Advisory Board by-laws; Council concurred.

ADJOURNMENT - The meeting adjourned at 8:47 p.m.

Recorded by:

Bridgett Kessling
City Clerk



AGENDA NO: A-2

MEETING DATE: 08/9/11

Staff Report

TO: Honorable Mayor and City Council **DATE:** July 22, 2011
FROM: Susan Slayton, Administrative Services Director
SUBJECT: Resolution No. 57-11 Establishing the Annual Proposition 4 Appropriations Limit for the Fiscal Year 2011/12

RECOMMENDATION

Adopt Resolution No. 57-11.

FISCAL IMPACT

None

SUMMARY

State law requires the adoption of an annual appropriations limit, which restricts the growth of tax-funded programs and services by limiting the appropriation of proceeds of taxes. As permitted by law, the City has chosen to use the most advantageous factor in calculating this limit for the City of Morro Bay, which is the County of San Luis Obispo population growth combined with the CPCPI. For the fiscal year 2011/12, the City of Morro Bay continues to remain well under its appropriations limit.

BACKGROUND:

Proposition 4, more commonly known as the Gann Initiative, was approved by the California electorate in November 1979. It is intended to restrict growth of tax-funded programs and services by limiting the appropriation of the proceeds of taxes to the 1978/79 base year limit, as adjusted annually for changes in population and inflation. Proceeds of taxes in excess of the appropriations limit, with some exceptions, must be returned to the taxpayers by refund or reduction in tax rates unless an extension of the limit is approved by majority popular vote. Proceeds of taxes include tax revenues and investment earnings related to those tax revenues, proceeds from licenses and users/charges to the extent that they exceed the cost to cover those services, and discretionary tax funds used for contingency, emergency, unemployment, reserve and retirement sinking funds, trust, or similar funds.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

In June 1990, the California voters approved Proposition 111, amending the Gann Initiative to provide local agencies with the option of using either the city or county population change percentage (whichever is greater). Another provision of the amendment states that the Gann limit would be triggered only if tax proceeds exceed the limit for two consecutive fiscal years. Additionally, the proposition requires an annual review of the appropriations limit calculation by a qualified independent auditor in conjunction with the annual financial audit.

DISCUSSION:

According to the estimates received from the California State Controller's office, the population of Morro Bay increased by 1.09 percent between January 1, 2010 and January 1, 2011, while the San Luis Obispo County population increased by 0.83 percent for that same time period. It is most advantageous for the City to use the larger of the two percentages, which is the City population growth factor this year.

The California Per Capita Personal Income (CPCPI) increased by 2.51 percent. Applying these factors to last year's limit of \$19,617,710 results in a 2011/12 appropriations limit of \$20,329,315. The fiscal year 2011/12 budget estimate of revenues from the proceeds of taxes is \$8,945,254, which is below the appropriations limit by \$11,384,061.

The calculation of estimated proceeds of taxes for fiscal year 2011/12 is shown in detail in Attachment A. The calculation of the fiscal year 2011/12 Appropriations Limit is shown in Attachment B, along with a historical listing of prior year limits. Attachment C is a copy of the State Controller's change in population estimates between January 1, 2010 and January 1, 2011. Attachment D is a copy of the State Controller's published CPCPI price factor.

RESOLUTION NO. 57-11

**RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MORRO BAY, CALIFORNIA,
ESTABLISHING THE ANNUAL PROPOSITION 4
APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2011/12**

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

WHEREAS, Article XIII B of the California Constitution restricts the appropriation of tax proceeds that the City receives in any given fiscal year; and

WHEREAS, the City has calculated the 2011/12 appropriations limit in accordance with the provisions of Article XIII B of the California Constitution; and

WHEREAS, Proposition 111 of June 1990 requires an annual election of the methodology used in the calculation of the current year appropriations limit.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, to accept the calculation as prepared by the Finance Department, and establish the fiscal year 2011/12 appropriations limit at \$20,329,315.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9th day of August 2011, by the following vote:

AYES:
NOES:
ABSENT:

WILLIAM YATES, Mayor

ATTEST:

BRIDGETT KESSLING, City Clerk

CITY OF MORRO BAY
APPROPRIATION LIMIT DOCUMENTATION
FISCAL YEAR 2011/12

General	District Trans Tax	MBTBID	GGVR	GFER	GF FAC MAINT	Water Equip	Sewer Equip	Special Gas Tax	Traffic Safety	Special Safety Grants	Parking In-Lieu	Transit	Water
3,599,756	-	-	-	-	-	-	-	-	-	-	-	-	-
1,290,000	738,000	-	-	-	-	-	-	-	-	-	-	-	-
1,895,000	-	460,000	-	-	-	-	-	-	-	-	-	-	-
334,155	-	-	-	-	-	-	-	-	-	-	-	-	-
43,000	-	-	-	-	-	-	-	292,146	-	100,000	-	348,045	-
84,563	-	-	-	-	-	-	-	-	-	-	-	-	-
-	3,500	500	150	12,000	700	1,300	600	-	-	-	1,000	-	-
200,000	-	-	-	-	-	-	-	-	-	-	-	-	-
30,500	-	-	-	-	-	-	-	-	30,000	-	5,000	-	-
790,555	-	-	-	-	-	-	-	-	-	-	-	38,200	3,368,000
17,765	-	-	-	500,000	37,650	-	-	-	-	-	-	-	20,000
8,780,294	741,500	460,500	150	512,000	38,350	1,300	600	292,146	30,000	100,000	6,000	386,245	3,388,000
8,780,294	741,500	460,500	150	512,000	38,350	1,300	600	292,146	30,000	100,000	6,000	386,245	3,388,000

Total budgeted revenues

Sewer	Harbor	RM	Special Assessmt LMD	PEG	MB/CSD WWTF	GOV IMPACT	PARK IN-LIEU	STATE PARK MARINA	HOUSING IN-LIEU	WATER ACCUM	SEWER ACCUM	HARBOR ACCUM	TOTAL ESTIMATED REVENUES
-	-	-	157,421	-	-	-	-	-	-	-	-	-	3,757,177
-	-	-	-	32,000	-	-	-	-	-	-	-	-	2,028,000
-	-	-	-	-	-	-	-	-	-	-	-	-	527,000
-	-	-	-	-	-	-	-	-	-	-	-	-	2,355,000
-	-	-	-	-	-	-	-	-	-	-	-	-	334,155
-	-	-	-	-	-	-	-	-	-	-	-	-	783,191
-	-	-	-	-	-	-	-	-	-	-	-	-	84,563
-	-	2,500	-	-	-	-	750	-	3,000	15,000	10,000	4,500	55,500
19,000	-	-	-	-	-	-	-	-	-	-	-	-	219,000
3,317,000	1,676,500	723,500	-	-	1,911,980	-	-	-	-	-	-	-	65,500
-	4,000	20,000	-	-	-	-	-	50,000	-	-	-	-	11,875,735
3,336,000	1,680,500	746,000	157,421	32,000	1,911,980	-	750	50,000	3,000	15,000	10,000	4,500	22,684,236
3,336,000	1,680,500	746,000	157,421	32,000	1,911,980	-	750	50,000	3,000	15,000	10,000	4,500	22,684,236

Total budgeted revenues

**CITY OF MORRO BAY
APPROPRIATION LIMIT DOCUMENTATION
FISCAL YEAR 2011/12**

PROCEEDS OF TAXES CALCULATION

APPROPRIATION LIMIT CALCULATION

	[1] PROCEEDS OF TAXES	PROCEEDS OTHER THAN TAXES	TOTAL ESTIMATED REVENUES	YEAR	[2] CALIFORNIA PCPI CHANGE	[3] POPULATION CHANGE	LIMIT
PROPERTY TAXES	\$ 3,757,177	\$	\$ 3,757,177	1978-79	BASE YEAR		\$ 3,046,393
OTHER TAXES	4,383,000	527,000	4,910,000	1979-80	10.17%	1.38%	3,402,527
PERMITS		334,155	334,155	1980-81	10.53%	0.26%	3,770,591
REVENUE FROM AGENCIES				1981-82	9.12%	1.39%	4,171,660
STATE	783,191		783,191	1982-83	6.79%	2.04%	4,545,796
STATE/COUNTY GRANTS	-	-	-	1983-84	2.35%	1.81%	4,736,835
FEDERAL GRANTS	-	84,563	84,563	1984-85	4.74%	1.75%	5,048,185
USE OF MONEY & PROPERTY				1985-86	3.74%	1.62%	5,321,826
INTEREST	21,886	33,614	55,500	1986-87	2.30%	4.12%	5,668,530
RENT		219,000	219,000	1987-88	3.04%	2.93%	6,011,990
FINES & FORFEITURES		65,500	65,500	1988-89	3.93%	3.83%	6,487,570
CHARGES FOR SERVICES		11,875,735	11,875,735	1989-90	4.98%	3.92%	7,077,629
OTHER REVENUES		599,415	599,415	1990-91	4.21%	4.59%	7,714,137
				1991-92	4.14%	3.04%	8,277,721
	<u>\$ 8,945,254</u>	<u>\$ 13,738,982</u>	<u>\$ 22,684,236</u>	1992-93	-0.64%	1.00%	8,306,991
				1993-94	2.72%	1.86%	8,691,654
				1994-95	0.71%	1.40%	8,875,912
				1995-96	4.72%	1.60%	9,443,573
				1996-97	4.67%	2.31%	10,112,922
				1997-98	4.67%	2.06%	10,803,250
				1998-99	4.15%	2.70%	11,555,378
				1999-2000	4.53%	2.28%	12,354,234
				2000-01	4.91%	2.46%	13,279,663
				2001-02	7.82%	1.60%	14,547,223
				2002-03	-1.27%	1.80%	14,620,998
				2003-04	2.31%	1.32%	15,156,198
				2004-05	3.28%	1.15%	15,833,334
				2005-06	5.26%	1.19%	16,864,495
				2006-07	3.96%	0.73%	17,660,315
				2007-08	4.42%	0.96%	18,617,934
				2008-09	4.29%	1.12%	19,634,110
				2009-10	0.62%	1.01%	19,955,375
				2010-11	-2.54%	0.87%	19,617,710
				2011-12	2.51%	1.09%	20,329,315
							<u>8,945,254</u>
							<u>\$ 11,384,061</u>

[1] Per City of Morro Bay 2011/12 Adopted Annual Budget.
[2] Per State Department of Finance (per capita personal income).
[3] Per State Department of Finance (population growth of City or County, whichever is greater).

May 2011

Enclosure I

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost-of-living factor to compute their appropriation limit by a vote of their governing body. The cost-of-living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the 2011-2012 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2011-2012	2.51

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2011-2012 appropriation limit.

2011-2012:

Per Capita Cost of Living Change = 2.51 percent
Population Change = 0.77 percent

Per Capita Cost of Living converted to a ratio: $\frac{2.51 + 100}{100} = 1.0251$

Population converted to a ratio: $\frac{0.77 + 100}{100} = 1.0077$

Calculation of factor for FY 2011-2012: $1.0251 \times 1.0077 = 1.0330$

Enclosure II
Annual Percent Change in Population Minus Exclusions
January 1, 2010 to January 1, 2011 and Total Population, January 1, 2011

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total</u>
	2010-2011	1-1-10	1-1-11	1-1-2011
San Luis Obispo				
Arroyo Grande	0.71	17,243	17,365	17,365
Atascadero	0.80	27,234	27,451	28,662
El Paso De Robles	0.88	29,759	30,022	30,022
Grover Beach	0.81	13,138	13,244	13,244
Morro Bay	1.09	10,218	10,329	10,329
Pismo Beach	0.78	7,648	7,708	7,708
San Luis Obispo	0.76	45,074	45,418	45,418
Unincorporated	0.85	111,476	112,429	118,218
County Total	0.83	261,790	263,966	270,966

(*) Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.



AGENDA NO: A-3

Meeting Date: August 9, 2011

Staff Report

TO: Honorable Mayor and City Council **DATE:** August 2, 2011

FROM: Dylan Wade, Utilities/Capital Projects Manager,
Ryan Ziemer, Engineering Intern

SUBJECT: Authorization to File Notice of Completion for Desal Product Water
Line Replacement Project: MB-2010-W1

RECOMMENDATION:

Staff recommends the City Council accept the Project as completed by Brough Construction Incorporated, Arroyo Grande, and authorize the filing of a Notice of Completion.

FISCAL IMPACT:

Project funding was derived from Proposition 84 funds administered by the California Department of Public Health (CDPH) in the amount of \$160,177.16 with the City Water Division funding \$10,628.20.

SUMMARY:

Filing of a Notice of Completion is a routine task for public works projects.

BACKGROUND/ DISCUSSION:

At the January 18, 2011 meeting, the City Council awarded the construction contract for this Project to Brough Construction, Incorporated in the total amount of \$149,181.00. The estimated final construction contract is approximately \$170,805.36. Construction work was substantially completed April 26, 2011 and was accepted on June 22, 2011 as fully complete. There were a number of items that arose during the course of work, creating extra costs for the installation. In conjunction with filing this Notice of Completion, final project Change Orders have been executed, all liens and retained funds will be released, and the 1 year warranty period will commence. Filing of a Notice of Completion is a routine task for public works projects.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

Change Order Number 1 was in the amount of \$12, 641.66 and provided 5 extra working days and will be reimbursed by the Proposition 84 Grant funds. The purpose of this change order was to award additional contract completion time necessary to resolve inconsistencies with the plans, horizontal control and additional potholing to resolve buried utilities that were in potential conflict with the water line alignment. Additional days were awarded due to unanticipated groundwater in trench section 42 inches below ground surface. Extra work was performed to repair lines at the Desal plant tie-in location which came apart on excavation. Extra work was added to relocate backflow device in park adjacent to pipeline.

Change Order Number 2 was in the amount of \$10,628.20 and was paid from the City Water Fund. The purpose of this change order was to award the Early Completion Bonus per Project specifications and to reflect that City personnel kept spare parts materials for City stock in lieu of returning and paying restocking fees.

Staff will now be working with the CDPH staff to finalize reimbursements and complete the financial reconciliation. At that point, we will know the precise amount of available funds remaining from the Proposition 84 Grant and will proceed with the second phase of the project, modernization and upgrade of the Desal Plant electrical and mechanical systems.

CONCLUSION:

The Project has been completed by Brough Construction Incorporated and staff recommends the City Council accept the Project and authorize the filing of a Notice of Completion.

Recording requested by: and
When recorded mail to:
City of Morro Bay
Utilities/Capital Projects Manager
595 Harbor Street
Morro Bay, Ca. 93442-1957

**NOTICE OF COMPLETION
CITY OF MORRO BAY**

TO WHOM IT MAY CONCERN:

NOTICE IS HEREBY GIVEN by the undersigned City Clerk of the City of Morro Bay, 595 Harbor Street, Morro Bay, County of San Luis Obispo, California, 93442, having the sole interest in fee, that the construction of the

**PROJECT NO. MB-2010-W1:
DESAL PRODUCT WATER LINE REPLACEMENT**

in the City of Morro Bay, has been substantially completed on April 26, 2011 by

BROUGH CONSTRUCTION, INC., 634 PRINTZ ROAD, ARROYO GRANDE, CA. 93420

and was accepted on June 22, 2011 as fully complete.

BRIDGETT KESSLING, City Clerk
City of Morro Bay, California

The undersigned hereby deposes and says:

That she is the City Clerk of the City of Morro Bay, County of San Luis Obispo, California; that she has read the foregoing Notice and knows the contents thereof and that the same is true of her own knowledge.

I declare the foregoing to be true under penalty of perjury.

Executed at Morro Bay, California, this _____ day of July, 2011.

BRIDGETT KESSLING, City Clerk
City of Morro Bay, California

CITY OF MORRO BAY

CERTIFICATE OF COMPLETION

The undersigned hereby certifies that the construction of

**PROJECT NO. MB-2010-W1:
DESAL PRODUCT WATER LINE REPLACEMENT**

by **BROUGH CONSTRUCTION, INC., 634 PRINTZ ROAD, ARROYO GRANDE, CA. 93420**

has been inspected and found to substantially comply with the approved plans and specifications and has been accepted as having been completed in accordance therewith.

It is, therefore, requested that the City Clerk file a Notice of Completion.

By: _____
Dylan Wade, P.E., Utilities/Capital Projects Manager

Date: _____



AGENDA NO: A-4

MEETING DATE: August 9, 2011

Staff Report

TO: Honorable Mayor and City Council **DATE:** July 29, 2011

FROM: Andrea K. Lueker, City Manager

SUBJECT: Resolution No. 55-11 Establishing the Compensation and Working Conditions for the Management Group of the City of Morro Bay

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 55-11 which establishes the compensation and working conditions for the Management Group of the City of Morro Bay for the term of July 1, 2011 through June 30, 2012.

FISCAL IMPACT

This Resolution reflects no increased costs to the City and in fact creates an immediate savings in salary as well as anticipated savings as new employees are hired to replace vacant positions.

The cost savings to the City is as follows:

1. A 2% reduction in the salary for all management employees.
2. All new hires will be included in a new second-tiered retirement formula.

SUMMARY

Resolution No. 55-11, which establishes the compensation and working conditions for the Management Group for the period of July 2011 through June 2012, adds no additional benefits for the Management Group. The Resolution includes a 2% reduction in salary for all management employees. In addition, all new hires will be included in a new second-tier retirement formula (upon ratification of the SEIU contract expected in the next few months).

A red-lined version of the Resolution is not attached as staff used this as an opportunity to clean up and format the document making it nearly unreadable due to the numerous tracking changes that occurred. A copy of Resolution No. 78-08, amending salaries and benefits of the Management Employees for the term of July 1, 2008 through June 30, 2011, can be found on the City's website (under Employee Compensation Information tab) for comparison purposes. Staff is also available for any questions you may have.

Prepared By: _____ Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

DISCUSSION

The contract with the Management Group expired on June 30, 2011. Contract negotiations were initiated by the Management Group in early spring 2011 and were concluded in July 2011. Unfortunately, the Management Group and City representatives could not come to mutual agreement and as a result, staff is requesting the City Council adopt Resolution No. 55-11, which outlines the compensation and working conditions for the Management Group for the July 1, 2011 thru June 30, 2012 term. The compensation and working conditions are consistent with the direction provided by the City Council.

Although the two groups could not come to an agreement, the Management Group representatives were positive, understanding of the City's current financial situation and acknowledged the City's conservative position. Working with them was again a very pleasant and positive encounter.

Pursuant to language in each of the Executive employees' contracts which states "All provisions of the Morro Bay Municipal Code and the City's Agreement with the Management Group, as they relate to benefits and work conditions, shall apply to Executive employees including the City Manager, City Attorney, Police Chief, Fire Chief, Recreation and Parks Director, Public Services Director and Administrative Services Director.", these employees will also be subject to a 2% reduction in their salary and any new hires will be included in a new second-tier retirement formula.

a.w.negotiations.mgt stfrpt 7 08 to 7 11 final

RESOLUTION NO. 55-11

**A RESOLUTION ESTABLISHING THE COMPENSATION AND
WORKING CONDITIONS FOR THE MANAGEMENT EMPLOYEES
OF THE CITY OF MORRO BAY**

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

WHEREAS, representatives of the City of Morro Bay (CITY) and representatives of the Management Group met and discussed the terms and conditions of employment, through the meet and confer process; and

WHEREAS, at the end of the meet and confer process, the groups could not come to agreement on the total compensation and working conditions package for the Management Group; and

WHEREAS, without reaching an agreement, the CITY must move forward with Resolution No. 55-11, which establishes the compensation and working conditions for the Management Group.

NOW, THEREFORE, BE IT RESOLVED that the Morro Bay City Council does hereby adopt the following Resolution establishing the compensation and working conditions of the Management Group, and authorizes the Mayor to execute all necessary documents to implement said changes.

1. RECOGNITION

1.1 The Management Group is comprised of the following classifications:
Commander, City Engineer, Senior Civil Engineer, Utilities and Capital Projects Manager, Planning Manager, Building Official, Wastewater Division Manager, Public Services Superintendent, Information Systems Administrator, Accountant, Management Analyst, Facilities Superintendent, Senior Planner, Parks Superintendent, Support Services Manager, Recreation and Parks Maintenance Superintendent.

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

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

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

2. TERM

Except as otherwise specifically provided herein, the term of this Resolution commences on July 1, 2011, and expires, and is otherwise fully terminated, at midnight on June 30, 2012.

3. ANTI-DISCRIMINATION

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

4. WORK SCHEDULE

This article is intended to define the normal hours of work, and shall not be construed as a guarantee of work per day or per week, or of days of work per week.

4.1 WORKDAY:

The normal workday shall be eight (8) hours of work in a twenty-four (24) consecutive hour period, except in cases of emergencies. Alternative work schedules can be implemented upon approval of the City Manager.

4.2 WORKSHIFT:

Employees shall be scheduled to work on regular work shifts having regular starting and quitting times. Except for emergencies, employees' work shifts shall not be changed without 24-hour prior notice to the employee.

4.3 WORKWEEK:

The normal workweek shall be five (5) workdays and two (2) consecutive days of rest in a seven (7) day period beginning Saturday, 12:00 a.m. and ending seven days later on Friday night at 11:59 p.m., except in cases of emergencies, or at the specific request of an employee and approval of department head. Nothing herein shall be construed to eliminate currently established irregular work schedules.

4.4 OVERTIME COMPENSATION

Employees in this group are considered "exempt" employees within the definition of FLSA, and do not receive overtime for time worked outside of the regular work schedule.

4.5 EMERGENCIES:

4.5.1 Nothing herein shall be construed to limit or restrict the authority of management to make temporary assignments to different or additional locations, shifts, or duties for the purpose of meeting an emergency. Such emergency assignments shall not extend beyond the period of said emergency.

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

5. VACATION LEAVE

5.1 During the term of this Resolution, employees shall earn paid vacation leave at the following rate:

Service Years	Entitlement in Days
1 thru 2	10
3 thru 4	11
5 thru 6	12
7 thru 8	13
9 thru 10	14
11 thru 12	15
13 thru 14	16
15 thru 16	17
17 thru 18	18
19 thru 20	19
21 or more	20

5.2 The standard for vacation time is eight (8) hours equals one (1) day.

5.3 **MAXIMUM ACCUMULATION**

It is recognized that long-standing accumulations of vacation time exist for some employees. In order to compensate employees for this unused vacation time and reduce this liability for the City, CITY and Management Group agree on the following policy:

5.3.1 Unused vacation leave may be carried over into the following year to a maximum of 400 hours. Employees exceeding the 400 hour maximum as of the pay period containing November 1 of each year will be paid off for vacation time exceeding the 400 hour maximum. The CITY shall make said payment with the pay period containing the December 1 of each year. Payment shall be computed based upon the employee's base hourly rate of pay as of June 30 of the same calendar year. At the employees' further option, said payment may be put into deferred compensation.

5.3.2 Employees separating from the CITY are entitled to pay for accumulated vacation, based upon employee's base hourly rate of pay as of June 30 prior to separation.

5.4 Members of the Management Group may exercise the option to convert into cash a maximum of forty (40) hours of accrued vacation leave each fiscal year. Such conversion shall be computed at the employee's current base hourly rate on an hour per hour basis.

Note: All leave time (vacation, sick leave, holiday, etc.) will be taken off on an hour for hour basis equaling employee actual time off, regardless of accumulation rates.

6. HOLIDAYS

- 6.1 For the purpose of this Resolution, the following days are the holidays for employees in this group:
- | | |
|-----------------------------|---------------------------|
| Independence Day | July 4 |
| Labor Day | 1st Monday in September |
| Veteran's Day | November 11 |
| Thanksgiving Day | 4th Thursday in November |
| Day after Thanksgiving | Friday after Thanksgiving |
| Christmas Day | December 25 |
| New Year's Day | January 1 |
| Martin Luther King, Jr. Day | 3rd Monday in January |
| Lincoln's Birthday | February 12 |
| Washington's Birthday | 3rd Monday in February |
| Memorial Day | Last Monday in May |
| Floating Holiday | Varies |
| Floating Holiday | Varies |
- 6.2 Holidays falling on Saturday shall be observed on the preceding Friday, and holidays falling on Sunday shall be observed on the following Monday.
- 6.3 One holiday equals eight hours. Accrued holiday time may be taken in less than eight hour increments.
- 6.4 It is agreed that when a holiday is proclaimed by the Mayor of the CITY, then each employee shall be granted time-off in the same number of equivalent work hours. Such time-off shall be approved by the Department Head.
- 6.5 Employees may accumulate up to a maximum of 48 hours holiday time. Hours of holiday time accumulated over 48 hours will be paid off. When an employee terminates employment with the CITY, he/she shall receive pay for his/her current holiday balance up to a maximum of 48 hours at his/her current base hourly rate.
- 6.6 CITY's denial of requested holiday time off shall be neither arbitrary nor capricious.

7. ADMINISTRATIVE LEAVE

- 7.1 Each member of the Management Group is eligible to earn sixty-four (64) hours of administrative leave per fiscal year. The time during the fiscal year at which an employee may take administrative leave shall be determined by their Department Head, with regard for the wishes of the employee and particular regard for the needs of the services.
- 7.2 Up to 24 hours of administrative leave may be rolled over into the following fiscal year. Upon termination, employee will be paid the pro-rata amount commensurate with that portion of the fiscal year worked.

- 7.3 Each member of the Management Group may be eligible for additional administrative leave upon authorization from the City Manager. Such administrative leave may be granted when employees are required to perform their responsibilities in times of immediate threat to public health, safety and property, beyond their regular work schedule. The approval of such time is not guaranteed, and sole discretion without appeal rights rests with the City Manager, and is expressly eliminated from the Grievance Procedure. Recognizing the impact of the Fair Labor Standards Act, employees of the Management Group will be sensitive to the operational needs and financial limitations of the CITY, and will therefore attempt to limit the use of overtime by employees in their respective areas of responsibility.
- 7.4 Each new member of the Management Group, hired during the term of this agreement, shall, at the time of hire, be eligible for forty (40) hours of administrative leave. Use and accumulation of such leave will be in accordance with the other provisions of Article 9, except in the event that employee terminates before completing probation, administrative leave shall not be compensated.

8. SICK LEAVE

- 8.1 During the term of this Resolution, sick leave shall be earned at the rate of one (1) eight-hour workday for each calendar month of service. Sick leave used shall be actual employee time off. For example, if an employee works four (4) ten (10) hour days per week and is off sick for one of the ten (10) hour days, ten (10) hours shall be deducted from employee’s sick leave balance. There shall be no maximum to the amount of sick leave that an employee may accumulate.
- 8.2 Based on individual utilization of paid sick leave in the preceding fiscal year, employee may convert unused accumulated sick leave into paid vacation leave once during the following fiscal year, pursuant to the formula below:

<u>Sick Leave Utilization/F.Y.</u>	<u>Sick Leave</u>	to	<u>Vacation Leave</u>
0 hours	96 hours		48 hours
.25 to 8 hours	72 hours		36 hours
8.25 to 16 hours	48 hours		24 hours
16.25 to 25 hours	24 hours		12 hours
Over 25 hours	0		0

At least 160 hours shall remain in employee’s sick leave bank after any conversion is authorized.

- 8.3 Upon the service retirement of an employee who has more than ten (10) years of service with the CITY, said employee shall be entitled to receive payment for up to the first seven hundred twenty (720) days of his/her accrued sick leave at thirty-five percent (35%) of the employee's rate of pay as of the date of service retirement.

Service retirement is defined as service retirement from both the CITY and the respective retirement system thereof.

NOTE: Sick leave converted to service credit for PERS purposes cannot be compensated (converted to dollars).

9. EXEMPT TIME OFF

This policy is established in accordance with the Fair Labor Standards Act, which exempts employees of this group from requiring the CITY to pay time and one-half for time worked over 40 hours. Effective July 1, 2002, group members will use accumulated leave time to take time off for sick leave, medical appointments, personal business, vacation, etc. for time off that is less than one full day in the same manner as issued for taking time off that exceeds one day; that is, filling out leave forms and noting time off on time cards.

The exception to this policy is that time off of less than two (2) continuous hours per day need not be recorded. Abuses of this exception, i.e., taking ½ hour here and there throughout the day, will not be allowed.

10. RETIREMENT BENEFITS

- 10.1 The Management Group understands and agrees that employees bear the risk of payment of any increases in the employee contribution above the current percentage made by action of the PERS or the State Legislature.
- 10.2 Parties agree that CITY payment of PERS contributions are made based upon tax treatment currently permitted by the State Franchise Tax Board and the IRS.
- 10.3 Should current tax treatment change, the Management Group and the employee shall hold harmless the CITY, its officers and agents from any and all claims or costs of any type including but not limited to liability for back taxes, arising out of this agreement to pay part of the employee's PERS contribution.
- 10.4 Should current tax treatment change, the Management Group shall have the opportunity to meet and confer regarding any such changes.
- 10.5 If the State Legislature adopts a two-tier P.E.R.S. retirement program applicable to the Management Group members, then all members employed after the effective date of such P.E.R.S. changes shall be placed in a new retirement plan or one selected by the CITY. Current employees at the time of plan adoption will have a one-time option to enter the new plan; enrollment period to be selected by CITY.
- 10.6 PERS Miscellaneous Employees
 - 10.6.1 All members of the Management Group pay 100% of the employee contribution to CalPERS.

10.6.2 For employees hired prior to the implementation of the PERS Contract Amendment regarding 2-Tier Retirement Formulas and Final Compensation for PERS Miscellaneous employees in the Management Group, the CITY agrees to continue to provide the following PERS optional benefits:

2.7% at 55 plan (Section 21354)
Sick Leave Credit Option (Section 20965)
One-Year Final Compensation (20042)
Military Service Credit (21024)
1959 Survivor Benefit, Level 4th (21574)

10.6.3 For employees hired on or after the date of the implementation of the PERS Contract Amendment regarding 2-Tier Retirement Formulas and Final Compensation for PERS Miscellaneous employees in the Management Group, the CITY will provide a retirement benefit program through Public Employees Retirement System (PERS) with the following PERS optional benefits:

2% @ 60 plan (21353),
Sick Leave Option (Section 20965),
Final Compensation Average 36 consecutive highest months (20037), Military Service Credit (21024),
1959 Survivor Benefit 4th Level (21574)

10.7. PERS Safety Employees

10.7.1 All members of the Management Group pay 100% of the employee contribution to CalPERS

10.7.2 For employees hired prior to September 17, 2011 (or such later date as the PERS contract is amended pursuant to Section 10.7.3 below) the CITY agrees to continue to provide PERS Safety employees in the Management Group with a retirement benefit program through the Public Employees Retirement System (PERS) as follows:

Highest Single Year Compensation effective 6-22-91 (Section 20042)
Sick Leave Credit effective 6-24-89 (Section 20965)
4th Level Survivor Benefit (Section 21574)
1959 Survivor Benefit effective 6-24-89 (Section 21580)
Military Service Credit effective 6-9-98 (Section 21024)
3% @ 50 Retirement Formula
Pre-Retirement Optional Settlement 2 Death Benefit

10.7.3 For employees hired on or after September 17, 2011 (or such later date as the PERS contract is amended pursuant to this Section) the CITY will provide a retirement benefit program through Public Employees Retirement System (PERS) the retirement benefits set forth in 10.7.2 above will be modified and reads as follows.

36 Consecutive Month Final Compensation (Section 20037)
 Sick Leave Credit effective 6-24-89 (Section 20965)
 4th Level Survivor Benefit (Section 21574)
 1959 Survivor Benefit effective 6-24-89 (Section 21580)
 Military Service Credit effective 6-9-98 (Section 21024)
 3% @ 55 Retirement Formula (Section 21363.1)
 Pre-Retirement Optional Settlement 2 Death Benefit

11. HEALTH BENEFITS/DEFERRED COMPENSATION PROGRAM

11.1 HEALTH INSURANCE

11.1.1 Employees of the Management Group shall participate in the PERS medical insurance plans on a cafeteria style basis, with the CITY contributing the PERS minimum (currently \$108/month) to the active employee's medical insurance and \$1.00/month or the amount required by PERS to retiree medical insurance. Any costs in excess of these contribution rates shall be paid by the employee and retiree.

11.1.2 The Management Group receives a cafeteria plan contribution (including the amount required by PERS in 11.1.1 above) as follows:

Employee only - up to \$715/month or cost of insurance, whichever is less
 Employee + 1 – up to \$947/month or cost of insurance, whichever is less
 Employee + family - up to \$1050/month or cost of insurance, whichever is less

11.1.3 Effective January 1, 2009 cash-back was eliminated except as provided herein. Employees receiving cash-back in December 2008 shall continue to receive the same amount for the term of this agreement except that if a cash-back employee changes the structure of their insurance (add dependents, delete dependents, drop insurance with the CITY, change carriers, etc.) cash-back is not an option. Cash-back will be eliminated for employees during the open enrollment period in 2010 for calendar year 2010, and in subsequent years, if said employees are required (because of eliminated plans) to change carrier. In the event an employee receiving cash-back is forced to make a plan change because the CITY changes plans and/or ceases to contract with PERS for insurance, that employee will maintain cash-back.

11.2 DENTAL AND VISION INSURANCE:

11.2.1 During the term of this Agreement, the CITY shall offer dental/life and vision insurance and each employee shall be required to carry both dental/life and vision insurance for self. Life Insurance is provided at \$20,000 per employee. The following rates are effective January 1, 2011.

	<i>VISION</i>	<i>DENTAL</i>	<i>LIFE</i>	<i>TOTALS</i>
Employee Only	\$ 8.63	\$ 37.76	\$5.68	\$ 52.07
Employee +1	\$17.26	\$106.39	\$5.68	\$129.33
Employee +2	\$22.29	\$106.39	\$5.68	\$134.36

Employee will be responsible for the following monthly amounts for dental/life and vision beginning with the pay period including January 1, 2011:

Employee Only	\$2.32
Employee + 1	\$7.75
Employee + 2+	\$8.22

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

- 11.3 Any coverage made available to future retirees beyond COBRA time requirements shall be paid for by the retiree.
- 11.4 The provisions of this section shall be binding on the parties through the remainder of this agreement and for the term of the agreement that will be effective July 1, 2011. The parties agree herewith that no further collective bargaining will occur with respect to this section for the term of the agreement ending June 30, 2012.
- 11.5 **LTD INSURANCE**
The Management Group shall participate in the City-provided Long Term Disability Insurance Plan. The CITY shall pay the costs for this plan.
- 11.6 **CONTRIBUTION TO OTHER PROGRAMS**
CITY will contribute up to \$1,000 per calendar year to employee's deferred compensation or approved retiree medical savings plan on a 2:1 basis (i.e., employee contributes \$2, City contributes \$1).
- 11.7 **WORKER'S COMPENSATION LEAVE**
Any employee who is absent from duty because of an on-the-job injury in accordance with state worker's compensation law and is not eligible for disability payments under Labor Code Section 4850 shall be paid the difference between his/her base salary and the amount paid by worker's compensation during the first forty-five (45) working days of such temporary disability absence. Eligibility for worker's compensation leave requires an open worker's compensation claim.

12. EDUCATION INCENTIVES

- 12.1 CITY agrees to reimburse the costs for job related and job-required certifications, correspondence courses, and licenses (except Class III driver's license) upon successful completion of the examination or course by the employee having written authorization in advance from their department head. This shall include application fees, examination fees, and certificate fees. Renewal fees may be paid in advance by the CITY. This provision does not apply to continuing education requirements.
- 12.2 CITY agrees to provide a City vehicle, when available for required transportation and will permit paid time for employee to take examinations scheduled during normal working hours. If no City vehicle is available, CITY will reimburse mileage for use of personal vehicle.

13. SALARIES

- 13.1 Effective the pay period beginning July, 9, 2011, employees in Management Group will take a 2% salary reduction.
- 13.2 All salary adjustments, including, but not limited to merit increases, educational incentives, and any other pay adjustments, will take effect at the beginning of the next payroll period after the scheduled effective date of the increase.
- 13.3 Any and all special pay incentives will be calculated on base salary.

14. WORK UNIFORMS

14.1 SAFETY SHOES:

Employees, who are required to wear steel-toed safety shoes in the performance of their duties, shall be eligible to receive an allowance for the provision of said shoes in the amount of one hundred twenty dollars (\$120.00) per fiscal year. Proof of purchase is required. Once purchased, such appropriate footwear must be worn while working.

15. PROBATION

The probationary period for newly hired employees in this group shall be twelve (12) months. The probationary period for employees promoted to a higher classification shall be six (6) months in the new classification. The CITY shall have the option of granting a newly hired employee regular status at any time after nine (9) months of service.

16. NO STRIKE, NO LOCK-OUT

- 16.1 During the term of this Resolution, the CITY will not lockout any employees nor will the Management Group cause, authorize, advise or encourage any interruption of work or any other concerted action. The term "interruption of work" shall mean any work stoppage or strike (including economic and unfair labor practice strikes) or any intentional slowdown of work. The term "other concerted action" includes picketing or boycott activities by the Management Group
- 16.2 There shall be no refusal to work on, handle or produce any materials or equipment because of a labor dispute.
- 16.3 Any group employee, engaging in any action prohibited by this Article, shall be subject to immediate discharge or such other discipline as the CITY may assess. Such discharge or discipline shall not be reviewable through the Grievance Procedure.

17. FULL UNDERSTANDING, MODIFICATION, WAIVER

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

18. SEVERABILITY

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

PASSED AND ADOPTED by the Morro Bay City Council at a meeting thereof held this 9th day of August 2011 by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

WILLIAM YATES, Mayor

BRIDGETT KESSLING, City Clerk



AGENDA NO: A-5

MEETING DATE: August 9, 2011

Staff Report

TO: Honorable Mayor and City Council **DATE:** August 1, 2011

FROM: Andrea K. Lueker, City Manager

SUBJECT: Resolution No. 56-11 Adopting an Agreement on the Compensation and Working Conditions for the Confidential Group of the City of Morro Bay

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 56-11, which adopts an agreement on the compensation and working conditions for the Confidential Group of the City of Morro Bay for the term of July 1, 2011 through June 30, 2012.

FISCAL IMPACT

This Resolution reflects no increased costs to the City and in fact creates an immediate savings in salary as well as anticipated savings as new employees are hired to replace vacant positions.

The cost savings to the City are as follows:

1. A 2% reduction in the salary for all Confidential Group employees.
2. All new hires will be included in a new second-tier retirement formula.

SUMMARY

Resolution No. 56-11, adopts an Agreement on the compensation and working conditions for the Confidential Group for the period of July 1, 2011 through June 30, 2012. The Agreement includes a 2% salary reduction for all Confidential Group employees, as well as promises that all new hires will be included in a new second-tier retirement formula (upon ratification of the SEIU contract, which is expected to occur in the next few months). The only benefit to this group, as was Council's direction, includes language allowing a member of this group to exercise an option to convert into cash a maximum of forty (40) hours of accrued vacation leave each fiscal year.

A red-line version of the Agreement is not attached, as we used this as an opportunity to clean up and format the document making it nearly unreadable due to the numerous tracking changes that occurred.

A copy of the Confidential Groups Memorandum of Understanding, amending salaries and benefits for the term of July 1, 2008 through June 30, 2011, can be found on the City's website (under Employee Compensation Information) for comparison purposes. Staff is also available for any questions you may have.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

DISCUSSION

The agreement with the Confidential Group expired on June 30, 2011. Contract negotiations were initiated by the Confidential Group in early Spring 2011, and concluded in July 2011 with the Confidential Group representatives and City representatives coming to agreement. The attached Agreement outlines the compensation and working conditions for the Confidential Group employees for the upcoming fiscal year consistent with the direction provided by the City Council during Closed Session.

The Confidential Group, while small in number, continues to bring pertinent and thoughtful discussion to the negotiation table. This group of employees is mindful of the budgetary constraints of the City and worked closely with the City representatives to come to agreement on a compensation package. While the Confidential Group was disappointed that the majority of their requests were not considered, they conducted themselves in a most professional manner and they continue to be a pleasure to work with.

a.w.negotiations.conf.stfrpt conf agreement 7 11 to 7 12

RESOLUTION NO. 56-11

A RESOLUTION ADOPTING AN AGREEMENT ON THE COMPENSATION AND WORKING CONDITIONS FOR THE CONFIDENTIAL EMPLOYEES OF THE CITY OF MORRO BAY

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

WHEREAS, representatives of the City of Morro Bay (CITY) and representatives of the Confidential Group met and discussed the terms and conditions of employment, through the meet and confer process; and

WHEREAS, meetings between the Confidential Group and the CITY have resulted in a mutual agreement and understanding; and

WHEREAS, the employees represented by the Confidential Group accept all of the terms and conditions as set forth in the Agreement attached and made a part of this Resolution herewith; and

WHEREAS, the City now desires to provide said salaries, benefits, and conditions to said Confidential Group of the City of Morro Bay.

NOW, THEREFORE, BE IT RESOLVED that the Morro Bay City Council does hereby adopt the following Resolution adopting an Agreement on the compensation and working conditions for the Confidential Group, and authorizes the Mayor to execute all necessary documents to implement said changes.

PASSED AND ADOPTED by the Morro Bay City Council at a meeting thereof held this 9th day of August 2011 by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

WILLIAM YATES, Mayor

BRIDGETT KESSLING, City Clerk

AGREEMENT

CONFIDENTIAL EMPLOYEES

AND

THE CITY OF MORRO BAY

JULY 1, 2011 - JUNE 30, 2012

AGREEMENT BETWEEN

THE CONFIDENTIAL EMPLOYEES AND THE CITY OF MORRO BAY

July 2011 – June 2012

ARTICLE 1 - PURPOSE

- 1.1 **WHEREAS**, the City of Morro Bay is a municipal corporation existing under the laws of the State of California as a general law city; and
- 1.2 **WHEREAS**, the City of Morro Bay is limited, insofar as funds are concerned because of a fixed tax rate; and in structure because it is a public entity rather than a profit making business; and
- 1.3 **WHEREAS**, Confidential Group and the City of Morro Bay recognize that the mission and the purpose of the City is to provide for high-quality and economical municipal services and facilities to the residents of the City of Morro Bay.
- 1.4 **THEREFORE**, this AGREEMENT (hereinafter referred to as "AGREEMENT") is entered into as of _____ 2011, between the City of Morro Bay, referred to as "CITY," and the Confidential Group.
- 1.5 It is the intent and purpose of this AGREEMENT to assure sound and mutually beneficial working and economic relations and conditions between the parties hereto; to provide for an orderly and peaceable method and manner of resolving any differences which may arise and to negotiate any misunderstanding which could arise and to set forth herein the basic and full agreement between the parties concerning the pay, wages, hours of employment, and other terms and conditions of employment.

ARTICLE 2 - MANAGEMENT

- 2.1 In order to ensure that the CITY shall continue to carry out its municipal functions, programs, and responsibilities to the public imposed by law, and to maintain efficient public service for the citizens of Morro Bay, the CITY continues to reserve and retain solely and exclusively all management rights, regardless of the frequency of use, including those rights and responsibilities set forth by law and those CITY rights set forth in the CITY's Personnel Rules and Regulations and including but not limited to the following:
 - 2.1.1 To manage the CITY and determine policies and procedures and the right to manage the affairs of all Departments.
 - 2.1.2 To determine the existence or nonexistence of facts which are the basis of the management decision in compliance with State law.

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

reallocate and reclassify employees in accordance with division and/or CITY Rules and Regulations.

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

All management rights, powers, authority and functions, whether heretofore or hereinafter exercised, shall remain vested exclusively with the CITY. No third party neutral shall have the authority to diminish any of the management rights which are included in this agreement.
- 2.4 Nothing herein is meant to diminish employee rights provided by the Government Code.

ARTICLE 3 - RECOGNITION

- 3.1 The Confidential Group is comprised of the following classifications:

Executive Secretary/City Clerk
Senior Accounting Technician
Human Resources Analyst
Personnel Technician
Account Clerk III-Confidential

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

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

3.3 ELECTRONIC DEPOSIT

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

ARTICLE 4 - TERM

Except as otherwise specifically provided herein, the term of this AGREEMENT commences on July 1, 2011 and expires and is otherwise fully terminated at midnight on June 30, 2012.

ARTICLE 5 - ANTI-DISCRIMINATION

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

ARTICLE 6 - WORK SCHEDULE

This article is intended to define the normal hours of work and shall not be construed as a guarantee of work per day or per week, or of days of work per week.

6.1 WORKDAY: The normal workday shall be eight (8) hours of work in a twenty-four (24) consecutive hour period, except in cases of emergencies. Alternative work schedules can be implemented upon approval of the City Manager, and providing they are not in violation of FLSA regulations.

6.2 WORKSHIFT: Employees shall be scheduled to work on regular workshifts having regular starting and quitting times. Except for emergencies, employees' workshifts shall not be changed without 24 hour prior notice to the employee. Call-out or overtime does not constitute as change in workshift.

6.3 WORKWEEK: The normal workweek shall be five (5) workdays and two (2) consecutive days of rest in a seven (7) day period beginning Saturday, 12:00 a.m. and ending seven days later on Friday night at 11:59 p.m., except in cases of emergencies, or at the specific request of an employee and approval of department head. Nothing herein shall be construed to eliminate currently established irregular work schedules.

6.4 OVERTIME COMPENSATION

6.4.1 All work required by the CITY and actually performed beyond forty (40) hours worked in a workweek is defined as Fair Labor Standards Act (FLSA) overtime. FLSA overtime shall be compensated at one and one-half (1.5) times the employee's regular rate of pay, as defined by FLSA.

6.4.2 Designated CITY holidays shall be considered as time worked for purposes of computing overtime for personnel working a Monday through Friday, 8 hours a day, schedule with Saturday and Sunday as regular days off. Employees working other schedules will accrue 8 hours holiday time and, if working on the CITY designated holiday, be paid at the rate of one and one-half (1.5) time the employee's regular rate of pay, as defined by FLSA.

6.5 COMPENSATORY TIME OFF (CTO)

6.5.1 At the employee's option, Compensatory Time Off may be taken in lieu of payment for overtime.

6.5.2 CTO may be accrued. An employee's CTO balance shall indicate the amount of CTO available for employee's use. For example, if an employee works two (2) hours of FLSA overtime and elects to accrue CTO, the employee's CTO balance shall indicate three (3) hours.

6.5.3 An employee's CTO balance shall not exceed a maximum of forty (40) hours. If overtime is earned which would exceed this limit, the excess shall be paid in cash.

6.5.4 FLSA overtime shall be accrued and taken at one and one-half (1.5) times the amount of overtime actually worked. For example, if an employee works two (2) hours FLSA overtime in a workweek, the employee shall be entitled to either two (2) hours pay at one and one-half (1.5) times the employee's regular rate of pay, or three (3) hours of CTO.

6.5.5 All CTO requested by an employee shall be approved in advance by the employee's Department Head.

6.6 EMERGENCIES:

6.6.1 Nothing herein shall be construed to limit or restrict the authority of management to make temporary assignments to different or additional locations, shifts, or duties for the purpose of meeting an emergency. Such emergency assignments shall not extend beyond the period of said emergency.

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

ARTICLE 7 - VACATION LEAVE

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

7.1 During the term of this agreement, paid vacation leave shall be earned at the following rate:

<u>SERVICE YEARS</u>	<u>ENTITLEMENT IN DAYS</u>
1 thru 2	10
3 thru 4	11
5 thru 6	12
7 thru 8	13
9 thru 10	14
11 thru 12	15
13 thru 14	16
15 thru 16	17
17 thru 18	18
19 thru 20	19
21 or more	20

7.2 The standard for vacation time is eight (8) hours equals one (1) day.

7.3 MAXIMUM ACCUMULATION

It is recognized long-standing accumulations of vacation time exist for some employees. In order to compensate employees for this unused vacation time and reduce this liability for the City, CITY and Confidential Group agree on the following policy:

7.3.1 Unused vacation leave may be carried over into the following year to a maximum of 400 hours. Employees exceeding the 400 hour maximum as of the pay period containing November 1 of each year will be paid off for vacation time exceeding the 400 hour maximum. The CITY shall make

said payment with the pay period containing December 1 of each year. Payment shall be computed based upon the employee's base hourly rate of pay as of June 30 of the same calendar year. At employee's further option, said payment may be put into deferred compensation.

7.3.2 Employees separating from the CITY are entitled to pay for accumulated vacation based upon employee's base hourly rate of pay as of June 30 prior to separation.

7.4 A member of the Confidential Group may exercise an option to convert into cash a maximum of forty (40) hours of accrued vacation leave each fiscal year. Such conversion shall be computed at the employee's current base hourly rate on an hour per hour basis.

ARTICLE 8 - HOLIDAYS

8.1 For the purpose of this agreement, the following days are the holidays for the employees in the Confidential Group:

Independence Day.....	July 4
Labor Day.....	1 st Monday in September
Veteran's Day.....	November 11
Thanksgiving Day.....	4 th Thursday in November
Day after Thanksgiving Day.....	4 th Friday in November
Christmas Day.....	December 25
New Year's Day.....	January 1
Martin Luther King, Jr., Day.....	3 rd Monday in January
Lincoln's Birthday.....	February 12
President's Day.....	3 rd Monday in February
Memorial Day.....	Last Monday in May
Floating Holiday.....	Varies
Floating Holiday.....	Varies

8.2 Holidays falling on Saturday shall be observed on the preceding Friday, and holidays falling on Sunday shall be observed on the following Monday; and, shall be considered designated holidays for purposes of overtime.

8.3 One holiday equals eight hours. Accrued holiday time may be taken in less than eight hour increments.

8.4 It is agreed that when a holiday is proclaimed by the Mayor of the CITY, then each employee shall be granted time-off in the same number of equivalent work hours. Such time-off shall be selected by the Department Head.

8.5 Employees may accumulate up to a maximum of 48 hours holiday time. Hours of holiday time accumulated over 48 hours will be paid off. When an employee terminates employment with the CITY, he/she shall receive pay for his/her

current holiday balance up to a maximum of 48 hours at his/her current base hourly rate.

- 8.6 CITY's denial of requested holiday time off shall be neither arbitrary nor capricious.

ARTICLE 9 - ADMINISTRATIVE LEAVE

9.1 Each member of the Confidential Group is eligible to earn thirty six (36) hours of administrative leave per fiscal year. The time during the fiscal year at which an employee may take administrative leave shall be determined by their department head with regard for the wishes of the employee and particular regard for the needs of the services.

9.2 Up to 24 hours of administrative leave may be rolled over into the following fiscal year. Upon termination, employee will be paid the pro-rated amount commensurate with that portion of the fiscal year worked.

ARTICLE 10 - SICK LEAVE

10.1 During the term of this agreement, sick leave shall be earned at the rate of one (1) eight-hour workday for each calendar month of service. Sick leave used shall be actual employee time off. For example, if an employee works four (4) ten (10) hour days per week and is off sick for one of the ten (10) hour days, ten (10) hours shall be deducted from employee's sick leave balance. There shall be no maximum to the amount of sick leave that an employee may accumulate.

10.2 Based on individual utilization of paid sick leave in the preceding fiscal year, employee may convert unused accumulated sick leave into paid vacation leave once during the following fiscal year, pursuant to the formula below:

	Maximum Conversion		
<u>Sick Leave Utilization</u>	<u>Sick Leave</u>	<u>To</u>	<u>Vacation Leave</u>
0 hours	96 hours		48 hours
.25 to 8 hours	72 hours		36 hours
8.25 to 16 hours	48 hours		24 hours
16.25 to 25 hours	24 hours		12 hours
Over 25 hours	0 hours		0 hours

At least 160 hours shall remain in employee's sick leave bank after any conversion is authorized.

10.3 Upon the service retirement of an employee who has more than ten (10) years of service with the CITY, said employee shall be entitled to receive payment for up to the first ninety (90) days of his/her accrued sick leave at twenty-five percent (25%) of the employee's rate of pay as of the date of service retirement.

Service retirement is defined as service retirement from both the CITY and the respective retirement system thereof.

NOTE: Sick leave converted to service credit for PERS purposes cannot be compensated (converted to dollars).

ARTICLE 11 - RETIREMENT BENEFITS

- 11.1 All members of the Confidential Group pay 100% of the employee contribution to CalPERS.
- 11.2 Confidential Group understands and agrees that employees bear the risk of payment of any increases in the employee contribution above the current percentage made by action of the PERS or the state legislature.
- 11.3 Parties agree that CITY payment of PERS contributions are made based upon tax treatment currently permitted by the State Franchise Tax Board and the IRS.
- 11.4 Should current tax treatment change, the Confidential Group shall hold harmless the CITY, its officers and agents from any and all claims or costs of any type including, but not limited to, liability for back taxes, arising out of this agreement to pay part of the employee's PERS contribution.
- 11.5 Should current tax treatment change, the Confidential Group shall have the opportunity to meet and confer regarding any such changes.
- 11.6 For employees hired prior to the implementation of the PERS Contract Amendment regarding 2-Tier Retirement Formulas and Final Compensation for PERS Miscellaneous Employees, the CITY agrees to continue to provide PERS Miscellaneous Employees with the following PERS optional benefits:
- 2.7% at 55 plan (Section 21354)
 - Sick Leave Credit Option (Section 20965)
 - One-Year Final Compensation (20042)
 - Military Service Credit (21024)
 - 1959 Survivor Benefit, Level 4th (21574)
- 11.7 For employees hired on or after the date of the implementation of the PERS Contract Amendment regarding 2-Tier Retirement Formulas and Final Compensation for PERS Miscellaneous employees, the CITY will provide a retirement benefit program through Public Employees Retirement System (PERS) with the following PERS optional benefits:
- 2% @ 60 plan (21353)
 - Sick Leave Option (Section 20965)
 - Final Compensation Average 36 consecutive highest months (20037)

ARTICLE 12 - HEALTH BENEFITS/DEFERRED COMPENSATION PROGRAM

12.1 HEALTH INSURANCE

12.1.1 Employees of the Confidential Group shall participate in the PERS medical insurance plans on a cafeteria style basis, with the CITY contributing the PERS minimum (currently \$108/month) to the active employee's medical insurance and \$1.00/month or the amount required by PERS to retiree medical insurance. Any costs in excess of these contribution rates shall be paid by the employee and retiree.

12.1.2 The Confidential Group receives a cafeteria plan contribution (including the amount required by PERS in 12.1.1 above) as follows:

Employee only - up to \$715/month or cost of insurance, whichever is less
Employee + 1 – up to \$947/month or cost of insurance, whichever is less
Employee + family - up to \$1050/month or cost of insurance, whichever is less

12.2 DENTAL AND VISION INSURANCE:

12.2.1 During the term of this Agreement, the CITY shall offer dental/life and vision insurance and each employee shall be required to carry both dental/life and vision insurance for self. Life Insurance is provided at \$20,000 per employee. The following rates are effective January 1, 2011.

	<u>VISION</u>	<u>DENTAL</u>	<u>LIFE</u>	<u>TOTALS</u>
Employee Only	\$ 8.63	\$ 37.76	\$5.68	\$ 52.07
Employee +1	\$17.26	\$106.39	\$5.68	\$129.33
Employee +2	\$22.29	\$106.39	\$5.68	\$134.36

Employee will be responsible for the following monthly amounts for dental/life and vision beginning with the pay period including January 1, 2011:

Employee Only	\$2.32
Employee + 1	\$7.75
Employee + 2+	\$8.22

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

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

12.4 The provisions of this section shall be binding on the parties through the remainder of this agreement and for the term of the agreement that will be effective July 1, 2011. The parties agree herewith that no further collective bargaining will occur with respect to this section for the term of the agreement ending June 30, 2012.

12.5 CONTRIBUTION TO OTHER PROGRAMS

CITY will contribute up to \$1,000 per calendar year to employee's deferred compensation or approved retiree medical savings plan on a 2:1 basis (i.e., employee contributes \$2, CITY contributes \$1).

ARTICLE 13 - EDUCATION INCENTIVES

13.1 CITY agrees to reimburse the costs for job related and job-required certifications, correspondence courses, and licenses (except Class III driver's license) upon successful completion of the examination or course by the employee having written authorization in advance from their department head. This shall include application fees, examination fees, and certificate fees. Renewal fees may be paid in advance by the CITY.

CITY agrees to provide a City vehicle, when available, during normal working hours for required transportation and will permit paid time for employee to take examinations scheduled during normal working hours. No mileage payments are authorized for personal transportation, and time spent outside normal working hours shall not be compensated.

13.2 COLLEGE DEGREES

13.2.1 CITY agrees to pay the following education incentives on base salary to regular employees hired prior to January 1, 1998 who hold degrees above the minimum required in their respective classification.

Associate of Arts Degree - \$600 annually
Bachelors Degree - \$1200 annually

13.2.2 If an employee's job description requires an AA degree and the employee has a Bachelor's Degree, the employee will receive only the difference between an AA and a BA degree, or \$600 annually.

13.2.3 If an employee's job description requires a degree or if an employee is promoted to a classification that requires a degree, the employee shall not receive education incentive pay for the required degree.

The parties agree that this section shall not be interpreted to reduce the amount of education incentive pay that any employee hired prior to January 1, 1998 receives, notwithstanding the fact that the employee is

promoted to a higher position requiring a particular degree, or the fact that the job description for the employee's existing position has been revised to require a particular degree. In the event an employee hired prior to January 1, 1998 promotes to a position requiring a degree not required by the lower position, or if the job description for an employee hired prior to January 1, 1998 is revised to require a degree not previously required for the position, the employee shall continue to receive the amount of the education incentive pay received in the lower position or previous job description.

13.2.4 Based on the new job descriptions for all classifications which were adopted in May 1995, as well as salary survey implementation over the last three years, employees currently in positions now required to hold an AA or BA degree according to the job description for the classification they hold, will continue to receive an educational incentive for said degree. Any employees hired on or after January 1, 1998 or current employees promoted on or after January 1, 1998 to positions requiring degrees will be subject to section 13.2.3 above.

13.2.5 Employees hired on or after January 1, 1998 shall not be eligible for this incentive.

ARTICLE 14 - SALARIES

14.1 Effective pay period beginning July 9, 2011, employees in the Confidential Group will take a 2% salary reduction.

14.2 All salary adjustments, including but not limited to merit increases, educational incentives, and any other pay adjustments will take effect at the beginning of the next payroll period after the scheduled effective date of the increase.

14.3 Any and all special pay incentives will be calculated on base salary.

ARTICLE 15 - SPECIAL PAY PRACTICES

Members of the Confidential Group who are required by their supervisor to attend meetings outside of the normal work schedule for the purpose of taking minutes of said meetings shall be paid a minimum of four hours at time and one-half without regard to hours actually worked during the work week. Minutes taken at meetings during regular work hours shall be included in employees' regular rate of pay and not compensated beyond that.

ARTICLE 16 – PROBATION

The probationary period for newly hired employees shall be twelve (12) months. The probationary period for employees promoted to a higher classification shall be six

months in the new classification. The CITY shall have the option of granting a newly hired employee regular status at any time after nine (9) months of service.

ARTICLE 17 - NO STRIKE, NO LOCK-OUT

- 17.1 During the term of this Agreement, the CITY will not lockout any employees nor will the Confidential Group members cause, authorize, advise or encourage any interruption of work or any other concerted action. The term "interruption of work" shall mean any work stoppage or strike (including economic and unfair labor practice strikes) or any intentional slowdown of work. The term "other concerted action" includes picketing or boycott activities by the Confidential Group.
- 17.2 There shall be no refusal to work on, handle or produce any materials or equipment because of a labor dispute.
- 17.3 Any employee engaging in any action prohibited by this Article shall be subject to immediate discharge or such other discipline as the CITY may assess. Such discharge or discipline shall not be reviewable through the Grievance Procedure.

ARTICLE 18 - FULL UNDERSTANDING, MODIFICATION, WAIVER

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

ARTICLE 19 - SEVERABILITY

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

Date: _____ Date: _____

CONFIDENTIAL EMPLOYEES GROUP

CITY OF MORRO BAY

Laurie Goforth, Senior Acct. Tech.

Andrea K Lueker, City Manager

Jamie Boucher, Human Resources Analyst

Susan Slayton, Admin. Services Dir.



AGENDA NO: B-1

MEETING DATE: August 9, 2011

Staff Report

TO: Honorable Mayor and City Council

DATE: August 2, 2011

FROM: Kathleen Wold, Planning and Building Manager

SUBJECT:

Amendment to Conditional Use Permit #UP0-042 and Coastal Development Permit #CP0-064 for 555 Main Street to Increase Density From 18 Units to 21 Units and Adoption of a Resolution No 58-11 Authorizing the Submittal of an Application to the California State Department of Housing and Community Development for Funding Under the HOME Investment Partnership Program.

RECOMMENDATION:

- Conditionally approve an amendment to Conditional Use Permit #UP0-042 and Coastal Development Permit #CP0-064 to allow three additional deed restricted senior affordable residential units subject to the Findings in Exhibit A and Conditions of Approval in Exhibit B.
- Adopt Resolution No. 58-11 authorizing submittal of an application to the California State Department of Housing and Community Development for funding under the HOME Investment Partnership Program; and if selected, the execution of a standard agreement.

FISCAL IMPACT:

The applicant has requested to increase unit count only and since there is no request to increase monetary support there will be no fiscal impact associated with this amendment.

SUMMARY:

The applicant requests an amendment to Conditional Use Permit #UP0-042 and Coastal Development Permit #CP0-064 to modify the project to allow an increase in unit count from 18 senior restricted affordable units to 21 senior restricted affordable units.

BACKGROUND:

On December 13, 2010 this project was modify by the City Council to have 18 senior restricted affordable units eliminating all commercial units. Once the modification was approved the applicant engaged his architect in designing the project subject to all conditions of approval. During the design phase it became apparent that additional units could be accommodated on site. As this was discovered after the 2010 amendment was approved the applicant has submitted this

Prepared By: _____ Dept Review: _____
City Manager Review: _____
City Attorney Review: _____

additional request.

DISCUSSION:

The addition of 3 units is an increase in density beyond that previously approved but can be accommodated on the site. The project was originally approved with a density bonus allowing additional units beyond those provided for under the site's General Plan Designation of High Density Residential. Then in 2010 the Council granted an additional increase in the density and an density bonus incentive (elimination of the commercial component) for a total of 18 residential units. The increase in density was granted based on the project restricting the units to senior affordable low and very low income units. The increase in density from 18 to 21 units can be accommodated on site within the same zoning parameters (setbacks, building height and lot coverage). The Council can approve the additional units being requested as part of the overall density bonus granted to the project.

Included in this packet for your consideration is the applicant's narrative detailing the project's amenities including energy efficiencies, water conservation elements, community services, open space amenities and green building elements. Also included are the project's floor plans and the elevations for the buildings.

No modifications have been proposed to the Conditions of Approval or code requirements. However, there will be a change in the parking ratios. The project will provide 18 covered parking spaces even though the number of units will be increased. Section 17.44.020 of the MBMC provides that "Elderly Housing" less than 600 square feet in size may provide less parking than required for non-senior restricted projects but in no case fewer than one-half space for each dwelling unit. Based on this code requirement and the previously approved reduction of four parking spaces the project will meet the 18 parking spaces required.

Also included for your consideration is Resolution No. 58-11 authorizing the submittal of an application to the California State Department of Housing and Community Development for funding under the HOME Investment Partnership Program. This is a follow up to the previous action taken on December 13, 2010 where the City Council approved City sponsorship of a request for HOME funds for the project.

CONCLUSION:

Staff recommends that the City Council take the following actions:

- Approve the amendment to the project by granting a Density Bonus incentive increasing the number of restricted senior affordable units to 21.
- Approve Resolution No. 58-11 authorizing the submittal of an application to the California State Department of Housing and Community Development for funding under the HOME Investment Partnership Program.

ATTACHMENTS:

Attachment 1 –Supplemental materials submitted by the applicant
Attachment 2 – Minutes from the December 13, 2010 City Council meeting

EXHIBIT A

CONDITIONAL USE & COASTAL DEVELOPMENT PERMIT FINDINGS

- A. That the amendment as proposed is allowable under the project's zoning and is consistent with the certified Local Coastal Program and the General Plan for the City of Morro Bay based on the analysis and discussion in the attached staff report; and
- B. The establishment, maintenance, or operation of the use as modified by the amendment will not be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use or Mixed Use Area "A" as the project is consistent with all applicable zoning and plan requirements as well as the General Plan/LCP as indicated in the attached staff report; and
- C. The use as amended will not be injurious or detrimental to property and improvements in the neighborhood or the general welfare of the City since the project, as conditioned, will be conducted consistent with all applicable City regulations, as indicated in the attached staff reports.

EXHIBIT B

STANDARD CONDITIONS

1. This amendment to Conditional Use Permit #UP0-042 and Coastal Development Permit #CP0-064 is to allow the increase of deed restricted senior affordable units from 18 to 21 units.
2. **Inaugurate Within Two Years:** Unless the construction or operation of the structure, facility, or use is commenced not later than two (2) years after the effective date of this approval and is diligently pursued thereafter, this approval will automatically become null and void; provided, however, that upon the written request of the applicant, prior to the expiration of this approval, the applicant may request up to two extensions for not more than one (1) additional year each. Said extensions may be granted by the Public Services Director upon a finding that the project complies with all applicable provisions of the Morro Bay Municipal Code, General Plan and Local Coastal Program Land Use Plan (LCP) in effect at the time of the extension request.
3. **Changes:** Minor changes to the project description and/or Conditions of Approval shall be subject to review and approval by the Public Services Director. Any changes to this approved permit determined not to be minor by the Director shall require the filing of an application for a permit amendment subject to Planning Commission review and City Council action.
4. **Compliance with the Law:** (a) All requirements of any law, ordinance or regulation of the State of California, City of Morro Bay, and any other governmental entity shall be complied with in the exercise of this approval (b) This project shall meet all applicable requirements under the Morro Bay Municipal Code, and shall be consistent with all programs and policies contained in the certified Coastal Land Use Plan and General Plan for the City of Morro Bay.
5. **Hold Harmless:** The applicant, as a Condition of Approval, hereby agrees to defend, indemnify, and hold harmless the City, its agents, officers, and employees, from any claim, action, or proceeding against the City as a result of the action or inaction by the City, or from any claim to attack, set aside, void, or annul this approval by the City of the applicant's project; or applicants failure to comply with conditions of approval. This condition and agreement shall be binding on all successors and assigns.
6. **Compliance with Conditions:** The applicant's establishment of the use and/or development of the subject property constitutes acknowledgement and acceptance of all Conditions of Approval. Compliance with and execution of all conditions listed here on shall be required prior to obtaining final building inspection clearance.

7. Restriction of Units: The applicant shall deed restrict all 21 units for senior affordable housing. Two of the units shall remain restricted as low income units but will also be restricted as senior units. Prior to final inspect and/or issuance of a certificate of occupancy the applicant shall submit to the City evidence that the restrictions have been recorded.

8. Three Bedroom Units: A portion of the project's unit may be increase to three bedroom units subject to the applicant demonstrating that the tax credit funding received by the project requires the addition of three bedroom units and the amount of three bedrooms units allowed shall be no more than as required by the funding. At no time can the footprint of the project be increased to accommodate the increase in unit bedroom count.

9. Conditions of Approval: All other Conditions of Approval for Conditional Use Permit #UP0-042 and Coastal Development Permit #CP0-064 including previous amendment conditions shall remain in force except as amended with this approval.

RESOLUTION NO. 58-11

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
AUTHORIZING SUBMITTAL OF AN APPLICATION
TO THE CALIFORNIA STATE DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER
THE HOME INVESTMENT PARTNERSHIP PROGRAM;
AND IF SELECTED, THE EXECUTION OF A STANDARD AGREEMENT, ANY
AMENDMENTS THERETO, AND OF ANY RELATED DOCUMENTS
NECESSARY TO PARTICIPATE IN THE
HOME INVESTMENT PARTNERSHIP PROGRAM**

**THE CITY COUNCIL
CITY OF MORRO BAY, CALIFORNIA**

WHEREAS, the California Department of Housing and Community Development (“Department”) is authorized to allocate HOME Investment Partnership Program (“HOME”) funds made available from the U.S. Department of Housing and Urban Development (“HUD”). HOME funds are to be used for the purposes set forth in Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, in federal implementing regulations set forth in Title 24 of the Code of Federal Regulations, Part 92, and in Title 25 of the California Code of Regulations commencing with section 8200; and

WHEREAS, on June 1, 2011, the Department issued a 2011 Notice of Funding Availability (NOFA) announcing the availability of funds under the HOME program; and

WHEREAS, Pacific South West Community Development Corporation approached the City for support of a HOME grant of up to five million, one hundred thousand dollars (\$5,100,000) for the 21 unit multi-family housing project located at 555 Main Street, which are to be deed restricted for senior affordable to low and very low income residents; and

WHEREAS, in response to the 2011 NOFA, the City of Morro Bay, a municipal corporation, (the “Applicant”) wishes to apply to the Department for, and receive allocation of, HOME funds in support of the 555 Main Street project.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morro Bay supports the following:

- 1) In response to the 2011 NOFA, the Applicant shall submit an application to the Department to participate in the HOME program for an allocation of funds not to exceed five million, one hundred thousand dollars (\$5,100,000) for the following activities: Construction of a 21 unit multi-family housing deed restricted for senior affordable to

low and very low income residents, to be located at 555 Main Street in the City of Morro Bay.

- 2) If the application for funding is approved, then the Applicant hereby agrees to use the HOME funds for eligible activities in the manner presented in its application as approved by the Department in accordance with the statutes and regulations cited above. The Applicant may

also execute a standard agreement, any amendments hereto, and any and all other documents or instruments necessary or required by the Department or HUD for participating in the HOME program (collectively, “the required documents”).

- 3) The City Council of the City of Morro Bay authorizes the City Manager or his designee to execute, in the name of the Applicant, the required documents.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9th day of August 2011 on the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

WILLIAM YATES, Mayor

ATTEST:

BRIDGETT KESSLING, City Clerk



City of Morro Bay

Public Services Department
955 Shasta Ave
Morro Bay, CA 93442
(805) 772-6261
www.morro-bay.ca.us

- TEMPORARY USE PERMIT
- SPECIAL USE PERMIT
- COASTAL DEVELOPMENT PERMIT
- CONDITIONAL USE PERMIT
- MINOR USE PERMIT

Case Number: Building Permit:

Note To Applicants:

- This document is intended to provide minimum requirements for most zoning projects. Some projects may require additional information not listed here, as determined by the project planner within 30 days of application submittal.
- You are responsible for the accuracy and completeness of all application materials. Incorrect or incomplete information may result in delay or denial of you application
- All application materials become the property of the City of Morro Bay and are subject to public review.
- All applications materials must be clear and legible. Faxes, poor reproductions, and cluttered or confusing drawing will not be accepted.

Project Address: 555 MAIN STREET, CITY OF MORRO BAY, CA

Assessor's Parcel Number (APN): 066-133-006 Lot: 3+4 Block: 17 Tract: MARCH+MCALISTER

Existing Use: VACANT LAND

Proposed Project Title (attach a narrative detailing project): MORRO DEL MAR SENIOR APARTMENTS

Applicant: PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION

Applicant Address: 16935 W. BERNARDO DR City: SAN DIEGO State: CA Zip: 92127

Applicant Phone number: 858 675 0506 Email: RobertLainig@PSWCDC.org

Agent (if applicable): HEDENKAMP ARCHITECTURE + PLANNING

Agent Address: 5993 AV. ENCINAS STE 101A City: CARLSBAD State: CA Zip: 92008

Agent Phone Number: 760 456 6000 x 107

Email: Bill@HEDENKAMP-ARCHITECTURE.COM

Property Owner: COAST NATIONAL BANK

Property Address: 500 MARSH STREET City: ^{SAN LOIS} OBISPO State: CA Zip: 93401

Property Phone Number: 805 541 0400 Email: cfruit@coastnationalbank.com

Acceptance of this application does not imply approval/authorization of this request, I realize that this application may be denied or that conditions may be attached to this approval to assure compliance with applicable Municipal Code requirements.

Applicant's signature: 

Date: 11 July 12, 2011

Property Owner's signature: _____ Date: _____

Submittal requirements see page 3 - 5. If located in a PD overlay zone refer to pages 6 - 8.

THIS SECTION FOR DEPARTMENT USE ONLY

List of additional changes:	Conditional Use Permit:
	Minor Use Permit:
Receipt No.:	Coastal Development Permit:
Date:	Environmental Fees:
	Other Charges:
	Total:

Agent Phone Number: 760 456 6000 x 107

Email: B.11@HEDENKAMP-ARCHITECTURE
2011

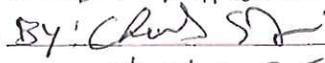
Property Owner: COAST NATIONAL BANK

Property Address: 500 MARSH STREET City: ^{SAN LUIS} OBISPO State: CA Zip: 93401

Property Phone Number: 805 541 0400 Email: cfruit@coastnationalbank.com

Acceptance of this application does not imply approval/authorization of this request, I realize that this application may be denied or that conditions may be attached to this approval to assure compliance with applicable Municipal Code requirements.

Applicant's signature:  Date: July 12, 2011

Property Owner's signature: COAST NATIONAL BANK
By:  Exec. V.P. Date: July 13, 2011
CHARLES E. FRUIT

Submittal requirements see page 3 - 5. If located in a PD overlay zone refer to pages 6 - 8.

THIS SECTION FOR DEPARTMENT USE ONLY

List of additional changes:	Conditional Use Permit:
	Minor Use Permit:
Receipt No.:	Coastal Development Permit:
Date:	Environmental Fees:
	Other Charges:
	Total:

Environmental Information Form

Date filed: _____

General information:

1. Name and address of developer or project sponsor: PACIFIC SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION, 16935 W. BERNARDO DR, STE 238, SAN DIEGO CA 92127
2. Address of project: 555 MAIN STREET, MORRO BAY
3. APN: 066-133-006
4. Name, address, and phone # of contact person: Robert LAING.
16935 W. BERNARDO DR. STE 238, SAN DIEGO, CA 92127
TEL: 858 675 0506
5. Application number: UPO-042
6. List and describe any other related permits and other public approvals required for this project including those required by the City, Regional, State, and Federal agencies:
CUP
7. Proposed use of site: Development of 21 senior affordable apartments

PROJECT DESCRIPTION:

8. Site size: 0.4 ACRES, 17,360 SQ. FT
9. Square footage: TOTAL FLOOR AREA 14,700 SF - COVERED PARKING 5,400 SF
10. Number of floors of construction: 2 FLOORS - PARTIALLY OVER TUCK UNDER PARKING.
11. Amount of off-street parking provided: 18 SPACES
12. Proposed scheduling: CONSTRUCTION TO START AUGUST 2012 - COMPLETED JULY 2013.
13. Associated projects (if any): NONE
14. Anticipated incremental development (if any): NONE
15. If residential, include the number of units: 21 UNITS
16. If commercial, indicate the type and whether neighborhood, city or regional oriented, square footage of sales area, and loading facilities:
N/A
17. If industrial, indicate the type, estimated employment per shift, and loading facilities:
N/A
18. If institutional, indicate the major function, estimated employment per shift, estimated occupancy, loading facilities, and community benefits derived from the project:

N/A

19. If the project involves a variance, conditional use permit, or zoning application state this and explain why:

CUP - MODIFICATION OF EXISTING CUP TO ALLOW
DENSITY BONUS FOR AFFORDABLE SENIOR UNITS

20. Explain all Low Impact Development (LID) / Green practices incorporated into the project:

SEE THE ATTACHED MORRO DEL MAR NARRATIVE

Are the following items applicable to the project or its effects?

- | | YES | NO |
|--|--------------------------|-------------------------------------|
| 21. Change in existing features of any bays, tidelands, beaches, hills, or substantial alteration of ground contours? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 22. Change in scenic views, vistas from existing residential areas, public lands, or roads? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 23. Change in pattern, scale, or character of project's general area? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 24. Significant amounts of solid waste or litter? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 25. Change in dust, ash, smoke, fumes, or odors in the vicinity? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 26. Change in ocean, bay, lake, stream, ground water quality or quantity, or alteration of existing drainage patterns? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

- | | | | |
|-----|---|--------------------------|-------------------------------------|
| 27. | Substantial change in existing noise or vibration levels in the vicinity? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 28. | Is the site on filled land or on a 10% or greater slope? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 29. | Use or disposal of potentially hazardous materials such as toxic substances, flammables, or explosives? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 30. | Substantial change in demand for municipal services (police, fire, water, sewer, etc.)? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 31. | Substantially increase fossil fuel consumption (electricity, oil, natural gas, etc.)? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 32. | Relationship to a larger project or series? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 33. | Removing any trees? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

If you answered 'YES' to any of the questions 20 – 31, provide explanation below. Attach additional explanation if necessary.

ENVIRONMENTAL SETTING:

34. Describe the project as it exists before the project and include any information on topography, soil stability, plants, animals, and any cultural/historical/scenic aspects. Describe any existing structures on the site and its use. Please attach photographs of the site (snapshots or Polaroid photos will be accepted):

VACANT SITE, NO STRUCTURES ON SITE, ESSENTIALLY FLAT SITE
with slope to the west.

35. Describe the surrounding properties and include information on plants, animals, and any cultural/historical/scenic aspects. Indicate the type of land use (residential, commercial, etc.), intensity of land use (one-family, duplex, etc.), and scale of development. Attach photos of the vicinity.

North of Site - Small Apartment Building
West of Site - Single Family Homes
South of Site - Apartment building
East of Site - Single family homes

CERTIFICATION:

I hereby certify that the statements furnished above and in the attached exhibits present the data and information required for this initial evaluation to the best of my ability; and that the facts, statements, and information presented are true and correct to the best of my knowledge and belief.

Date July 20, 2011

Signature

For:

[Handwritten Signature]

Pacific Southwest CDC
Applicant

Consent of Landowner Form

Consent for what activity? Business License or type of permit: CUP AMENDMENT

Site location: 555 MAIN STREET

Property owner: COAST NATIONAL BANK

Day phone: 805 541 0400

Address: 500 MARSA STREET

City: SAN LUIS OBISPO

CA

Zip code: 93401

Person authorized to act as Agent/Applicant:

Applicant/Agent: TROBERT LAING
PACIFIC SOUTHWEST CDC

Day phone: 858 675 0506

Address: 16935 W. BERNARDO DR STE 238

City: SAN DIEGO

Zip code: CA 92127

I/We, the undersigned owner(s) of record of the fee interest in the above noted land for which an application for a permit, business license or other City entitlement is being requested, do certify that:

- I. Business Licenses: I am aware of the Home Occupation Permit being requested and the applicant has my/our full consent to operate the home occupation at this location; **OR THAT**
- II. Building Permits, Land Use Permits: Such application may be filed and processed with my/our full consent. The applicant is authorized to act as our agent in all contacts with the City in connection with this matter. I/We hereby grant the City of Morro Bay or any of its authorized agents the right to enter upon the land described herein at any time during normal business hours for the purposes of site inspection in advance of City action on the Land Use Permits; inspection of any construction, grading or other development activities following any land use permit approval or evaluation of the satisfactory completion of development authorized through land use permit approval, including continuing compliance with any conditions of approval.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

COAST NATIONAL BANK

By: Charles E. Fruit Exec. V.P.

Property owner signature

7-13, 2011
Date

CHARLES E. FRUIT

Morro Del Mar Affordable Senior Apartments

Modification to the Use Permit

This is a proposal to revise the approved project to increase the number of units to 21 and make it appropriate for senior residents. The floor plans and circulation are schematic but any issues will be resolved during the design development stage.

Description: This application for an amendment to the Use Permit for Morro Del Mar to provide 21 units of senior housing consisting of three one and two-story apartment buildings, attached laundry facility and community building. The highest standards will be attained in the design, construction, quality and maintainability of the project. This will result in long-term sustainability of the property, retention of clients and efficient operating and management costs. The Following is a brief summary of some of these issues:

Project Design

The proposed design will create a secure environment for seniors while providing the convenience of elevator access to all units, covered parking and a central patio adjacent to the community room. The main entry is open to Main Street with direct access to the community room, computer lab and elevator. Covered parking has been provided under the apartment buildings to shield it from view, accommodate the retaining of site slope. Driveway width has been increased to better accommodate vehicle access. Architecture will retain detail elements of the original design and massing will be similar.

Energy Efficient:

PSCDC will continue in their efforts to provide efficient use of resources and funds by using the latest technologies in the design and construction of resource and energy efficient developments. The following will be incorporated into the development:

1. Building Envelope will be designed with highly efficient components including 2x6 exterior wood studs with R-19 thermal insulation, radiant barrier roof sheathing, R-38 roof insulation, dual glazed vinyl windows with low-e glazing.
2. Lighting will be high efficacy with all interior lighting to be compact fluorescent with electronic ballasts.
3. Mechanical equipment will be high SEER rated heat pumps.
4. Energy Star appliances will be furnished in all units and common areas.
5. Central boilers with solar heated hot water or tank-less water heating system will be provided for all units.
6. Landscape materials will be selected for maximum passive benefit and low water use.
7. Shading of large window and door openings will be enhanced with roof overhangs and patio or balcony decks.

8. Bathroom fans and lighting have timers or occupancy sensors to insure air circulation, prevent mold growth and save energy.
9. LEED certification is proposed.
10. HERS Rater is part of the construction process to insure proper equipment and installation standard are applied to mechanical systems.

Water Conservation

1. Low flow shower heads
2. Low flow (1.3 Gallon per flush) dual flush toilets
3. Native and drought tolerant plant materials will be used.
4. Irrigation control will be computerized and integrated with satellite and weather reporting.

Open Space, Site Amenities & Landscaping

1. Gas BBQ's for tenant use.
2. Covered parking will help reduce heat island effect
3. Bicycle rack will be provided.
4. Exercise equipment will be provided for adult use at community building.
5. Recycle program and containers are provided at trash enclosures.

Community Services:

1. Community computer facilities will be provided to include 6 computer stations, Internet access, and supervised training and printer availability.
2. Community based services including classes, health clinic. etc.
3. Full time site management
4. Company based maintenance and repair programs

Green Measures

1. Low voc paints and adhesives
2. Recycle construction debris
3. Use of recycled materials
4. Low water usage plant palette
5. Management and maintenance guide incorporates green principles.

**555 Main Street, Morro Bay,
Site of the proposed Morro del Mar Senior Apartments.**



Figure 1 this shows the Main Street frontage of the site looking north. A small apartment building is seen adjacent to the northern property line.



**555 Main Street, Morro Bay,
Site of the proposed Morro del Mar Senior Apartments.**



Figure 2. Existing building to the north of the subject property.



Pacific Southwest Community Development Corporation.

**555 Main Street, Morro Bay,
Site of the proposed Morro del Mar Senior Apartments.**



Figure 3. Driftwood looking west from the intersection of Main and Driftwood



**555 Main Street, Morro Bay,
Site of the proposed Morro del Mar Senior Apartments.**



Figure 4. View of the site with existing retaining wall visible.



**555 Main Street, Morro Bay,
Site of the proposed Morro del Mar Senior Apartments.**



Figure 5. Existing homes on Driftwood adjacent to the site on the West side.

**555 Main Street, Morro Bay,
Site of the proposed Morro del Mar Senior Apartments.**



Figure 6. Main Street across from the subject site showing single family homes.



**555 Main Street, Morro Bay,
Site of the proposed Morro del Mar Senior Apartments.**



Figure 7. Apartment building on Driftwood south of the subject site



**555 Main Street, Morro Bay,
Site of the proposed Morro del Mar Senior Apartments.**



Figure 8. Intersection of main and Driftwood, from Driftwood looking south east.



Pacific Southwest Community Development Corporation.

**555 Main Street, Morro Bay,
Site of the proposed Morro del Mar Senior Apartments.**



Figure 9. Existing Bed and Breakfast north east of subject site.



**555 Main Street, Morro Bay,
Site of the proposed Morro del Mar Senior Apartments.**



Figure 10. Motel on northwestern corner of the block where the subject site is located.



555 Main Street, Morro Bay,
Site of the proposed Morro del Mar Senior Apartments.

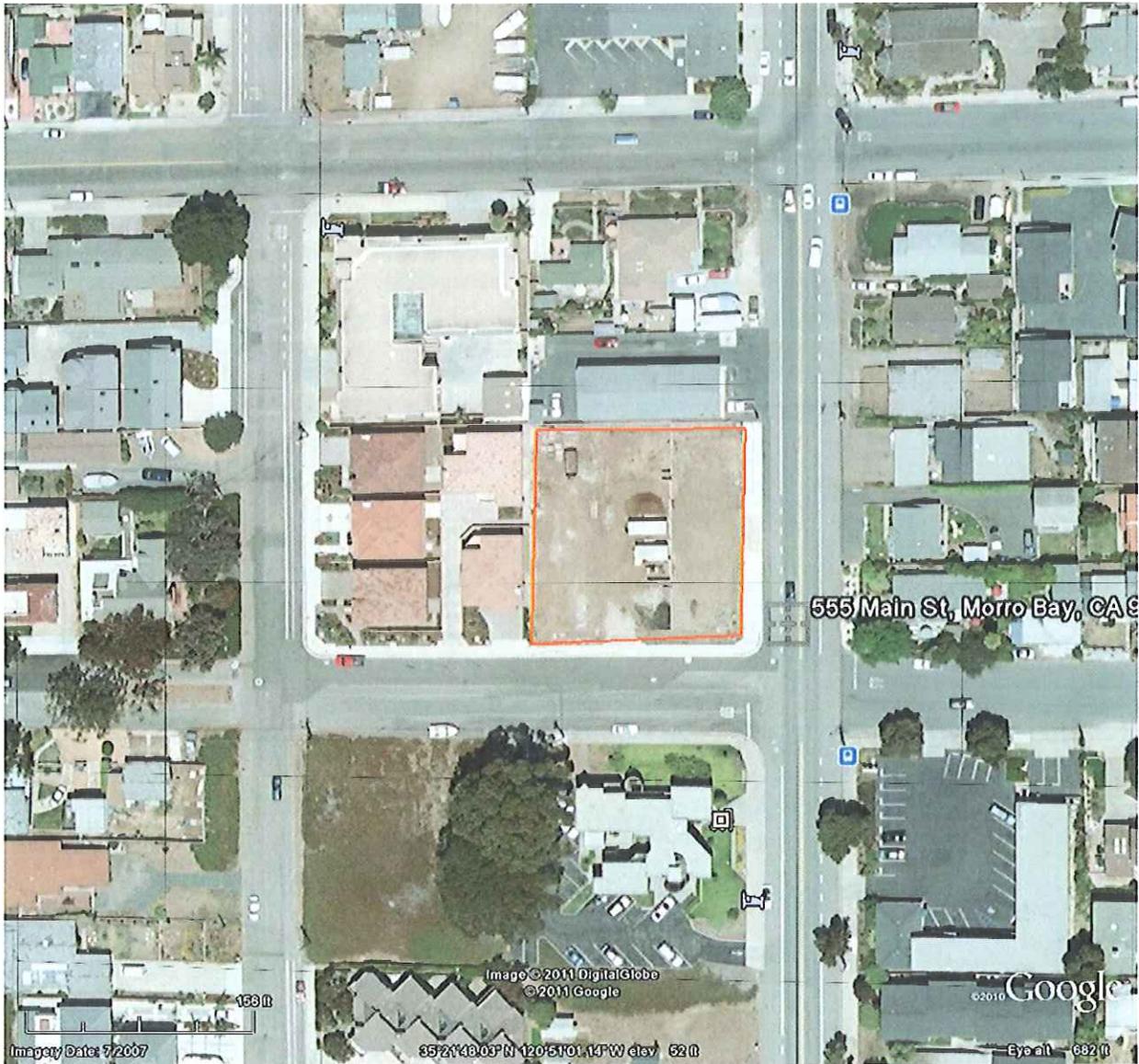


Figure 11. Aerial view of site for proposed development.



**555 Main Street, Morro Bay,
Site of the proposed Morro del Mar Senior Apartments.**



Figure 12. Vicinity Aerial photograph



555 Main Street, Morro Bay,
Site of the proposed Morro del Mar Senior Apartments.

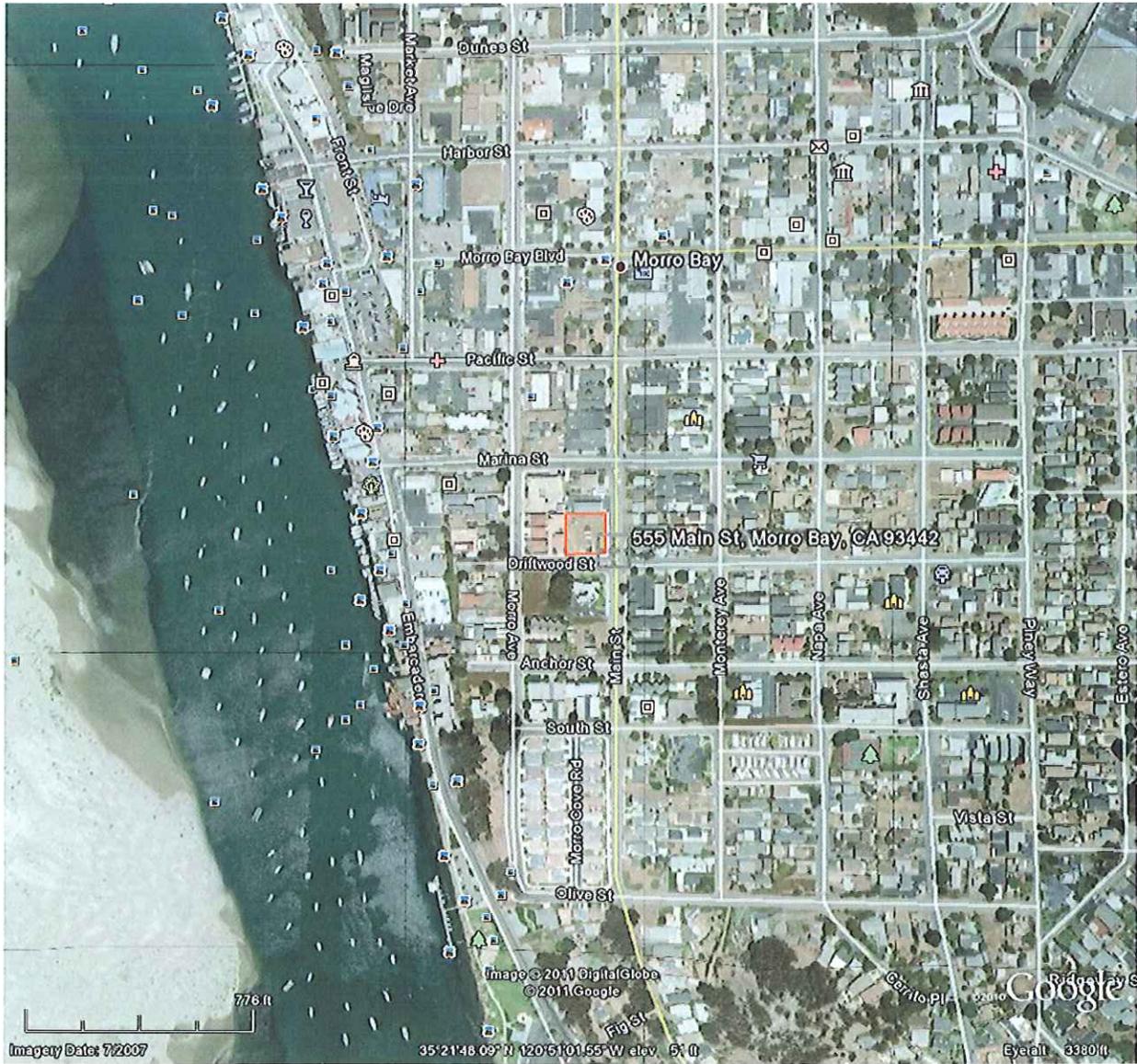


Figure 13. Morro Bay central area showing location of site.



Pacific Southwest Community Development Corporation.



AGENDA NO: C-1

MEETING DATE: 8/9/2011

Staff Report

TO: Honorable Mayor and City Council **DATE:** July 22, 2011

FROM: Susan Slayton, Administrative Services Director

SUBJECT: Adoption of Ordinance No. 569 Authorizing the Amendment of Section 20475 (Different Level of Benefits; Section 21363.1 (3% @ 55 Full Formula); and Section 20037 (Three-Year Final Compensation) for New, Sworn Hires in the Police Department

RECOMMENDATION:

Adopt Ordinance 569, authorizing the amendment of Different Level of Benefits, 3% @ 55 Full formula and Three-Year Final Compensation for new, sworn hires in the Police Department.

FISCAL IMPACT:

While there will not be a significant fiscal impact at the outset, by virtue of the change of retirement formula, the City will see substantial savings as we hire new employees to replace our existing employees, who either retire or move on to other agencies. It is known that the new employer contribution rate for the new hires will be 20.308% of reportable earnings, as opposed to the current rate of 35.055%.

DISCUSSION:

On July 12, 2011, the City Council was presented with Ordinance No. 569 for its introduction and first reading. This agenda item presents the Ordinance for adoption.

Prepared By: ____

Dept Review: ____

City Manager Review: _____

City Attorney Review: _____

ORDINANCE NO. 569

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORRO BAY
AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE
CITY COUNCIL OF THE CITY OF MORRO BAY AND THE BOARD OF ADMINISTRATION
OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(GOVERNMENT CODE SECTION 20475 - DIFFERENT LEVEL OF BENEFITS,
SECTION 21363.1 - 3% @ 55 FORMULA, AND SECTION 20037 - THREE YEAR FINAL
COMPENSATION FOR LOCAL POLICE MEMBERS ONLY)**

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

The City of Council of the City of Morro Bay does ordain as follows:

SECTION 1. That an amendment to the contract between the City Council of the City of Morro Bay and the Board of Administration, California Public Employees' Retirement System is hereby authorized, a copy of said amendment being attached hereto, marked "Exhibit", and such reference made a part hereof as though herein set out in full.

SECTION 2. The Mayor of the City Council is hereby authorized, empowered, and directed to execute said amendment for and on behalf of said Agency.

SECTION 3. This Ordinance shall take effect and be in force thirty (30) days from the date of its passage, and before the expiration of fifteen (15) days after its passage, it, or a summary of it, shall be published once, with the names of the City Council members voting for and against the same, in a newspaper of general circulation published in the City of Morro Bay.

INTRODUCED at the regular meeting of the City Council held on the 12th day of July 2011, by motion of Councilmember Borchard and seconded by Councilmember Smukler.

PASSED, APPROVED, AND ADOPTED, by the City Council of the City of Morro Bay, on the 9th day of August, 2011 by the following vote to wit:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

WILLIAM YATES, Mayor

BRIDGETT KESSLING, City Clerk



AGENDA NO: D-1

MEETING DATE: 08/09/2011

Staff Report

TO: Honorable Mayor and City Council **DATE:** July 20, 2011

FROM: Susan Slayton, Administrative Services Director

SUBJECT: Resolution No. 52-11 Authorizing and Directing the Execution of Certain Installment Sale Documents in Connection with the Offering and Sale of \$1,500,000 Certificates of Participation relating to the Financing of Fire Station No. 53, and Authorizing and Directing Certain Actions with Respect Thereto

RECOMMENDATION:

Adopt Resolution No. 52-11, and direct the Mayor, the City Manager, the Administrative Services Director, the City Clerk and all other appropriate officials of the City to execute the agreements, documents and certificates.

BACKGROUND:

On March 9, 2009, the City Council unanimously approved item A-2, authorizing the City Manager to sign loan documents with the USDA to secure a loan to fund Fire Station 53 Phase II in an amount not to exceed \$3,000,000, with annual payments not to exceed \$200,000 per year.

DISCUSSION:

Resolution No. 52-11 requests that the City Council approve the issuance of \$1,500,000 in Certificates of Participation for Fire Station No. 53 Administration Building project, and direct the Mayor, the City Manager, the Administrative Services Director, the City Clerk and all other appropriate officials of the City to execute the agreements, documents and certificates.

For Series A, the first debt service payment will be made in March 2012 in the amount of \$30,000 (interest only on the \$1,500,000) plus \$3,000 to be placed in a debt reserve account. The adopted debt service request from Measure Q for the 2011/12 was \$95,700. Staff recommends that the excess (\$95,700 – 33,000 = \$62,700) be used for the Series B payment (\$6,375 plus \$637.50 reserve) with the remainder (\$55,687.50) dedicated to the Fire Station Project. The Series A debt service schedule is included with this agenda item.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

RESOLUTION NO. 52-11

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY,
CALIFORNIA, AUTHORIZING AND DIRECTING THE EXECUTION OF CERTAIN
INSTALLMENT SALE DOCUMENTS IN CONNECTION WITH THE OFFERING
AND SALE OF \$1,500,000 CERTIFICATES OF PARTICIPATION RELATING TO THE
FINANCING OF FIRE STATION NO. 53, AND AUTHORIZING AND DIRECTING
CERTAIN ACTIONS WITH RESPECT THERETO**

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

RESOLVED, by the City Council (the “Council”) of the City of Morro Bay, California (the “City”), as follows:

WHEREAS, the City, working together with the Public Property Financing Corporation of California (the “Corporation”), proposes to finance a portion of the costs of construction of a new Fire Station No. 53 (the “Project”), as more particularly described in the Installment Sale Agreement (as hereinafter defined), and it is in the public interest and for the public benefit that the City authorize and direct execution of the Installment Sale Agreement and certain other financing documents in connection therewith; and

WHEREAS, the City’s obligation to make payments under the Installment Sale Agreement will be paid from and secured by the ½ cent sales tax, approved by the registered voters of the City at a special election held on November 7, 2006; and

WHEREAS, certificates of participation, evidencing undivided fractional interests in the payments under the Installment Sale Agreement, will be executed and delivered (the “Certificates”); and

WHEREAS, the United States Department of Agriculture, Rural Development (“Rural Development”), intends to submit an offer to purchase the Certificates; and

WHEREAS, the documents, below specified, have been filed with the Council, and the members of the Council, with the aid of its staff, have reviewed said documents.

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

Section 1. The Certificates are hereby authorized to be executed and delivered pursuant to the provisions of the Trust Agreement (as hereinafter defined).

Section 2. The below-enumerated documents, substantially in the form on file with the Secretary, be and are hereby approved, and the Mayor, the City Manager or the Administrative Services Director, or the designee thereof, is hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such official, and the City Clerk is hereby authorized and directed to attest to such official's signature:

(a) An installment sale agreement, relating to the Project, by and between the Corporation, as seller, and the City, as purchaser (the "Installment Sale Agreement"), so long as the total principal amount of the Certificates does not exceed \$1,500,000 and so long as the maturity of the Certificates does not extend beyond September 1, 2041; and

(b) a trust agreement, by and among the Corporation, the City and the City of Morro Bay Treasurer, as trustee (the "Trust Agreement"), relating to the financing, and the execution and delivery of the Certificates.

Section 3. The City hereby approves the sale of the Certificates by negotiation with Rural Development, pursuant to a purchase contract, letter of conditions, commitment letter or other evidence provided by Rural Development evidencing its intention to purchase the Certificates (the "Purchase Contract"), in a form approved by the Mayor, the City Manager or the Administrative Services Director, or the designee thereof. The Purchase Contract shall be executed in the name and on behalf of the City by the Mayor, the City Manager or the Administrative Services Director, or the designee thereof, who is hereby authorized and directed to execute and deliver the Purchase Contract on behalf of the City. The purchase price for the Certificates shall be the par amount thereof, and the interest rate to be borne by the Certificates shall not exceed 4.00% per annum.

Section 4. The Mayor, the City Manager, the Administrative Services Director, the City Clerk and all other appropriate officials of the City are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution and the financing herein authorized.

Section 5. This Resolution shall take effect upon its adoption by this Council.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9th day of August 2011.

WILLIAM YATES, Mayor

I, the undersigned City Clerk of the City of Morro Bay, hereby certify that the foregoing is a full, true and correct copy of a Resolution duly adopted by the City Council of the City at a meeting thereof on the 9th day of August, 2011, by the following vote of the members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

BRIDGETT KESSLING, City Clerk

**2011 FIRE STATION FINANCING PROJECT, SERIES A
SCHEDULE OF INSTALLMENT PAYMENTS**

Amount: \$1,500,000 Number of Years: 30 Interest Rate: 4%

INTEREST PAYMENT DATE	PRINCIPAL	INTEREST	SEMI-ANNUAL TOTAL	ANNUAL TOTAL	FISCAL YEAR	TOTAL
03/01/12	\$	\$	30,000	\$ 30,000	2011/12	30,000
09/01/12	27,000	30,000	57,000	87,000		
03/01/13		29,460	29,460		2012/13	116,460
09/01/13	28,000	29,460	57,460	86,920		
03/01/14		28,900	28,900		2013/14	115,820
09/01/14	29,000	28,900	57,900	86,800		
03/01/15		28,320	28,320		2014/15	115,120
09/03/01	30,000	28,320	58,320	86,640		
03/01/16		27,720	27,720		2015/16	114,360
09/01/16	31,000	27,720	58,720	86,440		
03/01/17		27,100	27,100		2016/17	113,540
09/01/17	33,000	27,100	60,100	87,200		
03/01/18		26,440	26,440		2017/18	113,640
09/01/18	34,000	26,440	60,440	86,880		
03/01/19		25,760	25,760		2018/19	112,640
09/01/19	35,000	25,760	60,760	86,520		
03/01/20		25,060	25,060		2019/20	111,580
09/01/20	37,000	25,060	62,060	87,120		
03/01/21		24,320	24,320		2020/21	111,440
09/01/21	38,000	24,320	62,320	86,640		
03/01/22		23,560	23,560		2021/22	110,200
09/01/22	40,000	23,560	63,560	87,120		
03/01/23		22,760	22,760		2022/23	109,880
09/01/23	41,000	22,760	63,760	86,520		
03/01/24		21,940	21,940		2023/24	108,460
09/01/24	43,000	21,940	64,940	86,880		
03/01/25		21,080	21,080		2024/25	107,960
09/01/25	45,000	21,080	66,080	87,160		
03/01/26		20,180	20,180		2025/26	107,340
09/01/26	46,000	20,180	66,180	86,360		
03/01/27		19,260	19,260		2026/27	105,620
09/01/27	48,000	19,260	67,260	86,520		
03/01/28		18,300	18,300		2027/28	104,820
09/01/28	50,000	18,300	68,300	86,600		
03/01/29		17,300	17,300		2028/29	103,900
09/01/29	52,000	17,300	69,300	86,600		
03/01/30		16,260	16,260		2029/30	102,860
09/01/30	54,000	16,260	70,260	86,520		
03/01/31		15,180	15,180		2030/31	101,700
09/01/31	56,000	15,180	71,180	86,360		
03/01/32		14,060	14,060		2031/32	100,420
09/01/32	59,000	14,060	73,060	87,120		
03/01/33		12,880	12,880		2032/33	100,000
09/01/33	61,000	12,880	73,880	86,760		
03/01/34		11,660	11,660		2033/34	98,420
09/01/34	63,000	11,660	74,660	86,320		
03/01/35		10,400	10,400		2034/35	96,720
09/01/35	66,000	10,400	76,400	86,800		
03/01/36		9,080	9,080		2035/36	95,880

**2011 FIRE STATION FINANCING PROJECT, SERIES A
SCHEDULE OF INSTALLMENT PAYMENTS**

Amount: \$1,500,000 Number of Years: 30 Interest Rate: 4%

<u>INTEREST PAYMENT DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>SEMI-ANNUAL TOTAL</u>	<u>ANNUAL TOTAL</u>	<u>FISCAL YEAR</u>	<u>TOTAL</u>
09/01/36	69,000	9,080	78,080	87,160		
03/01/37		7,700	7,700		2036/37	94,860
09/01/37	71,000	7,700	78,700	86,400		
03/01/38		6,280	6,280		2037/38	92,680
09/01/38	74,000	6,280	80,280	86,560		
03/01/39		4,800	4,800		2038/39	91,360
09/01/39	77,000	4,800	81,800	86,600		
03/01/40		3,260	3,260		2039/40	89,860
09/01/40	80,000	3,260	83,260	86,520		
03/01/41		1,660	1,660		2041/41	88,180
09/01/41	83,000	1,660	84,660	86,320	2041/42	86,320
	<u>\$ 1,500,000</u>	<u>\$ 1,101,360</u>	<u>\$ 2,601,360</u>	<u>\$ 2,601,360</u>		



AGENDA NO: D-2

MEETING DATE: 08/09/2011

Staff Report

TO: Honorable Mayor and City Council **DATE:** July 20, 2011

FROM: Susan Slayton, Administrative Services Director

SUBJECT: Resolution No. 53-11 Authorizing and Directing the Execution of Certain Installment Sale Documents in Connection with the Offering and Sale of \$300,000 Certificates of Participation relating to the Financing of Fire Station No. 53, and Authorizing and Directing Certain Actions with Respect Thereto

RECOMMENDATION:

Adopt Resolution No. 53-11, and direct the Mayor, the City Manager, the Administrative Services Director, the City Clerk and all other appropriate officials of the City to execute the agreements, documents and certificates.

BACKGROUND:

On March 9, 2009, the City Council unanimously approved item A-2, authorizing the City Manager to sign loan documents with the USDA to secure a loan to fund Fire Station 53 Phase II in an amount not to exceed \$3,000,000, with annual payments not to exceed \$200,000 per year.

DISCUSSION:

Resolution No. 53-11 requests that the City Council approve the issuance of \$300,000 in Certificates of Participation for Fire Station No. 53 Administration Building project, and direct the Mayor, the City Manager, the Administrative Services Director, the City Clerk and all other appropriate officials of the City to execute the agreements, documents and certificates. The reasons for the additional \$300,000 are: 1) the additional costs associated with the FEMA requirement of "Buy American," which caused a redesign of the facility to accommodate the American-made heating and cooling system; and 2) the cost overrun on the construction bids due to a significant delay in between the engineer's estimate and the actual bid submissions.

For Series B, the first debt service payment will be made in March 2012 in the amount of \$6,375 (interest only on the \$300,000) plus \$637.50 to be placed in a debt reserve account. The adopted debt service request from Measure Q for the 2011/12 was \$95,700. Staff recommends that the \$55,687.50 excess ($\$95,700 - 33,000$ (Series A) $- 7,012.50$ (Series B) = \$55,687.50) be dedicated to the Fire Station Project. The Series B debt service schedule is included with this agenda item.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

RESOLUTION NO. 53-11

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY,
CALIFORNIA, AUTHORIZING AND DIRECTING THE EXECUTION OF CERTAIN
INSTALLMENT SALE DOCUMENTS IN CONNECTION WITH THE OFFERING
AND SALE OF \$300,000 CERTIFICATES OF PARTICIPATION RELATING TO THE
FINANCING OF FIRE STATION NO. 53, AND AUTHORIZING AND DIRECTING
CERTAIN ACTIONS WITH RESPECT THERETO**

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

RESOLVED, by the City Council (the “Council”) of the City of Morro Bay, California (the “City”), as follows:

WHEREAS, the City, working together with the Public Property Financing Corporation of California (the “Corporation”), proposes to finance a portion of the costs of construction of a new Fire Station No. 53 (the “Project”), as more particularly described in the Installment Sale Agreement (as hereinafter defined), and it is in the public interest and for the public benefit that the City authorize and direct execution of the Installment Sale Agreement and certain other financing documents in connection therewith; and

WHEREAS, the City’s obligation to make payments under the Installment Sale Agreement will be paid from and secured by the ½ cent sales tax, approved by the registered voters of the City at a special election held on November 7, 2006; and

WHEREAS, certificates of participation, evidencing undivided fractional interests in the payments under the Installment Sale Agreement, will be executed and delivered (the “Certificates”); and

WHEREAS, the United States Department of Agriculture, Rural Development (“Rural Development”), intends to submit an offer to purchase the Certificates; and

WHEREAS, the documents, below specified, have been filed with the Council, and the members of the Council, with the aid of its staff, have reviewed said documents.

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

- Section 1.* The Certificates are hereby authorized to be executed and delivered pursuant to the provisions of the Trust Agreement (as hereinafter defined).
- Section 2.* The below-enumerated documents, substantially in the form on file with the Secretary, be and are hereby approved, and the Mayor, the City Manager or the

Administrative Services Director, or the designee thereof, is hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such official, and the City Clerk is hereby authorized and directed to attest to such official's signature:

(a) An installment sale agreement, relating to the Project, by and between the Corporation, as seller, and the City, as purchaser (the "Installment Sale Agreement"), so long as the total principal amount of the Certificates does not exceed \$300,000 and so long as the maturity of the Certificates does not extend beyond September 1, 2041; and

(b) a trust agreement, by and among the Corporation, the City and the City of Morro Bay Treasurer, as trustee (the "Trust Agreement"), relating to the financing, and the execution and delivery of the Certificates.

Section 3. The City hereby approves the sale of the Certificates by negotiation with Rural Development, pursuant to a purchase contract, letter of conditions, commitment letter or other evidence provided by Rural Development evidencing its intention to purchase the Certificates (the "Purchase Contract"), in a form approved by the Mayor, the City Manager or the Administrative Services Director, or the designee thereof. The Purchase Contract shall be executed in the name and on behalf of the City by the Mayor, the City Manager or the Administrative Services Director, or the designee thereof, who is hereby authorized and directed to execute and deliver the Purchase Contract on behalf of the City. The purchase price for the Certificates shall be the par amount thereof, and the interest rate to be borne by the Certificates shall not exceed 4.25% per annum.

Section 4. The Mayor, the City Manager, the Administrative Services Director, the City Clerk and all other appropriate officials of the City are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution and the financing herein authorized.

Section 5. This Resolution shall take effect upon its adoption by this Council.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9th day of August 2011.

WILLIAM YATES, Mayor

I, the undersigned City Clerk of the City of Morro Bay, hereby certify that the foregoing is a full, true and correct copy of a Resolution duly adopted by the City Council of the City at a meeting thereof on the 9th day of August, 2011, by the following vote of the members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

BRIDGETT KESSLING, City Clerk

**2011 FIRE STATION FINANCING PROJECT, SERIES B
SCHEDULE OF INSTALLMENT PAYMENTS**

Amount: \$300,000 Number of Years: 30 Interest Rate: 4.25%

<u>INTEREST PAYMENT DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>SEMI- ANNUAL TOTAL</u>	<u>ANNUAL TOTAL</u>	<u>FISCAL YEAR</u>	<u>TOTAL</u>
03/01/12	\$	\$	6,375.00	\$	2011/12	6,375
09/01/12	5,000.00	6,375.00	11,375.00	17,750.00		
03/01/13		6,268.75	6,268.75		2012/13	24,019
09/01/13	5,000.00	6,268.75	11,268.75	17,537.50		
03/01/14		6,162.50	6,162.50		2013/14	23,700
09/01/14	6,000.00	6,162.50	12,162.50	18,325.00		
03/01/15		6,035.00	6,035.00		2014/15	24,360
09/01/15	6,000.00	6,035.00	12,035.00	18,070.00		
03/01/16		5,907.50	5,907.50		2015/16	23,978
09/01/16	6,000.00	5,907.50	11,907.50	17,815.00		
03/01/17		5,780.00	5,780.00		2016/17	23,595
09/01/17	6,000.00	5,780.00	11,780.00	17,560.00		
03/01/18		5,652.50	5,652.50		2017/18	23,213
09/01/18	7,000.00	5,652.50	12,652.50	18,305.00		
03/01/19		5,503.75	5,503.75		2018/19	23,809
09/01/19	7,000.00	5,503.75	12,503.75	18,007.50		
03/01/20		5,355.00	5,355.00		2019/20	23,363
09/01/20	7,000.00	5,355.00	12,355.00	17,710.00		
03/01/21		5,206.25	5,206.25		2020/21	22,916
09/01/21	8,000.00	5,206.25	13,206.25	18,412.50		
03/01/22		5,036.25	5,036.25		2021/22	23,449
09/01/22	8,000.00	5,036.25	13,036.25	18,072.50		
03/01/23		4,866.25	4,866.25		2022/23	22,939
09/01/23	8,000.00	4,866.25	12,866.25	17,732.50		
03/01/24		4,696.25	4,696.25		2023/24	22,429
09/01/24	8,000.00	4,696.25	12,696.25	17,392.50		
03/01/25		4,526.25	4,526.25		2024/25	21,919
09/01/25	9,000.00	4,526.25	13,526.25	18,052.50		
03/01/26		4,335.00	4,335.00		2025/26	22,388
09/01/26	9,000.00	4,335.00	13,335.00	17,670.00		
03/01/27		4,143.75	4,143.75		2026/27	21,814
09/01/27	10,000.00	4,143.75	14,143.75	18,287.50		
03/01/28		3,931.25	3,931.25		2027/28	22,219
09/01/28	10,000.00	3,931.25	13,931.25	17,862.50		
03/01/29		3,718.75	3,718.75		2028/29	21,581
09/01/29	10,000.00	3,718.75	13,718.75	17,437.50		
03/01/30		3,506.25	3,506.25		2029/30	20,944
09/01/30	11,000.00	3,506.25	14,506.25	18,012.50		
03/01/31		3,272.50	3,272.50		2030/31	21,285
09/01/31	11,000.00	3,272.50	14,272.50	17,545.00		
03/01/32		3,038.75	3,038.75		2031/32	20,584
09/01/32	12,000.00	3,038.75	15,038.75	18,077.50		
03/01/33		2,783.75	2,783.75		2032/33	20,861
09/01/33	12,000.00	2,783.75	14,783.75	17,567.50		
03/01/34		2,528.75	2,528.75		2033/34	20,096
09/01/34	13,000.00	2,528.75	15,528.75	18,057.50		

**2011 FIRE STATION FINANCING PROJECT, SERIES B
SCHEDULE OF INSTALLMENT PAYMENTS**

Amount: \$300,000 Number of Years: 30 Interest Rate: 4.25%

<u>INTEREST PAYMENT DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>SEMI- ANNUAL TOTAL</u>	<u>ANNUAL TOTAL</u>	<u>FISCAL YEAR</u>	<u>TOTAL</u>
03/01/35		2,252.50	2,252.50		2034/35	20,310
09/01/35	13,000.00	2,252.50	15,252.50	17,505.00		
03/01/36		1,976.25	1,976.25		2035/36	19,481
09/01/36	14,000.00	1,976.25	15,976.25	17,952.50		
03/01/37		1,678.75	1,678.75		2036/37	19,631
09/01/37	15,000.00	1,678.75	16,678.75	18,357.50		
03/01/38		1,360.00	1,360.00		2037/38	19,718
09/01/38	15,000.00	1,360.00	16,360.00	17,720.00		
03/01/39		1,041.25	1,041.25		2038/39	18,761
09/01/39	16,000.00	1,041.25	17,041.25	18,082.50		
03/01/40		701.25	701.25		2039/40	18,784
09/01/40	16,000.00	701.25	16,701.25	17,402.50		
03/01/41		361.25	361.25		2041/41	17,764
09/01/41	<u>17,000.00</u>	<u>361.25</u>	<u>17,361.25</u>	<u>17,722.50</u>	2041/42	17,723
TOTALS	\$ <u>300,000.00</u>	\$ <u>236,002.50</u>	\$ <u>536,002.50</u>	\$ <u>536,002.50</u>		



AGENDA NO: D - 3

MEETING DATE: 08/09/2011

Staff Report

TO: Honorable Mayor and City Council **DATE:** July 21, 2011

FROM: Susan Slayton, Administrative Services Director

SUBJECT: Resolution No. 54-11 Authorizing the Signing of USDA Forms, which Authorize and Provide for the Incurrence of Indebtedness for Fire Station No. 53 Administration Building

RECOMMENDATION:

Adopt Resolution No. 54-11, authorizing the City Manager to sign all USDA Forms in connection with the indebtedness for Fire Station No. 53 Administration Building.

BACKGROUND:

On March 9, 2009, the City Council unanimously approved item A-2, authorizing the City Manager to sign loan documents with the USDA to secure a loan to fund Fire Station 53 Phase II in an amount not to exceed \$3,000,000, with annual payments not to exceed \$200,000 per year.

DISCUSSION:

Resolution No. 54-11 requests that the City Council authorize the City Manager to sign all USDA forms in connection with the issuance of the \$1,800,000 Certificates of Participation for Fire Station No. 53 Administration Building. The reason for this all-inclusive Resolution, rather than bringing each form back to Council, is the time-sensitive nature of these forms. Delays in the signing of these forms to gain Council approval at the next ensuing council meeting could jeopardize funding. Therefore, Staff feels that adopting one Resolution, encompassing the signing of all forms in connection with the debt issue, is the best option.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

RESOLUTION NO. 54-11

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY,
CALIFORNIA, AUTHORIZING THE SIGNING OF USDA FORMS, WHICH
AUTHORIZE AND PROVIDE FOR THE INCURRENCE OF INDEBTEDNESS FOR
FIRE STATION NO. 53 ADMINISTRATION BUILDING**

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

WHEREAS, it is necessary for the City of Morro Bay to raise a portion of the cost of the construction of Fire Station No 53's Administration Building by issuing Certificates of Participation in the principal amounts of \$1,500,000 and \$300,000, for a total principal debt of \$1,800,000; and

WHEREAS, the City intends to obtain this financial assistance from the United States Department of Agriculture (USDA) as the sole purchaser of the Certificates of Participation; and

WHEREAS, the USDA requires the completion of numerous forms in this process, many of which are time-sensitive, and delays, waiting for Council action, could jeopardize the funding.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Morro Bay that City Manager Andrea Lueker is authorized to sign all USDA forms in connection with the indebtedness for Fire Station No. 53 Administration Building.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9th day of August 2011, by the following vote:

AYES:

NOES:

ABSENT:

WILLIAM YATES, Mayor

ATTEST:

BRIDGETT KESSLING, City Clerk



AGENDA NO: D-4

MEETING DATE: August 9, 2011

Staff Report

TO: Honorable Mayor and City Council **DATE:** August 1, 2011
FROM: Dylan Wade, Utilities/Capital Projects Manager
SUBJECT: Award of Contract to Rarig Construction, Inc. of San Luis Obispo, CA for the Project No. MB-2010-FD-01: Fire Station 53 Office and Living Quarters Project

RECOMMENDATION:

Staff recommends the City Council award the Project contract to Rarig Construction, Inc., in the amount of \$2,852,000.

FISCAL IMPACT:

The Project is fully funded by a combination of Federal Emergency Management Agency grant, two United States Department of Agriculture (USDA) loans, and Measure Q funds.

BACKGROUND and DISCUSSION:

This Project entails the construction of an Office and Living Quarters portion of Fire Station 53 to replace the original facility which was damaged during the San Simeon earthquake. This structure will adjoin the existing Apparatus Bay and will improve Fire Department response times and functionality. The building has been designed, and will be constructed to the essential facilities standards.

Project bids were opened on June 30th with 4 bids received. A bid summary is attached. The low bid was submitted by Rarig Construction, Inc. of San Luis Obispo in the total bid amount of \$2,852,000. Bids ranged from the low bid to a high bid of \$3,252,000. Based on the number of bids received, and the range between bidders, staff believes the bid to be competitive.

As a condition of the Federal funding received a formal bid analysis was prepared. Rather than repeat that information, please find that document attached. Since the bids came in higher than the Engineer's estimate, the USDA made additional loan funds available. These additional funds will enable the project to be completed.

Prepared By: _____ Dept Review: _____
City Manager Review: _____
City Attorney Review: _____

CONCLUSION:

Staff recommends the City Council award the Project contract to Rarig Construction, Inc., in the total bid amount of \$2,852,000.

Attach.: (Bid Summary, Bid Analysis)

S:\CityCouncilStaffReports\Wade\FireStation53Phase2awardtorarig.docx

City of Morro Bay Fire Station 53 Phase 2

Bid Summary

1.) Rarig Construction, Inc. \$ 2,852,000.00

Comments: Addenda acknowledged;, appears to be complete (**Apparent low bidder**)

2.) Specialty Construction, Inc. \$ 2,950,000.00

Comments: Addenda acknowledged;, appears to be complete

3.) Carroll Building Co. \$ 3,177,700.00

Comments: Addenda acknowledged;, appears to be complete

4.) Pacific-Mountian Contractors of Ca., Inc. \$ 3,252,000.00

Comments: Addenda acknowledged;, appears to be complete

5.) _____ \$ _____

Comments:

6.) _____ \$ _____

Comments:

7.) _____ \$ _____

Comments:

8.) _____ \$ _____

Comments:

9.) _____ \$ _____

Comments:

10.) _____ \$ _____

Comments:

11.) _____ \$ _____

Comments:



MEMORANDUM

DATE: 7/11/11
JOB NUMBER: 0702
JOB NAME: Morro Bay Fire Station 53 Phase Two - Offices and Living Quarters

TO: Al Correale
USDA Rural Development
920 E Stowell Rd
Santa Maria, CA 93454

CC: Dylan Wade, Morro Bay Utilities / Capital Projects Manager

FROM: Frank Seiple, AIA

A handwritten signature in blue ink, appearing to be "F. Seiple", written over the printed name "Frank Seiple, AIA".

BY E-mail
ACmem01.doc

RE: Bid Analysis Moro Bay Fire Station 53 Phase 2 Administration and Living Quarters

Mr. Correale:

Bids were received on June 30th 2011 at 3 pm at which time bids were publically opened and read aloud by a Deputy City Clerk. There were a total of 4 bids received. The bids were as follows:

Rarig Construction Inc. of San Luis Obispo -\$2,852,000

Specialty Construction Inc. of San Luis Obispo – \$2,950,000

Carrol Building Co. of San Luis Obispo – \$3,177,700

Pacific Mountain Contractors of California, Inc. –\$3,252,000

There is a 14% range between low to high bidder. A range less of than 15% between low to high bidder is typically considered indicative of adequate competition with the number of bids received. The steps between bidders were about 3.5% which indicates that the bids were competitive. The contract was based on a lump sum price with the two specific bid items of "Bidder's Risk" or Acts of God insurance premium and the Sheeting, shoring, and bracing. In addition there were two "Allowance" Items one for Information Technologies, Computers Printers, etc. of \$30,000.00 and another for the purchase of furnishings through the US Communities process for \$100,000.00. Eight companies purchased bid documents as general contractors. Of those contacted who had plan sets but did not bid, economic factors such as bonding capacity were mentioned as reasons for not bidding.

Bids were significantly higher than the Engineer's estimate dated 9/20/10. However, when that estimate is adjusted to include all of the fixtures, furniture and equipment purchased through the general contract, plus I.T. equipment and audio-visual systems that were not originally included in the estimate, and when the cost estimator's opinion of a favorable "market factor" of minus 5% is deleted from the estimate, the predicted project cost (\$2,548,723) is only 12% below bid cost. We note that when the original cost estimate was prepared in Spring 2009, a cost suppressive "market factor" probably was operative, but two years later at bid time, with documents that leave little ambiguity in the description of the work, any theoretical market factor and/or significant change order opportunity proved non-existent.

There are also other factors that likely contributed to the variance between the estimate and the bid cost. These include the change from traditional material sources to full compliance with the Buy American provisions required as a condition of the federal funds being used on the project. The most significant impact was FEMA's insistence on redesign to an American-made HVAC system, despite the absence of American competitors in the market for the high efficiency HVAC system included in the original design. General escalation (ENR on 6/2009 was 8578, ENR 6/2011 is 9052), was no doubt a factor, and local market conditions with several other Fire Station projects under construction concurrently could also have had an impact. In hindsight, once the switch to Buy American was made and with the time that passed between the final estimate preparation and bidding, an updated estimate would have adjusted our bid expectations to be more in line with the actual results.

But regardless of expectations, the fact is that the project budget remains intact for all project components, and still includes a conservative 5% construction contingency. Furthermore, the apparent low bidder Rarig Construction's bid was reviewed for accuracy and completeness, and though there were several changes on the subcontractor form, all deletions were struck through and initialed, and the bid was deemed to be free from any disqualifying irregularities.

In light of the above considerations, we believe it unlikely that rebidding the project would result in a significant cost reduction. The evidence is that the bid climate has firmed up in the past two years, such that there is risk that rebidding, rather than saving money, would only further delay the start of construction and thus potentially imperil the availability of funding. In conclusion, Fraser Seiple Architects, City's staff and consultants all concur that the contract should be awarded to the apparent low bidder Rarig Construction for the amount of 2,852,000.



AGENDA NO: D-5

MEETING DATE: 08/09/2011

Staff Report

TO: Honorable Mayor and City Council **DATE:** August 1, 2011

FROM: Andrea K. Lueker, City Manager

SUBJECT: Discussion on Appointment of City Council Members to the Chamber of Commerce Economic Development Committee

RECOMMENDATION

Staff recommends the City Council participate on the Chamber of Commerce Economic Development Committee by appointing two members to attend the meetings.

FISCAL IMPACT

Not applicable.

BACKGROUND

Staff brought this item before the City Council on June 14, 2011 in a staff report that featured a number of other recommendations including holding workshops on marketing and the Visitors Center, the Visitors Center contract and several others. The City Council requested the discussion on Participation on the Economic Development Committee come back before the City Council as a separate topic.

DISCUSSION

Craig Schmidt, Chamber CEO, formed an Economic Development Committee several months ago with the first meeting held on April 5, 2011. The Committee has met regularly since that time and is examining the economic development needs of Morro Bay, developing strategies to address those needs, and forming the necessary partnerships to achieve its objectives.

Several aspects of economic development will be investigated and may include the following:

1. Business retention and expansion
2. Business recruitment
3. Entrepreneurial and workforce development.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

The Committee is likely to consider some items that have been reviewed in the past, such as local business training and the consideration of a study on business recruitment and retention, as well as the above mentioned aspects. The goal of the committee will be to formulate a broad strategic and economic development plan and work with the Chamber. Staff would anticipate the City Council will be updated with the Economic Development Committee's actions on a regular basis. Councilmembers Johnson and Smukler have attended to date along with the City Manger, Susan Stewart, Jeff Eckles, Bill Peirce, John Weiss, George Ross, Liz Bednorz and John Lozano.

Economic Development is vitally important and while there is not one single definition, it can be described as the process of creating greater wealth within a community by bringing in new "outside" dollars. Another definition of economic development is those activities that cause a net gain of money flow, called an economic base, into the community. While the City is not able, at this time, to have a separate economic development department or staffer, staff recommends participation on this committee to work in tandem with the Chamber.

u.w.council.staff report appointment to economic development committee 8 2011



AGENDA NO: D-6

MEETING DATE: 08/09/2011

Staff Report

TO: Honorable Mayor and City Council **DATE:** August 2, 2011

FROM: Andrea K. Lueker, City Manager

SUBJECT: Discussion on the Allocation of the Tourism Business Improvement District Funds for the Visitors Center

RECOMMENDATION

Staff recommends the City Council review the motion made at the November 8, 2010 meeting, review staff's interpretation of that motion, review the concern from the TBID Budget Sub-Committee, and make any changes Council deems necessary.

FISCAL IMPACT

Should the City Council not agree with staff's interpretation of the funding of the Visitors Center from the Tourism Business Improvement District, \$16,667 will be refunded to the TBID budget, and the revenue loss to the General Fund will be addressed with the mid-year budget review in January 2012.

BACKGROUND

In November 2010, the City Council reviewed a staff report entitled "Discussion of the Visitors Center Including the 2009/2010 Financial Review, Percentage of Funding from the Morro Bay Tourism Business Improvement District and Representation of the Board." After discussion, the City Council made a motion that included a number of directions, one of which is the following: Approve 33% of funding (not to exceed \$50,000) from the Tourism Business Improvement District, beginning with the month of November.

Staff understood this to mean \$50,000 for fiscal year 2010/11, and \$50,000 for fiscal year 2011/12. However, the TBID Budget Sub-Committee, in a letter sent to the City Council on July 6, 2011, indicated they believe the City should have pro-rated the amount from November 2010, charging \$33,333 (instead of the \$50,000) for fiscal year 2010/11, and \$50,000 for fiscal year 2011/12.

DISCUSSION

Staff is asking the City Council to clarify the November 2010 motion. Should the Council determine the amount for last fiscal year should have been the prorated \$33,333, staff will credit the TBID with the additional \$16,667, and address the revenue loss to the General Fund at the mid-year budget review.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____