

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, MARCH 26, 2013**

**PUBLIC SESSION
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

CLOSED SESSION REPORT

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PUBLIC PRESENTATIONS

PUBLIC COMMENT - 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 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

A. CONSENT AGENDA

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

A-1 APPROVAL OF CITY COUNCIL MINUTES FOR THE CITY COUNCIL MEETING OF MARCH 12, 2013; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 QUARTERLY PROJECT STATUS REPORT; (ADMINISTRATION)

RECOMMENDATION: Informational item only.

A-3 STATUS REPORT OF A MAJOR MAINTENANCE & REPAIR PLAN (MMRP) FOR THE EXISTING WASTEWATER TREATMENT PLANT (PUBLIC SERVICES)

RECOMMENDATION: Staff recommends that this report be received and filed

A-4 APPROVAL OF A BUDGET ALLOCATION FOR GANGWAY REPAIR AT THE SOUTH LAUNCH RAMP (TIDELANDS PARK) COMMERCIAL BOAT SLIPS; (HARBOR)

RECOMMENDATION: Approve a Harbor Department budget amendment to allow repairs to the slip gangway approach walkway to the City slips on the south side of the public launch ramp at Tidelands Park.

A-5 A PROCLAMATION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY DECLARING MARCH 31 – APRIL 6, 2013 AS “CHILDHOOD CANCER AWARENESS WEEK”; (ADMINISTRATION)

RECOMMENDATION: Approve Proclamation

B. PUBLIC HEARINGS - None

C. UNFINISHED BUSINESS - None

D. NEW BUSINESS

D-1 REQUEST FOR A FEE WAIVER FOR BOAT SLIP FEES – BRIAN STACY; (HARBOR)

RECOMMENDATION: Deny waiving past-due slip fees for City slip holder Brian Stacy.

D-2 DISCUSSION ON THE STATUS OF THE PLANNING COMMITTEE’S PROGRESS FOR THE CITY’S 50TH ANNIVERSARY; (ADMINISTRATION)

RECOMMENDATION: Provide direction to Committee.

D-3 APPROVAL OF THE SERVICE RETIREMENT INCENTIVE (SRI) PROGRAM;
(ADMINISTRATIVE SERVICES)

RECOMMENDATION: Approve the Service Retirement Incentive Program in perpetuity with an annual reporting requirement every July, presented as a Council consent item.

D-4 CONSIDERATION OF THE ADDITION OF TWO MEMBERS FROM THE GENERAL PUBLIC FOR THE SELECTION OF A CONSULTANT FOR THE DEVELOPMENT OF A NEW WATER RECLAMATION FACILITY (WRF);
(PUBLIC SERVICES)

RECOMMENDATION: Approve the addition of two citizen representatives for the Consultant Services Selection Committee, open nominations and set the date for appointment for said representatives, for the development of the new Water Reclamation Facility.

D-5 DISCUSSION OF THE PUBLIC WORKS ADVISORY BOARD'S (PWAB) MEMO FROM THE STREETS SUMMIT MEETING; (PUBLIC SERVICES)

RECOMMENDATION: Review and provide direction to staff.

D-6 DISCUSSION OF POTENTIAL WATER AND SEWER RATE INCREASE; (PUBLIC SERVICES)

RECOMMENDATION: Provide direction to staff to commence the analysis of Water and Sewer rates for potential increases and prepare a schedule for the requisite Proposition 218 protest vote.

D-7 WATER RECLAMATION FACILITY (WRF) PROJECT STATUS UPDATE AND DISCUSSION; (CITY COUNCIL)

RECOMMENDATION: Discuss and provide direction to staff.

E. COUNCIL 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 772-6205 FOR FURTHER INFORMATION.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE CITY COUNCIL AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION AT CITY HALL LOCATED AT 595 HARBOR STREET; MORRO BAY LIBRARY LOCATED AT 625 HARBOR STREET; AND MILL'S COPY CENTER LOCATED AT 495 MORRO BAY BOULEVARD DURING NORMAL BUSINESS HOURS.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE CITY CLERK'S OFFICE AT LEAST 24 HOURS PRIOR TO THE MEETING TO INSURE THAT REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

AGENDA NO: A-1

MEETING DATE: 3/26/2013

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – MARCH 12, 2013
VETERAN’S MEMORIAL HALL – 6:00P.M.

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

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Jamie Boucher	City Clerk
	Rob Livick	Public Services Director
	Amy Christey	Police Chief
	Steve Knuckles	Interim Fire Chief
	Eric Endersby	Harbor Director
	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 – City Attorney Robert Shultz reported that City Council met in Closed Session on the following items: 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 following employee organizations and giving instructions to the Designated Representative: Firefighters Association (FFA), Police Officer’s Association (POA), and Service Employee’s International Union, SEIU Local 620; and, Conference with City Council, the City’s Designated Representative, for the purpose of reviewing the City’s position regarding the terms and compensation paid to the following unrepresented employees: City Manager and City Attorney; no reportable action under the Brown Act was taken.

MOTION: Councilmember Smukler moved for approval and presentation of Item A-9, a Proclamation Declaring April 2013 as “Autism Awareness Month. The motion was seconded by Councilmember Christine Johnson and carried unanimously 5-0.

PUBLIC COMMENT

Marlys McPherson, as Chair of the Morro Bay Winter Bird Festival, thanked Council and the City for their support and sponsorship of their biggest and most successful event yet. There were 546 people registered, 70% of which came from outside the County.

Hank Roth spoke on behalf of Morro Bay Beautiful advertising the upcoming City-wide Yard Sale. This annual event is being held the weekend of April 6th and 7th. You can sign up as a “seller” at the Chamber of Commerce, 695 Harbor, and the deadline to register is March 27th.

Brad Snook, Chair of the SLO Surfrider Association, spoke on Item D-3, Review and Discussion of Wastewater Treatment Plant Draft Schedule of Tasks Needed to Proceed with the New Wastewater Treatment Plant Project. It is their hope that Council will support a bolder vision than is on the schedule; they feel it is feasible to move forward by 2017.

Garry Johnson let the public know that the Photo Expo that had been scheduled for April 18th and 19th has been postponed to September. He also let people know that care packages for our troops overseas are available to be mailed for \$14.85. They can be picked up at Bayshore Realty and Carla’s Country Kitchen.

Daniel Podesto spoke as President of Morro Bay 4th stating they are actively looking for volunteers to join their group to help with both the event and fundraisers leading up to the event. The committee meets the 1st and 3rd Friday of the month at noon, upstairs at the Embarcadero Grill. He also announced the Annual Oyster and Beer Feast is being held at Tognazzini’s II sometime in May; the date for the 3rd Annual Wine Raffle is also in the process being set. His last request was to ask the Council for some help; he’d like to see an agenda item at a future meeting, giving financial support for the event in the form of waiving some City staff costs.

Greg Frye spoke on Item D-1, Consideration of the Abandonment of a Portion of the Public Right of Way Westerly of the Existing Back of Curb of Toro Lane. He is in favor of further investigation and feels that his proposal will allow for additional needed parking in the area. He would like a chance to present his concept at a Public Hearing to provide options for this land.

Brian Stacy spoke on the PG&E Seismic Surveys as well as the need for a State audit as to why the City didn’t receive any mitigation. He also feels there is a small group of fishermen who get all the information and then a bunch of money but the “rest of us don’t”.

Betty Winholtz spoke on Item A-3, Approval of Lease Agreement for Lease Site 93-95/93W-95W; 901-915 Embarcadero. She questioned what the justification for a 40 year lease was as there was nothing in the lease document that listed what the investment of money by the lessee there was. She also wondered if there was anyone else who had received a 40 year lease like this. She also spoke on Item D-1, disagreeing with the applicant stating that the request of intention to abandon is not consistent with the General Plan as there is need for this property for public use.

Doug Hamp also spoke on Item D-1 and urged Council not to jump into any quick decisions. He feels we need to look at all the alternatives of what may be possible.

Bill Martoney spoke on Item D-1 thanking Council for bringing this forward. He recommends not adopting the Resolution of Intent as he feels that it locks the City into the process of abandonment.

Barbara Doerr concurs with Mr. Martoney. She feels we should preserve our environment as it is critical to keep this land. She also spoke about her disappointment at the actions in closed

session. She feels we advertise incorrectly, and we have announcement requirements that we don't follow. She also provided amendments to the February 26, 2013 meeting minutes. She further spoke on Item A-3, 47 years is an outrageous amount of time and she feels it may establish a policy on length and terms of future leases.

Barry Branin reported on a Special Meeting on March 5th of the Cayucos Sanitary District. He stated that Cayucos wants to move forward expeditiously and look at all of the concepts for Cayucos before they commit to Morro Bay which he feels is a good idea. At the end of the meeting, Chairman Enns made the comment that maybe we should think about putting the plant at Chorro Valley or CMC.

Susan Stewart attended the Goal Setting and commended all on a really good job; it was positive and all worked together well. She is very supportive of the Morro Bay 4th; the City service fees are approximately 10% of their costs. If there is any way to waive some or all of those fees, it would be very helpful.

Nancy Castle spoke promoting Supper and Singing this Friday night with dinner at 530pm and music by Tangos & More at 7pm. She also stated that there won't be a Sock Hop during the Morro Bay Car Show. She also advertised the Morro Bay Fundraiser Follies whose theme is music from the '50's.

Cathy Novak spoke on behalf of the applicant for Item D-1 hoping to provide clarity to the situation. She stated that the Resolution before Council did the following: approving the Resolution is only the intent to abandon the right of way; the resolution doesn't make the abandonment final; the resolution includes a public service easement that allows the Council to use the area for public purposes in the future; the resolution includes an easement for public utilities; a public hearing is set for April 23rd to consider the final abandonment, Coastal Development Permit, environmental determination and alternative options; and, it doesn't authorize the Council to sell all or a portion of the property. In addition, the applicant has submitted an alternative option to Council that will provide added public benefits above and beyond those that currently exist. Approving this only allows the opportunity to present this idea in a public forum.

Lynda Merrill agrees with those speaking against Item D-1; she feels there needs to be more public comment. She also is in favor of Item D-2 and Item D-3.

Mark Starbol spoke on Item D-1 and would like to see it not move forward. He is concerned with parking especially now with the possibility of the State Park project; there could be too many cars parking on Beachcomber. The City needs to take into account the needs of the residents, not just tourists, when making these decisions; the public needs access to the beach. If there are lots of cars parked there, it can cause a lot of confusion and congestion which is dangerous.

Harold Wiebenga spoke out against an item that will be coming to Council as an appeal re: Morro Strand State Beach. He feels the park is in total violation of all new pollution laws – visual, dust, smell as well as state nuisance laws. He feels that State Parks have fallen short of their responsibilities and the park should be closed.

Mayor Irons closed the public comment period.

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 CITY COUNCIL MINUTES FOR THE CITY COUNCIL MEETING OF FEBRUARY 26, 2013; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 RESOLUTION NO. 19-13 AMENDING COUNCIL POLICIES AND PROCEDURES MANUAL REGARDING MEETING GUIDELINES & PROCEDURES; (CITY ATTORNEY)

RECOMMENDATION: Adopt Resolution 19-13.

A-3 APPROVAL OF LEASE AGREEMENT FOR LEASE SITE 93-95/93W-95W; 901-915 EMBARCADERO (HARBOR)

RECOMMENDATION: Approve Resolution No. 17-13 for a new Lease Agreement for Lease Site 93-95/93W-95W.

A-4 AUTHORIZATION FOR ATTENDANCE AT THE C-MANC ANNUAL WASHINGTON D.C.; (ADMINISTRATION)

RECOMMENDATION: Approve authorization for a two-person delegation to attend the California Marine Affairs and Navigation Conference (C-MANC) Washington Week meetings.

A-5 APPROVAL OF THE 2013/14 BUDGET CALENDAR; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Approve Calendar.

A-6 STATUS REPORT ON THE UTILIZATION OF BIG BELLY GARBAGE RECEPTACLES AT THE MORRO ROCK PARKING LOT; (RECREATION & PARKS)

RECOMMENDATION: Receive status report; no action is required.

A-7 DISCUSSION ON THE STATUS OF THE SALE OF CITY-OWNED PROPERTY AT THE SOUTHEAST CORNER OF CORAL AVENUE AND SAN JACINTO STREET, AND AUTHORIZATION FOR STAFF TO SOLICIT A REQUEST FOR PROPOSALS FOR REAL ESTATE CONTRACT SERVICES TO ASSIST IN THE SALE OF THE PROPERTY; (CITY ATTORNEY)

RECOMMENDATION: Authorize staff to solicit proposals for real estate contract services to assist in the sale of City-owned property located at the southeast corner (SEC) of Coral Avenue and San Jacinto Street.

A-8 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY SUPPORTING THE DEVELOPMENT OF A PUBLIC BIKE PARK WITHIN THE CITY LIMITS (RECREATION & PARKS)

RECOMMENDATION: Adopt Resolution 20-13.

A-9 A PROCLAMATION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY DECLARING APRIL 2013 AS “AUTISM AWARENESS MONTH”; (ADMINISTRATION)

RECOMMENDATION: Adopt Proclamation.

Councilmember Smukler pulled Items A-2, A-3 and A-5 from the Consent Calendar.

MOTION: Councilmember Christine Johnson moved the City Council approve Items A-1, A-4, A-6, A-7 and A-8 of the Consent Calendar as presented. The motion was seconded by Councilmember Smukler and carried unanimously 5-0.

A-2 RESOLUTION NO. 19-13 AMENDING COUNCIL POLICIES AND PROCEDURES MANUAL REGARDING MEETING GUIDELINES & PROCEDURES; (CITY ATTORNEY)

Councilmember Smukler pulled this item so that he could thank Mayor Irons for his time working with the City Attorney; he feels this is a major improvement.

MOTION: Councilmember Smukler moved for approval of Item A-2, approving Resolution 19-13, amending Council Policies and Procedures Manual regarding Meeting Guidelines & Procedures. The motion was seconded by Councilmember Christine Johnson and carried unanimously 5-0.

A-3 APPROVAL OF LEASE AGREEMENT FOR LEASE SITE 93-95/93W-95W; 901-915 EMBARCADERO (HARBOR)

Councilmember Smukler pulled Item A-3 so that Harbor Director Eric Endersby has a chance to respond to the public’s comments/concerns. Mr. Endersby stated that this process began in November, 2011, the lease and its terms are on the website as well as in the staff report and has been publicly available. In this case, there is significant financial risk by the lessees.

MOTION: Councilmember Smukler moved for approval of Item A-3, Approval of Lease Agreement for Lease Site 93-95/93W-95W, 901-915 Embarcadero. The motion was seconded by Councilmember Leage and carried unanimously 5-0.

A-5 APPROVAL OF THE 2013/14 BUDGET CALENDAR; (ADMINISTRATIVE SERVICES)

Councilmember Smukler pulled this item for public information purposes. Administrative Director Susan Slayton provided a short description of the budget process.

MOTION: Councilmember Smukler moved for approval of Item A-5, Approval of the 2013/14 Budget Calendar. The motion was seconded by Mayor Irons and carried unanimously 5-0.

B. PUBLIC HEARINGS, REPORTS & APPEARANCES - NONE

C. UNFINISHED BUSINESS

C-1 RESOLUTION NO. 15-13 ADOPTING THE MID-YEAR BUDGET AMENDMENTS;
(ADMINISTRATIVE SERVICES)

Administrative Services Director Susan Slayton presented the staff report.

Councilmember Nancy Johnson has a problem with seeing the \$30,000 listed as a Council Contingency Fund and would rather see it listed in the general budget.

Mayor Irons wondered about the Measure Q Funds and asked whether or not any of these funds could be allocated to an immediate need for streets or storm drains or should any be held back for adjustments. Public Services Director Rob Livick stated it would cost approximately \$86,000 to prepare and provide an updated Storm Drain Management Plan which he recommends being done. Mayor Irons would like to reagendaize this to see if a Storm Drain Master Plan would be a good use of Measure Q monies.

Councilmember Smukler doesn't want to see the \$30,000 listed as a Council Discretionary fund. He thinks it's important to keep these monies separate and designated for special projects as deemed necessary and approved by a majority of Council. He thinks that updating the plan is a good idea and an efficient use of Measure Q funds but feels it's important that we should ask the Measure Q Committee as to the appropriateness of the use.

Mayor Irons thinks we can leave the \$30,000 where it is for now, floating it into the general fund during the budget process wouldn't be that difficult.

Councilmember Nancy Johnson stated that if you don't want to put it into the general fund then at least put it into a Special Projects Fund, not a Contingency Fund for Council.

Ms. Slayton stated that the money can be placed into a special fund called a 515 Trust & Agency Fund, with the Council's approval.

MOTION: Mayor Irons moved to adopt Resolution 15-13 as written, to approve the Measure Q recommendations, and to place the \$30,000 contingency monies into a 515 Trust & Agency Fund. The motion was seconded by Councilmember Nancy Johnson and carried 5-0.

D. NEW BUSINESS

D-1 INITIATION OF THE PROCESS TO CONSIDER THE ABANDONMENT (VACATION) OF A PORTION OF THE PUBLIC RIGHT OF WAY WESTERLY OF THE EXISTING BACK OF CURB OF TORO LANE, BETWEEN YERBA BUENA AND NORTH POINT SUBDIVISION, USING THE PROCEDURES PROVIDED BY THE CALIFORNIA STREETS AND HIGHWAYS CODE, SECTION 8300 ET SEQ. (GREG FRYE, 3420 TORO LANE, APPLICANT); (PUBLIC SERVICES)

Public Services Director Rob Livick presented the staff report.

Councilmember Smukler doesn't feel we are ready to proceed with the Resolution of Intention; he feels we owe it to the community to take more time for the public to look at it. He also feels Council needs to provide staff with clear direction to analyze various parking proposals, options and benefits that can come back to the City. He has spoken with neighbors and concerned citizens and most see parking as a key issue which has been exaggerated by the State Park issue. After reviewing the Morro Bay Cayucos Connector EIR, he is concerned we are setting ourselves up for pretty severe issues in the area and the connector project could backfire. He is also interested in looking for a fair market value concept of the property.

Councilmember Nancy Johnson thinks that many of Councilmember Smukler's concerns would be answered if we approved the Resolution of Intention tonight and initiate the process to consider the abandonment as the next step would be to bring it back to a Public Hearing where all the concerns can be addressed. She also questioned the idea of developing a parking lot right outside the state park which would encourage people to park there, enter Morro Strand, not paying the entrance fee. She would like to move ahead with the process looking at all our options.

Councilmember Leage agrees with Councilmember Nancy Johnson.

Councilmember Christine Johnson wondered if it was possible to bring this item forward as a public hearing without passing the Resolution of Intention. She is most comfortable with moving forward to a Public Hearing to discuss the issue without passing the Resolution of Intention.

Mayor Irons was concerned that the Planning Commission didn't see the most recent proposal from Mr. Frye. He also doesn't see any harm in doing the Public Hearing as it answers concerns from the public as well as gives everybody a fair opportunity to address the issue.

MOTION: Mayor Irons moved not to adopt Resolution of Intention 18-13 but direct the applicant and staff to come forward at a Public Hearing to work out details of the development and/or partnership and/or acquisition of the property to include exploring and evaluating scenarios of existing and maximized parking opportunities. The motion was seconded by Councilmember Smukler and carried 3-2 with Councilmembers Nancy Johnson and Leage voting no.

D-2 APPROVAL OF A REQUEST FOR PROPOSAL (RFP) FOR CONSULTANT SERVICES TO STUDY OPTIONS FOR MORRO BAY IN THE DEVELOPMENT OF A WASTEWATER TREATMENT PLANT PROJECT; (PUBLIC SERVICES)

Public Services Director Rob Livick presented the staff report.

Discussion was held on the make-up of the Selection Committee for the Project Manager.

Councilmember Smukler suggested 2 Councilmembers be part of the selection process.

Mayor Irons showed some concern that we want the process to be expedited and hopes that the selection committee doesn't slow down the process.

Councilmember Leage felt that Cayucos should be involved.

Councilmember Christine Johnson would be interested in being involved but understands it also makes sense to go with the JPA Sub-committee members.

MOTION: Mayor Irons moved approval of the RFP as proposed and cleaned up with the Selection Committee being comprised of Mayor Irons and Councilmember Christine Johnson along with staff. The motion was seconded by Councilmember Smukler and carried unanimously 5-0.

D-3 REVIEW AND DISCUSSION OF WASTEWATER TREATMENT PLANT DRAFT SCHEDULE OF TASKS NEEDED TO PROCEED WITH THE NEW WASTEWATER TREATMENT PLANT PROJECT; (PUBLIC SERVICES)

Public Services Director Rob Livick presented the staff report reaffirming that this is a working document that will be added to as things come up.

Questions were asked of staff and discussion held. The thought of throwing in the CMC, the Chorro Valley and Tri-W option for possible sites was discussed.

E. DECLARATION OF FUTURE AGENDA ITEMS

Councilmember Christine Johnson requested the City Develop a Consultant Services Hiring Policy; Mayor Irons and Councilmember Smukler concurred.

Councilmember Nancy Johnson requested the Completion of the City Sign Ordinance (for June 2013); Mayor Irons and Councilmember Christine Johnson concurred.

Councilmember Smukler requested the City provide an Update on the Storm Drain Management Plan to include Review of Funding Options; there was unanimous Council consensus for this item.

ADJOURNMENT

The meeting adjourned at 9:37pm.

Recorded by:

Jamie Boucher
City Clerk



AGENDA NO: A-2

MEETING DATE: 3/26/13

Staff Report

TO: Honorable Mayor and City Council

DATE: March 21, 2013

FROM: Andrea K. Lueker, City Manager

SUBJECT: Project Status Report

RECOMMENDATION

Staff recommends the City Council review this informational item.

FISCAL IMPACT

Not applicable.

BACKGROUND

The City Council, at their August 28, 2012 meeting passed Resolution No. 45-12 which directed, among other items, a Delayed Project Status Report to appear each quarter on the Consent Calendar. The report was to list the following items:

1. Project name
2. Brief description of the project
3. Name of the Department responsible
4. Brief explanation for the delay
5. Revised completion date.

Staff produced the first report in early fall, 2012 and at that time, instead of including just the list of delayed projects, included all Capital Projects, Measure Q Projects and Maintenance Projects over \$25,000 to allow the City Council and the public a full view of the projects budgeted for Fiscal Year 2012/13. It is staff's intention to provide a quarterly Project Status Report reflecting this information on an on-going basis.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

City of Morro Bay - Project Status Report							
Last updated: 3/20/13							
Project Name	Department	Project Description	Project Status	Delay Description	Original Start Date	Revised Start Date	Projected Completion Date
Capital Projects							
Fire Station #53, Phase II	PS	Construction of offices and living quarters	Construction is substantially complete, Building occupied 12/8/12. Final 2 change orders near completion. Notice of Completion to CC in April	Initial delay due to compliance with FEMA funding requirements. Second delay due to delivery of office furniture. No current delays. Project closeout in progress	10/1/09	8/1/11	3/29/13
Nutmeg Tank	PS	Construction of water tank	Environmental review/county permitting	Additional traffic, noise and visual environmental documentation in progress	6/30/13		
Desal Upgrade/Energy Recovery	PS	Replacement and upgrade of product water pumps, Tanks and Electric Upgrades	Awarded to SCI 1/11/13. Notice to Proceed awaiting resolution of CCC permitting issues	n/a	4/30/13		7/30/13
Morro Creek Bike & Ped Bridge	PS	Construct new bridge to close gap in N. Coast Scenic Byway	RFP in progress	n/a	TBD		TBD
Bike Path Gap Closure	PS	Improve bike path, lanes and routes fm MBHS thru Beach tract towards Cayucos	RFP issued, Proposals Due 4/8	n/a	TBD		TBD
CDBG Sidewalk Gap Closures	PS	Construct missing segments of sidewalk to improve ADA access	Plans & Specs under review. CEQA and NEPA in progress. CC action late April	n/a	TBD		TBD
Blanca Pipeline	PS	Project not economically feasible - deleted	Withdrawn - Reviewing Alternatives	n/a			
Brackish Water Reverse Osmosis	PS		Complete	n/a	12/31/12		
Chorro Creek Stream Gauges	PS	Installation of gauges to measure CFS water flow	Permitting	n/a	8/30/13		
Lift Station 3	PS	Force main and gravity sewer trunk line replacement.	Construction is substantially complete, cutover to new pumps and force main on 3/8/12. Punchlist walk thru scheduled for 3/22/13	NPDES permitting resolved.	8/1/12	n/a	2/28/13
Lift Station 2	PS	Reconstruction of WW lift station	Project complete. Notice of Completion approved 2/13/13 and filed w/ County on 2/20/13.	n/a	1/1/12	4/1/12	10/30/12
North Main St. Trunk Line	PS	Upgrade or replace Jointly owned Sewer Main	Delayed pending WRF resiting & future of JPA	Project requires modifications to the Joint Powers Agreement to proceed	n/a	unknown	unknown
Hydro Building (Collections Shed)	PS	Re-siding and New Doors.	Complete				12/31/09
Section 6 Rehabilitation	PS	Repair sections of Sewer Main in the Lower Quintana Area	Complete	n/a	2/1/12	n/a	5/30/12
North-T Pier	Harbor	Structural repair of portions of T-pier including piles	Coastal Development Permit and Army Corps of Engineers permit submitted. Staff working with CCC staff and engineering consultant on work plan and other submittal refinements	Employee death, consultant illness, staff time committed to other capital projects, Harbor staffing reductions		Summer 2013 for construction	8/1/13
Least Site Audits	Harbor	Scheduled audit of gross sales reporting on leases	Underway	Auditors waited until summer was over to begin in deference to lease holders, start date then slightly delayed until late 2012	9/1/12	11/1/12	7/1/13
Replace Storage yard metal roof	Harbor	Replacement of failed metal roof	Complete	n/a	n/a		
Water Reclamation Facility (WRF) Project Planning Support	PS	Facilitate project goals and objectives for re-siting the new WRF	RPF posted, proposals due 4/15/13	n/a	TBD	n/a	TBD
Measure Q Projects							
Streets-curbs, gutters, potholes	R/P	3rd party + in-house staff to fill potholes, No. Morro Bay to south	Panorama Intersections at Mindoro, Luzon and Kodiak are scheduled to start 3/25/13. Second contractor to assist with work on high priority potholes in N. MB	Resource availability	ongoing	ongoing	Ongoing until funding is exhausted
Streets - Pavement Mgt Plan	PS	Continuation of paving per the PMP	Notice of Completion for 2012 project to CC 4/9/13. 2013 paving priorities under evaluation	Rain delays to complete remaining striping and markings	TBD		TBD
Storm Water Management Plan	PS	Repair and replacement of storm drains systems	Storm Drain repaired 3/5/13 at South Street outlet	Continuing Projects as Resources are available	n/a	n/a	n/a



AGENDA NO: A-3

MEETING DATE: March 26, 2013

Staff Report

TO: Honorable Mayor and City Council DATE: March 21, 2013

FROM: Rob Livick, PE/PLS - Public Services Director/City Engineer

SUBJECT: Status Report of a Major Maintenance & Repair Plan (MMRP) for the Existing Wastewater Treatment Plan

RECOMMENDATION

Staff recommends that this report be received and filed.

FISCAL IMPACT

No fiscal impact at this time as a result of this report

DISCUSSION

Staff presented an update of the MMRP status at the March 14, 2013 JPA meeting with little transpiring in the subsequent week. Staff has met with electrical and structural engineers to discuss the required scope of work for non-destructive testing. Additionally, staff has been working on the preparation of the MMRP items that will be proposed for the 2013/3014 fiscal year budget.

CONCLUSION

Staff will continue to bring a status report on the development of the MMRP at future Council meetings as directed.

ATTACHMENT

Staff Report from the March 14, 2013 JPA meeting – Item A-2

Prepared by: RL Dept. Review: RL

City Manager Review: _____

City Attorney's Review: _____

Agenda No. Item A - 2

Date: March 14, 2013

STAFF REPORT

MORRO BAY-CAYUCOS JPA WASTEWATER TREATMENT PLANT

To: Honorable Mayor and City Council, City of Morro Bay
Honorable President and Board of Directors, Cayucos Sanitary District

From: Bruce Keogh, Wastewater Division Manager

Date: February 7, 2013

Subject:

Status Report of a Major Maintenance & Repair Plan (MMRP) for the WWTP

Recommendation:

This Department recommends that this report be received and filed.

Fiscal Impact:

There is no fiscal impact at this time.

Summary:

This staff report is intended to provide an update on the development of the MMRP for the WWTP. At the February 14, JPA meeting the Council and District Board approved of the development of an MMRP and made the following motion:

- Direct staff to prepare a time sensitive and prioritized MMRP for the WWTP with an anticipated rolling 2 year budget;
- That the JPA solicit proposals from a qualified firm, or firms, to provide technical advice and analysis on an as needed basis as determined by Morro Bay's Public Services Director and Cayucos Sanitary District Manager;
- And that the Morro Bay Public Services Director and Cayucos Sanitary District Manager report back to the JPA on a semi-annual basis on the progress and costs associated with the MMRP.

Discussion:

Development of a MMRP will assist the City and District in projecting the budgeting of expenditures required to keep the current plant operating in compliance with regulatory requirements.

MBCSD staff has conducted a kick-off meeting for development of the MMRP. They discussed strategy for development of the MMRP and establishing a time schedule for bringing this information back to the JPA for consideration and discussion. In addition, staff has begun reviewing Chapter 6 of the Facility Master Plan (FMP), the Electrical Facilities Overview

(Appendix H) of the FMP, and the previous CIP developed by Cannon Engineering to begin the process of identifying projects and prioritizing them.

MBCSD staff recommends that it is premature to solicit proposals from a qualified firm, or firms, to provide technical advice and analysis, until further work is performed on the preliminary steps of the MMRP. In the interim period staff can begin work developing the RFP to solicit proposals from qualified firms.

Conclusion:

MBCSD staff will continue to bring a status report on the development of the MMRP at future JPA meetings.



AGENDA NO: A-4

MEETING DATE: March 26, 2013

Staff Report

TO: Honorable Mayor and City Council **DATE:** March 4, 2013

FROM: Eric Endersby, Harbor Director

SUBJECT: Approval of a Budget Allocation for Gangway Repair at the South Launch Ramp (Tidelands Park) Commercial Boat Slips

RECOMMENDATION

Staff recommends approval of a Harbor Department budget amendment to allow repairs to the slip gangway approach walkway to the City slips on the south side of the public launch ramp at Tidelands Park.

FISCAL IMPACT

The fiscal impact is a one-time transfer of \$55,000 from the Harbor Accumulation Fund to a Capital Project account for the repair. The current unallocated Harbor Accumulation Fund balance is approximately \$450,000.

SUMMARY

The walkway structure leading to the City slips on the south side of the public launch ramp is in urgent need of repair. This unanticipated project was not budgeted for in the current fiscal year, as the deterioration of the facility has occurred quicker than expected.

DISCUSSION

Recently, severe deterioration was noted in the structure supporting the walkway leading to the gangway for the City's commercial fishing vessel slips on the south side of the public launch ramp. While this set of slips/walkway was slated for consideration of a major rehabilitation project in the 17/18 fiscal year as outlined on the Schedule of Five Year Capital Requirements, the deterioration has occurred in a much more rapid pace than expected and cannot wait until the 13/14 fiscal year for funding and completion.

Maintenance of City harbor facilities and infrastructure is a department priority and an adopted

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

goal of the City Council. Estimated cost for the repair is approximately \$45,000; staff is requesting an additional \$10,000 above estimated as a contingency. In anticipation of the allocation, project specifications and contract documents are currently being created.

CONCLUSION

Staff is requesting and recommending a one-time budget amendment of \$55,000 to allow for necessary repair and maintenance to the walkway structure leading to the south City slips at the public launch ramp area.

**A PROCLAMATION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY
DECLARING MARCH 31 – APRIL 6, 2013 AS
“CHILDHOOD CANCER AWARENESS WEEK”**

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

WHEREAS, the American Cancer Fund for Children and Kids Cancer Connection report cancer is the leading cause of death by disease among children in the United States. This tragic disease is detected in nearly 15,000 of our nation's young people each and every year; and

WHEREAS, founded twenty years ago by Steven Firestein, a member of the philanthropic Max Factor family, the American Cancer Fund for Children, Inc. and sister organization, Kids Cancer Connection, Inc. are dedicated to helping these children and their families; and

WHEREAS, the American Cancer Fund for Children and Kids Cancer Connection provide a variety of vital patient psychosocial services to children undergoing cancer treatment at City of Hope National Medical Center, Cottage Children's Hospital in Santa Barbara, as well as participating hospitals throughout the country, thereby enhancing the quality of life for these children and their families; and

WHEREAS, through its uniquely sensitive and comforting Magical Caps for Kids program, the American Cancer Fund for Children and Kids Cancer Connection distributes thousands of beautifully handmade caps and decorated baseball caps to children who want to protect their heads following the trauma of chemotherapy, surgery and/or radiation treatments; and

WHEREAS, the American Cancer Fund for Children and Kids Cancer Connection also sponsor nationwide Courageous Kid recognition award ceremonies and hospital celebrations in honor of a child's determination and bravery to fight the battle against childhood cancer.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morro Bay does hereby proclaim March 31 – April 6, 2013 as Childhood Cancer Awareness Week”, recognizing the courageous children and all involved in the fight against childhood cancer.

IN WITNESS WHEREOF I have
hereunto set my hand and caused the
seal of the City of Morro Bay to be
affixed this 26th day of March, 2013

JAMIE L. IRONS, Mayor
City of Morro Bay, California



AGENDA NO: D-1

MEETING DATE: March 26, 2013

Staff Report

TO: Honorable Mayor and City Council **DATE:** March 4, 2013

FROM: Eric Endersby, Harbor Director

SUBJECT: Request for a Fee Waiver for Boat Slip Fees – Brian Stacy

RECOMMENDATION

Staff recommends denial of Brian Stacy's request to waive the past-due slip fees for his City slip.

FISCAL IMPACT

As of this date, if waived, the fiscal impact would be \$2,137.66 to the Harbor Enterprise Fund.

SUMMARY

Commercial fisherman and City slip holder Brian Stacy has requested the City waive his slip fees as he feels the City has withheld information from his business. Staff disagrees with Mr. Stacy's allegations and believes that waiving his fees are not warranted and would set a precedent that would be unacceptable and detrimental to the Harbor Enterprise Fund both in the short and long term.

BACKGROUND

Historically, the City Council has only waived slip or other harbor user fees for public-benefit type attractions like the visiting tall ships.

Mr. Stacy's slip fees accrue at the rate of \$160.00 per month not including the 10% late fee charged on the total balance due. His account became delinquent on 7/11/2012. His past-due to-date is \$2,137.66, with his last payment being received on 9-13-2011 in the amount of \$1663.20 which paid for 2011/2012 commercial slip fees. Mr. Stacy's commercial fishing qualification for his slip is valid for 2013.

Mr. Stacy claims various reasons for his delinquency, most specifically due to the negligence on the part of City staff. He believes he has had to undertake fishery avocation activities that effectively took him off the water and prevented him from fishing. In addition, he feels he was denied access to mitigation and other payments associated with various fishing-impacting

Prepared By: EE

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

projects in local waters.

DISCUSSION

Mr. Stacy claims various lapses or intentional acts by City staff (specifically the Harbor Department) that have allegedly kept him from fishing and therefore impacted his means of making a living. He also claims he was denied access to various mitigation and/or other project opportunities that he claims he could have partaken in and earned work and/or payment from.

While staff is sympathetic to his plight, staff disagrees with Mr. Stacy that the City is in any way responsible for his financial situation. Staff has offered Mr. Stacy several opportunities to remedy his account including setting up a suitable payment plan in addition to the suspension of levying late fees on his account as a means to help him bring his account current. To date he has declined to participate.

With the exception of visiting tall ships or other public-benefit attractions or events, staff is unaware of the City waiving slip or dockage fees outright for any person or entity. Even if Mr. Stacy's claims were deemed wholly or partially valid, which staff asserts they are not, waiving fees for these reasons would not only set a bad precedent and be unfair to other slip or facility users who might also have equally valid or compelling reasons, but would also be, in staff's opinion, a gift of public funds.

Staff is willing, able, and regularly works with slip holders whose accounts are in arrears for a variety of reasons in order to give them a chance to catch-up. Although the department is very patient and willing to do as much as legally possible to aid our slip holders, in the end, fees accrued are the sole responsibility of the slip holders and must eventually be paid. If not, the City's only recourse is to cancel the slip agreement and either turn the account over to a collection agency or attempt recompense with a lien action on the vessel. All of these scenarios have been used with other slip holders at one time or another.

CONCLUSION

Staff is recommending denial of Mr. Stacy's request to waive his past-due slip fees. If granted, this action would be unwarranted, set an arbitrary dangerous and costly precedent as well as be a gift of public funds.

Andrea Lueker - Fw: slip waiver for brian stacy

From: <bstacy166@yahoo.com>
To: "ALueker@morro-bay.ca.us" <ALueker@morro-bay.ca.us>
Date: 3/11/2013 2:01 PM
Subject: Fw: slip waiver for brian stacy

here you go Andrea, sorry for the oversight. I know how it feels to be left out. Brian

----- Forwarded Message -----

From: "bstacy166@yahoo.com" <bstacy166@yahoo.com>
To: Jamie Irons <jirons@charter.net>
Cc: "nsmukler@morro-bay.ca.us" <nsmukler@morro-bay.ca.us>; Christine Johnson <CJohnson@morro-bay.ca.us>; "gleage@morro-bay.ca.us" <gleage@morro-bay.ca.us>; "njohnson@morro-bay.ca.us" <njohnson@morro-bay.ca.us>
Sent: Friday, March 8, 2013 1:31 PM
Subject: slip waiver for brian stacy

please waive my slip fees for the follwing reason: staff withheld information from my buisness. I will explain further on tuesday. Brian Stacy

AGENDA NO: D-2

MEETING DATE: March 26, 2013

**PRESENTATION AND DISCUSSION
ON THE STATUS OF THE
PLANNING COMMITTEE'S PROGRESS
FOR THE CITY'S 50TH ANNIVERSARY**

The Committee's Presentation
will serve as the staff report for this item;
discussion to follow.



AGENDA NO: D-3

MEETING DATE: 3/26/13

Staff Report

TO: Honorable Mayor and City Council

DATE: March 17, 2013

FROM: Andrea K. Lueker, City Manager

SUBJECT: Approval of the Service Retirement Incentive (SRI) Program

RECOMMENDATION:

Staff recommends the City Council approve the Service Retirement Incentive Program in perpetuity with an annual reporting requirement every July, presented as a Council consent item.

FISCAL IMPACT:

Unknown at this time, due to the unidentified number of participating employees; however, there will be a net savings from offering the program due to: 1) replacement/new employees beginning at a lower step than the retiring employee; and 2) cost savings as new employees will be hired into the lower retirement formulas; 3) costs savings during the transition time of one employee leaving and the replacement employee coming on-board.

In the 2012/13 fiscal year, four employees applied for and received the SRI payout. Since its inception in the 2009/10 fiscal year, a total of 11 employees have benefitted from this program. Of these 11 employees, we hired seven replacement employees into our second-tier CalPERS retirement formulas (a total of 23 individuals are now employed in our second-tier retirement formulas). The three of those vacancies were filled with existing employees, and one has remained unfilled. At this time, we do not have any employees hired into the third tier retirement system.

SUMMARY:

During the budget process for the fiscal year 2012/13, the City Council offered a SRI program to employees who were eligible to retire. The program offered a lump-sum incentive of \$10,000 to be paid to those who committed to retire by December 31, 2012. In order to be eligible for the lump sum payment, the employee was required to complete an agreement, memorializing their commitment, by May 31, 2012. We have offered this or a similar program every year beginning with the fiscal year 2009/10. Staff is requesting that the City Council approve the Service Retirement Incentive Program in perpetuity with an annual reporting requirement in July of each year, presented as a Council consent item.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

BACKGROUND

Especially in recent years, a number of cities have structured retirement incentives as a means of short-term and long-term savings. There are a number of ways to structure a retirement incentive, with the most popular being:

1. Paying retiree health premiums for a specified period;
2. Contributing to deferred compensation account; and/or
3. Providing a one-time, lump-sum payment.

Staff has brought this program in the City Council for the past four years; 2013/14 will hopefully be the fifth year of the Service Retirement Incentive Program.

DISCUSSION

Staff considered and evaluated various retirement incentive options and programs, and is presenting a one-time, lump-sum Service Retirement Incentive Program (Attachment 1). The Program does not add on-going cost to the City.

The Program creates both potential short-term and long-term savings for the City, and allows employee flexibility. A lump sum incentive provides individuals with the flexibility to use the funds in any manner they choose. This lump-sum incentive will be reported by the City to the Internal Revenue Service as taxable income. The incentive payment is not considered compensation by PERS, and therefore, is not considered in calculating an employee's single highest year for retirement benefit calculations.

Applicants will be required to sign an Agreement and Release of Claim against the City in exchange for the incentive (Attachment 2). Eligibility for the Service Retirement Incentive Program is predicated upon a permanent regular employee having satisfied the conditions delineated by PERS, with respect to age and years of credited service. Only regular, permanent employees are eligible to participate in the Program. Temporary, part-time and contract employees are not eligible to participate in this Program.

If approved, this voluntary Service Retirement Incentive Program will be communicated to all eligible employees, for this fiscal year and each year fiscal year thereafter. By the May 31, 2013 deadline, staff will be able to provide the exact numbers of employees who have chosen to take part in this Program.

Rather than bring this program back to City Council annually for approval, staff is requesting that this Program be approved in perpetuity with the instruction that an annual report be presented every July as a Council consent item. The report will include the number of individuals approved for the Service Retirement Incentive in the current fiscal year, the number of individuals who have received the incentive in past fiscal years, those eligible in the next fiscal year, as well as the number of employees remaining in the City's 1st Tier Retirement Formula.



**City of Morro Bay
Service Retirement Incentive Program Application**

Please submit this Application, as well as your executed Agreement and Release, to Susan Slayton, Administrative Services Director, as soon as possible, but no later than **5:00 pm on Friday, May 31, 2013.**

Employee Name: _____

Job Title: _____

Department: _____

Service Retirement Date: _____

I voluntarily choose the following incentive amount based on my voluntary service retirement (Check one box below.)

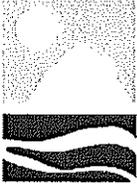
- One-time Lump-Sum payment in the amount of \$10,000 paid to me.**

- One-Time Lump-Sum payment in the amount of \$10,000, paid to my designated Deferred Compensation provider.**

- Reimbursement of retiree health insurance premiums up to a total of \$10,000, paid to me, on a monthly basis with proof of premium payment.**

EMPLOYEE SIGNATURE

DATE



**City of Morro Bay
Service Retirement Incentive Program
Agreement and Release**

This **Agreement and Release** ("Agreement") is entered into this _____ day of _____, 2013, by and between _____ ("Employee") and the City of Morro Bay ("City").

WHEREAS, Employee is currently employed by City; and

WHEREAS, City is offering a "Service Retirement Incentive Program" ("Program"), Employee's application for which is attached, to City of Morro Bay employees who are eligible for retirement on or before December 31, 2013; and

WHEREAS, employees of City, who are eligible to participate in the Service Retirement Incentive Program, may choose to participate in the program where the application period begins April 15, 2013, and ends May 31, 2013; and

WHEREAS, Employee is currently employed by City, is eligible to participate in the Service Retirement Incentive Program, and voluntarily chooses to participate in the Program; and

WHEREAS, Employee agrees to retire from employment with City no later than December 31, 2013,

THEREFORE, Employee and City enter into the following agreement:

(1) **Employee's Voluntary Service Retirement.** Employee acknowledges that participation in the Program is entirely voluntary, and hereby knowingly and voluntarily, requests retirement from employment with City, no later than the close of business on December 31, 2013.

(2) **Incentive.** Based on the Employee's designated date of retirement, the City of Morro Bay will provide a one-time lump-sum payment in the amount of \$10,000 for employees who retire by December 31, 2013 by election in one of the following ways:

- one-time lump-sum payment in the amount of \$10,000 paid to Employee
- one-time lump-sum payment of \$10,000 made to employee's designated deferred compensation provider
- retiree health insurance reimbursement per month up to \$10,000

Employee acknowledges that City has provided no advice and made no representations as to the tax consequences of Employee's participation in the Program, and affirms that Employee will be responsible for all tax liability resulting from the acceptance of this incentive.

(3) Employee's group health insurance benefits will terminate effective the last day of the second month after his/her retirement date. Employee's vision and dental benefits will terminate effective the last day of the month after his/her retirement date. Following the voluntary service retirement, Employee may continue City group insurance benefits to the extent allowed under PERS (health), COBRA (dental and vision) or other applicable law.

(4) On the Retirement Date, City will pay to Employee all compensable time earned and unused as of the retirement date. Thereafter, Employee will not be entitled to or accrue any additional leave time, and will not be eligible for any fringe benefits following the retirement date, except as expressly set forth in this Agreement.

(5) **WAIVER AND RELEASE BY EMPLOYEE.** In consideration of the Incentive Program payments and other consideration, as set out in this Agreement, to which Employee would not otherwise be entitled, Employee, for himself/herself and his/her heirs, executors, administrators, successors, and assigns, hereby knowingly and voluntarily waives, releases, acquits and forever discharges City, its agents, officers and employees from any liability, action, suit, claim, damages, judgment, known or unknown, liquidated or un-liquidated, fixed or contingent which Employee has ever had or ever may have, arising out of or in conjunction with Employee's employment with City or the termination thereof, including, without limitation, claims under federal, state or local common law or statute, as well as any form of employment discrimination prohibited under Title VII of the Civil Rights Act of 1964, the Older Workers Benefit Protection Act, the Age Discrimination in Employment Act, the Americans with Disabilities Act, ERISA, the Rehabilitation Act of 1973, and any other local, state or federal anti-discrimination law or ordinance, any applicable collective bargaining agreement, any applicable wage and hour or workers' compensation laws (to the extent allowed by law), including, but not limited to any claim or damages for wrongful discharge, severance pay, breach of contract, breach of any express or implied promise, retaliation, breach of public policy, defamation, negligence or other tortious conduct, or any other theory, whether legal or equitable.

Employee covenants that this Agreement, and the Release contained in it, constitutes a waiver and release of any and all claims, including existing or subsequently discovered claims that are not known or suspected by Employee to exist as of the date of execution of this Agreement, which otherwise would be preserved by operation of **Section 1542 of the California Civil Code**. Section 1542 provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his/her favor at the time of executing the release, which if known by him/her, must have materially affected his/her settlement with the debtor.

(6) Employee is hereby advised to consult with an attorney prior to executing this Agreement. Employee acknowledges that if he/she executes this Agreement and foregoes the advice of an attorney, he/she does so freely and knowingly, and waives any and all future claims that such action or actions would affect the validity of this Agreement.

Employee may revoke this Agreement within seven (7) calendar days after signing it. Notice of revocation must be received by Susan Slayton, Administrative Services Director, at the

City of Morro Bay, 595 Harbor Street, Morro Bay, CA 93442. If Employee revokes this Agreement, City will be immediately released of any further obligation under this Agreement,

(7) Employee covenants that he/she has not commenced, and will not commence, legal proceedings of any type, whether on his/her own behalf or on behalf of any other person or entity, against City or individuals or entities released in this Agreement, or any of their respective successors or assigns, and further covenants not to maintain, join or assist in any such legal proceeding, suit, charge, or action, except as may be required by law.

(8) To the extent allowed by applicable law, the parties agree to keep the terms of this Agreement confidential and not disclose those terms to anyone, except a spouse, attorney, or tax adviser.

(9) If Employee breaches the promise in paragraphs five (5) and/or seven (7) and files a lawsuit based on legal claims that Employee has released, Employee shall immediately return all sums which were paid to Employee pursuant to this Agreement.

(10) This Agreement shall be construed under the Laws of the State of California, and any dispute arising hereunder shall be conducted under the jurisdiction of the County of San Luis Obispo Superior Court.

(11) Each party hereto agrees that in the event of any dispute concerning this Agreement or claims, demands, liabilities or causes of action included within its scope, the prevailing party shall be entitled to recover attorney's fees and costs. The prevailing party shall be the party who is entitled to recover its costs of suit, whether or not the suit proceeds to final judgment.

(12) If any portion of this Agreement shall be held invalid by a court of competent jurisdiction, the validity of the remainder of this Agreement shall not be affected.

(13) This Agreement supersedes any previous understandings, agreements or correspondence of the parties on this subject, and is binding on the parties, their heirs, executors, administrators, and successors in interest.

(14) This document is the entire Agreement and Release between Employee and City. City has made no promises to Employee other than those in this Agreement. This Agreement may not be changed orally, only in a written document signed by both parties. For purposes of this Agreement, the parties shall be deemed to have participated equally in its drafting.

(15) Employee understands that if he/she dies prior to his/her effective retirement date, then this "Agreement and Release," as well as the incentive payment, is void and neither City nor Employee's heirs shall have any right or obligation defined hereunder.

IN WITNESS WHEREOF, City and Employee have executed the Agreement on the day and year first set forth above.

Employee Signature

Date

Andrea K. Lueker, City Manager

Date

APPROVED AS TO FORM:

Robert W. Schultz, City Attorney



AGENDA NO: D-4

MEETING DATE: March 26, 2013

Mayor's Report

TO: Honorable City Council

DATE: March 19, 2013

FROM: Jamie L. Irons - Mayor

SUBJECT: Consideration of the Addition of Two Members from the General Public to Participate as Members of the Selection Committee for Consultant Services for the Development of the new Water Reclamation Facility (WRF)

RECOMMENDATION

Approve the addition of two citizen representatives for the Consultant Services Selection Committee, open nominations and set the date for appointment for said representatives, for the development of the new Water Reclamation Facility.

DISCUSSION

At the March 12, 2013 meeting City Council approved an RFP for Consultant Services to study options for the new WRF project. Additionally, Council selected two Council representatives (Mayor Irons and Councilmember C. Johnson) to serve on the consultant selection committee. There is a desire of the community to have citizen representation on the selection committee.

CONCLUSION

Based on the community's request, Council can facilitate these appointments by soliciting nominations and approving the appointments at the April 9, 2013 City Council meeting. The nomination process should include a letter of interest, not to exceed two pages in length, delivered to the City Clerk by April 2, 2013 at 5:00pm stating:

1. Why the citizen desires to serve.
2. How their individual qualifications make them the best candidate for the committee.
3. Their availability to meet the selection process schedule identified in the RFP.

<http://www.morro-bay.ca.us/bids.aspx?bidID=20>

Prepared by: JI Dept. Review:

City Manager Review:

City Attorney's Review:



AGENDA NO: D-5

MEETING DATE: March 26, 2013

Staff Report

TO: Honorable Mayor and City Council **DATE: March 5, 2013**

FROM: Rob Livick, PE/PLS - Public Services Director/City Engineer

SUBJECT: Discussion of the Public Works Advisory Board's (PWAB) Memo from the Streets Summit Meeting

RECOMMENDATION

Review the attached memo from PWAB and provide direction to staff.

FISCAL IMPACT

No direct impact as a result of this action.

DISCUSSION

On January 14, 2013 the PWAB held a public meeting (The "Streets Summit") to discuss street maintenance and solicit public comment. The attached memorandum is a result of that meeting as well as further discussion at the PWAB regular meeting held on February 21, 2013.

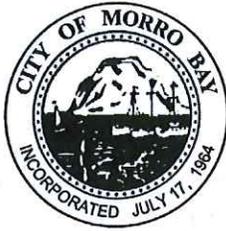
ATTACHMENTS

1. PWAB 2013 Street Summit Memo
2. January 14, 2013 PWAB Minutes
3. January 14, 2013 PWAB Staff Report: A Review of the 2012 Activities and an Update on Pavement Management, Streets Maintenance Programs and Recommendations for Future Work

Prepared by: RL Dept. Review: RL

City Manager Review: _____

City Attorney's Review: _____



PWAB Memo

TO: Honorable Mayor and City Council **DATE:** March 12, 2013
FROM: Matt Matowetski, Chair – Public Works Advisory Board
SUBJECT: 2013 Street Summit Recommendations

RECOMMENDATION

The Public Works Advisory Board recommends the following alternatives for the Council's consideration as a result of public comment received during the 2013 Street Summit.

- 1) A primary City Goal should be established to: Increase the amount of funding dedicated annually for street maintenance & restoration to assure that the goal of achieving a Pavement Condition Index of 70, can be achieved within the next ten years;
- 2) Dedicate a fixed amount or annual percentage of City General Fund or Measure Q revenues as a separate budget line item to supplement existing gas tax revenues for the maintenance and rehabilitation of badly deteriorated streets, roads, sidewalks, curbs & gutters and storm drains;
- 3) Establish a Road Enterprise fund to track the annual allocation of these dedicated revenues and expenditures;
- 4) Dedicate any remaining, annual year-end excess General Funds balance for street rehabilitation in the subsequent fiscal year;
- 5) Submit a referendum for voter consideration of a dedicated sales tax to fund restoration of badly deteriorated streets, roads, sidewalks, curbs & gutters and storm drains.
- 6) Consider including street sweeping in the scope of the next City-wide trash contract. Include annual street sweeping expenses in the trash collection rate. Use the general funds that would have been allocated for street sweeping to increase street maintenance funding.
- 7) Revise City development standards to require residential developers to provide pavement edge hardening improvements such as curb, gutter and sidewalk along the entire project street frontage. Allow developers the alternative to pay an in lieu fee to the Road Fund instead of building these improvements when no adjacent harden exists.
- 8) Modify the Pavement Management Plan funding priorities to assure a more equitable geographic distribution of road improvements;
- 9) Leverage City road funds with available state/federal grant funding whenever possible.

FISCAL IMPACT

The current PMP investment strategy is based on a \$1M capital investment in FY2011/12 and subsequent annual investments of \$250,000 in each of the next nine years. Unfortunately this level of funding will only maintain the current Pavement Condition Index (PCI) and will do little to reconstruct streets that are already in very poor condition. In order to achieve the stated goal of the PMP (Average PCI of 70) the City of Morro Bay would need to invest \$1M annually for the

next ten years. The most economical approach to repairing our street network would be to dedicate a new revenue stream through sales tax referendum to finance a large repair program within the next three years while interest rates and construction prices are at record lows. Establishing a large road restoration program is also expected to result in a more competitive bid environment and a significant economy of scale. It would also stimulate job creation and sales tax revenues from the construction workforce. By combining street sweeping in the scope of the next City-wide trash contract and including annual street sweeping expenses in the trash collection rate, \$57,025.44 annually could be dedicated for street maintenance from the general fund, Street Maintenance contractual services account. This would provide over \$570,000 over the next ten years.

BACKGROUND/ DISCUSSION

The Public Works Advisory Board convened the 2013 Street Summit on January 14, 2013 to solicit community input into the street improvement priorities established by the Pavement Management Plan. All five Councilmembers attended as did over twenty citizens of Morro Bay. All participants were in unanimous agreement the condition of streets in Morro Bay continue to deteriorate because adequate resources have not been available to provide adequate maintenance and repair. This situation has reached the point where greater annual investment is warranted. The challenge is: Where will the new revenue stream come from? Several suggestions were considered including a parcel tax, creation of neighborhood road assessment districts, a greater focus on grant funding, annually dedicating of a percentage of Measure Q funds, dedicated annual contribution from the General Fund and a new sales tax measure dedicated to road restoration.

CONCLUSION

The use of the PMP process of prioritization of road repairs will continue to provide the most advantageous method of allocating spare road renovation resources but some additional guiding principles will help assure a more equitable geographic distribution of funds. Continued successful evaluation of the recently completed triple layer paving on Tide Avenue may allow greater priority to be given to high volume collectors streets that could benefit from these new multilayer treatments to avoid the expense of complete road reconstruction. Consideration is also being given to the greater use of Rubberized Asphaltic Concrete as a means of applying more sustainable technologies. Staff continues an active liaison with the Caltrans Local Assistance program to pursue grants when they are available. However, continued communications with the ASCE and APWA legislative outreach teams indicate a clear trend at both the state and federal levels demonstrating that these funds continue to dry up except for a few very specialized programs. There is concern that a new tax referendum may not receive the required 2/3 majority but the general consensus of the group seemed to embrace this as the most appropriate starting point. There also seemed to be support for rolling the street sweeping expenses into the trash contract.



Matt Makowetski, Chair

SYNOPSIS MINUTES - MORRO BAY PUBLIC WORKS ADVISORY BOARD
 REGULAR MEETING – JANUARY 14, 2013
 VETERAN’S HALL – 6:00 P.M.

Chairperson Makowetski called the meeting to order at 6:00 p.m.

PRESENT:	Matt Makowetski	Chairperson
	Ron Burkhart	Vice-Chairperson
	Marlys McPherson	Board Member
	Richard Rutherford	Board Member
	Stephen Shively	Board Member
STAFF:	Rob Livick	Public Services Director
	Rick Sauerwein	Engineering Division Manager
	Barry Rands	Associate Engineer
	Joe Woods	Recreation and Parks Director
	Mike Wilcox	Maintenance Superintendent

ESTABLISH QUORUM AND CALL TO ORDER
 MOMENT OF SILENCE / PLEDGE OF ALLEGIANCE

ANNOUNCEMENTS/PRESENTATIONS

Chairperson Makowetski stated he received an email regarding the City’s street sweepers, and noted the issue would be discussed later in the meeting.

CONSENT CALENDAR

A-1 Approval of Minutes from October 18, 2012 - Recommendation: Approve minutes.

MOTION: Shively moved to approve the October 18, 2012 minutes. The motion was seconded by Rutherford and carried unanimously. (4-0).

OLD BUSINESS – None.

PUBLIC COMMENT PERIOD

Chairperson Makowetski opened public comment period.

Joe Polly, resident of north Morro Bay, stated he would like to see the utility wires moved underground, and stated he would be willing to help fund the project if it were to be approved. He expressed interest in knowing what the public thought of this idea.

Rigmore Samuelson, resident of Morro Bay, stated she would like the City to repair the sidewalks, curbs, and gutters along Market Street because she thinks they are uneven, may cause flooding, and may be a hazard to the public.

Chairperson Makowetski expressed his appreciation for Samuelson's comments and directed the public to also visit the City's website to post concerns about City streets.

Linda Merrill, resident of north Morro Bay, expressed concern about the large potholes in north Morro Bay. She asked the City to revise its current policies regarding reconstruction and repair of potholes to better address the northern area of the City. Chairperson Makowetski stated these issues will be addressed later in the meeting.

Boardmember Shively stated his understanding was that potholes do get filled when reported. Livick confirmed the Maintenance Division does do pothole repairs and crack fillings as routine maintenance, whereas the Pavement Management Plan policies are reserved for larger rehabilitation efforts.

Chairperson Makowetski closed public comment period.

NEW BUSINESS

C-1 Streets Summit: An Update on Pavement Management, Streets Maintenance Programs and Recommendations for Future Work – Recommendation: Receive update, take public testimony and provide recommendations to City Council for the upcoming Goal Setting and Biannual Budget Process

Livick presented the engineering section of the staff report.

Boardmember Shively asked Livick to clarify whether the City is reconstructing the base under the road as well as the asphalt pavement itself. Livick clarified, given adequate funding, the City would completely reconstruct the streets by grinding off the asphalt layer, digging through the red rock, compacting the soil underneath, and then constructing the road from scratch.

Boardmember Shively asked Livick to clarify whether the ten worst streets in the City all have the same problematic soil types. Livick stated the soil types vary.

Woods presented the maintenance and street trees sections of the staff report.

Chairperson Makowetski asked Woods about the potential for a database which would allow the public to view the City's queue of street repairs. Woods stated the City has not activated a queue in that regard but he will consider the suggestion. The Pavement Management Plan rates the streets from best to worst; the Maintenance Division will address the worst streets first, while the Engineering Division will use preservation techniques that improve street condition before they become badly deteriorated to obtain the greatest value from the sparse funds that are available.

Woods acknowledged there are glitches in the online citizens' tracker module, but the City is working to resolve them. Woods noted the Maintenance Division is fixing potholes in the northern area of the city first, moving south, but if potholes are in extremely poor condition, the City tries to fix them as soon as possible.

Boardmember Shively asked Woods to clarify who fixes the potholes in the city. Woods stated the Maintenance crew repairs potholes as long as the surface area is not too large; for repairs over about five tons, the City hires contractors to do the work.

Boardmember Burkhart asked staff if a link for street repairs has been added to the City's homepage which would make it easier for the public to submit street repair requests. Woods clarified the City now uses a

module called Let Us Know which allows the City and the requestor to track the request. Makowetski asked Woods whether it would be possible to add a link to the homepage specifically for street repairs. Livick stated staff will work with City Administration to resolve the issue.

Boardmember Shively asked if root barriers are installed with new street trees. Woods stated there are specific installation requirements for each tree installed in the city and the requirements are available on the City's website.

Livick revisited the engineering section of the staff report and presented several slides illustrating various pavement techniques used by the City.

Boardmember Shively asked Livick about the feasibility of creating assessment districts to prioritize certain areas of the City for street repairs. Livick stated the City Council has previously examined such measures but has decided not to include them in Staff's work program. Livick discussed alternative methods of funding large-scale maintenance programs.

Livick stated the Pavement Management Plan update will consider the feasibility of dividing the city into different geographical areas and establishing a yearly work plan for each area.

Chairperson Makowetski opened public comment period.

Joe Polly, resident of north Morro Bay, stated he would like to see the potholes repaired on Avalon, Casitas, and Nutmeg Streets.

Jim Dilts, resident of Morro Bay, expressed concern that Quintana Road, south of South Bay Boulevard, is in very poor condition and he would like it repaired as soon as possible.

Chuck Stohl, resident of north Morro Bay, asked Woods to clarify the City's total budget for street maintenance. Woods stated the total budget varies yearly, but the City currently has about \$224,000 from the General Fund for street maintenance. Stohl suggested, given the limited budget, the City should explore additional approaches to raise revenue for street repairs.

Walter Heath, resident of Morro Bay, stated he does not think it is necessary to establish an assessment district in north Morro Bay since one was not established in south Morro Bay, where streets there are in good condition. Heath stated the streets in north Morro Bay will need to be completely reconstructed, and to finance this project, the City will need to raise a large amount of money in a short period of time; he suggested temporarily increasing the sales tax to do so.

Dan Glessman, author of an article published in the Bay News regarding Measure Q monies, proposed increasing the sales tax by 0.5 percent and dedicating it completely to streets. He explained the money generated from the increased tax could be used to pay off a loan from the League of Cities for street repair. This approach would allow the City to reconstruct the streets within a 10-15 year period.

Ahmed Kassam, resident of north Morro Bay, expressed concern that the larger garbage trucks are damaging newly repaired streets and he would like to see only smaller trucks using those streets until the pavement has settled completely.

Melanie Bachman, resident of Morro Bay, requested the City extend the reconstruction area on Pacific Street to include the portion east of Kern Avenue to Kings Avenue. She stated this portion of Pacific is in poor condition and, because it is used heavily by pedestrians and bicyclists to access downtown, it should

be included. Bachman also noted numerous power lines have been discarded in this area and she would like them removed.

Nancy Best, resident of Morro Bay, stated she would like Kings Avenue repaired as it is a feeder street and is now in poor condition because it experiences large amounts of storm water runoff which have deteriorated the pavement surface. The water tanks are nearby and when they are emptied for maintenance purposes they should be drained via the concrete trough into the State Park to avoid further road wear.

Melinda Kendall, resident of Morro Bay, suggested repairing Kings Avenue would relieve some of the wear and tear from the traffic circle.

John Bachman, resident of Morro Bay, expressed concern that pedestrians along Pacific Street are not adequately protected because of the poor condition of the street, the lack of sidewalks, and the parked cars on either side of the street. The road needs reconstruction to add curb, gutters and sidewalk.

Linda Merrill, resident of Morro Bay, expressed concern that the City has not made street repairs a top priority during the last thirty years and would like to see the City take action soon.

Tom Templeton, resident of Morro Bay, expressed appreciation for Barry Rands' responsiveness. He also expressed concern that funding for street repairs is not dispersed evenly throughout the City; he would like to see more money dedicated to fixing the streets in north Morro Bay. Street maintenance should not be a Parks & Recreation responsibility.

Jane Heath, resident of Morro Bay, expressed concern that the City's priorities were decided without input from the public. She would like to see the money for street repairs distributed more equitably.

Lucian Morin, resident of Morro Bay, stated he would like to see a timeline of street repairs, and he would also like to see a more equitable distribution of funds.

Linda Fidel, resident of north Morro Bay, stated it would be in the City's best interest to improve the roads in north Morro Bay since tourists do also visit that area of town.

Jen Ford, resident of Morro Bay, thanked the Board for revisiting the Pavement Management Plan and for responding to her previous requests. She stated support for increasing taxes to fund street repairs in north Morro Bay. Ford asked Livick to comment on the status of the triple layer cape seal on Tide Street. Livick stated he would like to wait until the rainy season is over to assess how it withstands more traffic wear and wet soil conditions. If successful, Livick stated this technique will be used when the City republishes the Pavement Management Plan as it will allow the City to stretch pavement management funding further.

Chairperson Makowetski closed public comment period.

Livick commented on the garbage truck issue, stating the trucks now make multiple trips per week, and have heavier loads than the streets were designed to hold. He also commented on the street sweepers, noting the City may opt to incorporate this service with garbage services; then the associated costs for the street sweeping service could be absorbed in the garbage rates.

Chairperson Makowetski asked Livick to confirm the current cost of the street sweepers, and Livick stated it costs the City about \$50,000 per year. Makowetski asked Livick if it would be possible to keep the street sweepers away from the vulnerable residential streets in the northern area of the City because they further damage the street surface. He would instead like to see the street sweepers concentrate on the downtown area and the Embarcadero. Livick stated this may be a possibility in the future but the City's current

NPDES Storm Water Permit stipulates the City must sweep all residential streets at least once per month and twice per week in downtown area. Livick stated the permit is in the process of being amended and if the RWQCB approved of reductions, the changes could be implemented in June.

Rands acknowledged the public's concerns regarding equity in the Pavement Management Plan and he stated the update will incorporate more aspects of fairness. He stated the City has applied in the past for grants to repair streets in the northern area of the City but the grants were not successful. He agreed the City needs to come up with more money to work on the streets in the north.

Boardmember Shively stated the funds should be equitably distributed throughout the City, perhaps based on the number of residents in each area. He explained money in the north will not go as far as it does in the south because streets in the north will need true reconstruction. He stated he does not think there is enough money right now to fix all the roads in the City without an additional revenue source. He stated it requires a two-thirds majority vote to pass a tax or bond issue in the City, and this should be considered when alternative revenue sources are being examined.

Boardmember Rutherford asked for clarification about why no funding was allocated to street repairs in FY2011-2012. Woods clarified that since all Measure Q allocations for streets went to the Pavement Management Plan during FY2010-2011, the funds were allocated differently in the next fiscal year.

Boardmember Burkhart asked for clarification about whether the City's pothole repair procedures are proactive, reactive, or both. Wilcox stated the Maintenance Division is trying to be more proactive in their approach to potholes. Burkhart asked specifically for the pothole at San Joaquin and Adler to be repaired.

Chairperson Makowetski made the following comments:

- He asked staff to clarify whether the \$250,000 that is currently dedicated to the first level of street repair is feasible every year. Livick stated the yearly allocations are at the discretion of the City Council.
- He stated the City needs a larger revenue stream in order to fix the roads in the northern area of the City. Sales tax, loans, and grants are all possible options. Makowetski asked for an annual spreadsheet of available grants so that when possible, staff would be able to easily see grants are available.
- He stated another potential revenue source could come from unexpected monies wherein a certain percentage would be devoted to street repair, especially to streets in the northern area. Additionally, with the collection of monies from unexpected revenue sources, the City could establish an account to accumulate matching funds, instead of in-kind funds, which would be to the City's advantage when applying for grants.
- He noted the Pavement Management Plan does not outline goals for the City and suggested the update establish some regarding prioritizing the type of streets to be repaired as well as specific problem streets that need to be repaired. Traffic volumes should be a criteria for prioritizing the PMP.

Boardmember Shively asked Livick to confirm whether it is required to rebuild the curb/gutter/sidewalk as part of the building permit process. Livick stated there are only a few residential zoning districts in the City that require standard curb/gutter/sidewalk, so it is not always a requirement to rebuild them in the permit process. Shively explained how other cities either require the applicant to install such improvements or pay into a fund that eventually makes it possible to build out that road after enough lots have paid.

Chairperson Makowetski stated he wanted to include two additional recommendations to the Program Recommendations:

1. Goals – Include the goals discussed above which would target specific areas of the City for street repairs.
2. Grants – Create a spreadsheet of available grants, as discussed above, with their due dates throughout the year.

Chairperson Makowetski suggested imposing developer fees to fund curb/gutter/sidewalk installations. Boardmember Shively noted the City would have to be careful imposing such policies because state law AB1600 requires there must be a nexus to what the developers are paying.

Boardmember Burkhart clarified with Livick the City Council decides how much money to allocate to each fund. Burkhart proposed the City dedicate a percentage of the General Fund specifically to street improvements (not to maintenance). He would like a separate fund established solely for street repair capital projects.

Chairperson Makowetski asked Rands if an amendment could be added to the Pavement Management Plan which would designate surplus revenue to repairing the already identified problematic streets.

Livick clarified there are no grants available specifically for local street and road repairs—they are usually incidental. According to SLOCOG, the City's funding partner, State money for local streets and roads is depleted, and, instead, cities are using local (countywide) initiative sales tax to fund transportation issues.

Livick suggested preparing a memorandum summarizing the recommendations from the Board and from the public, and presenting it to the City Council for their consideration.

MOTION: Shively moved to grant Chairperson Makowetski the authority to sign the memorandum which will be prepared by Livick.

The motion was seconded by Burkhart and carried unanimously. (4-0).

FUTURE AGENDA ITEMS - None

ADJOURNMENT

The meeting adjourned at 8:22 p.m. to the next scheduled meeting to be held at the Veteran's Memorial Hall on Thursday, February 21, 2013, at 6:00 p.m.

and spread rapidly especially in wetter rainfall years.

The estimated gas tax revenue for the 2012/2013 budget is \$282,097 and partially funds the required personnel, equipment and materials and supplies for the maintenance and engineering of the existing street system, including signs, traffic signals, street lighting, storm drain maintenance, street tree maintenance and the repair of streets. The amount of funding required to perform this maintenance is approximately \$587,000 for the 2012/2013 fiscal year budget. Additionally, over the past decade supplemental funding for street and road maintenance has continued to dwindle to the point that the City currently receives only about \$88,000 of non-discretionary State Highway Account funding from the San Luis Obispo Council of Governments biennially, based on an equitable Countywide distribution formula, above the Gas Tax Revenue from the State to maintain its inventory of approximately 54 centerline miles. Up until 2003 the City received enough supplemental street funding to have a fairly robust street maintenance program, but due to many factors including State takeaways, the power plant decreasing production and a downturn in the overall economy the City has found it necessary to cut expenditures. For example in 1999 the City had a seven person street crew and was able to perform a variety of street maintenance activities including an in-house street over lay program. Since 2007, Measure Q has provided some additional sales tax revenue to improve street but the backlog of street maintenance and repair continues to grow. Streets routinely deteriorate over time typically losing approximately 1 or 2 points a year for the first 15 years after which a much more rapid deterioration increases over time.

DISCUSSION

A sound PMP invests the majority of available funding into streets of fair condition to prevent this rapid deterioration cycle from starting. 24 Streets were either fully or partially rehabbed in 2012 representing 39,200 feet (7.5 miles) or 14% of City Streets. Locations are noted in Attachment 3. The work cost \$1.1 million (~\$50,000 funded by CalRecycle) and utilized the following pavement management techniques:

1. Slurry seal – Used for streets in fair condition that had not started deteriorating rapidly and had not received treatment since 2003 (show before and after photo). Slurry seal is a mixture of fine aggregate and asphalt. A polymer binder is sometimes added to help it set faster so that traffic disruptions are minimized. Slurry sealing with polymer additives is called Microsurfacing.
2. Cape Seal – For streets that had started deteriorating rapidly or required more robust treatment. A Cape seal is a two layer process. The first layer, called a chip seal, is a layer of gravel adhered to the pavement with a rubberized asphalt binder. The second layer is a slurry seal that smoothes the surface and helps keep the gravel from raveling.
3. Triple Layer – The second and third layers are identical to a Cape Seal, but an additional microsurface layer is added as a first layer to help level out irregularities and to provide added strength to the road surface.
4. Overlays - Generally consists of the application of varying thicknesses of asphaltic concrete. It is used when pavement surface is in poor condition but road subgrade is still structurally sound. .
5. Reconstruction – Reconstruction is used when the pavement surface and subgrade have failed; curbs, gutters and other drainage structures are in poor condition or the addition of subsurface underdrains is needed to achieve structural integrity; or additional lanes are needed.

Extra Work:

1. The contractor added a triple layer on Tide Street as compensation for their delayed project start. The success of this treatment will be observed over the years and if successful, it can be used on other streets that would normally require reconstruction.
2. Due to construction delays, the contractor was unable to finish the work in July as originally scheduled. Because the new fiscal year had begun and an additional \$250,000 was available for street work, it was decided to take advantage of the contractor presence and reasonable unit prices to add additional work to the contract. Several additional streets were added to the project, including portions of Kern, Beach, Harbor, Marina, and Pacific, using the triple layer treatment method.
3. Refreshing of worn striping throughout the city was also added to the project. This work was scheduled to be complete by January 14.
4. Several drainage facilities were repaired or extended, including cross gutters and curb and gutter at four locations.
5. Street monuments were replaced/restored in 56 locations.

The general emphasis of the PMP is pavement preservation, which is the most effective use of the City's limited funding. For example cost to totally reconstruct one mile of typical residential street in North Morro Bay with the poor soil conditions is approximately \$1.5 million, while the cost to perform a chip or slurry seal on a street in fair condition to preserve that pavement ranges from \$120,000 to \$300,000 per mile. The Schedule for future streets and their estimated costs are included in Attachment 1.

Review of Pavement Management Plan

Morro Bay's Pavement Management Plan (PMP) has been developed for the City to implement a systematic program of maintenance, repair and improvement of the streets of Morro Bay. The entire PMP is provided as Attachment 2 but a overview of the program follows.

Based on American Public Works Association's (APWA) MicroPaver Program, the PMP sets out optimal strategies and estimated costs for overall improvement to pavement conditions within City limits. The foundation of the PMP is an inventory of city streets, objectively classified according to their current condition. A Pavement Condition Index (PCI) is used to classify street conditions, with ratings ranging from 0 to 100. A comprehensive inventory was undertaken in 2009 and PCI values projected into 2013 based on typical deterioration rates of untreated streets and improved conditions of rehabilitated streets. The table below shows the results of this analysis.

Street Category	Miles	PCI (2009)	PCI (2013)
Arterial	7.9	78	82
Collector	3.2	60	61
Local Commercial/Industrial	5.5	64	62
Local/Residential	36.2	59	57
Total	53.4	63	63

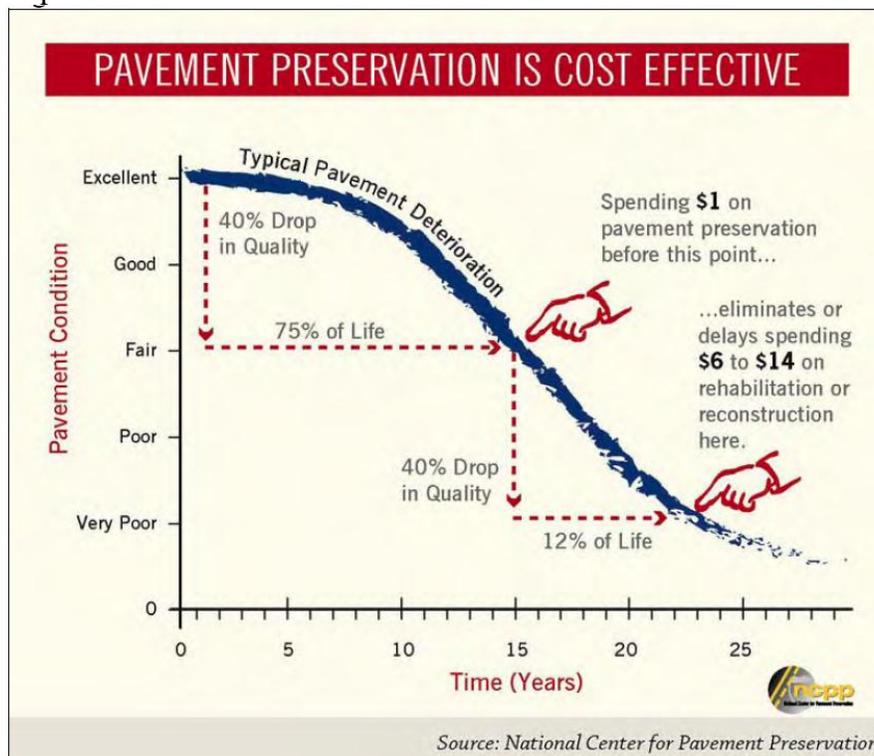
The table above shows that the arterial streets such as Main, Morro Bay Blvd, and the Embarcadero are

in the best condition while residential streets have the lowest average PCI. Residential street conditions also vary significantly by location as shown in the table below:

RESIDENTIAL STREETS PCI BY LOCATION		
Location	Miles	PCI
North	10.4	51.1
East Central	12.2	47.5
Downtown	5.3	61.4
South	8.9	74.8
Total	36.9	57.0

Streets with the lowest PCI are located on the north half of the City (north of Atascadero Road) where poor soil conditions and substandard streets are most common.

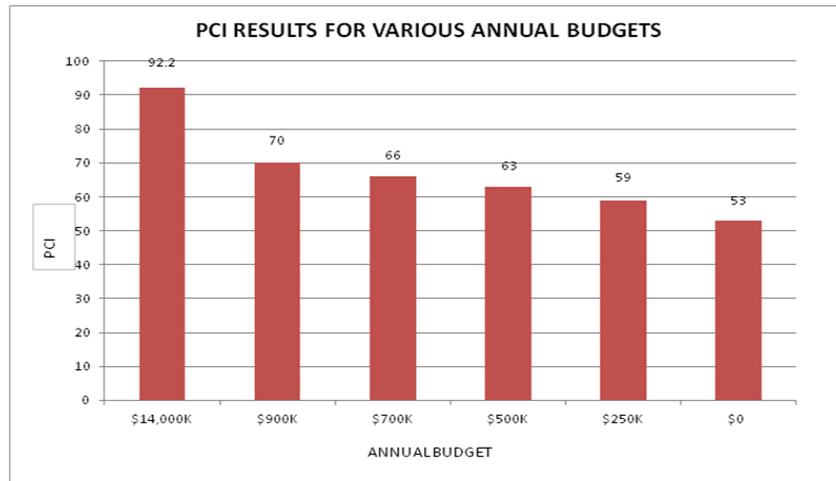
The street inventory provides the basis for a strategy to maintain and improve the conditions of the City’s transportation network. The initial selection of streets for rehabilitation is made using the MicroPAVER program with the goal of maximizing the impact of pavement management dollars. This generally means that the most cost-effective expenditures are directed towards preservation of streets that are in fair condition, prior to the onset of rapid deterioration. The chart on the following page illustrates this concept.



Financing Pavement Management

Pavement management is financed from a number of sources, including General Funds, Measure Q, Regional Transportation funds, and various grants as they become available. The total cost to repair or

replace all city streets is \$14 million. Annual maintenance costs are projected to be \$500,000 annually to maintain the current condition. Greater or smaller annual expenses will result in a corresponding change in street condition. The chart below projects the resulting PCI for various budgets over a ten year period.



PMP recommendations also include the implementation of an effective pothole repair program. This repair program currently provides two types of activities: digouts and crack sealing. These types of maintenance procedures prevent water intrusion into the supporting soil and also serve as stop-gap repairs until major maintenance can be performed. The City's pothole repair program has historically operated reactively, however staff is making positive progress to a more pro-active approach.

Regular Proactive Street Maintenance

The Street Maintenance staff are currently focusing digouts on streets located in the north part of town and working our way south. Staff has performed many of these smaller repairs with in-house resources and has utilized private contractors to perform larger area activities. During the time period of July 2011 to October 2012, staff has performed pothole repairs utilizing over 218.31 tons of asphalt. Included in this total is 122 tons used in cross gutter repair and approximately 25 tons used has cold patch repair. The repairs have been throughout the City with notable repairs on the following streets: Orcas, Andros, Bernardo, Kodiak and Sicily. The total 218.31 tons were invoiced to the City in the amount of \$29,291.67.

Staff continues to operate street repairs with City Council allocations from the General Fund and Measure Q resources. Maintenance operations have been allocated approximately \$20K from the G.F. for the previous two Fiscal Years for asphalt supplies to address pothole repairs. Measure Q allocations have been significantly higher with \$140K in FY 2010/11, \$0 in FY 2011/12, and currently \$169K for FY 2012/13. These Measure Q allocations have provided the needed resources to implement a pro-active pothole repair program.

SIDEWALK REPAIR OR REPLACEMENT

Although the California Street & highways Code assigns sidewalk maintenance responsibilities to adjoining property owners, the City continues to provide repair operations to maintain safe and usable sidewalks. This would include repairing any damage introduced by natural or unnatural causes. Most sidewalk issues are produced by the intrusion of street tree roots, which tend to lift sections of concrete presenting an unsafe

condition. The City usually performs sidewalk repairs with outside private contractors but have occasionally provided the demolition to expedite particular projects and conserve available resources. Repairs to sidewalks, curbs and gutters or tree wells were performed at twenty locations during the past year. Specific locations are noted in Attachment 3

STORM DRAINS

The City's Storm Water Management Plan aims to achieve quantifiable improvements to water quality; many Best Management Practices are used to achieve this goal. Storm drain cleaning and street sweeping are two practices the City implements to remove potential containments before they enter the water ways. Stormwater runoff can convey particulates and other pollutants from roadways and various impervious surfaces in urban areas. The storm drains are cleaned twice a year and the amount of material removed from February 2011 to December 2012 was approximately 5 yards of debris. The downtown and Embarcadero streets are swept weekly and the remaining streets are swept twice a month. The amount of debris removed by the street sweeper during this same time period was approximately 273 tons.

The City currently has a storm drain master plan completed by the John L. Wallace and Associates (now known as the Wallace Group) in 1987. The plan outlines deficiencies in the City's storm drain system; the plan is out dated and needs to be updated. If the City were to implement the current plan, the total cost in today's dollars to complete the work identified in the plan would be in excess of \$6-million or approximately \$850,000 a year for the next ten years if we factor in inflation. This does not include the amount needed to repair or replace the several thousand feet of 50 plus year old corrugated metal pipe that rusts away every day underground in Morro Bay. A goal for this year is to update the storm drain master plan along with the City's engineering standards to better identify the storm water needs in the City.

TREES

The City is in the process of developing an Urban Forest Management Plan (UFMP). The plan will guide the City toward a healthy, sustainable urban forest. As part of the plan, the trees in the commercial areas are currently being surveyed using a GPS and incorporated into a GIS mapping program. This will enable the City to have a better idea of the health, age, species diversity, and the overall quality of the trees in this area.

The UFMP will help to determine specific levels of funding needed for tree maintenance and tree planting over a multi-year period. The plan develops goals which provide objectives and actions in order to achieve these goals. The plan is a living document that will grow with the urban forest and evolve with new goals, objectives and actions as needed.

TREE TRIMMING

City street trees are maintained by both in-house staff and by private contractors. Trees in the Right of Way are ultimately the City's responsibility, however, certain circumstances have allowed private residents to trim and occasionally remove trees which warrant such action. During the period of April 2011 to December 2012, staff has received 88 citizen requests for tree service. The requests submitted ranged from light trimming to complete removal. Tree trimming is scheduled and performed during the non-nesting months of July to January. Any tree work performed from February to June would be a matter of safety to life and/or property. A list of locations to some of those work service requests is provided in Attachment 4. This list of tree locations is not a comprehensive list of all the tree work completed within the above dates. Some of the trees listed are part of the annual trimming and others are addressed by public solicitation through the City's work order system. Ideally, trimming of public street trees would be addressed annually with service to a percentage of the overall urban forest and cycling the inventory every four to five years. Staff's intent is to

request budget allocations to cover this annual service as well as provide resources to react in cases of emergencies and or safety issues.

CONCLUSION

Streets and associated appurtenances are vital to the economic wellbeing of our community and are sorely in need of additional resources to maintain them in a condition that is acceptable to the citizens and visitors of our city. Continued allocation of State gas & vehicle tax revenues, grant funding, Measure Q sales taxes and future development impact fees are essential keep our roads from deteriorating further. Implementation of the State Streets and Highway Codes provisions regarding sidewalk maintenance would provide a small measure of relief.

ATTACHMENT

- ATTACHMENT 1** City of Morro Bay Pavement Management Plan
- ATTACHMENT 2** Schedules of Future Street Rehabilitation Projects
- ATTACHMENT 3** 2012 Street Rehabilitation Map
- ATTACHMENT 4** Specific Project Sites

ATTACHMENT 1: City of Morro Bay Pavement Management Plan

\$900,000 per year.

An evaluation of the overall street system was also performed as part of this scope of work. The analysis showed that the City's overall weighted average PCI is 63. This is below the PCI value of 70 that most California cities try to maintain. The City's arterial system PCI is better than average, but the other three street categories (collectors, commercial/industrial, and residential) rank below the 70 PCI benchmark.

The City's arterial system PCI is better than average, while the other three street categories (collectors, commercial/industrial, and residential) rank below this benchmark as shown in the table below.

Street Category	Miles	PCI
Arterial	7.9	78
Collector	3.2	60
Local Commercial/Industrial	5.5	64
Local/Residential	36.2	59
Total	53.4	63

TOP POLICY RECOMMENDATIONS

1. Achieve and maintain a PCI of 70 for all City streets
2. Regularly update the MicroPaver street condition database

TOP PROGRAM RECOMMENDATIONS

1. Institute a regular global maintenance (street sealing) program
2. Implement an effective pothole repair program
3. Implement a regular crack sealing program
4. Create a comprehensive 10-year Pavement Maintenance and Rehabilitation Program

ATTACHMENT

City of Morro Bay's - Pavement Management Plan, June 2011

PAVEMENT MANAGEMENT PLAN (PMP)
FOR
THE CITY OF MORRO BAY



Prepared by:

Barry Rands, P.E., Associate Engineer and

Rob Livick, P.E./P.L.S., City Engineer/Director of Public Services

June 2011



EXECUTIVE SUMMARY

This Pavement Management Plan (PMP) has been developed for the City to implement a systematic program of maintenance, repair and improvement of the streets of Morro Bay. Based on American Public Works Association's (APWA) MicroPaver Program, the PMP sets out optimal strategies and estimated costs for overall improvement to pavement conditions within City limits.

Four general maintenance and rehabilitation categories were used for this PMP program; reconstruction, overlays (heavy and light), maintenance (street sealing) and no action. Annual pavement maintenance and rehabilitation projects were developed for the next five years as part of the program. Care was taken to select streets using a critical PCI (Pavement Condition Index) approach and to group streets geographically to promote reduced construction costs using budget ranges of \$250,000 to \$900,000 per year.

An evaluation of the overall street system was also performed as part of this scope of work. The analysis showed that the City's overall weighted average PCI is 63. This is below the PCI value of 70 that most California cities try to maintain. The City's arterial system PCI is better than average, while the other three street categories (collectors, commercial/industrial, and residential) rank below this benchmark as shown in the table below.

Street Category	Miles	PCI
Arterial	7.9	78
Collector	3.2	60
Local Commercial/Industrial	5.5	64
Local/Residential	36.2	59
Total	53.4	63

POLICY RECOMMENDATIONS

1. Achieve and maintain a PCI of 70 for all City streets
2. Regularly update the MicroPaver street condition database
3. Encourage use of new technologies and materials in pavement design

PROGRAM RECOMMENDATIONS

1. Institute a regular global maintenance (street sealing) program
2. Implement an effective pothole repair program
3. Implement a regular crack sealing program
4. Create a Green Streets program
5. Implement a street subsurface evaluation program
6. Upgrade or Install ADA curb ramps
7. Modify and/or enforce trench cut standards
8. Coordinate with other programs and departments
 - a. Utility Master Planning and scheduled repairs
 - b. City Trees

- c. Bicycle Traffic
 - d. Non-City Utilities (Cayucos, AT&T, PG&E, etc
 - e. Fire
 - f. Police
 - g. Businesses and Residents
9. Create a comprehensive 10-year Pavement Maintenance and Rehabilitation Program

Ideally, an annual budget of \$900,000 for the street program will be sufficient to improve the street system beyond its current level and that the average PCI will reach the goal of 70 in ten years. While an annual budget of \$900,000 is the optimal funding level in order to improve the City's average pavement condition index to 70, this amount may be unrealistic given today's financial climate; and lower annual budgets will have less effective results. A more realistic compromise is proposed with initial expenditures of \$500,000 during the first year and \$250,000 annually thereafter, with the intention of supplementing with grants and other external resources. The actual amount will be approved with each annual budget process.

**DEVELOPMENT
OF A
PAVEMENT MANAGEMENT SYSTEM
FOR
THE CITY OF MORRO BAY**

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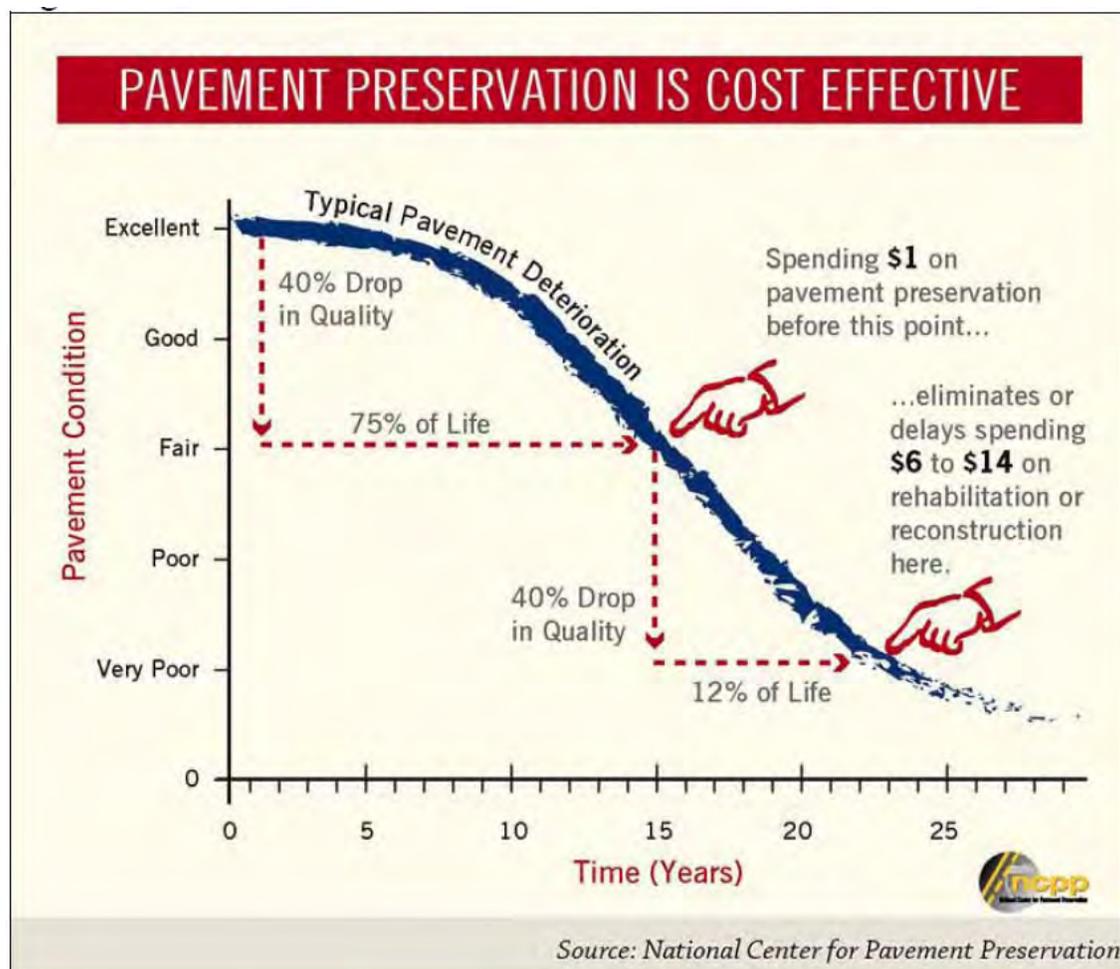
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SECTION I: INTRODUCTION

This project consisted of setting up a Pavement Management System (PMS) for the City of Morro Bay. MicroPAVER, version 6.1, an American Public Works supported PMS software package, was used for this project.

A PMS program has several distinctive uses as a budgeting and inventory tool, while also providing a record of pavement condition. The primary use of any PMS is a budgeting tool with the aim of maximizing the cost effectiveness of every dollar spent on city streets. The graphic below illustrates how critical it is to allocate funds for street repair in a timely manner. The system provides project rehabilitation costs and timing based on nationwide research which provides average pavement deterioration rates. Unit costs are based on recently bid projects. As an inventory tool, it provides a quick and easy reference on pavement areas and usages. As a pavement condition record, it provides age, load-related, non-load related and climate related pavement condition and deterioration information.



A PMS is not capable of providing detailed engineering designs for each street. The PMS instead helps to identify potential repair and maintenance candidate streets. Further investigation, or project level analysis, of these candidate streets is used to optimize the City's pavement management dollars. Project level pavement analysis and engineering is an essential feature of future pavement maintenance and rehabilitation projects. Project level engineering examines the pavements in significantly more detail than the visual evaluation required for the

PMS system and provides optimization of the design given all of the peculiar constraints of the project streets.

The PMS software assumes average construction and material quality. Pavement life is very sensitive to materials and workmanship quality. Poor quality new construction may result in up to a 50 percent loss in the pavement life. In other words, poor quality new construction may last 10 to 15 years, whereas excellent quality construction may last 20 to 30 years. Investing in quality, both in design and construction, provides significant returns in extended pavement life resulting in lowered annual maintenance costs.

The PMP for the City of Morro Bay has five primary goals as follows:

1. Provide an accurate and complete inventory of the City's pavements and condition.
2. Identify and quantify maintenance and rehabilitation needs for the street system.
3. Identify prioritization and optimization criteria for the street system.
4. Develop a set of pavement management policy guidelines.
5. Develop a ten year plan and budget for the City street system.

A full appreciation of a pavement management system and the value of its data and cost projections depends on a basic understanding of pavement design basics. These are provided in Section II: Background. Section III provides information on the PMS Program Specifics incorporated into the program. Section IV provides Summarized System Information in the form of easy to read tables and figures. Section V provides a set of policy and program recommendations for future pavement management. Two appendices detail the proposed ten-year pavement management program and a list of description of pavement distresses.

SECTION II: BACKGROUND

This section is intended to introduce important pavement design definitions and calculations as a background for understanding the Pavement Management System (PMS) assumptions.

PAVEMENT DESIGN BASICS

Pavements are a structural support system generally considered to act like a beam. But unlike beams in buildings which generally have static loads, the pavement structure is flexed many times from traffic loading. Cars and light trucks have little impact on the pavement structure. Larger/Heavier trucks have very significant impacts to the pavement due to the high axle weights. The impact of trucks is measured in equivalent single 18,000 pound axle loads (ESALs). The total ESALs are converted into a design Traffic Index (TI) by an exponential formula. For example, a design TI of 5 is equal to 7,160 ESALs. A design TI of 8 is equal to 372,000 ESALs. Therefore, the design TI is related to the total number of ESALs that the pavement will support before it begins to fail, regardless of the passage of time. Normally for a new pavement, the ESALs over a 20-year period are used. For rehabilitation procedures such as overlays, 10 years is generally used.

The other element of pavement design is the support of the beam. The support is provided by the subgrade soils. The support value is designated by the R-value test, which is performed by a soils engineer.

Using the design TI and R-value, the pavement designer chooses various materials to construct the structural section. The most common pavement section is a thin layer of asphalt concrete over aggregate base(s)

Many options are available depending on specific project requirements and conditions.

The design method used in California is based on a 50 percent reliability. This means that the average pavement life of all pavements constructed using the design procedure will last the design life. It also means that about half will not last that long and the other half will last longer. To express this concept, a design life is often expressed in a span of years, such as 17 to 23 years for 20-year design life.

PAVEMENT DETERIORATION

Pavement deteriorates from two processes: fatigue and aging. The processes occur simultaneously. In a well designed and constructed pavement, the two processes result in the need to rehabilitate the pavement at approximately the same time. This is called the design life. The design life for most new pavements is 20 years. Each aging process has its own set of pavement defects which are related to the process.

Fatigue

The first deterioration process is fatigue from heavy axle loads. As the pavement structure flexes or bends from heavy wheel loads, the asphalt concrete layer's ability to flex is consumed. With sufficient bending, the asphalt concrete layer begins to break at the bottom. This cracking progresses upward until it reaches the surface and appears as alligator cracking. If left unattended, they will produce a pothole. These areas are repaired by removal and replacement of the asphalt concrete in the affected areas. These repairs are commonly called digouts.

Pavement structure and durability are also impacted by utility trenches. When total cumulative quantity of digouts and utility patches reaches approximately 5 percent of the total area, the pavement is considered to have reached its design life and requires major rehabilitation.

Aging

The major element of the pavement structure which ages is the asphalt concrete layer. To a minor extent, aggregate bases can age if contaminated by fine soil particles which are transported from the subsoil into the aggregate base.

Asphalt concrete is composed of aggregates and asphalt cement. The aggregates used are generally of fair quality and do experience some breakdown over time. Aggregate aging problems need to be addressed in maintenance procedures. The asphalt concrete binder ages as well. As the asphalt binder ages, it loses volume through loss of volatile components in the asphalt. As the volume decreases, the pavement will progressively crack from the resulting tensile strain in the layer. Normally, these cracks first show up as transverse cracks. They also show up at weak areas such as paving joints. These cracks widen and increase over time until the pavement has a checkerboard appearance.

The aging process also causes the pavement to become more brittle. The increased stiffness results in additional cracking from loaded vehicles. This load induced cracking from the brittleness of the asphalt concrete is very similar to fatigue cracking in appearance. The major agent for deterioration of the asphalt concrete binder is oxygen. The carrier of the oxygen is water. Water enters the pavement either from the surface or as water vapor from underneath.

TYPICAL PAVEMENT DEFECTS

MicroPAVER identifies nineteen different distress types. Some of these distress types are not applicable to the City of Morro Bay. Using our knowledge of California coastal streets, we have reduced the number of distress types to fifteen. These fifteen are:

1. Alligator Cracking (Fatigue)
2. Block Cracking
3. Bumps and Sags
4. Depressions
5. Edge Cracking
6. Joint Reflection Cracking
7. Lane/Shoulder Drop-off
8. Longitudinal and Transverse Cracking
9. Patching and Utility Cut Patching
10. Polished Aggregate
11. Potholes
12. Rutting
13. Shoving
14. Swell
15. Weathering and Raveling

These defects are common to virtually all of the pavements as aging progresses.

For purposes of understanding the character and levels of these distresses, the pavement defect descriptions from the rating manual are included in Appendix 2.

PAVEMENT MAINTENANCE PROCEDURES

Pavement maintenance procedures are designed to slow the pavement aging process. Mainly, the procedures are designed to protect the pavement from the adverse effects of water and to some extent vehicle traffic.

Maintenance procedures which protect the pavement from aging are crack sealing, digouts, slurry seals, and cape seals. When pavements have extensive cracking and are beyond their design life, sealing can also be used as an interim holding measure or stop gap prior to major rehabilitation.

Crack Sealing

Crack sealing prevents surface water from getting beneath the asphalt concrete layer into the aggregate bases. Crack sealing is generally performed using hot rubberized crack sealing material. The procedure includes routing small cracks, cleaning and sealing. The City owns and operates its own crack sealing equipment.

Digouts (Patching)

Digouts are small areas of deteriorated pavements (usually potholes) which are removed and replaced with new asphalt concrete. Pavement removal is accomplished by cold planing or sawcutting and excavation. New asphalt is installed in at least two lifts. The digout depth is determined depending on the severity and type of distress, as well as street type and construction. Shallow patching is often used on low to medium severity distressed areas of pavement where the underlying base is sound, while a full depth digout is required when the failure of the base material is detected. Digouts are generally performed by the City crew, though digouts repairs are often required in preparation for a contracted slurry seal.

Slurry Seals and Micro-surfacing

Slurry seals consist of a combination of fine aggregate and emulsified oil used on relatively good streets to preserve and extend pavement life. Slurry seals are also a cost effective treatment for streets whose major form of distress is severe weathering or raveling. Micro-surfacing is similar to a slurry seal with added polymers that allow the application of thicker layers and added service life. The added thickness of micro-surfacing makes it a good choice to correct rutting. Micro-surfacing is used exclusively by the City of San Luis Obispo for routine street sealing providing excellent results with a life expectancy of 8 years. The City of Morro Bay used micro-surfacing for the first time in November, 2010 on a one-mile stretch of North Main Street between Atascadero Road and San Jacinto.

Cape Seals

Cape seals consist of a chip seal overcoated with a slurry seal. A chip seal is an application of small angular rock (chips) approximately 1/4" to 3/8" in maximum size embedded into a thick application of asphalt emulsion. Most chips seals incorporate polymer modified binders.

Cape seals are used on residential and collector streets to maintain a pavement which may need an overlay, but there are not sufficient funds available. Chip seals are placed over low to moderate alligator cracks and block shrinkage cracking. Due to the distress covered by the chip seal, small areas of disbonding or failure may occur and will require patching.

Cape sealed surfaces are fairly coarse compared to new paving. Due to this characteristic, they may not be acceptable to some segments of the public.

Though chip seals were used extensively in Morro Bay prior to incorporation, many of the streets that received this treatment did not have a stable base and subsequent deterioration has resulted. Cape seals have never been used in Morro Bay but are being considered as a pavement treatment option in the near future on streets with a stable base. They may also be used as an interim holding measure to “hold” the pavement together until funds become available for major rehabilitation.

PAVEMENT REHABILITATION PROCEDURES

Pavement rehabilitation consists of procedures used to restore the existing pavement quality or to add additional structural support to the pavement. Rehabilitation procedures include conventional overlays; heavy overlays; and reconstruction.

Conventional Overlays

Conventional overlays generally consist of surface preparation, the optional installation of pavement fabric, followed by the application of varying thicknesses of asphalt concrete. Surface preparation can consist of crack filling, pavement repairs of base failures and leveling courses.

Pavement fabric is often used as a water inhibiting membrane and to retard reflective cracking. Care must be used with fabric to avoid intersections with heavy truck braking, steep grades (generally over 8 percent), and areas where subsurface water might be trapped.

The overlay thickness is determined by the structural requirement of the deflection analysis and reflective cracking criteria. The reflective cracking criteria requires the thickness of the overlay to be a minimum 1/2 the thickness of the existing bonded layers. Pavement fabric can account for 0.10 ft of asphalt for reflective cracking criteria if the structural requirements from the deflection analysis are met.

Conventional overlays have an expected service life of 7 to 13 years if they are designed to meet structural and reflective cracking criteria and are well constructed.

Heavy Overlay: Pulverization and Resurfacing

Pulverization and resurfacing (also known as Cold in-Place Recycling) is an alternative to conventional overlays for streets that are structurally adequate but exhibit sufficient cracking to warrant improvement to the asphalt surface. Pulverization and resurfacing is an intermediate step between overlays and reconstruction. The existing asphalt concrete is pulverized, mixed with an engineered emulsion and reapplied over the existing aggregate base. The total structural section is increased by the recycled base. A final seal coat or thin overlay completes the resurfacing process. This method eliminates the stress history and cracking of the old asphalt concrete pavement, thus eliminating negative impacts on the new asphalt concrete surface.

Pulverization and resurfacing has a life expectancy of 13 to 18 years. The life expectancy is slightly less than full reconstruction because some residual deficiencies in thickness or quality of the unaffected layers may still exist. Additional testing is necessary to determine if pulverization is a viable alternative. This testing includes measuring the existing structural section and testing the native soil for bearing capacity (R-value).

Heavy Overlay: AC Removal and Replacement (Mill and Fill)

On some thick asphalt concrete pavements, the most economical approach to rehabilitating the pavement is to remove some of the existing asphalt concrete surface by cold planing and to place new asphalt concrete surface which matches the existing profile. This method may be

required if the pavement profile is already so thick that the additional thickness obtained from recycling the existing pavement is unacceptable due to drainage, street geometry, or other concerns. The removed asphalt can often be recycled and reused on other streets if concurrent projects are planned appropriately. Depending on existing conditions, this method should have a life of 15 to 20 years.

Reconstruction

When the pavement has severe cross section deficiencies or requires significant structural strengthening, reconstruction may be the only alternative. Generally, existing pavement materials are recycled and incorporated into the new pavement structure in a process called Full Depth Reclamation. This method minimizes the importation of new base material and virtually eliminates export of material to landfill sites. Engineered emulsion binders are mixed with the existing materials to form a base that is equal to or superior in strength to new aggregate base. The final surface is then applied, typically 3 to 4 inches of hot mix asphalt. Many of the residential streets on the north side of town require reconstruction due to the poor quality of the original construction prior to incorporation.

SECTION III: THE PMS PROGRAM

This section discusses the characteristics of the PMS program and its application to the City of Morro Bay.

BACKGROUND

During the early years of PMS software development, many companies developed private PMS software packages focused on management of municipal street systems. Though these programs were versatile and sophisticated, the user was also dependent upon the software vendor for training, program updates, and software servicing. Many of the vendors had difficulty maintaining their software, leaving agencies stranded after making a substantial investment.

The American Public Works Association identified the need for a publicly supported PMS program independent of private vendors. The association chose the Paver program as a basis for a municipal version. The original Paver PMS program was developed by the Army Corp of Engineers for management of military pavements, particularly air fields. Working with the Army Corp of Engineers, APWA-MicroPAVER was developed.

The program has features which make it applicable for a wide range of municipal pavements throughout the country. In order to make it user friendly, the program lacks much of the sophistication of private programs. However, it does provide good system wide models and budgeting capacity. It also provides an inventory of pavements.

For this project, the City decided to update their MicroPAVER software to the latest version, 6.1. It is also used by many other municipalities and counties in the region, including the Cities of Pismo Beach and San Luis Obispo and the County of San Luis Obispo.

SYSTEM ASSUMPTIONS

The PMS program makes several basic assumptions regarding the degradation of pavements. The basis of the system is the Pavement Condition Index (PCI). New pavements with no defects receive a score of 100. From this score, the program deducts points based on defect type and severity identified during the visual review. After the initial PCI for a street segment is determined, the program reduces the PCI on an annual basis using preset deterioration curves. Placement on the deterioration curve is determined by the date of original construction or most recent overlay. The PCI is increased when a maintenance or rehabilitation activity is performed.

The APWA-MicroPAVER PMS program does not have the capacity to include much historic information beyond the date of original construction or most recent overlay in determining the current PCI or initial score. Thus, a pavement without defects is scored at 100, regardless of age. Most pavements within the first 5 to 8 years of their life have few if any defects. Therefore, a PCI of 100 may be applied to pavements from 0 to 8 years old. At 8 years, the pavement is approximately 1/3 through its initial life. As the system is maintained with maintenance activity and condition updates, the system adjusts itself to correct for these initial input variances.

The system uses standard treatments to raise the PCI based on the original PCI. The treatment strategies include localized maintenance, global maintenance, and major rehabilitation. Localized maintenance includes such activities as digouts and crack sealing. Global maintenance includes activities such as slurry, micro-surfacing and cape seals. Major rehabilitation activities include overlays and reconstruction.

The system ratings do not take into account geometric constraints in the system such as

excessive crowns or lack of median curb height. These geometric constraints often make some procedures inapplicable. An example is lack of curb height. At some point, the pavement will have to be milled off prior to placement of a new surface layer. The system does not contain this alternate. Neither does the system include miscellaneous costs, such as associated concrete repairs or sidewalk improvements.

Maintenance treatment recommendations are based on certain PCI and pavement distress level thresholds, some of which are adjustable by the user and others are not. Due to these assumptions and program simplifications, the PMS program designated maintenance treatment for a given street may not be precisely what that particular street requires. For example, the program suggests major rehabilitation if the surface area of alligator cracking exceeds 0.5% of the total street surface. Such streets can often be patched and resurfaced at a lower cost. Making these determinations is project level engineering. The PMS program identifies candidate streets for various treatment types. The project engineer then visually reviews the streets. Depending on the condition, a specific maintenance treatment can be specified, or in the case of major rehabilitation, additional testing may need to be performed to identify which specific maintenance or rehabilitation approach may be most economical.

The goal of the PMS program is to furnish budgetary amounts in order to achieve system wide improvements in the overall pavement condition. The goal of project engineering is to obtain the maximum economical impact for a given subset of the system to be maintained. Using the PMS program, management is able to realistically budget for economically maintaining the City's pavement system. Annually updating maintenance activity and costs keep the system current.

PAVEMENT MAINTENANCE PRIORITIES

Though the initial selection of streets, scheduling of work, and choice of treatment is made by the MicroPAVER program with the goal of maximizing the impact of pavement management dollars, several user-defined criteria guide the program in the way it processes data. These key criteria include:

1. Achieve and maintain an average PCI of 70 or higher for all city streets with no street below a PCI of 55.
2. Give priority to more heavily traveled streets. The order of priority has been set as arterial, collector, industrial, and residential, in that order.
3. Preventative maintenance on streets with a low surface area percentage of distresses is the best use of funds. Digout repairs followed by cape seals or micro-surfacing treatment measures can be used as appropriate. Priority is given to streets that are in the lower PCI range to prevent them from dropping down into a distress category that requires more expensive rehabilitation.
4. Rehabilitation measures are generally required for streets with a PCI in the range of 55 to 70 or high surface area percentage of distresses. Priority is given to streets that are in the lower PCI range to prevent them from dropping down into a distress category that requires more expensive reconstruction.
5. Streets that have fallen below a critical PCI level of 55 and have known base deficiencies shall be scheduled for reconstruction on a "worst first" basis. Stopgap measures shall be used to keep streets safe for travel until reconstruction can take place.

SYSTEM INVENTORY

The street classifications (arterial, collector, industrial, and residential) assigned in this report were determined by city staff. Since pavement life is directly proportional to the types and weight of vehicles, the City should periodically review and upgrade the classification of streets

so the PMP can correctly identify rehabilitation and maintenance strategies and account for the increased truck traffic.

All streets were measured using a vehicle mounted measuring device for length and a hand held measuring wheel for width. Length was measured from center of intersection to center of intersection on residential and collector streets. Intersections of arterials and collectors were measured in only one direction unless two arterials adjoined each other, in which case the intersection length was included in both directions. Measuring from centerline to centerline creates an increased area in the program. This increase helps adjust for additional costs of maintaining intersections. In the case of cul-de-sacs, lengths were adjusted to account for the additional pavement area in the cul-de-sacs bulbs. Widths were measured from face of curb to face of curb to provide a small amount of contingency. Widths of collectors and arterials were adjusted to account for pavement in turn pockets.

PAVEMENT MAINTENANCE AND REHABILITATION UNIT COSTS

The following costs were used to develop the indicated budget numbers for each street segment reviewed. The costs include miscellaneous work such as transitions, striping, digouts, etc.

The costs are averages. Small programs will have higher unit costs and large programs will have lower unit costs. The larger the annual program size, the better the economies of scale. Timing is also important. Bidding the work in early spring will result in significantly lower prices than bids solicited in the late summer or fall. If small packages are used, costs could be 25 to 50 percent higher.

The costs reflect prices for work completed within the county over the past few years, including data from within the City and estimated costs from other agencies using MicroPaver. The developed unit costs include striping and other lump sum project costs for each street. The costs per street were then averaged and rounded to produce the indicated unit costs. The unit costs include a 10% contingency and a 15% allowance to account for engineering design fees and inspection. These prices are in today's dollars (December, 2010) and do not account for inflation.

PAVEMENT MAINTENANCE & REHABILITATION UNIT COSTS

Treatment Description	Street Classification (Cost/SF*)		
	Arterial	Collector	Residential
Reconstruct	\$5.00	\$5.00	\$4.50
Thick Overlay	\$3.50	\$3.50	\$3.00
Thin overlay	\$2.50	\$2.50	\$2.00
Heavy Maintenance (Cape Seal)	\$0.60	\$0.60	\$0.60
Light Maintenance(Micro-surface)	\$0.38	\$0.38	\$0.38

*All Costs Include Surface Preparation, Design and Inspection

Since life cycle cost analysis is part of developing annual maintenance and rehabilitation programs, some general life expectancies should be identified. For a typical light maintenance treatment, a service life of 5 to 8 years can be assumed. A heavy maintenance treatment may provide a service life of 7 to 10 years. A typical conventional overlay, whether light or heavy, has an expected service life of 8 to 13 years. Depending on the existing pavement and soil conditions, other rehabilitation options can be applied that will provide a service life of up to 18 years. A reconstructed pavement is expected to provide a service life of 20 years.

Depending on the existing conditions, the identified service life may vary. The projections of future life are given to provide a broad outline for pavement maintenance budgeting. They should not be interpreted as providing definitive predictions of future pavement performance.

VISUAL EVALUATIONS

All of the pavements were evaluated by a Cal Poly student working as an intern for the City. The streets were rated based on the *Paver Asphalt Distress Manual*, which is part of the APWA-MicroPAVER system described in Section II. Once the data were entered into the program, Rob Livick completed a quality assurance review of the system and verified the results in the field. The street inventory was based on visual evaluations. Recent street maintenance procedures could be masking the pavement's true condition. For this reason, the City should commit to maintaining the PMP by reviewing the system's pavements at least every three years.

SYSTEM UPDATES

The Pavement Management System is a dynamic program. It is expected that the City will continue to visually rate the street network and update the database at least every three years. It is recommended that the arterial, collector and industrial streets be re-rated annually. This constant review of the system will refine the deterioration curves used to predicate future work. In addition to the visual review, the City should update the database by adding new streets incorporated into the City as well as and new maintenance work performed to a particular street segment.

SECTION IV: SUMMARIZED SYSTEM INFORMATION

The City of Morro Bay currently maintains approximately 53.4 centerline miles of roadways (approximately 8,030,178 square feet of pavement). This represents an asset with a replacement value of approximately \$40,000,000.

Data were collected for the entire street system using MicroPAVER PMS version 6.1. An alphabetical listing is provided in Section V. The current weighted average PCI (Pavement Condition Index) for the street system is 63.4. While it is up to the City of Morro Bay to determine at what condition level (PCI) they want their pavements to be, most cities in California are trying to maintain their entire street system with an average PCI of 70 or above.

The street system for the City of Morro Bay currently breaks down as follows:

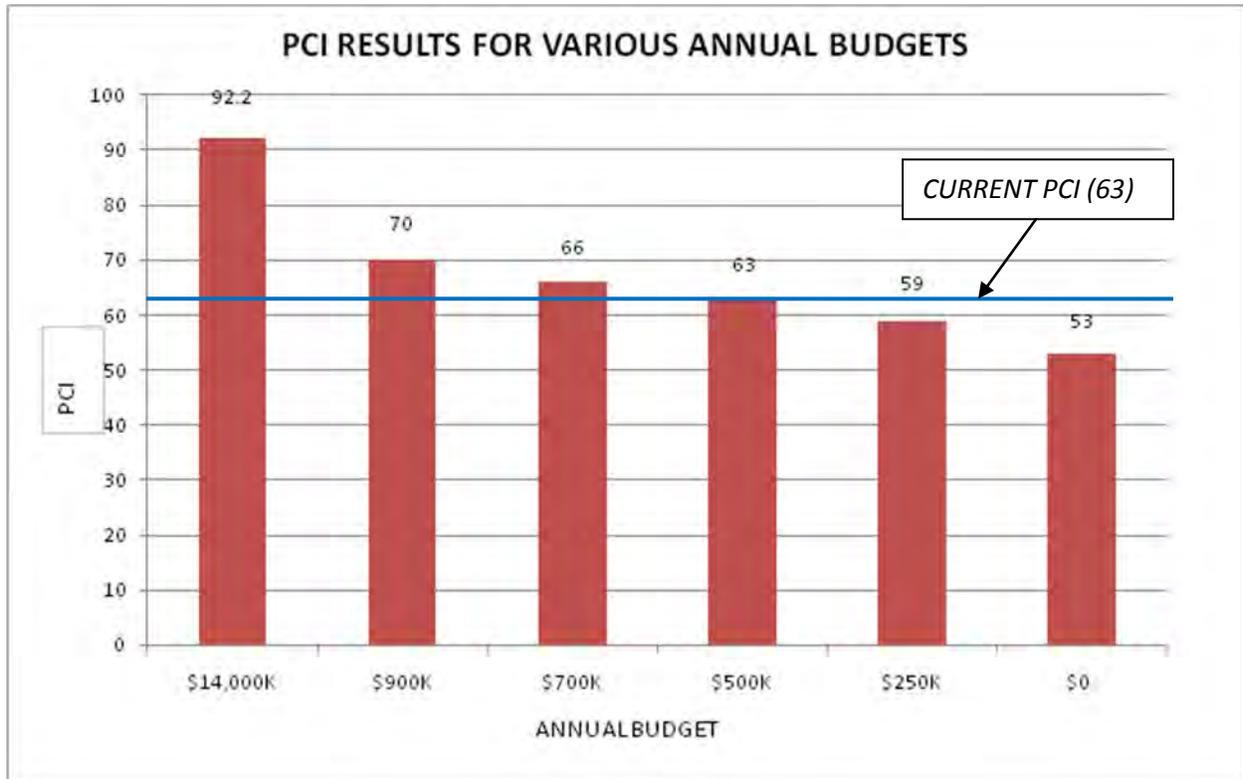
Street Classification	Centerline Miles	Area (Square Feet)	Percent of System	Average PCI
Arterials	7.9	1,531,968	19%	78
Collectors	3.2	526,700	7%	60
Local Industrial/Commercial	5.5	1,016,700	13%	64
Local Residential	36.9	4,954,810	62%	59
Total	53.4	8,030,178	100%	63

To assist with further analysis and project development, the City was divided into four zones: North, EastCentral, Downtown and South (see attached zone map). A summary of the pavements in these zones is presented in the table below:

Zone	Centerline Miles	Area (Square Feet)	Percent of System	Average PCI
North	11.8	1,435,800	18%	56.7
EastCentral	16.3	2,479,460	31%	59.9
Downtown	12.6	2,427,950	30%	68.6
South	12.8	1,686,968	21%	66.1
Total	53.4	8,030,178	100%	63.3

For this PMP, each street was assigned a treatment action and budget based on the pavement's current rating and construction history. The cost or need has been calculated at \$14.4 million to provide the recommended treatments to all streets. Spending this amount would result in the total system having an average PCI of well over 70. While it is recognized that the City of Morro Bay does not have the means, budget or resources to spend that amount of money, the number provides a bench mark for future analysis.

As part of the analysis, the anticipated PCI at various budget levels over 10 years was projected using the MicroPAVER software. The analysis showed that a yearly funding level of about \$500,000 is required to maintain the street system at its current average condition and it would require \$900,000 annually to increase the overall PCI to 70. Anything less than \$500,00 will mean continued degradation of pavement conditions in the City. The analysis is summarized on the graph below.



- The \$14 Million budget amount is the total expenditure required to provide all recommended repairs.

SECTION V: PAVEMENT MANAGEMENT PLAN RECOMMENDATIONS

POLICY RECOMMENDATIONS

1. **Achieve and maintain a PCI of 70 for all City streets:** The current level of 63.3 is below the average condition that most California cities try to maintain. It is also evident from the level of citizen complaints that our streets need improvement. Achieving an average PCI of 70 will not eliminate all poor streets, but it will reduce citizen complaints and provide a more attractive and efficient transportation network.
2. **Regularly update the MicroPaver street condition database:** All maintenance, repair and rehabilitation activities should be entered into the MicroPaver database so that current street conditions can be tracked and project planning facilitated. Coordination with the Streets Department, who are responsible for pothole repairs and other minor maintenance activities, will be necessary. A complete reevaluation of the entire street system should be performed every five years.
3. **Encourage use of new technologies and materials in pavement design:** For example, pavement recycling technologies have greatly improved in the last decade, providing street rehabilitation treatments that are durable, economical and less damaging to the environment. Micro-surfacing is a relatively new form of slurry seal that has proven to work well in nearby cities. In Morro Bay, it was used as a maintenance treatment on North Main Street in November 2010. Staff should keep abreast of new developments in pavement technologies and incorporate them in future work where feasible.

PROGRAM RECOMMENDATIONS

1. **Institute a regular global maintenance (street sealing) program:** The expected life of a good micro-surface treatment is eight years and a cape seal can be expected to last 10 years. Every street in the City should be sealed every 8 to 10 years unless it is scheduled for major rehabilitation. Such a maintenance program will need to be phased in over time, as there are many streets that already exceed this interval and budget does not allow to treat them all immediately.
2. **Implement an effective pothole repair program:** Pothole repair prevents water intrusion into the supporting soil and can also serve as a “stop gap” repair until major maintenance can be performed. Pothole repair can sometimes involve a simple removal and replacement of the top layer of asphalt, but more often requires full digout of the underlying base and reconstruction of the entire pavement profile. Once the area of pothole patch repairs exceeds 5% of the street area, the street is a candidate for major rehabilitation. The Streets Division is responsible for pothole repair, which can be performed either by City crews or by private contractors. Pothole repair requests usually originate from citizens but a more pro-active approach coordinated with the street sealing program will enhance both the life of the pothole repair and the seal coat.
3. **Implement a regular crack sealing program:** Older pavements tend to crack even if the subgrade is stable. Cracks, however, will allow water to enter the supporting soil and destabilize the pavement base. A regular crack sealing program will increase the longevity of streets and delay more costly maintenance and repairs. The Streets Division has the equipment to perform this task. Unlike potholes, which are often reported by citizens, cracks are best identified during periodic inventories. The MicroPaver PMS catalogues cracks that need attention. Sealing cracks prior to microsurfacing or chip

seals will extend the life of the new surface.

4. **Create a Green Streets program:** Street reconstruction is an opportunity to “go green” through the use of recycled pavement materials and in redesigning drainage to reduce the amount of polluted runoff that enters our creeks and the storm drain system. Green streets usually have bike and pedestrian-friendly components. Such a program is often a good candidate for external grant funding to help stretch City budget dollars. A City Council- approved grant application to develop a Green Streets program was submitted to Caltrans in early 2011.
5. **Implement a street subsurface evaluation program:** Streets that are scheduled for reconstruction may have adequate materials in the pavement profile to warrant full-depth reclamation of these materials. Depending on the quality and thickness of the existing materials that make up the pavement profile, and a suitable binder material can be designed to be added during the reclamation process to form a strong base. An evaluation of the pavement profile will provide the necessary data for engineering design of the recycled base.
6. **Install or Upgrade ADA curb ramps:** Street repairs are also a good time to update and add ADA curb ramps to current standards. In some cases, requirements attached to funding sources or the project is a significant improvement, ADA ramps need to be updated. Typically, when a street rehabilitation project requires ¾-inch or greater overlay, then curb ramp upgrades are installed.
7. **Modify and/or enforce trench cut standards:** Trench cuts can have a significant impact on street durability. Internal coordination with utility master plan projects will help reduce damage to recently paved streets due to planned activities, but trenching for emergency repairs and new developments are inevitable. Diligent enforcement of current engineering standards for trench backfill including the one-year warranty against settlement will help minimize trenching impacts to the pavement. The City standards should also be updated to conform to current material specifications and trench repair technologies.
8. **Coordinate with other programs and departments:** Street repair and maintenance often impacts other activities, programs and City operations. At a minimum, the following activities should be coordinated with street repair and maintenance:
 - a. **Utility Master Planning and scheduled repairs:** Coordination of proposed street and utility work can avoid counterproductive efforts such as trenching in newly repaved streets.
 - b. **City Trees:** Urban trees are a valuable resource and often the object of passionate feelings in the City of Morro Bay. Street work may require trimming or removal of trees to accommodate repairs or work within the drip line. All street work should comply with the City Tree Regulations within the Municipal Code.
 - c. **Bicycle Traffic:** Class 2 bicycle lanes share the paved area of City streets, often on the outside edge or shoulder. Pavement maintenance and overlays should be performed such that sharp edges and ridges in the bicycle lane are avoided. Pavement repair may also present an opportunity to correct or enhance bicycle lane markings.
 - d. **Non-City Utilities (Cayucos, AT&T, PG&E, etc.):** Street work often requires excavation into the underlying soil or impacts utility poles and holes. Coordination with impacted utilities is a must.
 - e. **Fire:** The Fire department must be notified of street closures during construction and should be consulted when street work may impact fire hydrants. Blue

reflectors adjacent to fire hydrants may need to be replaced where maintenance or repair results in their damage or removal.

- f. **Police:** The police department must be notified of street closures and parking restrictions during construction and any long-term changes to parking restrictions or traffic flow due to street work.
 - g. **Businesses and Residents:** Notification of street work should be made well in advance of the project, especially if any long-term changes are to be made (e.g parking restrictions). Feedback from impacted business owners and residents can often be more easily incorporated into the design phase rather than in the middle of project implementation. Typically, work on streets within the business district that impacts parking shall be conducted between Labor Day and Memorial Day.
9. **Create a comprehensive 10-year Pavement Maintenance and Rehabilitation Program:** Based on the above policy recommendations, pavement management system reports, and preliminary field evaluations of the City street system, a comprehensive plan should be prepared for the upkeep, maintenance and rehabilitation of the streets of Morro Bay. The program should have several budget alternatives including the use of current budget amounts projected forward. City Council can then choose amongst the alternatives with an understanding of how the adopted program will impact the long term condition of City streets. Though the Program lists projects over a five-year period, budgeting should plan for ten years of work.

A preliminary street maintenance and repair plan has been created and is included in Appendix 1 to illustrate how recommended policies and priorities will translate into a comprehensive program.

APPENDIX 1

TEN-YEAR PAVEMENT MAINTENANCE AND REHABILITATION PROGRAM

The annual programs were developed utilizing the MicroPAVER calculated PCI and pavement management priorities outlined above. An effort was also made to group streets by treatment type and geographical location. The optimal annual budget for a program that complies with the policy recommendations of this report is \$900,000. Plans for a \$500,000 and \$250,000 annual budget have also been developed, as well as a budget that spends \$900,000 in the first year, followed by \$250,000 annually thereafter.

The street maintenance and repair plan for the next ten years is based on the policy that seeks to maximize the impact for every dollar spent on street improvements. Since it is less costly to maintain good streets than to repair failed streets, the plan initially targets streets that can be brought up to a very good condition (PCI > 80) at the least unit cost. In later years, streets that are more severely degraded can be repaired or reconstructed as budget permits.

ANNUAL BUDGET: \$900,000

Year One:

The focus of the first year will be on pavement maintenance (micro-surfacing and cape seals) on streets with minimal to moderate level of distress. The streets selected for the first year of the program are located in the south and downtown zones of the City. By targeting a constrained geographic area and using only two treatment methods, we can expect more favorable bids. Most of the streets to be treated will also require crack sealing and/or site-specific digout repairs in preparation for the seal coat. Cost of these site-specific repairs are included in the budget.

In addition to pavement maintenance, a "Green Streets" program for reconstruction of streets in the north side residential areas will be started. It is expected that grant funding will be available to partially fund this program.

Year Two:

The second year plan is similar to the first, targeting the remaining streets to be given micro-surface treatment maintenance in the south and downtown zones and doing cape seals of streets in the north and eastcentral zones. One street is scheduled for an overlay.

Year Three to Year Five

The next three years will target streets that are due for overlays.

Years Six to Ten

At the end of Year Five, the entire street system will be reevaluated and projects will be prioritized based on that evaluation.

5-Year Plan @ 900,000/year									
2011		2012		2013		2014		2015	
Street	Treatment	Street	Treatment	Street	Treatment	Street	Treatment	Street	Treatment
Marina3	CapeSeal	Toro1	CapeSeal	Beach2	HOverlay	Bonita1	HOverlay	Greenwood1	HOverlay
Oak1	CapeSeal	Formosa1	CapeSeal	Pacific2	HOverlay	Bernardo1	HOverlay	Marina1	HOverlay
Olive3	CapeSeal	Java2	CapeSeal	Main8	HOverlay	Kern1	Overlay	Elena2	HOverlay
Pacific1	CapeSeal	Clarabell1	CapeSeal	Hemlock1	Overlay	Ironwood1	Overlay	Seaview1	HOverlay
Napa1	CapeSeal	Sequoia1	CapeSeal	Cedar	Overlay	Beachcomb2	Overlay	Market2	HOverlay
Shasta1	CapeSeal	Capri1	CapeSeal	Ironwood3	Overlay				
Estero1	CapeSeal	Tahiti2	CapeSeal	West1	Overlay				
Quintana3	CapeSeal	Downing1	CapeSeal	Casitas1	Overlay				
Harbor1	CapeSeal	SunsetCt1	CapeSeal	Errol1	Overlay				
Butte1	CapeSeal	Damar1	CapeSeal	Dunbar1	Overlay				
Barlow1	CapeSeal	Koa1	CapeSeal	Norwich1	Overlay				
Madera1	CapeSeal	Main7	CapeSeal	Avalon1	Overlay				
Pecho1	CapeSeal	Sandalwoo2	CapeSeal						
Ridgeway1	CapeSeal	Hillcrest1	CapeSeal						
Center1	MicroSurf	Azure1	CapeSeal						
Merengo1	MicroSurf	SequoiaCt1	CapeSeal						
SurfAlley1	MicroSurf	Sunset3	CapeSeal						
Dana1	MicroSurf	Park1	CapeSeal						
Fresno1	MicroSurf	Mimosa1	CapeSeal						
Marina2	MicroSurf	Monterey4	MicroSurf						
Bayshore1	MicroSurf	QuintanaP1	MicroSurf						
Quintana2	MicroSurf	BellaVist1	MicroSurf						
Scott1	MicroSurf	Dunes2	MicroSurf						
South2	MicroSurf	Acacia1	MicroSurf						
Embarcade1	MicroSurf	Walnut1	MicroSurf						
Alta1	MicroSurf	Scott2	MicroSurf						
Balboa1	MicroSurf	Vista1	MicroSurf						
LasTunas	MicroSurf	Driftwood2	MicroSurf						
Morro2	MicroSurf	Monterey3	MicroSurf						
Dunes1	MicroSurf	Main10	MicroSurf						
Quintana4	MicroSurf	Beach1	MicroSurf						
Quintana1	MicroSurf	Morro5	MicroSurf						
		Fairview1	MicroSurf						
		PineyLn1	MicroSurf						
		Bay1	MicroSurf						
		Luista1	MicroSurf						
		Embarcadr3	MicroSurf						
		Carmel1	MicroSurf						
		Main13	MicroSurf						
		Olive2	MicroSurf						
		Driftwood1	MicroSurf						
		Main9	MicroSurf						
		Bradley1	MicroSurf						
		Monterey2	MicroSurf						
		Main12	MicroSurf						
		Palm1	MicroSurf						
		Morro1	MicroSurf						
		Kings1	Overlay						

ANNUAL BUDGET: \$500,000

Years One and Two:

The focus of the first two years will be on pavement maintenance (micro-surfacing and cape seals) on streets with minimal to moderate level of distress. The streets selected for the first year of the program are located in the south and downtown zones of the City. By targeting a constrained geographic area and using only two treatment methods, we can expect more favorable bids. Most of the streets to be treated will also require crack sealing and/or site-specific digout repairs in preparation for the seal coat. Cost of these site-specific repairs are included in the budget.

In addition to pavement maintenance, a "Green Streets" program for reconstruction of streets in the north side residential areas will be started. It is expected that grant funding will be available to partially fund this program.

Year Three to Year Five

The next three years will target streets that are due for overlays and Microsurfacing on Main Street in the downtown area.

Years Six to Ten

At the end of Year Five, the entire street system will be reevaluated and projects will be prioritized based on that evaluation.

5-Year Plan @ 500,000/year									
2011		2012		2013		2014		2015	
Street	Treatment	Street	Treatment	Street	Treatment	Street	Treatment	Street	Treatment
Marina3	CapeSeal	Butte1	CapeSeal	Beach2	HOverlay	Greenwood1	HOverlay	Ironwood1	Overlay
Oak1	CapeSeal	Barlow1	CapeSeal	Bonita1	HOverlay			Beachcomb2	Overlay
Olive3	CapeSeal	Madera1	CapeSeal	Marina1	HOverlay			Beach1	MicroSurf
Pacific1	CapeSeal	Pecho1	CapeSeal	Pacific2	HOverlay			Main7	MicroSurf
Napa1	CapeSeal	Ridgeway1	CapeSeal	Main8	HOverlay			Main9	MicroSurf
Shasta1	CapeSeal	Center1	MicroSurf					Main10	MicroSurf
Estero1	CapeSeal	Merengo1	MicroSurf					Main11	MicroSurf
Quintana3	CapeSeal	SurfAlley1	MicroSurf					Main12	MicroSurf
Harbor1	CapeSeal	Dana1	MicroSurf					Main13	MicroSurf
		Fresno1	MicroSurf						
		Marina2	MicroSurf						
		Bayshore1	MicroSurf						
		Quintana2	MicroSurf						
		Scott1	MicroSurf						
		South2	MicroSurf						
		Embarcade1	MicroSurf						
		Alta1	MicroSurf						
		Balboa1	MicroSurf						
		LasTunas	MicroSurf						
		Morro2	MicroSurf						
		Dunes1	MicroSurf						
		Quintana4	MicroSurf						
		Quintana1	MicroSurf						
		Monterey4	MicroSurf						
		QuintanaP1	MicroSurf						
		BellaVist1	MicroSurf						
		Dunes2	MicroSurf						
		Acacia1	MicroSurf						
		Walnut1	MicroSurf						
		Scott2	MicroSurf						
		Vista1	MicroSurf						
		Driftwood2	MicroSurf						

ANNUAL BUDGET: \$250,000

Years One to Four:

The focus of the first four years will be on pavement maintenance (micro-surfacing and cape seals) on streets with minimal to moderate level of distress. The streets selected are located in the south and downtown zones of the City. By targeting a constrained geographic area and using only two treatment methods, we can expect more favorable bids. Most of the streets to be treated will also require crack sealing and/or site-specific digout repairs in preparation for the seal coat. Cost of these site-specific repairs are included in the budget.

In addition to pavement maintenance, a "Green Streets" program for reconstruction of streets in the north side residential areas will be started. It is expected that grant funding will be available to partially fund this program.

Year Five:

The fifth year targets two arterial streets due for heavy overlays.

Years Six to Ten

At the end of Year Five, the entire street system will be reevaluated and projects will be prioritized based on that evaluation.

5-Year Plan @ 250,000/year									
2011		2012		2013		2014		2015	
Street	Treatment	Street	Treatment	Street	Treatment	Street	Treatment	Street	Treatment
Marina3	CapeSeal	Shasta1	CapeSeal	Butte1	CapeSeal	Bayshore1	MicroSurf	Pacific2	HOverlay
Oak1	CapeSeal	Quintana3	CapeSeal	Barlow1	CapeSeal	Alta1	MicroSurf	Main8	HOverlay
Olive3	CapeSeal	Harbor1	CapeSeal	Madera1	CapeSeal	Balboa1	MicroSurf		
Pacific1	CapeSeal			Pecho1	CapeSeal	LasTunas	MicroSurf		
Napa1	CapeSeal			Ridgeway1	CapeSeal	Morro2	MicroSurf		
Estero1	CapeSeal			Center1	MicroSurf	Dunes1	MicroSurf		
				Merengo1	MicroSurf	Quintana4	MicroSurf		
				SurfAlley1	MicroSurf	Quintana1	MicroSurf		
				Dana1	MicroSurf	Monterey4	MicroSurf		
				Fresno1	MicroSurf	QuintanaP1	MicroSurf		
				Marina2	MicroSurf	BellaVist1	MicroSurf		
				Quintana2	MicroSurf	Dunes2	MicroSurf		
				Scott1	MicroSurf	Acacia1	MicroSurf		
				South2	MicroSurf	Walnut1	MicroSurf		
				Embarcade1	MicroSurf	Scott2	MicroSurf		
						Vista1	MicroSurf		
						Driftwood2	MicroSurf		

ANNUAL BUDGET: \$500,000/\$250,000

This budget, which includes a high level of expenditures in the first year, uses accumulated Measure Q funds during the first year to maximize impact on high use streets. Following years are funded with general funds.

Year One:

The focus of the first year will be on pavement maintenance (micro-surfacing and cape seals) on streets with minimal to moderate level of distress. The streets selected for the first year of the program are located in the south and downtown zones of the City. By targeting a constrained geographic area and using only two treatment methods, we can expect more favorable bids. Most of the streets to be treated will also require crack sealing and/or site-specific digout repairs in preparation for the seal coat. Cost of these site-specific repairs are included in the budget.

In addition to pavement maintenance, a "Green Streets" program for reconstruction of streets in the north side residential areas will be started. It is expected that grant funding will be available to partially fund this program.

Year Two to Year Five:

The remaining year plans are similar to the first, targeting the remaining streets to be given micro-surface treatment maintenance in the south and downtown zones and doing cape seals of streets in the north and eastcentral zones.

Years Six to Ten

At the end of Year Five, the entire street system will be reevaluated and projects will be prioritized based on that evaluation.

APPENDIX 2: PAVEMENT DEFECT DESCRIPTIONS

1. Alligator Cracking (Fatigue)

Description:

Alligator or fatigue cracking is a series of interconnecting cracks caused by fatigue failure of the asphalt concrete surface under repeated traffic loading. Cracking begins at the bottom of the asphalt surface (or stabilized base) where tensile stress and strain are highest under a wheel load. The cracks propagate to the surface initially as a series of parallel longitudinal cracks. After repeated traffic loading, the cracks connect, forming many sided, sharp-angled pieces that develop a pattern resembling chicken wire or the skin of an alligator. The pieces are generally less than 0.5 m (1.5 ft) on the longest side. Alligator cracking occurs only in areas subjected to repeated traffic loading, such as wheel paths. (Pattern-type cracking that occurs over an entire area not subjected to loading is called "block cracking," which is not a load-associated distress.)

Severity Levels:

- L Fine, longitudinal hairline cracks running parallel to each other with no, or only a few interconnecting cracks. The cracks are not spalled.
- M Further development of light alligator cracks into a pattern or network of cracks that may be lightly spalled.
- H Network or pattern cracking has progressed so that the pieces are well defined and spalled at the edges. Some of the pieces may rock under traffic.

2. Block Cracking

Description:

Block cracks are interconnected cracks that divide the pavement into approximately rectangular pieces. The blocks may range in size from approximately 0.3 by 0.3 m (1 by 1 ft) to 3 by 3 m (10 by 10 ft). Block cracking is caused mainly by shrinkage of the asphalt concrete and daily temperature cycling (which results in daily stress/strain cycling). It is not load-associated. Block cracking usually indicates that the asphalt has hardened significantly. Block cracking normally occurs over a large portion of the pavement area, but sometimes will occur only in non-traffic areas. This type of distress differs from alligator cracking in that alligator cracks form smaller, many-sided pieces with sharp angles.

Severity Levels:

- L Blocks are defined by low-severity* cracks.
- M Blocks are defined by medium-severity* cracks.
- H Blocks are defined by high-severity* cracks.

*See definitions of longitudinal transverse cracking.

3. Bumps and Sags

Description:

Bumps are small, localized, upward displacements of the pavement surface. They are different from shoves in that shoves are caused by unstable pavement. Bumps, on the

other hand, can be caused by several factors, including:

1. Buckling or bulging of underlying PCC slabs in AC overlay over PCC pavement.
2. Infiltration and buildup of material in a crack in combination with traffic loading (sometimes called “tenting”)

Sags are small, abrupt, downward displacements of the pavement surface. If bumps appear in pattern perpendicular to traffic flow and are spaced at less than 3 m (10 ft), the distress is called corrugation. Distortion and displacement that occur over large areas of the pavement surface, causing large and/or long dips in the pavement should be recorded at “swelling.”

Severity Levels:

- | | |
|---|--|
| L | Bump or sag causes low-severity ride quality. |
| M | Bump or sag causes medium-severity ride quality. |
| H | Bump or sag causes high-severity ride quality. |

4. Depressions

Description:

Depressions are localized pavement surface areas with elevations slightly lower than those of the surrounding pavement. In many instances, light depressions are not noticeable until after a rain, when ponded water creates a “birdbath” area; on dry pavement, depressions can be spotted by looking for stains caused by ponding water. Depressions are created by settlement of the foundation soil or are a result of improper construction. Depressions cause some roughness, and when deep enough or filled with water, can cause hydroplaning.

Severity Levels:

Maximum depth of depression

- | | |
|---|--------------------|
| L | ½ to 1 inch |
| M | 1 to 2 inches |
| H | more than 2 inches |

5. Edge Cracking

Description:

Edge cracks are parallel to and usually within 1 to 1.5 feet of the outer edge of the pavement. This distress is accelerated by traffic loading and can be caused by a weak base or subgrade near the edge of the pavement. The area between the crack and pavement edge is classified as raveled if it is broken up.

Severity Levels:

- | | |
|---|---|
| L | Low or medium cracking with no breakup or raveling. |
| M | Medium cracks with some breakup and raveling. |
| H | Considerable breakup or raveling along the edge. |

6. Joint Reflection Cracking (from PCC slabs)

Description:

Joint reflection cracking occurs in a flexible overlay over an existing crack or joint in a PCC slab. The cracks occur directly over the underlying cracks or joints.

Severity Levels:

- L One of the following conditions exists: (1) non-filled crack width is less than 3/8 in, or (2) filled crack of any width (filler in satisfactory condition)
- M One of the following conditions exists: (1) non-filled crack width is greater than or equal to 3/8" and less than 3 in.; (2) non-filled crack is less than or equal to 3 in. surrounded by light and random cracking, or (3) filled crack is of any width surrounded by light random cracking.
- H One of the following conditions exists: (1) any crack filled or non-filled surrounded by medium- or high-severity random cracking, (2) non-filled crack greater than 3 in., or (3) a crack of any width where approximately 4 in. of pavement around the crack is severely broken.

7. Lane/Shoulder Drop-off

Description:

Lane/shoulder drop off is a difference in elevation between the pavement edge and the shoulder. This distress is caused by shoulder erosion, shoulder settlement, or by building up the roadway without adjusting the shoulder level.

Severity Levels:

- L The difference between the pavement edge and shoulder is 1 to 2 in.
- M The difference between the pavement edge and shoulder is 2 to 4 in.
- H The difference between the pavement edge and shoulder is > 4 in.

8. Longitudinal and Transverse Cracking (Non-PCC Slab Joint Reflective)

Description:

Longitudinal cracks are parallel to the pavement's centerline or laydown direction. They may be caused by:

1. A poorly constructed paving lane joint.
2. Shrinkage of the AC surface due to low temperatures or hardening of the asphalt and/or daily temperature cycling.
3. A reflective crack caused by cracking beneath the surface course, including cracks in PCC slabs (but not PCC joints)

Transverse cracks extend across the pavement at approximately right angles to the pavement centerline or direction of laydown. These types of cracks are not usually load-associated.

Severity Levels:

- L One of the following conditions exists: (1) non-filled crack width is less than 3/8 in, or (2) filled crack of any width (filler in satisfactory condition)
- M One of the following conditions exists: (1) non-filled crack width is greater than or equal to 3/8" and less than 3 in.; (2) non-filled crack is less than or equal to 3 in. surrounded by light and random cracking, or (3) filled crack is of any width surrounded by light random cracking.
- H One of the following conditions exists: (1) any crack filled or non-filled surrounded by medium- or high-severity random cracking, (2) non-filled crack greater than 3 in., or (3) a crack of any width where approximately 4 in. of pavement around the crack is severely broken.

9. Patching and Utility Cut Patching**Description:**

A patch is an area of pavement that has been replaced with new material to repair the existing pavement. A patch is considered a defect no matter how well it is performing (a patched area or adjacent area usually does not perform as well as an original pavement section). Generally, some roughness is associated with this distress.

Severity Levels:

- L Patch is in good condition and satisfactory. Ride quality is rated as low severity or better.
- M Patch is moderately deteriorated and/or ride quality is rated as medium severity.
- H Patch is badly deteriorated and/or ride quality is rated as high severity. Needs replacement soon.

10. Polished Aggregate**Description:**

Areas of pavement where the portion of aggregate extending above the asphalt binder is either very small or there are no rough or angular aggregate particles. A polished road surface will have a reduced level of skid resistance.

Severity Levels:

Not defined

11. Potholes**Description:**

Potholes are small, usually less than 30 inches in diameter, bowl shaped depressions in the pavement surface. They generally have sharp edges and vertical sides near the top of the hole.

Severity Levels:

The levels of severity for potholes less than 30 inches in diameter are based on both the diameter and the depth of the pothole, according to the following table.

	Average Diameter (in.)
--	------------------------

Maximum Depth of Pothole	4 to 8 in.	8 to 18 in.	18 to 30 in.
1/2 to 1 in.	L	L	M
1 to 2 in.	L	M	H
2 in.	M	M	H

12. Rutting

Description:

A rut is a surface depression in the wheel paths. Pavement uplift may occur along the sides of the rut, but, in many instances, ruts are noticeable only after a rainfall when the paths are filled with water. Rutting stems from a permanent deformation in any of the pavement layers or subgrades, usually caused by consolidated or lateral movement of the materials due to traffic load.

Severity Levels:

Mean Rut Depth;

L	1/4 to 1/2 in.
M	1/2 to 1 in.
H	>1 in.

13. Shoving

Description:

Shoving is a permanent, longitudinal displacement of a localized area of the pavement surface caused by traffic loading. When traffic pushes against the pavement, it produces a short, abrupt wave in the pavement surface. This distress normally occurs only in unstable liquid asphalt mix (cutback or emulsion) pavements.

Shoves also occur where asphalt pavements abut PCC pavements; the PCC pavement increase in length and push the asphalt pavement, causing the shoving.

Severity Levels:

L	Shove causes low-severity ride quality.
M	Shove causes medium-severity ride quality.
H	Shove causes high-severity ride quality.

14. Swell

Description:

Swell is characterized by an upward bulge in the pavement's surface. A swell may occur sharply over a small area or as a longer, gradual wave. Either type of swell can be accompanied by surface cracking. A swell is usually caused by soil swelling in the subgrade.

Severity Levels:

L	Swell is barely visible and has a minor effect on the pavement's ride
---	---

- quality.
- M Swell can be observed without difficulty and has a significant effect on the pavement's ride quality.
 - H Swell can be readily observed and severely affects the pavement's ride quality.

15. Weathering and Raveling

Description:

Weathering and raveling are the wearing away of the pavement surface due to a loss of asphalt or dislodged aggregate particles. These distresses indicate that either the asphalt binder has hardened appreciably or that a poor-quality mixture is present. In addition, raveling may be caused by certain types of traffic, e.g., tracked vehicles. Softening of the surface and dislodging of the aggregates due to oil spillage are also included under raveling.

Severity Levels:

- L Aggregate or binder has started to wear away. In some areas, the surface is starting to pit. In the case of oil spillage, the oil spillage, the oil stain can be seen, but the surface is hard and cannot be penetrated with a coin.
- M Aggregate or binder has worn away. The surface texture is moderately rough and pitted. In the case of oil spillage, the surface is soft and can be penetrated with a coin.
- H Aggregate or binder has been worn away considerably. The surface texture is very rough and severely pitted. The pitted areas are less than 4 inches in diameter and less than ½ inch deep; pitted areas larger than this are counted as potholes. In the case of oil spillage, the asphalt binder has lost its binding effect and the aggregate has become loose.

ATTACHMENT 2: Schedules of Future Street Rehabilitation Projects

FUTURE STREET WORK			
Street	Treatment	Cost	Running Total
Harbor1	CapeSeal	\$ 110,400	\$ 110,400
Napa1	CapeSeal	\$ 84,960	\$ 195,360
Pacific1	CapeSeal	\$ 40,000	\$ 235,360
Quintana3	CapeSeal	\$ 70,865	\$ 306,225
Shasta	CapeSeal	\$ 72,770	\$ 378,995
Acacia	MicroSurf	\$ 9,065	\$ 388,060
Barlow	CapeSeal	\$ 10,680	\$ 398,740
Bayshore	MicroSurf	\$ 9,716	\$ 408,456
BellaVist	MicroSurf	\$ 8,166	\$ 416,622
Butte	CapeSeal	\$ 14,050	\$ 430,672
Driftwood2	MicroSurf	\$ 18,700	\$ 449,372
Dunes1	MicroSurf	\$ 20,997	\$ 470,369
Dunes2	MicroSurf	\$ 24,468	\$ 494,837
Madera	CapeSeal	\$ 11,420	\$ 506,257
Monterey4	MicroSurf	\$ 9,521	\$ 515,778
Morro2	MicroSurf	\$ 11,675	\$ 527,453
Pecho	CapeSeal	\$ 15,420	\$ 542,873
Quintana1	MicroSurf	\$ 44,925	\$ 587,798
Quintana4	MicroSurf	\$ 22,965	\$ 610,763
QuintanaP1	MicroSurf	\$ 3,860	\$ 614,623
Ridgeway	CapeSeal	\$ 37,490	\$ 652,113
Scott1	MicroSurf	\$ 11,870	\$ 663,983
South2	MicroSurf	\$ 4,620	\$ 668,603
SurfAlley	MicroSurf	\$ 4,556	\$ 673,159
Vista	MicroSurf	\$ 3,882	\$ 677,041
Walnut	MicroSurf	\$ 4,320	\$ 681,361
Kings	Overlay	\$ 187,500	\$ 868,861
Bonita	HOverlay	\$ 66,500	\$ 935,361
Pacific2	HOverlay	\$ 91,000	\$ 1,026,361
Greenwood	HOverlay	\$ 518,700	\$ 1,545,061
Beach1	MicroSurf	\$ 22,724	\$ 1,567,785
eachcomb2	Overlay	\$ 198,000	\$ 1,765,785
Ironwood1	Overlay	\$ 142,500	\$ 1,908,285
Main10	MicroSurf	\$ 31,078	\$ 1,939,363
Main12	MicroSurf	\$ 7,000	\$ 1,946,363
Main13	MicroSurf	\$ 30,449	\$ 1,976,812
Main7	MicroSurf	\$ 70,500	\$ 2,047,312
Main9	MicroSurf	\$ 12,465	\$ 2,059,777

ATTACHMENT 3: 2012 Street Rehabilitation Project Location Map



CITY OF MORRO BAY 2012 STREET REHABILITATION PROGRAM

*STREETS REHABILITATED ARE SHOWN AS SOLID BLACK LINES
NOT SHOWN: TIDE AND MIMOSA STREETS*

Public Services Department

DATE: MAY 3, 2012
REVISED: 9/28/12

ATTACHMENT 4: Specific Project Sites

4" Sidewalk & Curbs/Gutter Repair

1906 Main
 1910 Main
 2300 Main
 2220 Main
 1260 Main
 354 Quintana
 Napa/Harbor

4" Sidewalk Repair

2598 Main
 2700 Main
 2848 Main
 2630 Main

Tree Well Repair

(9) tree wells between 1906 - 2848 Main

Tree Trimming Work Request Summary

9/1/2012	M	Trees trimming				245 Morro Bay Blvd
	M	"				280 Morro Bay Blvd
	M	"				290 Terra St
	M	"				332 MB Blvd
	M	"				Harbor and Monterey
	M	"				370 Quintana
	M	"				580 Olive
	M	"				660 Harbor - removed already
	M	"				736 Main St.
	M	"				790 Luisita
	M	"				800 Morro Bay Blvd
	M	"				310 MB Blvd
	M	"				955 Napa Ave A - USA Already
	M	"				975 Pecho St - Done already - grind stump
	M	"				LK
	M	"				Bike Path - Hwy 41 hear shoreline
	M	"				2426 Elm St.
	M	"				1098 Main St. - already done
	M	"				Post Office - only on walk
	M	"				Amchor/Pine
	M	"				453 Estero -evluate-done
	M	"				1001 Allesandro
	M	"				969 Pacific St. - Morro Bay & Kern
	M	"				2511 Juniper
	M	"				Market (near Surf St.)
	M	"				2980 Ironwood - done already
	M	"				3180 Mindoro
	M	"				North Main - Lolo's - Tree OK - Concrete Lifting
	M	"				2730 Dogwood Ave - Tree is OK
	M	"				2845 Hemlock - Tree is OK for now
	M	"				898 Main - Harbor and Main - Tree Is OK
	M	"				921 Pecho St. Tree is OK
	M	"				461 Fairview - possible cand for removal
	M	"				Pacific @ Bay
	M	"				Pecho and Madera - removed already
	M	"				Del Mar Park
	M	"				365 Quintana
	M	"				2269 Emerald
	M	"				2580 Juniper
	M	"				022 Andros St.



AGENDA NO: D-6

MEETING DATE: March 26, 2013

Staff Report

TO: Honorable Mayor and City Council DATE: March 20, 2013

FROM: Rob Livick, PE/PLS - Public Services Director/City Engineer

SUBJECT: Discussion of Potential Water and Sewer Rate Increase

RECOMMENDATION

Provide direction to staff to commence the analysis of Water and Sewer rates for potential increases and prepare a schedule for the requisite Proposition 218 protest vote.

FISCAL IMPACT

Both the water and sewer funds have upcoming required future expenses for which the current rate structures will not provide adequate funding. Additionally, the current rate structures of both revenue streams do not produce adequate funds to meet debt coverage ratios.

DISCUSSION

Water Rates

The City's water rates have not been increased since 1994. During that same time operational expenses have increased more than 200%. For the past four fiscal years, the City has not met its obligation to the State Water project for the debt coverage ratio. The City is required to earn/charge monies through rate payers so that the amount taken in is 1.25 times more than the amount required for operational expenses. Currently, this debt coverage ratio is only at 0.74 times the amount needed. Additionally, there are capital project needs within the system that are necessary to maintain a safe and dependable water supply, including Desalinization Plant upgrades and replacement of the Nutmeg Water Tank.

Sewer Rates

In October 2007, the City Council adopted a schedule of sewer rate increases to fund the construction of the wastewater treatment plant at the current site. Due to events that have occurred since that adopted increase, including the denial of the Coastal Development Permit for the wastewater treatment plant at the current location and the community's desire to construct a new Water Reclamation Facility away from the coast, the assumptions used in the 2007 rate increase are no longer adequate. In late 2010/early 2011, finance staff worked with RBC Capital to verify debt service coverage in anticipation of entering into a State Revolving Fund loan, and our revenues in excess of our expenditures were insufficient to meet debt coverage ratios. In November 2012, the Public Services Director prepared a memo to City Council, advising them of the potential rate concerns with relocating the new Water

Prepared by: RL Dept. Review: RL

City Manager Review: _____

City Attorney's Review: _____

Reclamation Facility (WRF) to the Righetti property. The estimated rate adjustment of relocating to a new site is preliminarily estimated at 38-percent above the rate structure currently in place that was needed to build at the existing site. This proposed rate increase is not only needed to relocate and construct the new WRF, but also to pay for the Major Maintenance and Repairs to maintain operations at the existing plant, as well as meeting debt coverage ratios for financing the project.

CONCLUSION

If so directed, and based on the projected needs for the maintenance of our water system, the relocation and construction of the water reclamation facility as well as continued maintenance of our current wastewater treatment plant and debt coverage ratio concerns, staff will bring back options for rate structures and an implementation plan including a Prop 218 protest vote within 120 days for Council's consideration.



AGENDA NO: D-7

MEETING DATE: March 26, 2013

Mayor's Report

TO: Honorable City Council

DATE: March 21, 2013

FROM: Jamie L. Irons - Mayor

SUBJECT: Water Reclamation Facility (WRF) Project Status Update and Discussion

RECOMMENDATION

Discuss in open session, the progress to date on the Water Reclamation Facility (WRF) and provide direction to staff as necessary.

DISCUSSION

As requested by Council, this item will be placed on the Council agenda at each meeting to openly discuss the progress on the Water Reclamation Facility project. Direction to staff will be given as deemed necessary.

Prepared by: JI Dept. Review:

City Manager Review:

City Attorney's Review: