

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 – JUNE 8, 2009

**CLOSED SESSION – JUNE 8, 2009
CITY HALL CONFERENCE ROOM - 5:00 P.M.
595 HARBOR ST., MORRO BAY, CA**

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

CS-2 GOVERNMENT CODE SECTION 54956.9(a); CONFERENCE WITH LEGAL COUNSEL REGARDING PENDING LITIGATION:

- City of Morro Bay v. Martony
- Linker v. City of Morro Bay

CS-3 GOVERNMENT CODE SECTION 54956.8; REAL PROPERTY TRANSACTIONS: Instructing City's real property negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease of real property as to two (2) parcels.

- Property: Lease Site 82-85/ 725 Embarcadero/ Rose' Landing
Negotiating Parties: 725 Embarcadero LLC and City of Morro Bay
Negotiations: Lease Terms and Conditions.
- Property: Lease Site 71-72/699 Embarcadero/Marina Square.
Negotiating Parties: Morro Bay Marina and City of Morro Bay
Negotiations: Lease Terms and Conditions

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

**PUBLIC SESSION – JUNE 8, 2009
VETERANS MEMORIAL HALL - 6:00 P.M.
209 SURF ST., MORRO BAY, CA**

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

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

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

- When recognized by the Mayor, please come forward to the podium and state your name and address for the record. Comments are to be limited to three minutes.
- All remarks shall be addressed to Council, as a whole, and not to any individual member thereof.
- The Council respectfully requests that you refrain from making slanderous, profane or personal remarks against any elected official, commission and/or staff.
- Please refrain from public displays or outbursts such as unsolicited applause, comments or cheering.
- Any disruptive activities that substantially interfere with the ability of the City Council to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Your participation in City Council meetings is welcome and your courtesy will be appreciated.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk, (805) 772-6205. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

A. CONSENT CALENDAR

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

A-1 APPROVAL OF MINUTES FOR THE SPECIAL CITY COUNCIL BUDGET MEETINGS OF MAY 6, 2009 AND MAY 13, 2009, AND THE REGULAR CITY COUNCIL MEETING OF MAY 26, 2009; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF RESOLUTION NO. 27-09 ADOPTING THE IDENTITY THEFT PREVENTION PROGRAM; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 27-09.

A-3 REVISIONS TO THE WATER SYSTEM SUPERVISOR JOB DESCRIPTION; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Accept the revised job description for the Water System Supervisor position.

A-4 APPROVAL OF SETTLEMENT AGREEMENT IN CITY OF MORRO BAY V. MARTONY/PEKAREK; (CITY ATTORNEY)

RECOMMENDATION: Approve the settlement agreement between the City and William Martony and Bernadette Pekarek.

A-5 PROCLAMATION THANKING PETE ZOTOVICH FOR HIS LEADERSHIP ROLE AS PRINCIPAL OF MORRO BAY HIGH SCHOOL; (ADMINISTRATION)

RECOMMENDATION: Adopt Proclamation.

B. PUBLIC HEARINGS, REPORTS & APPEARANCES

B-1 RESOLUTION APPROVING AN APPLICATION, FUNDING AND THE EXECUTION OF A GRANT AGREEMENT FROM THE GENERAL ALLOCATION OF THE STATE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM; (PUBLIC SERVICES)

RECOMMENDATION: Adopt Resolution No. 28-09.

B-2 REVIEW AND APPROVE THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY PUPS FOR THE CONSTRUCTION AND MAINTENANCE OF THE DEL MAR PARK OFF-LEASH DOG AREA; (RECREATION & PARKS)

RECOMMENDATION: Approve the Memorandum of Understanding and direct staff to work with Morro Bay Pups for the construction, operation and maintenance of the Del Mar off-leash dog park.

B-3 REVIEW OF THE DRAFT HOUSING ELEMENT; (PUBLIC SERVICES)

RECOMMENDATION: Approve the Draft Housing Element and direct staff to submit the document to the State Department of Housing and Community Development for a mandatory pre-review prior to final adoption and certification.

B-4 ADOPTION OF THE SEWER SYSTEM MANAGEMENT PLAN; (PUBLIC SERVICES)

RECOMMENDATION: Adopt the completed Sewer System Management Plan.

B-5 EXTENSION OF AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORRO BAY ESTABLISHING A TEMPORARY MORATORIUM ON THE ACCEPTANCE, PROCESSING AND APPROVAL OF APPLICATIONS AND PERMITS TO CONSTRUCT, MODIFY OR PLACE WIRELESS COMMUNICATIONS FACILITIES PENDING COMPLETION OF STUDIES AND THE PREPARATION OF AN UPDATE TO THE CITY'S ZONING ORDINANCE CODE; (CITY ATTORNEY)

RECOMMENDATION: Adopt Interim Urgency Ordinance No. 549.

C. UNFINISHED BUSINESS

C-1 AMENDMENT TO THE GENERAL FUNDS 2009/10 BUDGET AND RESOLUTION NO. 30-09 TO ADOPTING THE 2009/10 OPERATING BUDGETS

RECOMMENDATION: Adopt Resolution No. 30-09.

D. NEW BUSINESS

D-1 CONSIDERATION OF THE CITY'S PARTICIPATION IN THE VECTOR CONTROL ASSESSMENT DISTRICT; (ADMINISTRATION)

RECOMMENDATION: Discuss and direct staff accordingly.

D-2 CONSIDERATION OF FUNDING ALLOCATION FOR THE EXECUTIVE DIRECTOR OF THE HOMELESS SERVICES OVERSITE COUNCIL; (ADMINISTRATION)

RECOMMENDATION: Discuss and direct staff accordingly.

D-3 RESOLUTION NO. 29-09 OPPOSING THE PASSAGE OF ASSEMBLY BILL 761 WHICH WOULD ESTABLISH STATEWIDE VACANCY DECONTROL FOR ALL MOBILEHOME RENT CONTROL; (COUNCIL)

RECOMMENDATION: Adopt Resolution No. 29-09.

E. DECLARATION OF FUTURE AGENDA ITEMS

F. ADJOURNMENT

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS OR CALL THE CLERK'S OFFICE AT 772-6200 FOR FURTHER INFORMATION.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE CITY COUNCIL AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION AT CITY HALL LOCATED AT 595 HARBOR STREET; 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.

MINUTES - MORRO BAY CITY COUNCIL
BUDGET MEETING – MAY 6, 2009
VETERANS MEMORIAL HALL - 6:00 P.M.

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

PRESENT:	Janice Peters	Mayor
	Carla Borchard	Councilmember
	Rick Grantham	Councilmember
	Noah Smukler	Councilmember
	Betty Winholtz	Councilmember
STAFF:	Andrea Lueker	City Manager
	Bridgett Bauer	City Clerk
	Rick Algert	Harbor Director
	Bruce Ambo	Public Services Director
	Janeen Burlingame	Management Analyst
	John DeRohan	Police Chief
	Rob Livick	City Engineer
	Mike Pond	Fire Chief
	Christine Rogers	Housing Programs Coordinator
	Susan Slayton	Administrative Services Director
	Joe Woods	Recreation & Parks Director

ESTABLISH QUORUM AND CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT PERIOD - Members of the audience wishing to address the Council on the City budget may do so at this time.

Claire Grantham requested the City Council consider public safety, especially the requests made by the Police Department, when considering the budget.

Joan Solu read an email message from her husband John Solu regarding the possible action taken by the City Council on the allocation of funds from the Morro Bay Tourism Business Improvement District towards tourism promotion efforts. The message states that such action would be in violation of the understanding that the lodging industry has as to the purpose and function of the advisory board as well as the intended purview of these private sector funds. Ms. Solu requested the City Council consider the fact that the Tourism Business Improvement District has not yet collected funds and encouraged the City's continued support in promoting tourism.

MINUTES - MORRO BAY CITY COUNCIL
BUDGET MEETING – MAY 6, 2009

Virginia Hiramatsu requested Council's careful consideration towards public safety when reviewing the budget.

Steve Burns, Interim Executive Director for County Visitors and Conference Bureau, provided the City Council with copies of the new strategic plan of the VCB.

Harold Biaggini stated the 3% Business Improvement District assessment fee is to go directly towards the benefit of the hotels in Morro Bay, and will be designated by an advisory board chosen by the hoteliers.

Mayor Peters closed the public comment hearing.

2009/10 BUDGET PRESENTATION

Finance Director Susan Slayton reviewed the 2009/10 Operating Budget using a Power Point presentation.

COUNCIL QUESTIONS AND DISCUSSION

Councilmember Winholtz stated she would like to eliminate Council contingency funds, and limit Council health insurance to the minimum plan offered.

MOTION: Councilmember Winholtz moved the City Council receive no further contingency funds. The motion was seconded by Councilmember Borchard and carried with Councilmember Grantham and Mayor Peters voting no. (3-2)

MOTION: Councilmember Winholtz moved the City Council receive the minimum health insurance plan available. The motion was seconded by Councilmember Smukler and carried with Councilmember Grantham and Mayor Peters voting no. (3-2)

Council discussed funding for the San Luis Obispo County Visitors and Conference Bureau (VCB).

Mayor Peters stated the VCB has an impressive and productive plan this year, and the City has \$10,000 funded at this time. She said she does not support funding the VCB from the Visitor Center and the Community Promotions budgets, and asked Council what their thoughts were on funding the additional \$22,000 for full funding benefits with the VCB.

MINUTES - MORRO BAY CITY COUNCIL
BUDGET MEETING – MAY 6, 2009

Councilmember Borchard stated she is willing to consider the budgets of the Community Promotions Committee, the Visitor Center and the Tourism Business Improvement District to fund the VCB; she does not want to consider funding the VCB from the General Fund or Measure Q this year.

Councilmember Smukler stated he is comfortable with the current \$10,000 funding, and setting a goal in obtaining full participation with the VCB in the future. He said the Community Promotions Committee funds might be the most appropriate funding source to obtain the full funding level.

Councilmember Grantham stated the City receives very little from the VCB unless the full amount is funded.

Councilmember Winholtz stated she supports maintaining the current \$10,000 funding with the intent of finding the funding for full privileges.

Council continued discussion on funding for the VCB to a time uncertain.

Councilmember Winholtz requested information on the General Government Equipment Replacement.

Chief DeRohan reviewed the Police Department Vehicle Depreciation Plan.

MOTION: Mayor Peters moved the City Council accept the General Government Equipment Replacement Fund budget as presented. The motion was seconded by Councilmember Grantham and carried with Councilmember Smukler and Councilmember Winholtz voting no. (3-2)

Mayor Peters called for a break at 8:11 p.m.; the meeting resumed at 8:18 p.m.

The City Council reviewed and asked questions of staff on several portions of the proposed budget without action being taken.

Discussion on Measure Q Funds

Mayor Peters stated she supported allocating \$114,020 towards the Fire Department request for the reserve firefighter; funding the full Police Department request, the full Dial-a-Ride request, the full Recreation & Parks request; and, \$497,170 towards the Public Services request.

MINUTES - MORRO BAY CITY COUNCIL
BUDGET MEETING – MAY 6, 2009

Councilmember Grantham stated he supports funding the Fire Department's request for a reserve firefighter and a ladder truck; the Police Department requests are necessary and considered a morale issue. He said he would eliminate Saturday service with Dial-a-Ride. Councilmember Grantham stated the Morro Bay Community Foundation should consider supporting Morro Bay Recreation and Parks programs.

Councilmember Winholtz stated she is opposed to eliminating Saturday Dial-a-Ride service. She said instead of receiving dollar amount programs from the departments, she would prefer to go back to percentages.

Councilmember Borchard stated she is going to support the terms of the Measure Q requirements, which begin with fire, paramedics, streets, potholes, storm drains, and police. She said she does not support the Recreation & Parks request, and suggested Friends of the Police/Fire Department could help fund the Safety Camp. Councilmember Borchard stated she does not support funding the Dial-a-Ride request with Measure Q funds, and said she would prefer keeping the Dial-a-Ride buses running instead of purchasing a third trolley. Councilmember Borchard stated she supports \$53,000 of the Police Department funding requests. She said she is not interested in another debt service at this time, and is also not interested in funding the Fire Department ladder truck; she would rather fund a full-time paramedic/firefighter through the General Fund. Councilmember Borchard stated she supports the full funding for street and storm drain repairs not including the Storm Water Management Plan.

Councilmember Smukler stated the street and storm drain repairs are important to fund. He said he supports full staffing for the Fire Department through the General Fund. Councilmember Smukler referred to the ladder truck and stated he would prefer to utilize any remaining funds into an accumulation fund and build towards this purchase. He said the Police Department request was open to discussion. Councilmember Smukler stated he supported funding the complete request for Dial-a-Ride. He said the Recreation & Parks request is a good concept but not an essential need for the community.

MOTION: Mayor Peters moved the City Council direct staff to work out the percentages based on the following: Public Services \$425,000; Police Department \$60,300 plus their previous vehicle funding; Dial-a-Ride \$46,210; Fire Department \$191,121 plus the previous allocation for the construction of the Fire Department; and, further directed staff to submit these percentages to the Measure Q Sub-Committee for their review, and return to the City Council by the next budget meeting on May 13, 2009. The motion was seconded by Councilmember Winholtz and carried with Councilmember Grantham voting no. (4-1)

MINUTES - MORRO BAY CITY COUNCIL
BUDGET MEETING – MAY 6, 2009

Councilmember Borchard requested a discussion on directing the City Manager to bring back cost saving options related to but not limited to early retirement, tiered benefits for new hires, alternative work force outsourcing with the exception of public safety, with references in Goals A (2,7,8) and B (1-5) of the 2009 Management Partners Workshop outcome.

ADJOURNMENT

The meeting adjourned at 10:11 p.m.

Recorded by:

Bridgett Bauer
City Clerk

MINUTES - MORRO BAY CITY COUNCIL
BUDGET MEETING – MAY 13, 2009
VETERANS MEMORIAL HALL - 6:00 P.M.

AGENDA NO: A-1
MEETING DATE: 6/8/09

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

PRESENT:	Janice Peters	Mayor
	Carla Borchard	Councilmember
	Rick Grantham	Councilmember
	Noah Smukler	Councilmember
	Betty Winholtz	Councilmember
STAFF:	Andrea Lueker	City Manager
	Bridgett Bauer	City Clerk
	Rick Algert	Harbor Director
	Bruce Ambo	Public Services Director
	Janeen Burlingame	Management Analyst
	John DeRohan	Police Chief
	Rob Livick	City Engineer
	Mike Pond	Fire Chief
	Christine Rogers	Housing Programs Coordinator
	Susan Slayton	Administrative Services Director
	Joe Woods	Recreation & Parks Director

ESTABLISH QUORUM AND CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT PERIOD - Members of the audience wishing to address the Council on the City budget may do so at this time.

Keith Taylor requested Council support the original issues promoted by the Measure Q Committee, which are replace the earthquake-damaged fire station, provide equipment for the public safety employees, maintain the streets and repair the storm drains to prevent toxic runoff into the bay. He also expressed support for hiring an additional firefighter.

John Weiss reviewed statistics on tourists that interact and events that are sponsored by the Visitors Center, and requested the City's continued support by funding the Visitor Center.

John Sorgenfrei stated all of the events in the City take planning and preparation and the Visitor Center staff works above and beyond to make them successful. He requested the City Council continue its support by funding the local Visitors Center and Community Promotions Committee before it considers funding the County Visitors and Conference Bureau (VCB).

MINUTES - MORRO BAY CITY COUNCIL
BUDGET MEETING – MAY 13, 2009

Stuart McElhinney, Vice-President of the Morro Bay Chamber of Commerce read a statement from Chamber President Andrea Klipfel, which expressed support for the City's Visitors Center and encouraged continued funding. Ms. Klipfel also noted the County VCB uses a more generic marketing approach to bring tourists to the County.

Mary Sponhaltz, Police Department dispatcher, reviewed what happens when the battery backup fails in the Police Department Communication Center, which includes the 911 systems. She urged the City Council to fund the equipment upgrades for communications from Measure Q funds for the Police Department.

Virginia Hiramatsu expressed support for the Visitor Center, as well as expressed the importance for the Police computer systems.

Mary Hay, local business owner, stated it is important to maintain local input in the community and necessary to advertise locally. She requested the City's continued support by funding the Visitor Center.

Peter Candela reviewed annual statistics for the Visitor Center and encouraged the City Council's support on promoting tourism in Morro Bay. He said the 25% increase with the Tourism Business Improvement District could only improve the budget.

Peter Risley expressed concern with the destruction of the Sewer and Water Enterprise Funds by using them for General Fund purposes and taxing the citizens for non-mandated uses.

Kevin Winfield expressed support for the Visitor Center.

Dannie Tope expressed support for the Visitor Center. She also expressed the importance for funding of public safety equipment.

Mayor Peters closed the public comment hearing.

PRESENTATION BY THE CITIZENS OVERSIGHT COMMITTEE

The Citizens Oversight Committee submitted in writing appropriate and inappropriate uses of Measure Q funds in the 2009/10 budget. They are listed below:

MINUTES - MORRO BAY CITY COUNCIL
BUDGET MEETING – MAY 13, 2009

Appropriate Uses of Measure Q funds:

- Fire:
 - Debt service on new fire station
 - Ladder truck
- Police:
 - Vehicle Radar Replacement
 - Digital Camera Replacement
 - Taser Replacement
 - PAS Unit Replacement
 - Night Vision Replacement
 - Portable Radio Replacement
 - .223 Bushmaster Rifle
 - Replacement Portable Generator
- Streets and Storm Drains
 - Street Repairs
 - Storm Drain Repairs

Inappropriate Uses of Measure Q funds:

- Police:
 - Computer Replacement
 - Printer Replacement
 - UPS Backup for Workstations
- Communications:
 - CAD Computer Replacement
 - UPS Backup for Consoles
- Dial-a-Ride
 - Performance Audit
 - Payment to SLORTA
 - Saturday Service
- Recreation and Parks
 - Camp
- Streets and Storm
 - Storm Drain Management Plan

UNFINISHED BUSINESS

A-1 PRESENTATION: HOW TO PREPARE A ZERO-BASED BUDGET

Administrative Services Director Susan Slayton reviewed how a zero-based budget process works.

MINUTES - MORRO BAY CITY COUNCIL
BUDGET MEETING – MAY 13, 2009

A-2 CONTINUED DISCUSSION REGARDING SAN LUIS OBISPO COUNTY
VISITORS CONFERENCE BUREAU FUNDING

Administrative Services Director Susan Slayton stated at the May 6th budget workshop, Council requested staff obtain information regarding the San Luis Obispo County Visitors and Conference Bureau's funding request of \$32,000. Since the budget is balanced, Council will need to locate funding either from the General Accumulation Fund or from expenditure reductions.

Mayor Peters stated rather than get a substandard representation from the VCB for \$10,000, she would rather give that funding to the City's Community Promotions Committee who are doing a good job and needs the support.

Councilmember Borchard stated the Business Improvement District should be funding the Visitor Center. She said she is not ready to sever the City ties from the County VCB.

Councilmember Smukler stated he does not want to fund the VCB with full funding at this time but consider more options at mid-year budget review. He said he would like to maintain the \$10,000 funding with VCB at this time.

Councilmember Winholtz stated the City would not be on the VCB web page if it does not maintain its minimum membership at \$10,000, and tourists will not find Morro Bay if they go to the VCB website. She said it is important that the continuity with the VCB is maintained, and that it will be a benefit for the City.

Councilmember Grantham stated the City should keep the money local, and protection of our citizens is #1 priority.

MOTION: Councilmember Grantham moved the City Council suspend their pay for one year, and revisit it next year to consider reinstating Council pay; in the meantime, Council serves as an example to other cities and officials on what volunteerism truly is.

Motion fails for lack of a second.

MOTION: Mayor Peters moved the City Council allocate \$10,000 to the Community Promotions Committee who can fund to the San Luis Obispo County Visitors and Conference Bureau or however they find to best promote the City of Morro Bay. The motion was seconded by Councilmember Grantham.

MINUTES - MORRO BAY CITY COUNCIL
BUDGET MEETING – MAY 13, 2009

Councilmember Winholtz stated she did not want to give that responsibility to an advisory board.

VOTE: The motion failed with Councilmember Borchard, Councilmember Smukler and Councilmember Winholtz voting no. (2-3)

The San Luis Obispo County Visitors and Conference Bureau budget remains at the \$10,000 funding level.

A-3 CONTINUED DISCUSSION ON PARKING IN-LIEU FUND

Administrative Services Director Susan Slayton stated in September 2007, Council expressed support for expanding trolley service in order to add a third trolley dedicated along the Embarcadero. On October 8, 2007, Council adopted Resolution No. 49-07 authorizing in-lieu parking fee funds be appropriated for the Parking Management Plan recommendation on trolley expansion. Beginning with the 2007/08 fiscal year, transfers to the Transit enterprise fund for trolley support occurred. Based on past Council decision, the transit budget was prepared with transfers from the Parking In-Lieu fund to support the operating costs of the third trolley route. At the May 6th budget workshop, concern was expressed about using the Parking In-Lieu funds, and reducing the cash balance in that fund.

Management Analyst Janeen Burlingame stated the requested amount for the trolley from the Parking In-Lieu fund has been revised to \$24,000 (\$20,000 for the Waterfront route and \$4,000 for the Downtown route).

MOTION: Councilmember Winholtz moved the City Council approve to take (\$24,000) from ADA and place into the Transit Fund. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

A-4 CONTINUED DISCUSSION ON MEASURE Q ALLOCATIONS

Administrative Services Director Susan Slayton stated at the May 6, 2009 budget workshop, Council reviewed and voted on the Measure Q requests. After the vote, Council decided to ask the Citizens Oversight Committee to review and provide an opinion on the requests and Council action as related to them. The Committee met on May 11th, and presented its opinion in writing (as presented above). Council is to consider the Committee's recommendations, then distribute the funds.

The City Council reviewed the Measure Q funding requests, and made the following determinations:

MINUTES - MORRO BAY CITY COUNCIL
BUDGET MEETING – MAY 13, 2009

MOTION: Mayor Peters moved the City Council allocate \$64,900 for Police expenditures approved by the Measure Q Sub-Committee, plus the items under Communications. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

City Council consensus was to allow the Police Chief to return to Council to request funds from the remaining \$7,000 from the Vehicle Accumulation Fund.

City Council consensus was to not fund Dial-a-Ride, Recreation & Parks or Storm Drain Management Plan fund requests.

The City Council considered the Fire Department funding requests as follows:

Mayor Peters stated it is important to consider an assessment district to open the North Morro Bay Fire Station.

MOTION: Councilmember Winholtz moved the City Council approve funding for one full-time paramedic/firefighter plus overtime, and one part-time reserve firefighter from Measure Q funds. The motion was seconded by Councilmember Borchard.

Councilmember Smukler stated he would prefer to wait and apply for the SAFER Grant.

Councilmember Winholtz called the question.

VOTE: The motion carried with Councilmember Grantham and Councilmember Smukler voting no. (3-2)

City Council consensus was to not fund the ladder truck.

Mayor Peters called for a break at 8:00 p.m.; the meeting resumed at 8:13 p.m.

A-5 CONTINUED DISCUSSION ON THE 2009/10 OPERATING BUDGET

MOTION: Mayor Peters moved the City Council have the option to take lower level health insurance or have the option to take cash and purchase personal health insurance beginning January 20, 2010. The motion was seconded by Councilmember Grantham and carried with Councilmember Winholtz voting no. (4-1)

MOTION: Councilmember Grantham moved the City Council approve the 2009/10 Operating Budget as amended and direct staff to present a resolution to adopt the budget at the May 26, 2009 regular City Council meeting. The motion was seconded by Councilmember Borchard.

MINUTES - MORRO BAY CITY COUNCIL
BUDGET MEETING – MAY 13, 2009

Councilmember Winholtz stated she would be voting in opposition because she does not want to adopt a budget based on borrowed money.

VOTE: The motion carried with Councilmember Smukler and Councilmember Winholtz voting no. (3-2)

MOTION: Councilmember Winholtz moved the City Council direct staff to schedule a Closed Session meeting within the next ten days to discuss Personnel issues. The motion was seconded by Councilmember Borchard and carried with Mayor Peters voting no. (4-1)

NEW BUSINESS

B-1 DISCUSSION AND APPROVAL OF THE VISITOR CENTER CONTRACT

MOTION: Mayor Peters moved the City Council approve a one-year contract with the Morro Bay Visitors Center. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

ADJOURNMENT

The meeting adjourned at 9:00 p.m.

Recorded by:

Bridgett Bauer
City Clerk

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – MAY 26, 2009
VETERANS MEMORIAL HALL - 6:00 P.M.

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

PRESENT:	Janice Peters	Mayor
	Carla Borchard	Councilmember
	Rick Grantham	Councilmember
	Noah Smukler	Councilmember
	Betty Winholtz	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Bridgett Bauer	City Clerk
	Rick Algert	Harbor Director
	Bruce Ambo	Public Services Director
	Dan Doris	Building Official
	Rob Livick	City Engineer
	Tim Olivas	Police Commander
	Mike Pond	Fire Chief
	Christine Rogers	Housing Programs Coordinator
	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 Schultz reported the City Council met in Closed Session, and no reportable action under the Brown Act was taken.

PUBLIC COMMENT

Keith Taylor thanked the City Council for authorizing the Fire Chief to hire an additional full time paramedic/firefighter.

Garry Johnson announced the first annual Morro Photo Expo would be held the weekend of October 23-25, 2009, noting George Lepp would be the keynote speaker and Cannon would be sponsoring this event. He said people could pre-register at www.morrobay.org.

Beth Fillerup, SLO Green Build, announced a Green Retrofit Sweepstake sponsored by PG&E where eight residents within the County can win money for approved energy-efficiency upgrades to an older home; the deadline to submit the application is June 15.

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – MAY 26, 2009

Dan Glessman addressed the City's serious financial position. He said historically Morro Bay's economy has been fueled by the power plant, fishing and tourism, and presently Morro Bay is left with tourism. Mr. Glessman stated short-term, the only variable Council can control is expenditure. He requested the Council act now and get the structural deficit under control.

Michael Durick requested the City Council decline the approval of Item A-4 (Resolution No. 25-09 adopting Fiscal Year 2009/10 Operating Budget), stating approval of a deficit spending budget would be a violation of public trust. Mr. Durick said he went to the Visitor Center over the Memorial Day weekend to find it was closed; which he finds is not a good bargain for what the City pays for its services.

Lynda Merrill requested the City include the respect of the City's wildlife in its motto "*Discover Your Better Nature*". She referred to Item D-2 (Approval of Residential Listing Agreement with Morro Bay Realty for Exclusive Authorization and Right to Sell the City-Owned Property at the SEC of Coral and San Jacinto) and requested the funds of the sale of this property go towards the North Morro Bay Fire Department. Ms. Merrill also expressed support for Item A-2 (Resolution to Authorize a Six-Month License Agreement for Use of City Facilities with Big Rock Charters/Chablis) and Item A-3 (Adoption of Ordinance No. 548 Repealing, Amending, and Reenacting Title 10 Vehicles and Traffic of the Morro Bay Municipal Code).

Hank Roth announced there would be a Car Seat Check-Up at Spencer's Market on June 17th from 10 a.m. - 2:00 p.m.

Mayor Peters closed the hearing for public comment.

A. CONSENT CALENDAR

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

A-1 APPROVAL OF MINUTES FOR THE REGULAR CITY COUNCIL MEETING OF MAY 11, 2009; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 RESOLUTION TO AUTHORIZE A SIX-MONTH LICENSE AGREEMENT FOR USE OF CITY FACILITIES WITH BIG ROCK CHARTERS/CHABLIS; (HARBOR)

RECOMMENDATION: Adopt Resolution No. 26-09.

MINUTES - MORRO BAY CITY COUNCIL
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A-3 ADOPTION OF ORDINANCE NO. 548 REPEALING, AMENDING, AND REENACTING TITLE 10 VEHICLES AND TRAFFIC OF THE MORRO BAY MUNICIPAL CODE; (POLICE)

RECOMMENDATION: Adopt Ordinance No. 548.

A-4 RESOLUTION NO. 25-09 ADOPTING FISCAL YEAR 2009/10 OPERATING BUDGET; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 25-09.

A-5 STATUS REPORT ON APPLICATIONS FOR ECONOMIC STIMULUS FUNDING; (ADMINISTRATION)

RECOMMENDATION: Receive report for information.

Councilmember Winholtz pulled Items A-2 and A-4 from the Consent Calendar.

MOTION: Councilmember Borchard moved the City Council approve the Consent Calendar with the exception of Items A-2 and A-4. The motion was seconded by Councilmember Smukler and carried unanimously. (5-0)

A-2 RESOLUTION TO AUTHORIZE A SIX-MONTH LICENSE AGREEMENT FOR USE OF CITY FACILITIES WITH BIG ROCK CHARTERS/CHABLIS; (HARBOR)

Councilmember Winholtz referred to the Berthing –License Agreement, and requested to delete the last sentence of #2: “Any holdover of this license shall be on a month-to-month basis with prior written permission of the City and rent for any holdover period shall be as hereinafter set forth”; and, delete the last sentence in #4: “City does not desire to have any holdover of this agreement, but should licensee holdover; Rental for any holdover period shall be \$1500 per month. Rental payments for any period less than one complete month shall be made on a pro-rata basis.” The City Attorney stated it would not be in the best interest of the City to remove these holdover clauses. Councilmember Winholtz withdrew her requested amendments, but stated she would want to charge \$500 per month for dockage fees.

MOTION: Councilmember Grantham moved the City Council adopt Resolution No. 26-09 approving a six-month license agreement between the City of Morro Bay and Big Rock Charters. The motion was seconded by Councilmember Smukler and carried unanimously. (5-0)

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – MAY 26, 2009

A-4 RESOLUTION NO. 25-09 ADOPTING FISCAL YEAR 2009/10 OPERATING BUDGET; (ADMINISTRATIVE SERVICES)

Councilmember Winholtz, Councilmember Borchard and Councilmember Smukler expressed opposition to the adoption of the Fiscal Year 2009/10 Operating Budget at this time.

MOTION: Councilmember Grantham moved the City Council adopt Resolution No. 25-09 adopting the Fiscal Year 2009/10 Operating Budget. The motion was seconded by Mayor Peters and failed with Councilmember Borchard, Councilmember Smukler and Councilmember Winholtz voting no. (2-3)

Mayor Peters recommended continuing discussion on Item A-4 until after the Public Hearing item; Council concurred.

Mayor Peters called for a break at 7:00 p.m.; the meeting resumed at 7:10 p.m.

The City Council further discussed the Fiscal Year 2009/10 Operating Budget.

MOTION: Councilmember Grantham moved the City Council adopt Resolution No. 25-09 adopting the Fiscal Year 2009/10 Operating Budget, and direct the City Manager to initiate conversations and/or negotiations with the non-union groups with the intention of cutting a minimum of \$300,000 in the budget. The motion was seconded by Mayor Peters and failed with Councilmember Borchard, Councilmember Smukler and Councilmember Winholtz voting no. (2-3)

MOTION: Councilmember Winholtz moved the City Council direct staff to schedule a special meeting to discuss the budget and present options to the City Council to locate \$388,000 within the non-union groups and any other available resources. The motion was seconded by Councilmember Smukler and carried with Councilmember Grantham and Mayor Peters voting no. (3-2)

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B. PUBLIC HEARINGS, REPORTS & APPEARANCES

B-1 DISCUSSION/INTERPRETATION OF GENERAL PLAN AND LOCAL COASTAL PLAN POLICIES RELATING TO THE LOCATION AND PLACEMENT OF COMMERCIAL AND RECREATIONAL FACILITIES IN THE BAY IN THE AREA OF THE CITY WEST OF MAIN STREET BETWEEN ACACIA AND BARLOW; (CITY ATTORNEY)

City Attorney Robert Schultz stated the City's General Plan and Local Coastal Plan policies relating to the location and placement of commercial uses, commercial fishing uses and recreational boating uses in the Bay in the area of the City west of Main Street between Acacia and Barlow has been the subject of controversy for a while. Many residents in this area have spoken at public comment that commercial uses are not allowed. This controversy has caused confusion and frustration for staff and applicants, particularly with regard to what are the allowable uses in the area of the City west of Main Street between Acacia and Barlow. In an effort to reduce this controversy and provide more certainty in the planning process, the Harbor Advisory Board and Planning Commission held public hearings and provided recommendations on the interpretation of the City's General Plan and Local Coastal Plan policies on these issues. In addition, staff has spent many hours researching files and minutes to determine the legislative history of the City's policies. Mr. Schultz recommended the City Council discuss and interpret the applicable City General Plan and Local Coastal Plan policies related to the location and placement of commercial and recreational facilities in the Bay, and provide input to staff. It is staff's interpretation that in the area of the City west of Main Street between Acacia and Barlow, commercial uses are allowed in the Bay/Tidelands area, subject to a project-by-project review and environmental analysis.

Mayor Peters opened the hearing for public comment.

Jim Phillips, Member of the Harbor Advisory Board, stated the City should consider the commercial nature of this portion of the waterfront in mind. He said the commercial and water-oriented activity on the waterfront has declined and has been replaced with non-commercial uses or residential, and the commercial space is lost forever. Mr. Phillips requested the Council interpret the use as a water-oriented commercial use and consider each permit on a project-by-project case based on environmental analysis.

Phil Hill, Member of the Liveaboard Association, stated the only haul-out facility in Morro Bay is along this area, and it is a necessary part of this community. He said it is ill advised to not use the resources that the City has to offer.

MINUTES - MORRO BAY CITY COUNCIL
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Ed Ewing stated there have always been commercial uses along this area of the Bay, and water-oriented commercial uses are always needed and should always be provided in the City.

Bill Newman stated there should be a revised policy written instead of a reinterpretation of the use in this area.

Jane Heath, Attorney representing Bill Martony and Bernadette Pekarek, stated there are missing definitions in the policy. She said there has been consistent concern over the impacts of commercial activity to the mixed-use residential in this area, and the City needs to define the land use and then consider how to clarify the policy.

Bernadette Pekarek stated there are no other zoning issues other than in front of her property. She said the Local Coastal Plan was clear on the uses of their property when they purchased their house. Ms. Pekarek stated their main intent for the lease sites was for mariculture, which is stated as the #1 use in the harbor zone. She said neighborhood compatibility is important to this area, and offshore energy supply operation is not allowed at this end of the Bay and not compatible with the surrounding neighborhood.

Bill Martony stated the issue has always been what type of waterfront uses has been appropriate for this lease site. He said policies state that land south of Tidelands Park for any new use is for priority recreational and fishing only; the fuel dock is legal non-conforming.

Allen Hockstettler stated his family owned a mooring launch service from the 1940's – 1960's. He said there were no commercial boats permanently moored in this area during the 1960's-1980's. Mr. Hockstettler stated the mooring of the Chablis would be a good idea, but not for boarding purposes.

Bob Tefft stated the interpretation of the policy is recreational uses are allowed and commercial uses are not. He said the Land Use Plan states mixed harbor uses should be for recreational boating and fishing uses rather than for commercial fishing.

Jeremiah O'Brien, President of the Commercial Fishermen's Organization, spoke in support of the owner of the local tug service that has been referenced. He urged Council consider jobs that this boat owner offers during this economic period.

Kim Kolb stated this neighborhood has never meant to operate on a large scale, and requested Council protect the integrity and quality of life of this neighborhood.

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Michael Durick read a letter into the record from Dorothy Cutter who gave a complete history of the zoning of this area. Ms. Cutter's letter will be attached to the original staff report, which will be kept on file.

Mayor Peters closed the public comment hearing.

Councilmember Grantham stated he would like a more consistent recommendation from the City's Commission/Advisory Boards on the interpretation of the policy.

Councilmember Winholtz stated business does want to be encouraged; however, the location should be compatible, and she does not find that tugboats are compatible in this area. She said this has been an evolutionary process, and should be able to continue in its natural fashion.

Councilmember Smukler stated there has been some obvious historical commercial uses in this area. He said components of the recreational boating and fishing uses are appropriate for this neighborhood.

Councilmember Borchard stated she would like to find some place for tugboats in order to have future research of renewable offshore energy, and provide future jobs for this area.

Mayor Peters stated she supports the interpretation as it stands.

MOTION: Councilmember Smukler moved the City Council forward this item to the Planning Commission with a full historical review with the zoning issues for commercial uses in the Bay/Tidelands area of the City west of Main Street between Acacia and Barlow, and provide Council with further definition of appropriate commercial uses for that zone. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

Mayor Peters called for a break at 8:50 p.m.; the meeting resumed at 9:00 p.m.

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C. UNFINISHED BUSINESS

C-1 RESOLUTION NO. 24-09 APPROVING THE GREEN BUILDING INCENTIVES PROGRAM; (PUBLIC SERVICES)

Public Services Director Bruce Ambo stated the Green Building Incentive Program would reward project proponents committed to implementing either broad or focused sustainability measures. Fee rebates vary depending on the level of commitment and/or beneficial outcomes, and have been based upon regional norms. A review of the “Reduced Fee Incentive for Green Building and Low Impact Development” proposal was conducted by City Council on April 13, 2009 and was approved. Staff was directed to return with a resolution refining the program structure and process. Mr. Ambo recommended the City Council adopt Resolution No. 24-09 implementing the Green Building Incentive Program.

Councilmember Smukler would like to include grey water in the incentive program.

MOTION: Councilmember Smukler moved the City Council adopt Resolution No. 24-09 approving the Green Building Incentive Program with the inclusion of 20% e-rebate for grey water systems within the optional sustainability incentive program. The motion was seconded by Councilmember Winholtz and carried unanimously. (5-0)

D. NEW BUSINESS

D-1 PRESENTATION ON IMPLEMENTATION ON GOALS A & B FROM THE MANAGEMENT PARTNERS GOAL SETTING WORKSHOP; (ADMINISTRATION)

City Manager Andrea Lueker stated during the Goal Setting Workshop held in February 2009, the City Council indicated they were interested in exploring the “What Success Looks Like” section of the Goal Outcomes document. During the workshop, staff clearly indicated that any research done and/or information provided would not be completed or available prior to the 2009/10-budget adoption. The City Council requested staff come back with some time lines/schedule for completion of the tasks. The time lines were based on the parameters established by the City Council at the Goal Setting Workshop, divided into short-term (1-3 months), medium-term (3-9 months), long-term (9 months+) and on-going (started/continuing). In late April, staff provided to the City Council a document entitled Goal Setting Workshop outcomes for 2009 that outlined details to accomplish the “What Success Looks Like” section as well as proposed time lines for completion. Ms. Lueker submitted Goal A: Develop and Maintain a Structurally Sustainable Budget, and Goal B: Reduce Overall Administrative Costs for Council

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consideration. She recommended Council review Goals A and B as well as the “What Success Looks Like” and “Timeline” sections from the Goal Setting Workshop Outcomes for 2009 document, and provide further direction to staff.

Council consensus was to postpone this discussion until after the special meeting on the budget.

No action was taken on this item.

D-2 APPROVAL OF RESIDENTIAL LISTING AGREEMENT WITH MORRO BAY REALTY FOR EXCLUSIVE AUTHORIZATION AND RIGHT TO SELL THE CITY-OWNED PROPERTY AT THE SEC OF CORAL AND SAN JACINTO; (CITY ATTORNEY)

City Attorney Robert Schultz stated the City obtained ownership of the property at SEC Coral/San Jacinto Street in September 1996. At the time of the dedication, the property was a possible site for an additional fire station. In 2005, the City Council determined that alternative sites were better suited for a fire station. Therefore, pursuant to Resolution No. 30-05, the City Council authorized the sale of the City-owned property at SEC Coral/San Jacinto Street. The City received a few unacceptable bids for the property. In 2006, the City Council decided to subdivide the property to maximize its value. After the subdivision was completed in 2007, the City re-listed the property for \$2.4 million. To date, the City has received no offers for the property. Due to the lack of interest in the property, the City Council in 2008 directed staff to prepare and solicit a Request for Proposals for real estate contract services for the sale of City-owned property located at the SEC of Coral Avenue and San Jacinto Street. Mr. Schultz recommended the City Council direct the City Manager to execute a Residential Listing Agreement with Morro Bay Realty for exclusive authorization and right to sell the City-owned property at the SEC of Coral Avenue and San Jacinto Street.

MOTION: Councilmember Borchard moved the City Council authorize the City Manager to execute a Residential Listing Agreement with Morro Bay Realty to sell the property at the SEC of Coral Avenue and San Jacinto Street. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

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E. DECLARATION OF FUTURE AGENDA ITEMS

Councilmember Winholtz requested to agendize a discussion on Mobilehome Vacancy Decontrol (AB 761); Council concurred.

Councilmember Grantham requested to agendize a discussion on the feasibility of providing Internet service through WiFi in Morro Bay; Council concurred.

ADJOURNMENT

The meeting adjourned at 9:37 p.m.

Recorded by:

Bridgett Bauer
City Clerk



AGENDA NO: A-2

MEETING DATE: 06/08/09

Staff Report

TO: Honorable Mayor and City Council **DATE:** May 27, 2009
FROM: Susan Slayton, Administrative Services Director
SUBJECT: Approval of Resolution No. 27-09 Adopting the Identity Theft Prevention Program

RECOMMENDATION:

Council to approve Resolution No. 27-09, adopting the Identity Theft Prevention Program.

MOTION: I move that the City Council approve Resolution No. 27-09, adopting the Identity Theft Prevention Program.

FISCAL IMPACT:

None.

SUMMARY:

As of August 1, 2009, the Federal Trade Commission will begin enforcing the Red Flag Rule, which requires government agencies and utility companies to develop and implement a written Identity Theft Prevention Program. The program must contain reasonable policies and procedures to identify, detect and respond to *red flags*, which are patterns, practices or specific activities that indicate possible identity theft. According to the Rule, a municipal utility is a creditor subject to this requirement. This means that all of the City's water and sewer utility customer accounts are covered by the Rule. The Rule also requires that the City Council approve a written Identity Theft Prevention Program.

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

RESOLUTION NO. 27-09

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MORRO BAY, CALIFORNIA
ADOPTING THE IDENTIFY THEFT PREVENTION PROGRAM**

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

WHEREAS, Federal Trade Commission (FTC) has adopted regulations that require creditors, holding consumer or other covered accounts which are defined to mean any account where customer payment information is collected in order to bill for services rendered, to develop and implement by August 1, 2009, an Identity Theft Prevention Program that complies with those regulations; and

WHEREAS, because the City of Morro Bay provides utility services to its customers, it is considered a creditor under the applicable FTC regulations, and must, therefore, comply with those regulations by adopting and implementing an Identity Theft Prevention Program; and

WHEREAS, the City Council desires to take action in order to comply with the applicable FTC regulations.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the attached Identity Theft Prevention Program is adopted.

PASSED AND ADOPTED by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 8th day of June 2009, on the following vote:

AYES:

NOES:

ABSENT:

Janice Peters, Mayor

Bridgett Bauer, City Clerk

City of Morro Bay

Identity Theft Prevention Program

Effective August 1, 2009

I. PROGRAM ADOPTION

The City of Morro Bay ("City") developed this Identity Theft Prevention Program ("Program") pursuant to the Federal Trade Commission's Red Flags Rule ("Rule"), which implements Section 114 of the Fair and Accurate Credit Transactions Act of 2003 16 C. F. R. §681.2. This Program was developed with oversight and approval of the City Council. After consideration of the size and complexity of the City's operations and account systems, and the nature and scope of the City's activities, the City Council determined that this Program was appropriate for the City of Morro Bay, and therefore approved this Program on June 8, 2009.

II. PROGRAM PURPOSE AND DEFINITIONS

A. Fulfilling requirements of the Red Flags Rule

Under the Red Flag Rule, every financial institution and creditor is required to establish an Identity Theft Prevention Program that is tailored to its size, complexity, and the nature of its operation. Each program must contain reasonable policies and procedures to:

1. Identify relevant *red flags* for new and existing covered accounts, and incorporate those *red flags* into the Program;
2. Detect *red flags* that have been incorporated into the Program;
3. Respond appropriately to any *red flags* that are detected to prevent and mitigate identity theft; and
4. Ensure the Program is updated periodically to reflect changes in risks to customers, or to the safety and soundness of the creditor, from identity theft.

B. Red Flags Rule definitions used in this Program

The Rule defines *identity theft* as "fraud committed using the identifying information of another person," and a *red flag* as "a pattern, practice, or specific activity that indicates the possible existence of identity theft."

According to the Rule, a municipal utility is a creditor subject to the Rule requirements. The Rule defines creditors "to include finance companies, automobile dealers, mortgage brokers, utility companies, and telecommunications companies. Where non-profit and government entities defer payment for goods or services, they, too, are to be considered creditors."

All the City's accounts that are individual utility service accounts held by customers of the City, whether residential, commercial or industrial, are covered by the Rule. Under the Rule, a *covered account* is 1) any account the City offers or maintains primarily for personal, family or household purposes that involves multiple payments or transactions; and 2) any other account the City offers or maintains, for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the City from identity theft. *Identifying information* is defined under the Rule as "any name or number that may be used, alone or in conjunction with any other information, to identify a specific person," including name, address, telephone number, social security number, date of birth, government-issued driver's license or identification number, alien registration number, government

passport number, employer or taxpayer identification number, unique electronic identification number, computer's Internet Protocol address, or routing code.

III. IDENTIFICATION OF RED FLAGS

In order to identify relevant *red flags*, the City considers the types of accounts that it offers and maintains, the methods it provides to open its accounts, the methods it provides to access its accounts, and its previous experiences with identity theft. The City identifies the following *red flags*, in each of the listed categories:

A. Notifications and Warnings from Credit Reporting Agencies

1. Report of fraud accompanying a credit report;
2. Notice or report from a credit agency of a credit freeze on a customer or applicant;
3. Notice or report from a credit agency of an active duty alert for an applicant; and
4. Indication from a credit report of activity that is inconsistent with a customer's usual pattern or activity.

B. Suspicious Documents

1. Identification document or card that appears to be forged, altered or inauthentic;
2. Identification document or card on which a person's photograph or physical description is not consistent with the person presenting the document;
3. Other document with information that is not consistent with existing customer information (such as if a person's signature on a check appears forged); and
4. Application for service that appears to have been altered or forged.

C. Suspicious Personal Identifying Information

1. Identifying information presented that is inconsistent with other information the customer provides (example: inconsistent birth dates);
2. Identifying information presented that is inconsistent with other sources of information (for instance, an address not matching an address on a credit report);
3. Identifying information presented that is the same as information shown on other applications that were found to be fraudulent;
4. Identifying information presented that is consistent with fraudulent activity (such as an invalid phone number or fictitious billing address);
5. Social security number presented that is the same as one given by another customer;
6. An address or phone number presented that is the same as that of another person;
7. A person fails to provide complete personal identifying information on an application when reminded to do so; and
8. A person's identifying information is not consistent with the information that is on file for the customer.

D. Suspicious Account Activity or Unusual Use of Account

1. Change of address for an account followed by a request to change the account holder's name;
2. Payments stopped on an otherwise consistently up-to-date account;
3. Account used in a way that is not consistent with prior use (example: very high activity);
4. Mail sent to the account holder that is repeatedly returned as undeliverable;
5. Notice to the City that a customer is not receiving mail sent by the City;
6. Notice to the City that an account has unauthorized activity;
7. Breach in the City's computer system security; and
8. Unauthorized access to or use of customer account information.

E. Alerts from Others

Notice to the City from a customer, identity theft victim, law enforcement or other person that the City has opened or is maintaining a fraudulent account for a person engaged in identity theft.

IV. DETECTING RED FLAGS

A. New Accounts

In order to detect any of the *red flags*, as identified above, that are associated with the opening of a new account, the Utility Billing Clerk will take the following steps to obtain and verify the identity of the person opening the account:

1. Require certain identifying information such as name, date of birth, residential or business address, principal place of business for an entity, driver's license or other identification;
2. Verify the customer's identity (for instance, review a driver's license or other identification card); and
3. Review documentation showing the existence of a business entity.

B. Existing Accounts

In order to detect any of the *red flags*, as identified above, for an existing account, the Utility Billing Clerk will take the following steps to monitor transactions with an account:

1. Verify the identification of customers, if they request information (in person, via telephone, via facsimile, via email);
2. Verify the validity of requests to change billing addresses; and
3. Verify changes in banking information given for billing and payment purposes.

V. PREVENTING AND MITIGATING IDENTITY THEFT

In the event that the Utility Billing Clerk detects any identified *red flags*, such personnel shall take one or more of the following steps, depending on the degree of risk posed by the *red flag*:

Prevent and Mitigate

1. Continue to monitor an account for evidence of identity theft;
2. Contact the customer;
3. Change any passwords or other security devices that permit access to accounts;
4. Not open a new account;
5. Close an existing account;
6. Reopen an account with a new number;
7. Notify the Program Administrator for determination of the appropriate step(s) to take;
8. Notify law enforcement; or
9. Determine that no response is warranted under the particular circumstances.

Protect customer identifying information

In order to further prevent the likelihood of identity theft occurring with respect to utility accounts, the City will take the following steps, with respect to its internal operating procedures, to protect customer identifying information:

1. Ensure that its website is secure, or provide clear notice that the website is not secure;
2. Ensure complete and secure destruction of paper documents and computer files containing customer information;
3. Ensure that office computers are password protected;
4. Request only the last four digits of social security numbers (if any);
5. Ensure computer virus protection is up to date; and
6. Require and keep only the kinds of customer information that are necessary for utility purposes.

VI. PROGRAM UPDATES

The Program Administrator will periodically review and update this Program to reflect changes in risks to customers, and the soundness of the City from identity theft. In doing so, the Program Administrator will consider the City's experiences with identity theft situations, changes in identity theft methods, changes in identity theft detection and prevention methods, and changes in the Utility's business arrangements with other entities. After considering these factors, the Program Administrator will determine whether changes to the Program, including the listing of *red flags*, are warranted. If warranted, the Program Administrator will update the Program, or present the City Council with recommended changes, and the City Council will make a determination whether to accept, modify or reject those changes to the Program.

VII. PROGRAM ADMINISTRATION.

A. Oversight

Responsibility for developing, implementing and updating this Program lies with the Administrative Services Department. The Administrative Services Director will be responsible for the Program administration, for ensuring appropriate training of the Utility Billing Clerk and other Finance Division staff on the Program, for reviewing any staff reports regarding the detection of *red flags*, and the steps for preventing and mitigating identity theft, determining which steps of prevention and mitigation should be taken in particular circumstances and considering periodic changes to the Program.

B. Staff Training and Reports

Finance Division staff, responsible for implementing the Program, shall be trained either by or under the direction of the Program Administrator in the detection of *red flags*, and the responsive steps to be taken when a *red flag* is detected.

C. Service Provider Arrangements

In the event the City engages a service provider to perform an activity in connection with one or more accounts, the Utility Billing Clerk will take the following steps to ensure the service provider performs its activity in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identity theft;

1. Require, by contract, that service providers have such policies and procedures in place; and
2. Require, by contract, that service providers review and operate in compliance with the City's Program and report any *red flags* to the Program Administrator.



AGENDA NO: _____

Meeting Date: 06/08/09

Staff Report

TO: Honorable Mayor and City Council **DATE:** May 26, 2009

FROM: Susan Slayton, Administrative Services Director

SUBJECT: Revisions to the Water System Supervisor Job Description

RECOMMENDATION:

It is recommended that the City Council accept the revised job description.

Motion: I recommend that the Council accept the revised job description for the Water System Supervisor position.

FISCAL IMPACT:

The recommended salary level for this position is being increased by \$4,485 annually at the top step.

BACKGROUND:

Historically, the California Department of Public Health (CDPH) classifies water treatment and distribution systems based on the size of the system, and the complexity of their operations. Periodically, these classifications are reviewed, and a system's classification may be revised depending on its evolving water production and distribution circumstances.

The water system in the City of Morro Bay would have been historically classified as a Treatment 1 and Distribution 3 system by the California Department of Public Health. With the onset of the nitrate pollution installation and/or the installation of the desal plant, this designation should have been modified to a Treatment 2 and Distribution 3 system.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

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During the 2009 annual inspection, these classifications for the City were reviewed and clarified by CDPH. Our system, as a Treatment 2 and Distribution 3 system, has a legal requirement that the chief operator of our system have these same designations. The current Water System Supervisor job description was last revised before these requirements, and needs to be changed to reflect the current system classifications and the position's function as the Chief Operator.

DISCUSSION:

The requirement that the Chief Operator of a water system have both a Distribution 3 and a Treatment 2 designation is a substantial change to the job description of the Water System Supervisor position. This change will require higher levels of certification from the candidates than the City currently employs. Some other minor changes have been made to the job description to clarify and modernize the duties of this position.

Once this position is filled with a qualified candidate, our staff will be able to operate the desal plant, rather than using contract operators, which is our historic practice. Operating with our staff versus contract operators will lead to a significant reduction in the operational costs for the desal facility and could lead to noticeable cost savings.



AGENDA NO: A-4

MEETING DATE: 6/8/09

Staff Report

TO: Honorable Mayor and City Council

DATE: June 2, 2009

FROM: Rob Schultz, City Attorney

SUBJECT: Approval of Settlement Agreement in City of Morro Bay v. Martony/Pekarek

RECOMMENDATION:

Staff recommends that the City Council approve the settlement agreement between the City and William Martony and Bernadette Pekarek.

MOTION: I move the City Council approve the settlement agreement between the City and William Martony and Bernadette Pekarek.

FISCAL IMPACT:

Pursuant to the Settlement Agreement, Martony will deliver \$41,000 (Settlement Funds) to a Holding Agent within ten days after the effective date of the Settlement Agreement, which funds will be released to the City upon completion of demolition of wood dock, wharf and pilings on Lease Site 35W-36W. However, in order to complete the demolition, the City will have to expend between \$60,000 - \$80,000 from the Harbor Fund.

FACTUAL SUMMARY:

In November of 2000, the City Council approved the assignment of the lease agreement for lease site 35W-36W to William J. Martony and Bernadette J. Pekarek. Approximately a year later, Martony and Pekarek (herein after referred to jointly as the Martonys) expressed a desire to renew their lease for an additional 10 years. Unfortunately, the City and the Martonys were unable to come to an agreement as to the new conditions of the renewed lease prior to the expiration of the lease term; therefore, it was agreed by and between the parties that the existing lease would continue on a monthly basis after March 1, 2002, to allow the parties to continue their lease negotiations. Unfortunately, further negotiations failed to bring the parties to agreement, and in July 2004, the City of Morro Bay advised the Martonys of its intention to terminate the lease by January 2005 and requested that the Martonys remove the pier/dock at the lease site pursuant to Paragraph 13 of the lease agreement. Immediately thereafter, the Martonys provided the City of Morro Bay with their 30-day notice to terminate the lease and refused to remove the pier/dock claiming that the City failed to give proper notice.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

The tenants' obligation to remove tenants' improvements is a critical economic and planning issue for the City, and the City should make every effort to avoid tenants being able to abandon improvements on public property. Therefore, pursuant to City Council authorization, the City retained counsel, Jay Heatt, who, along with my office and the Harbor Director, negotiated extensively with the Martonys to find a resolution to the dispute and avoid civil litigation.

Unfortunately, these negotiations were unsuccessful and a lawsuit was filed against the Martonys on May 11, 2007 to preserve the City's right to pursue legal remedies. The lawsuit contains three separate Causes of Action: the First for Breach of Contract, the Second for Declaratory Relief, and the Third for Fraud. Although the lawsuit had been filed to preserve legal remedies, the City has continued to seek resolution of the dispute with the Martonys.

The City's continued negotiations with Martony and Pekarek have resulted in the attached Settlement Agreement. Pursuant to the Settlement Agreement, Martony will deliver \$41,000 (Settlement Funds) to a Holding Agent within ten days after the effective date of the Settlement Agreement, to be released to the City or returned to Martony. Pursuant to the terms of the Settlement Agreement, the Holding Agent shall release the Settlement Funds to the City upon completion of Demolition or to Martony if the City fails to apply for all permits necessary for Demolition within 60 days or fails to execute a contract for Demolition within 120 days after issuance of all necessary permits or demolition is not completed within 120 days after execution of a contract for Demolition.

It is estimated that the cost of demolition of the wood dock, wharf and pilings is between \$100,000 - \$120,000. Therefore, the Harbor Fund will need to expend between \$60,000 - \$80,000 for the demolition and to meet the terms of the settlement agreement.

CONCLUSION:

Staff recommends that the City Council approve the settlement agreement between the City and William Martony and Bernadette Pekarek.

**A PROCLAMATION OF THE CITY OF MORRO BAY
THANKING PETE ZOTOVICH FOR HIS LEADERSHIP ROLE AS
PRINCIPAL OF MORRO BAY HIGH SCHOOL**

WHEREAS, for the past 38 years Pete Zotovich has devoted his life to the field of education, including the last 19 years at Morro Bay High School, 10 years as Assistant Principal and 9 years as Principal; and

WHEREAS, we enthusiastically join his family, friends, and co-workers in expressing our admiration for his accomplishments and our sincere appreciation for the personal contributions he has made to the community of Morro Bay; and

WHEREAS, Pete Zotovich has always led by example as demonstrated in his positive attitude and enthusiasm for learning while providing constructive interactions with faculty, staff, students, parents, and community leaders; and

WHEREAS, Pete Zotovich has a reputation for treating all students with respect and dignity; is fully committed to their intellectual, social and emotional growth and has encouraged students to continually strive for success; and

WHEREAS, Pete Zotovich has been devoted to the Morro Bay High School Family and the Morro Bay Community Family; and

WHEREAS, through Principal Pete Zotovich's innovative leadership, Morro Bay High School was the only high school in San Luis Obispo County to be asked to apply for and receive the California Distinguished School in both 2005 and 2009 as well as be recognized as a National Blue Ribbon School in 2006; and

WHEREAS, under the leadership of Principal Pete Zotovich, Morro Bay High School, received a Bronze Medal in 2008 and a Silver Medal in 2009 from U.S. News and World Report's American's Best High Schools thus placing Morro Bay High School among the top 600 high schools in the nation; and

WHEREAS, Pete Zotovich will be greatly missed not only at Morro Bay High School, but as an active Morro Bay Community member; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morro Bay does hereby commend Pete Zotovich for his knowledge, dedication and outstanding service to Morro Bay High School and the Morro Bay High School community.

BE IT FURTHER RESOLVED that the Mayor, City Council and City Staff would like to take this opportunity to extend him best wishes for many years filled with happiness in his retirement.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the City of Morro Bay to be affixed to the 8th day of 2009.

Janice Peters, Mayor
City of Morro Bay, California



AGENDA NO:

MEETING DATE: June 8, 2009

Staff Report

TO: City Council **DATE:** May 27, 2009
FROM: Christine Rogers, LEED AP
Housing Programs Coordinator
SUBJECT: Community Development Block Grant
General Allocation Grant Application

RECOMMENDATION:

RECEIVE REPORT AND PROVIDE DIRECTION TO STAFF REGARDING 2009/10 COMMUNITY DEVELOPMENT BLOCK GRANT GENERAL ALLOCATION GRANT APPLICATION

I. MOTION: I move that the City Council,

A. Approve Resolution No. 28-09 directing staff to prepare an application to include the following activities:

- 1. \$400,000 for a Public Improvement Program for Sewer Line Repair,**
- 2. \$200,000 for a Public Improvement Project for Public Access Improvements,**
- 3. \$60,000 for a 10% Set Aside Project for Residential Energy Efficiency Audits; and**

B. Authorize the Public Services Director to act on the City's behalf in all matters pertaining to this application, including but not necessarily limited to executing the grant agreement and any subsequent amendments with the State of California for the purposes of this grant.

FISCAL IMPACT:

Costs incurred by the City in the course of administering the CDBG program are offset by the funds received for General Administration and Activity Delivery funds.

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

For this grant application as recommended at \$660,000, the City would receive the following General Administrative and Activity Delivery funds:

Activity General	Administration	Activity Delivery	Total
Sewer Repairs	\$30,000	\$32,000	\$62,000
Public Access Improvements	\$15,000	\$16,000	\$31,000
Energy Efficiency Audits	\$4,500	\$4,800	\$9,300
Total	\$49,500	\$52,800	\$102,300

In order to improve competitive standing for the 2009/10 General allocation application, the City should maximize local (i.e., public) leverage and private leverage for each of the competitively ranked activities. Typically, the City provides leverage, or a match, through “in kind” staff services to administer the grant-funded activities. The funding for such in-kind services would come from the un-programmed CDBG Funds (Energy Efficiency Audit Program), the Sewer Fund (Sewer Repairs), and Measure Q Funds (Public Access Improvements).

Staff has entered into discussions with PG&E’s San Luis Obispo County Energy Watch program securing a preliminary commitment to participate by completing the energy audits at a discount for additional leveraging of \$36,800. Energy Watch will also coordinate with Southern California Gas regarding the potential inclusion of water conservation retrofits (i.e., shower heads, aerators, etc.) Staff will continue to seek other local and private leverage commitments to enhance this application prior submittal. City commitments will be reflected in the application, and are identified in the authorizing Resolution, subject to Council approval.

Local and other leveraging is currently proposed as follows:

Activity Funding		In Kind Staffing General Administration	In Kind Staffing Activity Delivery	FUNDING SOURCE
Sewer Repairs		\$15,000	\$16,000	Sewer Fund
Public Access Improvements	\$10,000	\$7,500	\$8,000	Measure Q Fund
Energy Efficiency Audits	\$36,800	\$5,000	\$5,000	CDBG Fund Energy Watch
Total	\$46,800	\$27,500	\$29,000	\$103,300.00
Leveraging Ratio 6:1 Maximum Points Leveraging Ratio 2:1				

SUMMARY:

The California Department of Housing and Community Development (HCD) recently released a Notice of Funding Availability (NOFA) for the “2009-10 Community Development Block Grant (CDBG) General Allocation”.

This year’s allocation is \$15 million. HCD expects that applications will exceed available funding and the award process will be highly competitive. For this NOFA, the maximum award per application is \$800,000, limited as follows:

Activity Description		Maximum
One Program	Housing Rehab, Homeowner Assistance, Public Services	\$400,000
Combination	Housing Rehabilitation and Homeownership Assistance program	\$600,000
Two Programs	Housing Program (up to \$400,000) and Public Service Program (up to \$400,000)	\$800,000
Two Eligible Projects	Public Improvements, Public Facilities, Multi-Family Rehabilitation, Real Property Acquisition, and Housing New Construction.	\$800,000
Combination	One Eligible Program (up to \$400,000), and One Eligible Project, or Housing Combination (up to \$600,000)	\$800,000
10% Set Aside	Limited to no more than one activity per application	\$40,000 to \$60,000

Applications are due July 14, 2009. Awards will be announced October 2009. Staff is seeking direction from the Council regarding identification of projects for the 2009-10 General Allocation application. Once projects are identified the application will be prepared. Prior to submitting the application, a public hearing must be held and a resolution authorizing submittal of the application must be adopted.

BACKGROUND:

The State CDBG program distributes funds from the federal Department of Housing and Urban Development to assist communities by providing housing and essential public services and community facilities to meet the urgent needs of low-income persons. The CDBG General Allocation typically funds:

- Housing Rehabilitation programs and projects
- Homebuyer Assistance programs
- Housing Acquisition projects
- Housing New Construction projects
- Public Pmprovements projects
- Public Facility projects
- Public Services programs.

All projects funded through the CDBG program are required to principally benefit low-income residents (i.e., the “Targeted Income Group”) based on county income limits which are provided annually by HCD. All activities proposed will be completed within identified TIG areas per the attached “Exhibit A”.

DISCUSSION:

Each year, applications for CDBG funding far exceed the amount of funds available. Applications are competitively scored and ranked, and to successfully obtain grant funds, it is essential that the activities that are identified (other than the 10% Set-Aside activity) be highly competitive.

The evaluation criteria (Total of 1,000 points possible) are weighed by the maximum number of points assigned to each of the main categories of criteria as follows:

Poverty Index	100 Points
Benefit to the Targeted Income Group	300 Points
Need for CDBG Assistance	200 Points
Prior CDBG Performance	150 Points
Capacity to Administer the CDBG Program	100 Points
Readiness	50 Points
Leverage of Local and Private Resources	50 Points
State Objective	50 Points

Additional Points:

Energy Efficiency	25 Points
Infrastructure in Support of Housing	25 Points
CDBG Application not Awarded in previous funding cycles	25 – 35 Points

The weighting of the evaluation criteria and their use in a way that compares applications to one another is consistent with the State objectives of funding applications that *provide the greatest portion of funds to benefit the Targeted Income Group, address the most serious community development needs, and demonstrate effective strategies and sound management.*

As required by the CDBG program, a “Design Phase” public hearing was held on February 20, 2009, to obtain input from community organizations and the public about potential projects that would benefit from CDBG funding. The hearing occurred, with Staff available for discussion, but was not attended by any members of the public. Recommendations are based upon historical performance and current conditions.

PROGRAMS:

Housing Rehabilitation Program: Up to \$600,000.

The current HOME Investment Partnership Program fund allocation of \$486,000 must be utilized in the next two years. In the current economy, residents appear to be hesitant to further encumber their homes and finding applicants has been a challenge. Failure to utilize the funds in the time period defined negatively impacts future grant applications.

Staff does not recommend funds be requested during this funding cycle as it may be difficult to find an adequate number of applicants for both the HOME and CDBG rehabilitation programs, but will continue to monitor opportunities for future funding cycles.

Homeowners Assistance Program: Up to \$400,000

Recent sales document the least expensive single-family home in Morro Bay to be priced at \$311,900, indicating that only a household earning an income above the moderate level would be able to afford an ownership unit in the City.

Staff does not recommend funds be requested during this funding cycle, but will continue to monitor opportunities for future funding cycles.

Public Services Programs: Up to \$400,000

Due to recent budget constraints, the City is not currently providing financial support to the various public service agencies which provide assistance to community. The CDBG grant allows for funding to be utilized for various public services such as homeless services, energy conservation counseling and testing, as well as emergency assistance payments.

Initiating a new Public Service program would require the development of guidelines and procedures, as well as ongoing administration, monitoring and reporting. These activities would likely exceed the administrative costs reimbursed, as well as available staffing resources.

Staff does not recommend funds be requested during this funding cycle, but will continue to monitor opportunities for future funding cycles.

10% Set Aside Project: Up to \$60,000

The 10% Set Aside projects are not competitively rated, so they are a useful means of funding less competitive activities. Staff recommends development of a Home Energy Audit grant program for homeowners within the TIG Areas. The Energy Watch Program has expressed an interest to partner with the City resulting in additional leveraging of \$36,800. This would allow for approximately 200 audits. It is felt this program could be fairly easily developed and administrated with minimal staff time.

Staff recommends a 10% Set Aside Project to be utilized for Energy Efficiency Audit grants to income eligible homeowners.

PROJECTS:

Public Facilities: Up to \$400,000.

Evaluation of the need for these activities will be based upon:

- 1) The severity of the problem being addressed; and
- 2) The extent to which the proposed action will address the problem.

Staff is not aware of any projects at this time for which severe need could be demonstrated, thus is not recommending request of these funds.

Public Improvements: Up to \$400,000.

Eligible activities include acquisition, construction, and installation of public improvements project and site or others, including water and sewer facilities, flooding and drainage facilities, utilities and flood control. Evaluation of the need for these activities will be based upon:

- 1) The severity of the health and safety problem to be addressed; and
- 2) The likelihood that funds request will substantially reduce or eliminate the problem.

The TIG Areas have numerous sewer lines and public access areas in need of repair and/or replacement. Potential projects within the Targeted Income Group areas have been identified and prioritized based upon Video inspections of existing facilities. Public Access infrastructure upgrades have been identified as a priority for some time. However, funding has not been available to complete these improvements. These repairs must be effectuated as soon as possible to protect health and safety within these areas.

Staff recommends a request for funds in the amount of \$600,000 (Sever Repairs \$400,000, Public Access Improvements \$200,000).

Public Improvements in Support of Housing New Construction: Up to \$400,000.

Eligible activities include public improvements in support of Housing New Construction. There is a requirement that all associated housing units be constructed and occupied prior to the expiration of the CDBG Agreement.

In light of current development trends, Staff does not recommend a request for funds at this time.

Housing New Construction: Up to \$400,000.

Not applicable.

Multi-Family Housing Rehabilitation Project: Up to \$600,000.

In the near future, the City will be reviewing a Redevelopment Feasibility Survey to evaluate whether there are areas of blight as defined by the State within the proposed Redevelopment Area Boundary, which encompasses approximately 70% of the community. In addition to the benefit of having identified projects, combining future grant opportunities with available redevelopment funds would maximize the City's resources.

Staff does not recommend funds be requested during this funding cycle, pending a determination of whether a Redevelopment Agency will be formed, and if so, which projects might be the most beneficial.

CONCLUSION:

A Council Resolution authorizing submittal of the application and designating any leverage or match must be approved prior to application submittal. The CDBG General Allocation application is due July 14, 2009. Awards will be announced October 2009. Funding will be available after contracts are executed and Special Conditions are cleared.

Alternative Actions:

- I. No action. Under this alternative, the City would not submit a CDBG General Allocation application for the 2009-10 cycle.
- II. Receive report and direct staff to prepare an application to include the following activities:
 - A. \$400,000 for a Public Improvement Project for Sewer Repairs;
 - B. \$200,000 for a Public Improvement Project for Public Access Improvements;
 - C. \$60,000 for a 10% Set Aside Project for Energy Efficiency Audits.
- III. Receive report and direct staff to prepare an application to include other programs and/or projects.

ATTACHMENTS:

- 1. Census Block Groups Map
- 2. Correspondence from Dave Christensen, PG&E Energy Watch

NOTIFICATION:

- 1. San Luis Obispo Housing Trust Fund, SLOHTF
- 2. People Self Help Housing Corporation, PSHHC
- 2. California Engineering Company, Inc., CEC
- 3. PMC, Inc., PMC

RESOLUTION NO. 28-09

A RESOLUTION APPROVING AN APPLICATION, FUNDING AND THE EXECUTION OF A GRANT AGREEMENT FROM THE GENERAL ALLOCATION OF THE STATE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.

The City Council,
City of Morro Bay, California

WHEREAS, the State Department of Housing and Community Development has announced the availability of \$15 million under the 2009/2010 Community Development Block Grant (CDBG) General Allocation; and

WHEREAS, this funding is in the form of grants to small cities and counties for eligible activities such as housing, public works and community facilities; and

WHEREAS, the City of Morro Bay is in need of funding construct Public Improvements defined as sewer line repair and replacement, and public access improvements in Targeted Income Areas, and to establish an Energy Efficiency Audit Program.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Morro Bay that the application for up to \$660,000.00 for Public Improvements (Sewer Repairs and Public Access Improvements), and an Energy Efficiency Audit Program, is hereby approved and further determines that federal Citizen Participation requirements were met during the development of this application; and

BE IT FURTHER RESOLVED that the City Council hereby reallocates CDBG Loan Repayment Funds in the amount of \$10,000, Measure Q Funds in the amount of \$25,500, and Sewer Funds in the amount of \$31,000 for use as the City's leverage for this project; and

BE IT FURTHER RESOLVED that the Director of Public Services is hereby authorized and directed to act on the City's behalf in all matters pertaining to this application, including but not necessarily limited to executing the grant agreement and any subsequent amendments with the State of California for the purposes of this grant.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Morro Bay held on June 8, 2009 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

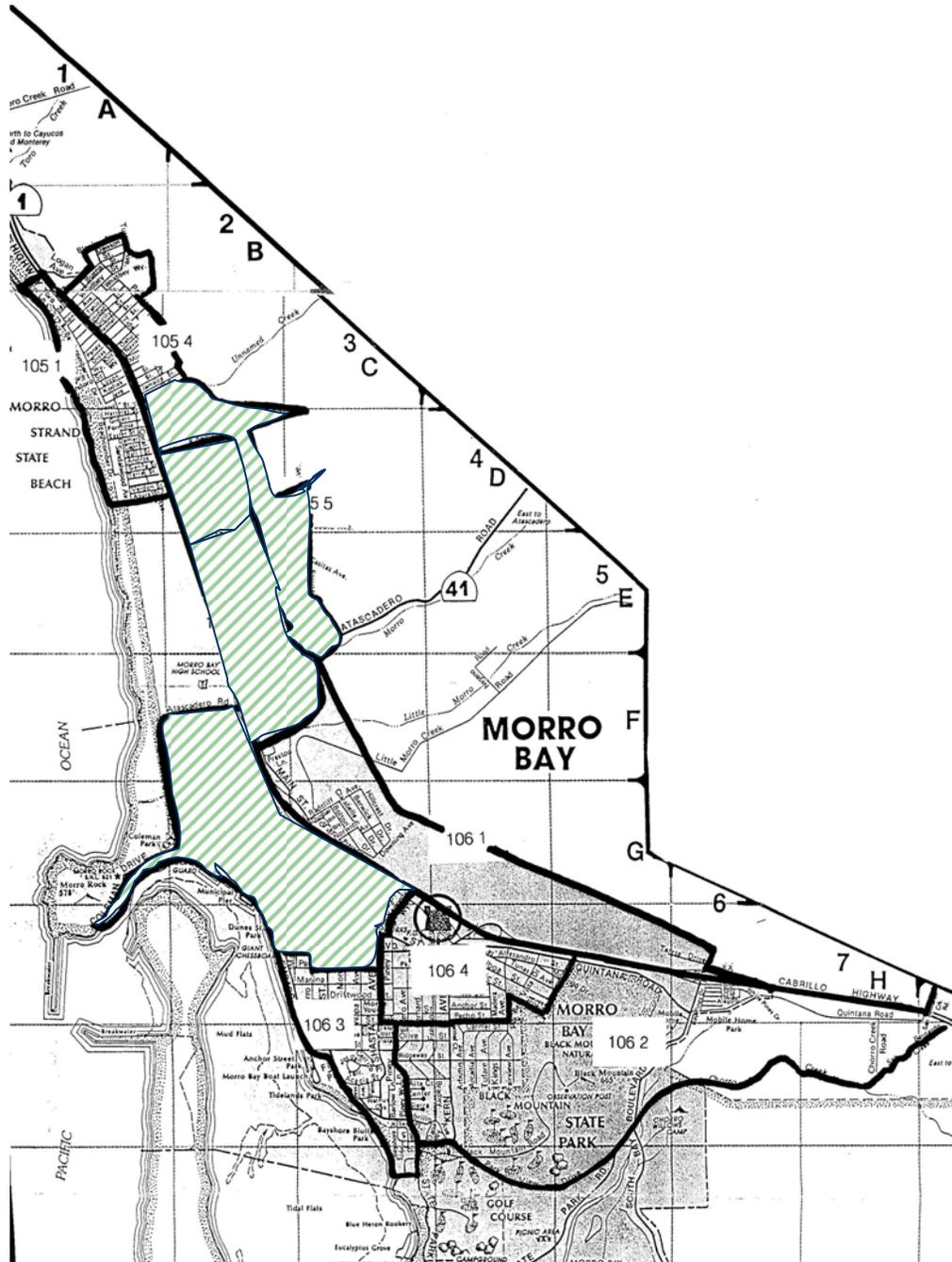
JANICE PETERS, Mayor

ATTEST:

BRIDGETT BAUER, City Clerk

Exhibit A

Census Block Groups



Christine Rogers - City of Morro Bay/PG&E Residential Home Assessment Pilot

From: "Christensen, David" <DNC3@pge.com>
To: "Christine Rogers" <CRogers@morro-bay.ca.us>
Date: 6/1/2009 2:59 PM
Subject: City of Morro Bay/PG&E Residential Home Assessment Pilot

Christine,

To confirm our conversation earlier today and our meetings over the past two weeks, I am currently in the process of trying to secure funds in the amount of \$36,800 to match the City of Morro Bay's grant for the purpose of executing a pilot program, through PG&E's San Luis Obispo County Energy Watch Partnership, to perform energy assessments on residential dwellings located within the City of Morro Bay.

I anticipate receiving final approval/disapproval no later than the end of this month. If approved, the pilot program would tentatively begin on January 1, 2010 and run through December 31, 2010.

Thank you for the opportunity to participate with the City of Morro Bay in this project. Please contact me should you have any questions.



AGENDA NO: B-2

MEETING DATE: 6/8/2009

Staff Report

TO: Morro Bay City Council **DATE: 6/8/2009**
FROM: Joseph M. Woods, Recreation and Parks Director
SUBJECT: Review and approve the Memorandum of Understanding between the City of Morro Bay and the Morro Bay PUPS for the Construction and Maintenance of the Del Mar Park Off Leash Dog Area.

RECOMMENDATION:

It is recommended that the Council review and approve the presented Memorandum of Understanding (MOU) between the City of Morro Bay (CMB) and the Morro Bay Pups (MBP) for the construction, operation, and maintenance of the off leash dog park at Del Mar Park. This agenda item reflects City Council's goal to encourage community involvement, volunteerism, participation and contributions.

MOTION: I move that the City Council approve the attached MOU and direct Staff to work with the Morro Bay Pups for the Construction, Operation, and Maintenance of the Del Mar off leash dog park.

FISCAL IMPACT:

At this time, the fiscal impact has been the amount of staff time for meetings and preparation of staff reports over the past years. Funds for construction and maintenance will be contributed by MBP.

DISCUSSION:

An off-leash dog park located in Morro Bay has been a topic of discussion for several years. Timelines, various staff reports and articles have been present to both the Recreation and Parks Commission and City Council throughout the past recent years. Staff did not include all this information, but would make this material available by contacting our office at your convenience.

The last action taken by City Council was on March 23, 2009, the Morro Bay City Council amended the Del Mar Park Master Plan and approved Special Use Permit 243 for the development of the off leash Dog Park, including perimeter fencing, of approximately one acre area within the southwesterly portion of Del Mar Park. In order to proceed with the project, an agreement between the CMB and MBP for the dog park construction, operation, and maintenance must be established. On May 21, 2009 the Recreation and Parks Commission reviewed the attached Construction, Operation and Maintenance Memorandum Of Understanding (MOU) and recommend that Council review and approve to allow the project to continue.

Prepared By: JMW Dept _____ Review: JMW

City Manager Review: _____

City Attorney Review: _____

MEMORANDUM OF UNDERSTANDING
DOG PARK CONSTRUCTION AND MAINTENANCE

This Memorandum of Understanding (“MOU”) is entered into by and between the City of Morro Bay, a Municipal Corporation formed under the laws of the State of California, hereinafter referred to as the “City”; and Morro Bay Pups, a duly organized community volunteer organization hereinafter referred to as “MBP.” Collectively, the City and MBP are referred to herein as the “Parties.”

WHEREAS, the City owns certain real property located within its corporate limits in the City of Morro Bay, commonly known as Del Mar Park; and

WHEREAS, on August 11, 2008, the Morro Bay City Council adopted Resolution No. 53-08 supporting the establishment of a fenced-in, off-leash dog park in the southwesterly portion of Del Mar Park as depicted on Exhibit “A” attached thereto (the “Dog Park”) and authorized staff to process permits, proposed amendments to the General Plan and the Master Plan, and CEQA documentation for the Dog Park; and

WHEREAS, on March 23, 2009, the Morro Bay City Council amended the Del Mar Park Master Plan and approved Special Use Permit 243 for the development of the off leash Dog Park, including perimeter fencing, of approximately one acre area within the southwesterly portion of Del Mar Park; and

WHEREAS, MBP is committed to the development, operation, and maintenance of the Dog Park in Del Mar Park and in furtherance thereof has submitted to the City all applications required by the City for final approval of the Dog Park; and

WHEREAS, the City has expeditiously processed all of said applications for consideration all together by the City Council; and

WHEREAS, the City has made clear that it has no additional financial resources at this time to commit to the design, development, operation, or maintenance of the Dog Park; and

WHEREAS, MBP has associated itself with the San Luis Obispo Parks Open Space & Trails Foundation (“SLOPOST”), which has formal federal and state non-profit status, for the purpose of raising funds in the name of SLOPOST-MORRO BAY PUPS, for the development, operation, and maintenance of the Dog Park in Morro Bay; and

WHEREAS, SLOPOST has designated the Dog Park as a SLOPOST project and has agreed to disburse funds raised by MBP as directed by MBP, and consistent with its charitable purposes, for the development, operation, and maintenance of the Dog Park; and

WHEREAS, MBP has raised initial funds for the development of the Dog Park, is in the midst of a capital fundraising campaign, and expects that it will raise sufficient funds and secure other commitments for the development, operation, and maintenance of the Dog Park; and

WHEREAS, the Parties desire a Memorandum of Understanding to document the terms and conditions for the construction, operation, and maintenance of the Dog Park.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the Parties agree as follows:

1. **Construction.**

Subject to the requirements set forth below, MBP will, at its sole cost, construct fencing, gates, access walkway from the tennis courts to the Dog Park entrance, signage, entrance structure, information kiosk, mutt mitt dispensers, benches, turf restoration and other similar improvements for the Dog Park. MBP will contract with one or more properly licensed contractors or with the California Conservation Corps (“contractors”) to perform all work required by law to be performed by a licensed contractor. Construction of the Dog Park will not be performed, in whole or in part, by the City or under contract with the City.

All contractors will be subject to the approval of the City and will not commence work until their licensing and insurance and all other requirements, if any, requested by the City are incorporated in the contract documents and proof thereof is provided to the satisfaction of the Director of Recreation and Parks (the “Director”). The City shall contribute no public funds to the construction of the Dog Park as those terms are used in Labor Code Section 1720, or take any other action which would subject MBP to the payment of prevailing wages on the project. For that reason, MBP shall not be required to pay prevailing wages in connection with such construction. All contract documents between MBP and its contractors will be submitted to the Director and approved prior to the commencement of that contractor’s work.

As the City requires, the contractors performing work on the project shall agree to standard provisions for the protection of the City, including insurance requirements. The Director will provide a copy of such standard provisions to MBP not later than May 15, 2009, and MBP will require that each contractor sign such provisions as a part of its contract with MBP.

All materials used in construction of the project shall be new or like-new, and in either event shall result in first class quality and appearance when incorporated into the project. Materials may be provided by the contractor, purchased at or below market value by MBP and provided to the contractor, or donated to MBP and provided to the contractor. Materials may be subject to the approval of the Director.

Construction of the improvements shall comply with all applicable requirements of law, including the Americans With Disabilities Act.

The work of construction may be performed in increments or phases approved by the Director.

Before any increment or phase of construction may begin, MBP will submit the contractor's bid proposal to the Director describing or depicting the work to be done, and in the case of the perimeter fence, the fence location will be physically marked on the ground. No work will be commenced until such proposal is approved by the Director, and in the case of the fence, until the fence location is approved by the Director.

The Director will cause the construction to be inspected by City personnel in the same manner and to the same extent as other construction or repair work performed on City park property. The City will require all contractors to perform their work in accordance with code requirements and the bid proposal.

MBP will not authorize any construction work to begin unless it holds in its SLOPOST or other accounts sufficient funds to pay the contract price in full. MBP will pay all contractors in timely manner and will not allow any claim or lien to be made or filed against the City. In the event of a payment or performance dispute between MBP and any contractor, MBP will notify the Director within 10 days of receiving notice of the dispute and will request the assistance of the City in resolving the dispute.

The City owns the subject property and will not charge processing and inspection fees normally charged contractors or developers for work performed on private property. The City will not provide and will not require MBP or MBP's contractors to provide performance or completion bonds. Contractors will provide insurance for construction activities as routinely required by the City.

The construction by MBP shall include the access walkway from the tennis courts to the Dog Park. The walkway shall comply with ADA requirements and connect with the walkway at the tennis court site.

2. Maintenance.

The City will perform at its expense all maintenance and repair to the turf and trees of the Dog Park that it performs to all turf and trees in Del Mar Park. The City shall perform the regular mowing of the turf at least once every two weeks, watering, fertilizing, and pest control of the turf, and trimming and care of the trees on the same schedule as the other turf and trees in Del Mar Park. In the event that fencing needs to be replaced or turf needs to be replaced with turf or other materials, MBP shall pay the reasonable cost of replacement materials. The construction of the Dog Park will provide for lockable mower and vehicle access gates in the fencing as requested by the City.

With the guidance and approval of the Director, MBP will perform maintenance, repair, and replacement of or to the entrance structure, kiosk, water fountain, entry plaza, benches and other similar amenities of the Dog Park, the fencing, and the access path from the tennis courts to the Dog Park entrance, whether made necessary by use by the dogs, the public, the weather, or otherwise.

MBP will monitor the condition of the Dog Park on a regular basis and promptly remove all dog waste and litter from the Dog Park to City trash facilities within Del Mar Park, as required by the Director.

3. Operation of the Dog Park.

Operation of the Dog Park will be the primary responsibility of MBP acting as volunteers. Use of the Dog Park will be equally available to all members of the public in the Dog Park with their dogs and obeying all rules, whether or not they are members of MBP.

Rules of conduct by owners and dogs will be established by the Director and posted in the kiosk located at the Dog Park, using the conditions of SUP 243 as guidelines. MBP members will assist in the enforcement of the rules by informing users of the rules, and in such other manner as approved by the Director.

MBP will perform such other operational services as determined necessary by the Director for the safe and orderly operation of the Dog Park. MBP will inform volunteers and other participants of safe work methods to be used in MBP's operation and maintenance of the Dog Park.

Nothing in this MOU will require MBP to provide daily presence of a member or volunteer to monitor the use of the Dog Park, supervise the use, enforce the rules of operation or use, or for any other purpose.

The Director retains the right to close the Dog Park temporarily to perform repair or maintenance work necessary to protect the health and safety of the public.

4. Good Faith Performance.

Each party to this MOU will at all times act in good faith in the performance of its duties and responsibilities under this MOU, will use its best efforts to assist the other party, and will be courteous, helpful, cooperative with, and appreciative of the other party.

5. Insurance Authority Guidelines.

The City is a member of the Southern California Joint Powers Insurance Authority (the "JPIA"). The Director will provide to MBP the guidelines of the JPIA for operation and maintenance of the Dog Park. MBP will conform its operation and maintenance activities to any such written guidelines provided and will do nothing to limit or impair coverage of the City with the JPIA. All maintenance and operation activities provided by MBP shall be provided by volunteers, each of whom shall comply with all of the requirements for volunteers established by the Director.

6. No Possessory Interest.

MBP understands and agrees that it shall not at any time have a possessory interest in the Dog

Park and that any improvements constructed by MBP or its contractors are for the sole benefit of the general public and are the exclusive property of the City.

7. City's Rights and Obligations.

The Parties anticipate that the Dog Park, properly maintained, will be a permanent facility within Del Mar Park. Notwithstanding such expectation and without waiving any rights it may have, the City reserves the right to remove Dog Park improvements if deemed necessary to protect the public health, safety, or welfare; the right to relocate the Dog Park as the City Council may determine is in the public interest; and the right to close the Dog Park and remove the improvements if the City Council determines that the threatened danger to the public health, safety or welfare can only be eliminated by such closure and removal.

8. MBP Contact Persons.

MBP will furnish to the Director the names and telephone numbers of two members of MBP, each with authority to act alone on behalf of MBP, and who will act as the contacts with the Director concerning the maintenance and operation matters of this MOU. MBP will notify the Director if a member can no longer serve and will provide the name and telephone number of a replacement.

9. Written Notice.

Written notice to the respective parties will be provided as follows:

To the City:

City of Morro Bay
Department of Recreation & Parks
Attention: Director
Morro Bay, CA 93442

To MBP:

Morro Bay Pups
2988 Birch Ave.
Morro Bay, CA 93442

10. Effectiveness.

This MOU will be effective upon approval by the City Council and execution by the Parties. The persons executing this MOU represent that they are duly authorized by the party they

represent to execute and bind that party. This MOU is the final, complete, and exclusive statement of the terms of the understanding between the Parties, supersedes all previous understandings between the Parties as to its subject matter, and may be amended only in a further writing executed by both Parties.

IN WITNESS WHEREOF, the parties hereto have caused this MOU to be executed at Morro Bay, California, on the dates written below.

<p>CITY OF MORRO BAY</p> <p>_____</p> <p>Janice Peters, Mayor</p> <p>Date:</p> <p>ATTEST:</p> <p>_____</p> <p>Bridget Bauer, City Clerk</p> <p>APPROVED AS TO FORM:</p> <p>_____</p> <p>Rob Schultz, City Attorney</p>	<p>MBP</p> <p>By: _____</p> <p>Mary Stallard, Chair</p> <p>Date:</p> <p>APPROVED AS TO FORM:</p> <p>_____</p> <p>Steve Eckis</p>
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AGENDA NO: B-3

Meeting Date: 6/8/2009 Action: _____

Staff Report

TO: Mayor & Council
FROM: Kathleen Wold, Senior Planner
SUBJECT: Draft Housing Element

DATE: June 1, 2009

RECOMMENDATION:

Approve the Draft Housing Element and direct staff to submit the document to the State Department of Housing and Community Development for a mandatory pre-review prior to final adoption and certification.

MOTION: I move that the City Council approve the Draft Housing Element and direct staff to submit the document to the State Department of Housing and Community Development for a mandatory pre-review prior to final adoption and certification.

FISCAL IMPACT:

Housing Element document preparation costs were accounted for under current (2008-2009) budget.

SUMMARY:

Staff presents the draft Housing Element including Planning Commission comments and corrections for review and comment.

BACKGROUND:

According to state law, each jurisdiction must update its Housing Element (one of the seven required elements of the General Plan) approximately every five to seven years, with specific deadlines established by the State Department of Housing and Community Development (HCD). The City of Morro Bay is required to have a certified updated Housing Element by August 2009.

The Housing Element is considered the primary policy document for any given jurisdiction to guide the development, rehabilitation, and preservation of housing for all economic segments of the City's population. Accordingly, the City's Housing Element includes the identification and analysis of the existing and projected housing needs of the City. The document also contains goals, policies, and objectives along with implementation programs for the preservation, improvement, and development of the range of housing needs. Per HCD's guidelines, the San Luis Obispo's Council of Governments (SLOCOG) determined that the City's share of the regional fair housing needs to be

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

180 dwelling units. State housing law requires that the City's Housing Element include site-specific data showing that adequate land is available to meet this need.

Over the last couple of months both PMC (the City's consultant tasked with assisting city staff with the Housing Element update) and City staff have compiled, updated, and analyzed demographic, economic, and housing data to update the Housing Element's Needs Assessment. Efforts have also included updating the City's housing development potential, identifying governmental and non-governmental constraints to meeting the City's housing needs, and evaluating the past performance of the current Housing Element. The Housing Element team has reviewed, refined, updated, and added policies and programs, as necessary, to the Housing Element that will focus the City's efforts on removing constraints and taking the most effective steps towards meeting the housing needs of the community over the next five years.

On March 26, 2009 a Community Housing Workshop was conducted by City staff and PMC for the purpose of providing education about the Housing Element update process, to review recent legislative changes, and to gain input and feedback from a variety of housing stakeholders and community members.

The following is a list of recent legislative changes that affect the content of Morro Bay's Housing Element.

- SB 2 (Cedillo, 2007): Requires local jurisdictions to strengthen provisions for addressing the housing needs of the homeless, including the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use permit and allowing transitional and supportive housing types as residential uses.
- AB 2348 (Mullin, 2004): Requires a more detailed inventory of sites to accommodate projected housing needs and provide greater development certainty of each site listed.
- AB 1233 (Jones, 2005): If the prior Housing Element failed to identify or implement adequate sites, the local government must zone or rezone parcels to address this need within one year of update. This is in addition to new projected need.
- AB 2634 (Lieber, 2006): Requires quantification and analysis of existing and projected housing needs of extremely low-income households. Elements must also identify zoning to encourage and facilitate supportive housing and single-room occupancy units.
- AB 2511 (Jones, 2006): Anti-NIMBY protections and no net loss requirement. Adds potential penalties for non-reporting of annual General Plan progress report.
- SB 1087 (Florez, 2005): Requires local governments to immediately forward the adopted Housing Element to water and sewer providers.

At the meeting of May 18, 2009 the Planning Commission reviewed the draft document and had various corrections and comments. Of particular note were the following issues:

- Identifying zone districts in which the protected uses such as single-room occupancy units, transitional housing and homeless shelters will be allowed.
- Consider triggering the affordable housing requirement for projects of five or more for

- sale units to be consistent with the lot count requiring a tract map.
- Consider revising the in lieu fee calculation to incorporate land costs as well as construction costs.
 - Eliminate single family use from the higher density residential zone districts, make it a conditional use or leave as is.

A full list of comments and corrections is provided as an attachment for your review.

DISCUSSION:

As identified above, the issue of where to allow (what zone districts) protected uses such as single-room occupancy (SRO) units, transitional housing and homeless shelters is critical. Since some of these uses must be allowed by right determining the appropriate zone is important as the review by the city will be ministerial only. Staff's recommendation for SRO is to allow them "by right" in the Central Business (C-1) and Mixed Commercial Residential (MCR) and allow emergency shelters as a permitted use in the C-1 district.

Triggering the affordable housing requirement and the in lieu fee calculation, were discussed and the recommendation of the Housing Consultant was that changes should not be made without additional studies.

Modification of single family residential in the higher density zone districts was discussed and the recommendation was to consider making the use conditional in the R-2, R-3 and R-4 districts to allow these districts to utilize for multifamily housing needs.

Staff has also received some feedback from the community regarding corrections to the vacant land inventory. Staff will forward these corrections to the consultant for their inclusion into the draft that is forwarded onto HCD.

CONCLUSION:

The update of the Housing Element has been undertaken with a very compressed timeframe as such staff has attempted to highlight some of the more important issues addressed in the document. After the Council has reviewed the document and provided comments staff will prepare a consolidated list of the comments to the Housing Consultant. A revised draft will then be prepared and forwarded to HCD for the mandatory 60 day review.

Errors identified and changes recommended by the Planning Commission.

Page 9- Table 7 Household composition, 2000. Male householder, no wife with children and Female householder, no husband do not appear to be correct statistics, please verify.

Page 15-Census Black Groups map needs to be reformatted to a legible size.

Page 21-footnote 2 indicates an assumption of 7% for the cost of money. 7% is too high for today's market, recalculate.

Page 36-Change from decrease to increase.

Although water production has ~~decreased~~ **increase** from 1,326 acre-feet (AF) in 1998 to 1,439.2 AF in 2008, the water use/loss has increased from 16.5 AF in 1998 to 67.26 AF in 2008. Despite the increases in use/loss and the ~~decrease~~ **increase** in production, the average consumption in 2008 according to the Water Management Plan was 122 gallons per capita per day (gpcd), which is below the 130-gpcd threshold amount.

Page 45-Add the word month.

The time necessary to process single-family permits currently ranges from one to three **months** including notice periods for Coastal Development Permits. One method to reduce this time significantly is to eliminate Coastal Development Permits (CDPs) for single-family units with an amendment to the City Local Coastal Program Land Use Plan (LCP). The City has previously approached the California Coastal Commission regarding a single-family waiver unsuccessfully. Another option would be to combine the ten-day notice of intent to issue a permit with the ten-day appeal period. The 2008 processing time was not excessive and did not significantly impact the cost of construction nor the ability to build.

Page 48-Need to identify the source for the median price figure of \$629,000.

In 2009, the median price of housing in Morro Bay is about \$629,000. Of this cost, about half could be attributed to the land cost. Land costs clearly present a significant constraint to the production of affordable housing within the City.

Page 48-Need to identify the source for the 86 to 100 per square foot figure.

Construction costs are those incurred in actually constructing a dwelling unit. As with other land development costs, construction costs vary. Important determinants of construction costs include the amenities built into the unit, materials used, the prevailing labor rate, and the difficulty of building on the site. In Morro Bay, expansive soils may necessitate more extensive footings for houses, which can increase construction costs. Multiple-family residences such as apartments can generally be constructed for slightly less than single-family residences. Residential construction costs of a single-family home in 2009 ranged from **\$86 to \$100** per square foot for average quality construction.

Page 55.-Insert the word element at the end of the paragraph.

In an effort to ensure the policies and implementation programs included in the Housing Element are relevant to addressing the current problems of the City, an evaluation of achievements under the

previous Housing Element was undertaken. This evaluation provided the basis for recommended modifications and the establishment of new objectives in the Housing **Element**.

Page 64: Modify accomplishments section for program H-18.1 to indicate that the City will be pursuing this program.

<p>Program H-18.1 The City shall codify neighborhood preservation guidelines for affordable units in 17.28.200 of the Morro Bay Municipal Code when the zoning ordinance is amended.</p>	<p>General Fund</p>	<p>City Council/ Planning Division</p>	<p>Targeted 2005</p>	<p>This program was not implemented and the City will not pursue this program in the next Housing Element update.</p>	<p>This program will not be continued.</p>
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Page 71.-Wrong policy number H-24 revise to H-27.2

<p>Policy H-42 (Promote special housing needs): The City shall promote the development of special housing needs, such as transitional housing, housing for seniors and housing for persons with physical, developmental or mental disabilities.</p>	<p>This is new Policy H-24 H-27.2</p>
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Page 82. Change allow to promote and eliminate special circumstances, required to, ministerial and without discretionary review or public hearing,

Program H-13.1

The City shall ~~allow~~ promote secondary units under ~~special circumstances~~ in residential zones in accordance with state law. Secondary units shall be ~~required to~~ obtain a ~~ministerial~~ Coastal Development Permit ~~without discretionary review or a public hearing~~. A secondary unit application shall be processed in accordance with Administrative Coastal Development Permit procedures.

Page 84. Eliminate the word public

Policy H-17 (Minimizing Impact)

The City shall ensure that ~~public~~ projects are planned to minimize their impact on the quality and stability of residential neighborhoods.

Page 90. Eliminate the word retrofit and the phrase consider sponsoring add sponsor.

Program H-27.2

The City will work with PG&E and Southern California Gas Company to encourage existing residents to participate in energy efficiency ~~retrofit~~ programs. The City will ~~consider~~ **sponsor** ~~sponsoring~~ an energy awareness program in conjunction with PG&E and Southern California Gas Company to educate residents about the benefits of various retrofit programs.

Page 91 Include in policy H-28 (Energy-Efficient Land Use) the following phrase **promote passive and active solar orientations in subdivision regulations.**

Provide Acronym list in document.

Modified/New Polices/Programs resulting from Planning Commission comments.

Program H-4.2

Affordable Housing Incentives: Amend the Zoning Code to remove single-family and commercial. Most recent housing developments in Morro Bay have not been constructed to the maximum densities allowed by zoning. Market conditions, bank financing and insurance requirements have favored the construction of single-family detached houses. To increase housing supply and obtain densities closer to those envisioned by zoning policies, the City will do the following:

- Implement Section 17.21.70 of the City Zoning Code (Additional Incentives) that offers incentives for developing greater than the minimum densities in the multiple-family zones. The City is sensitive to the loss of multi-family-zoned land to less intensive uses, particularly given the limited number of vacant multi-family sites remaining in Morro Bay and their potential contribution toward meeting the City's housing needs.

- Currently the City's Zoning Code allows for the development of single-family homes in the high density zoning districts (R-3 and R-4). The City will consider amending the Zoning Code to allow single-family homes in the R-3 and R-4 zoning districts only with a conditional use permit so that these remaining sites can be used to accommodate multi-family housing.

Responsible Agency/Department: City Council/ Planning Division

Time Frame: Consider amending Zoning Code by August 2010

Funding: General Fund

Recommendation:

- Consider changing this to include the requirement of a conditional use permit for single family development in the R-2 zone.

Program H-6.4

The City shall codify neighborhood preservation guidelines for affordable units in 17.28.200 of the Morro Bay Municipal Code when the zoning ordinance is amended.

Responsible Agency/Department: City Council/Planning Division

Time Frame: August 2010

Funding: General Fund

Recommendation:

- This was an oversight and will be added back in to the Housing Element.

Program H-11.1

The City shall develop criteria for determining the appropriate compatible mix of residential and commercial development to ensure neighborhood consistency.

Responsible Agency/Department: Public Services Department

Time Frame: 2009-2014

Funding: General Fund

Recommendation:

- Consider allowing 100 percent residential in the mixed use zone.

Program H-13.1

The City shall allow secondary units under special circumstances in residential zones in accordance with state law. Secondary units shall be required to obtain a ministerial Coastal Development Permit without discretionary review or a public hearing. A secondary unit application shall be processed in accordance with Administrative Coastal Development Permit procedures.

Responsible Agency/Department: Planning Department

Time Frame: Ongoing, as projects are processed through the Planning Department

Funding: General Fund

Recommendation:

- Change the wording from “the City shall allow secondary units” to “ the City will promote secondary units”

Policy H-17 (Minimizing Impact)

The City shall ensure that public projects are planned to minimize their impact on the quality and stability of residential neighborhoods.

Recommendation:

- Change the wording from “The City shall ensure that public projects are planned” to “The City shall ensure that all projects are planned”

Program H-26.1

Pursuant to Senate Bill 2, the City will amend the Zoning Ordinance to allow emergency shelters as a permitted use in the Central business (C-1) district without a conditional use permit or other discretionary review. In addition, the City will evaluate adopting development and managerial standards that will be consistent with Government Code Section 65583(a) (4). These standards may include such items as:

- Lighting
- On-site management
- Maximum number of beds or persons to be served nightly by the facility
- Off-street parking based on demonstrated need
- Security during hours that the emergency shelter is in operation

Responsible Agency/Department: Public Services Department

Time Frame: The City will amend the Zoning Ordinance to allow emergency shelters as a permitted use in the C-1 zone by August 2010.

Funding: General Fund

Recommendation:

- Rather than allow for emergency shelters to be permitted by right in the Central Business (C-1) district. The City will create an overlay zone in the Central Business (C-1) district to allow for emergency shelters by right.

Program H-27.2

The City will work with PG&E and Southern California Gas Company to encourage existing residents to participate in energy efficiency retrofit programs. The City will consider sponsoring an energy awareness program in conjunction with PG&E and Southern California Gas Company to educate residents about the benefits of various retrofit programs.

Responsible Agency/Department: Public Services Department

Time Frame: Ongoing, as projects are processed through the Planning Department

Funding: General Fund/PG&E

Recommendations:

- Change the program to state that the City will sponsor energy awareness programs rather than consider sponsoring.
- Add in language to encourage energy efficiency programs.

Recommended New Programs:

Program H-6.2

The City shall consider conducting a feasibility analysis to determine if the unit threshold for the Inclusionary housing requirement (Program H-6.1) should be increased, decreased or stay the same based on approved projects and vacant land capacity.

Responsible Agency/Department: Public Services Department

Time Frame: 2009-2014

Funding: General Fund

Program H-7.2

As an alternative to building inclusionary units (Program H-6.1), the City shall allow a developer to pay an in-lieu fee. The fee amount will be determined by conducting a nexus study. Once established, the in-lieu fees will be collected and held in an affordable housing trust fund

Responsible Agency/Department: Public Services Department/Finance Department

Time Frame: June 2011

Funding: General Fund

Program H-18.3

The City shall investigate the feasibility of making the Morro Bay Dunes Rv Park a mobile home park to provide as an option for housing affordable to extremely low-, very low-, low-, and moderate-income households.

Responsible Agency/Department: Planning Department

Time Frame: June 2011

Funding: General Fund

LIST OF ACRONYMS

ADA:	American Disability Act
AHP:	Affordable Housing Program
AMI:	Area Median Income
CDBG:	Community Development Block Grant
CEQA:	California Environmental Quality Act
CHFA:	California Housing Finance Agency
COG:	Council of Governments
CRA:	Community Reinvestment Act
CTCAC:	California Tax Credit Allocation Committee
CUP:	Conditional Use Permit
EDD:	Employment Development Department
EIR:	Environmental Impact Report
DOF:	Department of Finance
FTHB:	First-time Homebuyer
HUD:	Housing and Urban Development
LIHTC:	Low Income Housing Tax Credit
MCC:	Mortgage Credit Certificate
MSA:	Metropolitan Statistical Area
RDA:	Redevelopment Agency
RHNA:	Regional Housing Needs Assessment
SRO:	Single Room Occupancy
TBA:	Tenant-based Assistance

Above Moderate-Income: Above moderate-income households are defined as households with incomes over 120 percent of the county median.

Affordability: Annual cost of housing includes mortgage, principle and interest payments as amortized over 25 years with a 25 percent down payment or gross rent that does not exceed 30 percent of gross annual household income or 30 percent of gross annual income devoted to rental housing, including utilities are defined as "affordable".

Affordability Covenant: A property title agreement that places resale or rental restrictions on a housing unit; also known as a deed restriction.

Affordable Housing: "Affordable Housing" refers to the relationship between the price of housing in a region (either sale price or rent) and household income. Affordable housing is that which is affordable to households of very low, low and moderate incomes. For housing to be affordable, shelter costs must not exceed 30 percent of the gross annual income of the household.

Assisted Housing: Assisted housing refers to a unit that rents or sells for less than the prevailing market rate due to governmental monetary intervention or contribution. The terms "assisted" and "subsidized" are often used interchangeably.

Attainable Housing: A term often used instead of or interchangeably with "workforce" housing. It refers to the idea that all income groups should have accessible housing. Attainable housing as a policy measure seeks to create housing for affordable to a variety of income levels.

At-Risk Housing: Applies to existing subsidized affordable rental housing units, especially federally subsidized developments, that are threatened with conversion to market rents because of termination of use restrictions, due to expiration or non-renewal of subsidy arrangements.

Below Market Rate (BMR) Unit: A BMR unit is a housing unit that sells or rents for less than the going market rate. It is typically used in reference to housing units that are directly or indirectly subsidized or have other restrictions in order to make them affordable to very low, low or moderate-income households.

Community Development Block Grant (CDBG): The State CDBG program was established by the federal Housing and Community Development Act of 1974, as amended (42 USC 5301, et seq.). The primary federal objective of the CDBG program is the development of viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low and moderate income. "Persons of low and moderate income" or the "targeted income group" (TIG) are defined as families, households, and individuals whose incomes do not exceed 80 percent of the county median income, with adjustments for family or household size.

Condominium: A building or group of buildings in which units are owned individually, but the structure, common areas and facilities are owned by all owners on a proportional, undivided basis.

Continuum of Care: An approach that helps communities plan for and provide a full range of emergency, transitional, and permanent housing and service resources to address the various needs of homeless persons at the point in time that they need them. The approach is based on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying, unmet needs – physical, economic, and social. Designed to encourage localities to develop a coordinated and comprehensive long-term approach to homelessness, the Continuum of Care consolidates the planning, application, and reporting documents for the U.S. Department of Housing and Urban Development's Shelter Plus Care, Section 8 Moderate Rehabilitation Single-Room Occupancy Dwellings (SRO) Program, and Supportive Housing Program. (U.S. House Bill 2163).

Cost Burden: A household has a "housing cost burden" if it spends 30 percent or more of its income on housing costs. A household has a "severe housing cost burden" if it spends 50 percent or more of its income on housing. Owner housing costs consist of payments for mortgages, deeds of trust, contracts to purchase, or similar debts on the property; real estate taxes; fire, hazard, and flood insurance on the property; utilities; and fuels. Where applicable, owner costs also include monthly condominium fees. Renter calculations use gross rent, which is the contract rent plus the estimated average monthly cost of utilities (electricity, gas, water and sewer) and fuels (oil, coal, kerosene, wood, etc.) if these are paid by the renter (or paid for the renter by someone else). Household income is the total pre-tax income of the householder and all other individuals at least 15 years old in the household. In all estimates of housing cost burdens, owners and renters for whom housing cost-to-income was not computed are excluded from the calculations.

Decennial Census: Every ten years, the Census Bureau conducts a national household survey, producing the richest source of nationally-available small-area data. Article I of the Constitution requires that a census be taken every ten years for the purpose of reapportioning the U.S. House of Representatives. The federal government uses decennial census data for apportioning congressional seats, for identifying distressed areas, and for many other activities. Census data are collected using two survey forms: the short form and the long form. Short form information is collected on every person and includes basic characteristics, such as age, sex, and race. The long form is sent to one out of every six households and collects more detailed information, such as income, housing characteristics, and employment. Most of the indicators in DataPlace are from the long form, and are thus estimates based on the sample of households. These values may differ considerably from the same indicators based on the short form data, particularly for small areas.

Density: This refers to the number of housing units on a unit of land (e.g. ten units per acre).

Density Bonus Programs: Allows minimum density increase over the zoned maximum density of a proposed residential development, if the developer makes a specified amount of units affordable to lower income households.

Disability: A long-lasting physical, mental, or emotional condition. This condition can make it difficult for a person to do activities such as walking, climbing stairs, dressing, bathing, learning, or remembering. This condition can also impede a person from being able to go outside the home alone or to work at a job or business.

Down payment Assistance: The most popular loans for these programs are with the Federal Housing Administration (FHA). FHA allows 100 percent gift funds for your down payment and some allowable closing costs. The gift can be from any relative or can be collected through charitable organizations like Neighborhood Gold / The Buyer Fund. Another popular tactic, which can be used in a broader range of loan programs, is to borrow from a 401K. A withdrawal can be made without a penalty and pay it back over a specified period.

Development Impact Fees: A fee or charge imposed on developers to pay for a jurisdiction's costs of providing services to new development.

Development Right: The right granted to a land owner or other authorized party to improve a property. Such right is usually expressed in terms of a use and intensity allowed under existing zoning regulation.

Dwelling Unit: Any residential structure, whether or not attached to real property, including condominium and cooperative units and mobile or manufactured homes. It includes both one-to-four-family and multifamily structures. Vacation or second homes and rental properties are also included.

Element: A division or chapter of the General Plan, Master Plan or Comprehensive Plan.

Emergency Shelter (per Health and Safety Code 50801): housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or household may be denied emergency shelter because of an inability to pay

Emergency Shelter Grants (ESG): A grant program administered by the U.S. Department of Housing and Urban Development (HUD) provided on a formula basis to large entitlement jurisdictions.

Extremely Low-Income Limit: The upper limit for the extremely low-income category, set at 30 percent of the HUD area median family income. This is not an official program eligibility income limit, except when associated with a specific family size (e.g., "single person," "family of two," "family of three," etc.).

Fair Market Rent (FMR): Fair Market Rents (FMRs) are freely set rental rates defined by HUD as the median gross rents charged for available standard units in a county or

Standard Metropolitan Statistical Area (SMSA). Fair Market Rents are used for the Section 8 Housing Choice Voucher Program and other HUD programs and are published annually by HUD.

Farm Labor Housing (Farm Worker): Units for migrant farm workers that can be available for transitional housing for the homeless when not occupied by migrant farm workers.

Family Households: A family household is one in which the householder lives with one or more individuals related to him or her by birth, marriage, or adoption.

Family Income: In decennial census data, family income includes the incomes of all household members 15 years old and over related to the householder. Although the family income statistics from each census cover the preceding calendar year, the characteristics of individuals and the composition of families refer to the time of enumeration (April 1 of the respective census years). Thus, the income of the family does not include amounts received by individuals who were members of the family during all or part of the calendar year prior to the census if these individuals no longer resided with the family at the time of census enumeration. Similarly, income amounts reported by individuals who did not reside with the family during the calendar year prior to the census but who were members of the family at the time of enumeration are included. However, the composition of most families was the same during the preceding calendar year as at the time of enumeration.

Fannie Mae: Established in 1938 by the Federal government and becoming a private company in 1968, Fannie Mae operates under a congressional charter that directs it to channel their efforts into increasing the availability and affordability of homeownership for low-, moderate-, and middle-income Americans. Yet Fannie Mae receives no government funding or backing, and they are one of the nation's largest taxpayers. They do not lend money directly to home buyers. Instead, they work with lenders to make sure they don't run out of mortgage funds, so more people can achieve their goal of homeownership.

FHA-Insured: The Federal Housing Administration insured mortgages so that lower- and moderate- income people can obtain financing for homeownership.

First-time homebuyer: A first-time homebuyer program provides low-income first time homebuyers down-payment assistance in the form of a second mortgage loan to serve as "gap financing". These loans can be up to \$ 40,000 depending on the amount of assistance required by the individual homebuyer.

General Plan: The General Plan is a legal document, adopted by the legislative body of a City or County, setting forth policies regarding long-term development.

Groups Quarters: A facility which houses groups of unrelated persons not living in households such as dormitories, institutions and prisons.

Habitable (room): A habitable room is a space in a structure for living, sleeping, eating or cooking. Bathrooms, toilet compartments, closets, storage or utility space, and similar areas, are not considered habitable space.

Habitat for Humanity: Habitat for Humanity is a nonprofit, ecumenical Christian housing ministry that seeks to eliminate poverty housing and homelessness from the world, and to make decent shelter a matter of conscience and action. Through volunteer labor and donations of money and materials, Habitat builds and rehabilitates simple, decent houses with the help of the homeowner (partner) families. Habitat houses are sold to partner families at no profit, financed with affordable, no-interest loans. The homeowners' monthly mortgage payments are used to build still more Habitat houses.

Handicap Accessible Units: Indicates certain units or all units in the property are wheelchair accessible or can be made wheelchair accessible. Accessible units also may include those that are accessible to people with sensory impairments or can be made accessible for people with sensory impairments.

Home Investment Partnership Program (HOME): HOME provides formula grants to States and localities that communities use—often in partnership with local nonprofit groups—to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.

Homeless Person: An individual living outside or in a building not meant for human habitation, or which they have no legal right to occupy, in an emergency shelter, or in a temporary housing program which may include a transitional and supportive housing program if habitation time limits exist. This definition includes substance abusers, mentally ill people, and sex offenders who are homeless. (U.S. House Bill 2163).

Household: A household is made up of all persons living in a dwelling unit whether or not they are related by blood, birth or marriage

Housing Authority: An organization established under state law to provide housing for low- and moderate-income persons. Commissioners are appointed by the local governing body of the jurisdiction in which they operate. Many housing authorities own their own housing or operate public housing funded by HUD.

Housing Choice Voucher Program: Housing Choice Voucher Program (formerly known as Section 8) is a subsidy program funded by the federal government and overseen by the Reno Housing Authority to provide low rents and/or housing payment contributions for very low and low-income households.

HUD: The United States Department of Housing and Urban Development is cabinet level department of the federal government that oversees program and funding for affordable housing laws, development, and federally funded financial assistance.

HUD Area Median Family Income: HUD is required by law to set income limits that determine the eligibility of applicants for HUD's assisted housing programs. Income limits are calculated annually for metropolitan areas and non-metropolitan counties in the United States. They are based on HUD estimates of median family income, with adjustments for family size. Adjustments are also made for areas that have unusually high or low income to housing cost relationships.

Income Categories: The federal and state governments require that local jurisdictions consider the housing needs of households in various "income categories." Income categories are determined by the median household income at the local level.

Large Family or Household: A household or family with 5 or more members.

Low-Income Limit: Low-income households are defined as households with incomes between 50 percent and 80 percent of the area median household income.

Low-Income Housing: Housing that is made available at prices lower than market rates. These lower prices are achieved through various financial mechanisms employed by state and local government authorities.

Low-Income Housing Tax Credit (LIHTC): The LIHTC Program is an indirect Federal subsidy used to finance the development of affordable rental housing for low-income households. The LIHTC Program may seem complicated, but many local housing and community development agencies are effectively using these tax credits to increase the supply of affordable housing in their communities. This topic is designed to provide a basic introduction to the LIHTC Program.

Market Rate Housing: Housing that is not built or maintained with the help of government subsidy. The prices of market rate homes are determined by the market and are subject to the laws of supply and demand.

Manufactured Home: Housing that is constructed of manufactured components, assembled partly at the site rather than totally at the site. Also referred to as modular housing

McKinney-Vento Act: The primary federal response targeted to assisting homeless individuals and families. The scope of the Act includes: outreach, emergency food and shelter, transitional and permanent housing, primary health care services, mental health, alcohol and drug abuse treatment, education, job training, and child care. There are nine titles under the McKinney-Vento Act that are administered by several different federal agencies, including the U.S. Department of Housing and Urban Development (HUD). McKinney-Vento Act Programs administered by HUD include: Emergency Shelter Grant Program Supportive Housing Program, Section 8 Moderate Rehabilitation for Single-Room Occupancy Dwellings, Supplemental Assistance to Facilities to Assist the Homeless, and Single Family Property Disposition Initiative. (U.S. House Bill 2163).

Median-Income: Each year, the federal government calculates the median income for communities across the country to use as guidelines for federal housing programs. Area median incomes are set according family size.

Mixed Use: This refers to different types of development (e.g. residential, retail, office, etc.) occurring on the same lot or in close proximity to each other. City and County's sometimes allows mixed-use in commercial zones, with housing typically located above primary commercial uses on the premises.

Mobile Home: A type of manufactured housing. A structure movable in one or more sections, which is at least 8 feet in width and 32 feet in length, is built on a permanent chassis and designed to be used as a dwelling unit when connected to the required utilities, either with or without a permanent foundation.

Mobile Home Park: A parcel or tract of land having as its principal use the rental, leasing or occupancy of space by two or more mobile homes on a permanent or semipermanent basis, including accessory buildings, or uses customarily incidental thereto.

Moderate-Income: Moderate-income households are defined as households with incomes between 80 percent and 120 percent of the county median.

Mortgage Credit Certificate Program (MCCs): The MCC is a Federal Income Tax Credit Program. An MCC increases the loan amount you qualify for and it increases an applicant's take-home pay. The MCC entitles applicants to take a federal income tax credit of twenty percent (20 percent) of the annual interest they pay on their home mortgage. Because the MCC reduces an applicant's federal income taxes and increases their net earnings, it helps homebuyers qualify for a first home mortgage. The MCC is registered with the IRS, and it continues to decrease federal income taxes each year for as long as an applicant lives in the home.

Mortgage Revenue Bond: A state, county or city program providing financing for the development of housing through the sale of tax-exempt bonds.

Multi-family Dwelling: A structure containing two or more dwelling units for the use of individual households; an apartment or condominium building is an example of this dwelling unit type.

Permanent Housing: Housing which is intended to be the tenant's home for as long as they choose. In the supportive housing model, services are available to the tenant, but accepting services cannot be required of tenants or in any way impact their tenancy. Tenants of permanent housing sign legal lease documents. (U.S. House Bill 2163).

Permanent Supportive Housing: Long-term community-based housing and supportive services for homeless persons with disabilities. The intent of this type of supportive housing is to enable this special needs population to live as independently as possible in a permanent setting. The supportive services may be provided by the organization

managing the housing or provided by other public or private service agencies. There is no definite length of stay. (U.S. House Bill 2163)

Persons with a Disability: HUD's Housing Choice Voucher (formerly Section 8) program defines a "person with a disability" as: a person who is determined to : 1) have a physical, mental, or emotional impairment that is expected to be of continued and indefinite duration, substantially impedes his or her ability to live independently, and is of such a nature that the ability could be improved by more suitable housing conditions; or 2) have a developmental disability, as defined in the Developmental disabilities Assistance and Bill of Rights Act. (U.S. House Bill 2163)

Project-Based Rental Assistance: Rental assistance provided for a project, not for a specific tenant. A tenant receiving project-based rental assistance gives up the right to that assistance upon moving from the project.

Public Housing: The U.S. Department of Housing and Urban Development (HUD) administers Federal aid to local housing agencies (HAs) that manage the housing for low-income residents at rents they can afford. HUD furnishes technical and professional assistance in planning, developing and managing these developments. It provides decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing can be in the form of high-rise apartments or scattered site single family homes.

Rehabilitation: The upgrading of a building previously in a dilapidated or substandard condition for human habitation.

Rental Assistance: A rental subsidy for eligible low and very low income tenants. This assistance provides the share of the monthly rent that exceeds 30% of the tenants' adjusted monthly income.

Rent-to-Own: A development is financed so that at a certain point in time, the rental units are available for purchase based on certain restrictions and qualifications.

Rural Housing Service (RHA): A part of the United States Department of Agriculture's Rural Development. The RHA offers financial aid to low-income residents of rural areas.

Second Units: Also referred to as "granny" or "in-law apartments." Second units provide a second housing unit on the same lot as a single-family dwelling unit.

Section 8: Section 8, now known as the Housing Choice Voucher Program is a subsidy program funded by the federal government and overseen by the Reno Housing Authority to provide low rents and/or housing payment contributions for very low and low-income households.

Service Needs: The particular services required by special populations, typically including needs such as transportation, personal care, housekeeping, counseling, meals, case management, personal emergency response, and other services

preventing premature institutionalization and assisting individuals to continue living independently.

Single-Room Occupancy Dwelling (SRO): The SRO Program provides rental assistance for homeless persons in connection with the moderate rehabilitation of SRO dwellings. SRO housing contains units for occupancy by one person. These units may contain food preparation or sanitary facilities, or both.

Special Needs Projects: Housing for a designated group of people who desire special accommodations, such as services, in addition to the housing. Services may or may not be provided as part of the rental project. Examples of special needs populations are people with physical disabilities, developmental disabilities, mental illness, or those who need assisted living. It also includes health care facilities.

Substandard Housing: This refers to housing where major repair or replacement may be needed to make it structurally sound, weatherproofed and habitable.

Subsidized Housing: Typically refers to housing that rents for less than the market rate due to a direct financial contribution from the government. There are two general types of housing subsidies. The first is most commonly referred to as “project-based” where the subsidy is linked with a particular unit or development and the other is known as “tenant-based” where the subsidy is linked to the low income individual or family. The terms “assisted” and “subsidized” are often used interchangeably.

Supportive Housing: (per Health and Safety Code 50675.14(b)): Housing with no limit on length of stay, that is occupied by the target population as defined in subdivision (d) of Section 53260, and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

Supportive Services: Services provided to residents of supportive housing for the purpose of facilitating the independence of residents. Some examples are case management, medical or psychological counseling and supervision, child care, transportation, and job training.

Transitional Housing: Housing for people recovering from substance abuse issues or transitioning from homelessness. Transitional housing provides longer term accommodations to homeless families and individuals than emergency shelter housing. Transitional Housing provides a stable living environment for the period of time necessary to learn new skills, find employment, and/or develop a financial base with which to re-enter the housing market.

VA-Guaranteed: VA guaranteed loans are made by private lenders to eligible veterans for the purchase of a home which must be for their own personal occupancy. To get a loan, a veteran must apply to a lender. If the loan is approved, VA will guarantee a portion of it to the lender. This guaranty protects the lender against loss up to the amount guaranteed and allows a veteran to obtain favorable financing terms.

Very Low-Income Limit: Very low-income households are defined as households with incomes less than 50 percent of the area median household income.

Veteran: Anyone who has been discharged from the military generally after at least two years of service whether they served on active duty in a conflict or not. (U.S. House Bill 2163).

Workforce Housing: Refers to housing that is meant for residents making low, moderate to above moderate area median income. Some programs focus on employers providing assistance to their employees; some are instituting inclusionary programs, while others give preference to this group in their homeownership programs. Some jurisdictions have programs for specific segments of the workforce that are vital for the everyday function of the community such as teachers, policeman and other public employees.

Zoning: Zoning is an activity undertaken by local jurisdictions to direct and shape land development activities. The intent of zoning is to protect the public health, safety, and welfare by ensuring that incompatible land uses (e.g. residential vs. heavy industrial) are not located next to each other. Zoning also impacts land values, creating and taking away "capital" for and from property owners. For example, a lot that is zoned for commercial development is more valuable (in financial terms) than a lot that is zoned for open space. Typically, lots that are zoned for higher densities have greater value on the market than lots that are zoned for lower densities. Zoning is one of the most important regulatory functions performed by local jurisdictions.



AGENDA NO: B-4

MEETING DATE: 6/8/09

Staff Report

TO: Honorable Mayor and City Council

DATE: June 4, 2009

**FROM: Dylan Wade, Utilities/Capital Projects Manager
Michael Randall, Assistant Engineer
Jim Hayes, Collections System Supervisor**

SUBJECT: Sewer System Management Plan

RECOMMENDATION:

Staff and the Public Works Advisory Board recommend that the City Council adopt the Sewer System Management Plan (SSMP) as completed.

MOTION: I move that the City Council adopt the completed Sewer System Management Plan as completed.

FISCAL IMPACT:

To date there have been minimal costs for reproduction of documents and handouts associated with this effort. There has been, however, approximately 1400 hours of staff time invested developing these standards in addition to the routine maintenance duties of the Collections Division. Implementation of the Plan will lead to larger operational expenditures, larger capital expenditures, and potentially larger staffing levels to meet the minimal mandates of the General Waste Discharge Requirements.

BACKGROUND AND DISCUSSION:

In 2006 the State Water Resources Control Board adopted Order No. 2006-003 General Waste Discharge Requirements for Wastewater Collections Agencies. One requirement of this order is that all Public wastewater collection systems in the State of California are required to reduce the risks to Public Health and the environment by creating an SSMP. The purpose of the SSMP is to implement a set of Best Management Practices into the operations of all the collection systems in the State. Approved SSMPs are to be completed by August 2009.

The SSMP includes eleven (11) mandatory elements ranging in complexity from preparing goals and a mission statement, to performing a complete capacity assessment. At the October 8th 2007 City Council meeting the City Council adopted elements 1 and 2 of the SSMP, outlined a schedule for preparation of the other chapters of the SSMP, and directed staff to prepare the plan in conjunction with the Public Works Advisory Board (PWAB). At the March 9th 2009 City Council meeting the City Council adopted elements 3, 4, 6, and 7 of the Sewer System Management Plan.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

PWAB discussed individual elements of the Plan at 6 meetings between February 20, 2008 and May 20, 2009 and their comments have been included in the updated Plan. At the May 20th 2009 PWAB meeting the Board recommended the adoption of the final elements of the Plan. Staff has completed the work program and is now bringing the completed document forward for your review and adoption.

The General Waste Discharge Requirements require that this plan be audited every two years and any necessary changes made. Staff will bring this document back in 2011 with a review of the performance of our system, and corrections necessary to remedy any deficiencies found in this document.

CONCLUSION:

Staff and the Public Works Advisory Board recommend that the City Council adopt the Sewer System Management Plan (SSMP) as completed.

attach.

Sewer System Management Plan- Distributed Separately



AGENDA NO: **B-5**

MEETING DATE: 6/8/09

Staff Report

TO: Honorable Mayor and City Council

DATE: June 2, 2009

FROM: Rob Schultz, City Attorney

SUBJECT: Extension of an Interim Urgency Ordinance of the City Council of the City of Morro Bay Establishing a Temporary Moratorium on the Acceptance, Processing and Approval of Applications and Permits to Construct, Modify or Place Wireless Communications Facilities Pending Completion of Studies and the Preparation of an Update to the City's Zoning Ordinance Code

RECOMMENDATION:

The City Council should open the public hearing and then adopt Interim Urgency Ordinance No. 549 which would extend the previously enacted Ordinance Establishing a Temporary Moratorium on Wireless Communications Facilities pending completion of studies and the preparation of an update to the City's zoning code.

MOTION: I move that we adopt Interim Urgency Ordinance No. 549 by number and title only.

FISCAL IMPACT:

None at this time.

DISCUSSION:

Government Code Section 65858 authorizes a city to adopt, as an urgency measure, an interim ordinance prohibiting a use that may be in conflict with a general plan, specific plan, or zoning proposal that a city is considering, without following the procedures otherwise required for the adoption of a zoning ordinance. Such an interim urgency measure requires a 4/5 vote of the city council for adoption. The council may extend such an interim urgency ordinance for ten (10) months and fifteen (15) days and, subsequently, it may further extend the interim urgency ordinance for an additional one-year period. All extensions require 4/5 vote for adoption.

The City Council initially granted an Interim Urgency Ordinance for 45 days and then for ten (10) months and fifteen (15) days. Staff is now recommending that you hold a public hearing and extend the period in order for Staff to develop regulations for Wireless Communications Facilities.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

ORDINANCE NO. 549

EXTENSION OF AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORRO BAY ESTABLISHING A TEMPORARY MORATORIUM ON THE ACCEPTANCE, PROCESSING AND APPROVAL OF APPLICATIONS AND PERMITS TO CONSTRUCT, MODIFY OR PLACE WIRELESS COMMUNICATIONS FACILITIES PENDING COMPLETION OF STUDIES AND THE PREPARATION OF AN UPDATE TO THE CITY'S ZONING ORDINANCE CODE

WHEREAS, Government Code Section 65858 allows a City, without following the procedures otherwise required prior to adoption of a zoning ordinance, to adopt, as an urgency measure, an interim ordinance prohibiting any uses which may be in conflict with contemplated general plan, specific plan, or zoning proposals which the legislative body, Planning Commission, or Planning Department is intending to study within a reasonable time; and

WHEREAS, the City of Morro Bay is in the process of a comprehensive update and amendments to the City's Zoning Ordinance, which amendments are currently pending review by the California Coastal Commission; and

WHEREAS, until such time that the Coastal Commission concludes its review and the City adopts and institutes new land use regulations governing permit applications for the construction, modification, or placement of wireless communications facilities, the community is in jeopardy that wireless communications facilities could be constructed, modified, or placed prior to the imposition of new regulations necessary for the protection of the public health and welfare; and

WHEREAS, the City Council finds and determines that the approval of pending or new applications for wireless communications facilities during the Moratorium period, in which possible amendments to the Zoning Ordinance are being studied, could result in conflicts with any proposed amendments and would undermine the purpose of studying such amendments, thereby reducing the quality of life within the community to the extent that the overall public health, safety and welfare are detrimentally affected; and

WHEREAS, the City's current wireless communications facilities regulations are deficient in several areas which resulted in litigation against the City; and

WHEREAS, changes in wireless communication technology, as well as project increases in residential and commercial development throughout the City, coupled with the desire of wireless communication providers to increase wireless communication services in the City and surrounding area will likely produce additional permit applications for the placement or modification of wireless communications facilities within the City of Morro Bay and result in further litigation; and

WHEREAS, significant concerns have been raised by the litigation against the City and by the community regarding the inadequacy of the current regulations to address the increasing number of new technologies of wireless communications facilities, and their failure to ensure informed, consistent, uniform, and fair decisions on permit applications for new and/or modified wireless communications facilities throughout the City; and

WHEREAS, citizens of the City of Morro Bay have expressed concerns regarding the impact that a proliferation of wireless communications facilities within the City may have on the community as a whole, including safety, noise, lighting, visibility, adverse visual impacts, and the incompatibility of commercial uses in residential zones; and

WHEREAS, citizens of the City of Morro Bay have a desire that the City receive adequate wireless telecommunication service provided that the facilities are designed and located to minimize the concerns described above; and

WHEREAS, it is the intent of the Morro Bay City Council to adopt new zoning regulations pertaining to wireless communications facilities in order to provide clear, consistent, and uniform guidance to wireless communication service providers regarding the siting and design of wireless communications facilities while also addressing the significant community concerns described above, and to better reflect the City's siting and regulatory objectives for wireless communications facilities, all within the limitations specified within the Telecommunications Act of 1996; and

WHEREAS, the Morro Bay City Council has determined that a temporary Moratorium on the approval of applications to construct, modify or place wireless communications facilities will allow the Coastal Commission time to complete its review and for the City to adopt revisions to its Wireless Communications Facility Regulations while ensuring to the maximum extent feasible that the siting and other objectives of the revised ordinance may be achieved; and

WHEREAS, on June 9, 2008, the City Council adopted Ordinance No. 541 entitled "An Interim Urgency Ordinance of the City Council of the City of Morro Bay, California Establishing a Temporary Moratorium on the Acceptance, Processing and Approval of Applications and Permits to Construct, Modify or Place Wireless Communications Facilities Pending Completion of Studies and the Preparation of an Update to the City's Zoning Ordinance", which Ordinance expired forty-five days (45) days from the date of its adoption, pursuant to the requirements of Government Code Section 65858; and

WHEREAS, on July 14, 2008, the City Council held a duly noticed public hearing to consider extending the Interim Urgency Ordinance for a period of ten (10) months and fifteen (15) days pursuant to Government Code section 65858(a); and

WHEREAS, on June 8 2009, the City Council held a duly noticed public hearing to consider extending the Interim Urgency Ordinances for an additional year pursuant to Government Code section 65858(a).

WHEREAS, for reasons set forth above, this ordinance is declared by the Morro Bay City Council to be necessary for preserving the public peace, health, or safety and to avoid a current, immediate and direct threat to the health, safety, or welfare of the community, and the "Whereas" clauses above taken together constitute the City Council's statements of the reasons constituting such necessity and urgency.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORRO BAY does ordain as follows:

SECTION 1. The City Council finds and determines the foregoing recitals to be true and correct and hereby makes them part of this ordinance.

SECTION 2. The City Council finds and determines, for the reasons stated in the recitals, the adoption of this ordinance is exempt from CEQA under Sections 15061(b)(3), 15307, 15308, and 15183 of the State CEQA Guidelines.

SECTION 3. The City Council hereby directs the Public Services Department to continue to work on the preparation of amended zoning regulations governing the construction, modification, and placement of wireless communications facilities within the City of Morro Bay, and submit them for consideration by the Planning Commission and City Council.

SECTION 4. Until such time as the Coastal Commission concludes the review described above and the City adopts new Wireless Communications Facility Regulations, the City of Morro Bay hereby declares a Moratorium on the approval of permit applications to construct, modify or place wireless communications facilities, as defined in Section 5 below.

SECTION 5. For purposes of this Ordinance, the following definitions shall apply:

- a. “Wireless communications facilities” means towers, antennas, and the necessary accessory appurtenances for transmitting or receiving electromagnetic communications signals used primarily for two-way radio telephone communications service such as cellular telephone services.

SECTION 6. In accordance with Government Code Section 65858, this Ordinance shall be in full force and effect for a period of an additional one year from the date of its adoption, i.e., from June 9, 2009 through and including June 8, 2010, prohibiting the approval of permit applications to construct, modify, or place wireless communications facilities, except as provided in Section 7, below. This one-year extension by the City Council is in accordance with the provisions of California Government Code Section 65858.

SECTION 7. Exceptions. Any proposed wireless communications facility to be owned and operated by a public safety provider and reasonably necessary for the protection of life and public safety is exempt from the Moratorium established under this urgency ordinance. The City Council shall determine, based on substantial evidence in the record, that the facility meets this requirement. In addition, the Moratorium shall not apply to noncommercial antennas, including dish antennas, television and radio antennas, and antennas used in amateur radio.

SECTION 8. During the term of this ordinance as set forth in Section 6 hereof, no use permit, building, zoning or other permit that has been issued for the construction, modification, or placement of any wireless communications facility, for which rights to proceed with the wireless communications facility have not vested pursuant to the provisions of State law, shall proceed; and no use permit, building, zoning or other permit for the construction, modification, or placement of any wireless communications facility shall be issued by any department, agency, employee, or agent of the City of Morro Bay. Only wireless communications facility use permits, development projects, facilities, or other activities which have vested, pursuant to the provisions of the State law, prior to the date of this Ordinance shall proceed in violation of the provisions of this Ordinance. An application for a wireless telecommunications facility may be processed during the Moratorium and any extension of the Moratorium. However, the application shall be processed at the applicant’s sole cost and expense and with the understanding that no permit shall be issued until the Moratorium, including any extension of

the Moratorium, has expired, and that the permit may not be issued if it is inconsistent with any amendments to city laws, ordinances or regulations that are amended by reason of the review that occurs during the Moratorium.

SECTION 9. Petition for Relief from Moratorium . Any person who has applied to construct, modify or place a wireless communications facility which would be affected by this Moratorium, and who contends that the Moratorium as applied to him or her would be unlawful under Federal, State, or local law or regulation, may submit a written application to the Public Services Director requesting relief from the Moratorium. The request for relief from Moratorium shall identify the name and address of the applicant, the affected application number, and shall state how the Moratorium as applied to him or her would be unlawful under Federal, State or local law or regulation. Within thirty (30) calendar days of receipt of the completed request for relief, the City Manager, or his/her designee, shall mail to the applicant a written determination accepting or rejecting the request for relief from Moratorium.

SECTION 10. The City Clerk shall certify to the passage and adoption of this Ordinance causing it to be posted, as required by the law, and it shall thereafter be in full force and effect. This Ordinance shall become effective immediately as an interim urgency ordinance, in order to protect the public health, safety, and welfare.

SECTION 11. For the term of this ordinance, as set forth in Section 6 hereof, the provisions of this ordinance shall govern, to the extent there is any conflict between the provisions of this ordinance and the provisions of any other City Code, ordinance, resolution or policy, and all such conflicting provisions shall be suspended.

SECTION 12. This Ordinance is enacted pursuant to the City of Morro Bay’s general police powers, Article XI of the California Constitution, and Government Code Section 65858.

SECTION 13. Severability . If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council declares that it would have adopted this Ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any portion of the ordinance would be subsequently declared invalid or unconstitutional.

PASSED AND ADOPTED by the Council of the City of Morro Bay at a regular public meeting held on the 8th day of June, 2009 on a motion of _____, seconded by _____, and on the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

JANICE PETERS, Mayor

ATTEST:

BRIDGETT BAUER, City Clerk

APPROVED AS TO FORM

Robert W. Schultz, Esq.
City Attorney



AGENDA NO:

MEETING DATE: 05/26/09

Staff Report

TO: Honorable Mayor and City Council **DATE:** May 15, 2009

FROM: Andrea Lueker, City Manager
Susan Slayton, Administrative Services Director

SUBJECT: Amendment to the General Fund's 2009/10 Budget and Resolution No. 30-09 to Adopt the 2009/10 Operating Budgets

RECOMMENDATION:

Council to accept one of the recommended amendments to the General Fund's 2009/10 budget and adopt Resolution No. 30-09.

MOTION: I move that the City Council accept Staff's amendment, Option # _____ to the General Fund's 2009/10 budget, which eliminates the \$388,000 loan from the Water Fund, adopt Resolution No. 30-09, and direct staff to make the appropriations for the 2009/10 fiscal year.

FISCAL IMPACT:

Total revenues = \$24,067,523

Total transfers in = \$2,847,600

Total sources of money = \$26,915,123

Total expenditures = \$24,834,540

Total transfers out = \$2,847,600

Total uses of money = \$27,682,140

Expenditures exceed revenues by \$767,017: these expenditures are comprised of funds that are spending saved cash in excess of current revenue, such as the Measure Q allocations, and do not directly affect the General Fund operating budget.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

SUMMARY:

Presented herewith is Resolution No. 30-09, which adopts the Fiscal Year 2009/10 operating budget, the first year of the 2009 ó 2011 biennial budget cycle. Attached to the Resolution is the list of amendments made to the 2009/10 estimates based on actions taken at the 5/6 and 5/13 Budget Workshops, and the 5/26 regular City Council meeting.

DISCUSSION:

At the May 26, 2009 regular City Council meeting, Council members voiced their dissatisfaction with the fiscal year 2009/10 General Fund operating budget as related to the loan from the Water Revenue Fund. The loan was to cover two expenditure categories:

1. Approximately \$160,000 was the annual estimated cost of the water that General Fund departments used. These water costs have traditionally been paid by the water fund. However, this year in an effort for increased clarity, staff portrayed the amount as a loan with the intent to reflect the amount as a true General Fund liability.
2. The second amount is approximately \$228,000, and represents salaries that were transferred in 2005 to the Water Revenue Fund. These salaries have continued to be paid by the Water Fund since that time.

The total amount of the loan is \$388,000. After discussion at the May 26th meeting, the City Council directed staff to meet and confer with the unrepresented employee groups in an effort to find the funds, as well as locating the funds from any other available resources. Executive staff met and discussed ways to accomplish the goal of rebalancing the budget, and presents Council with two options:

Option 1

1. When the cost allocation plan was performed in 2000, neither the City Attorney nor his office assistant were employees as all the attorney services were outsourced. Since becoming employees, the General Fund has carried the full burden of the attorney's office, without regard to activities they performed for the enterprise funds; in clearer terms, the General Fund has been subsidizing the enterprise funds, including water, wastewater, harbor and transit, for a period of nine years. In a review of the City Attorney's workload, approximately 60% of the work of both the City Attorney and his Office Assistant IV is directly related to enterprise activities. This equates to \$158,000 of his and his office assistant's time and benefits which should be relieved by the General Fund for both Fiscal Year 2009/10 and 2010/11. In fact, should the Council feel they want to further rectify the situation, they could direct staff to cost allocate for Fiscal Year 2008/2009 and prior years as well.

2. The Risk Management Fund is considered a reserve account similar to the General Fund Reserve whose function is to pay risk management (liability, workers compensation etc.) insurance premiums. The Risk Management Fund currently has a balance of approximately \$2,400,000, which exceeds its average balance over the last 14 years by over \$1,400,000. If this reserve balance were to be combined with the General Fund Reserve, an overall reserve of over \$4,000,000 would be the result, which exceeds the General Fund Reserve target amount of 27.5%, or approximately \$2,900,000.

With the implementation of Zero-Based Budgeting, your Department Head team was able to save sufficient funds that allowed the increase of \$193,719 to the Risk Management Fund. Due to the Council's desire to eliminate the loan from the Water Fund, staff recommends the use of these excess funds for that purpose.

The total Water Fund Loan amount is \$388,000; by offsetting it with the City Attorney's cost allocation (\$158,000) and redirecting the excess funding from the Risk Management Fund (\$193,719), an unfunded balance of \$36,281 remains. In order to further reduce the loan amount staff recommends the remaining balance of \$36,281 be covered either through reducing the funding for the ADA facilities capital project (currently optionally funded at \$37,376) or reduce the General Fund travel/training budgets by \$36,281. Note that by the recent work completed on Morro Bay Boulevard, the City is ahead of their "schedule" for ADA work and can very easily fund less than the traditional amount for this upcoming year.

Option 2:

This option also includes the City Attorney offset of \$158,000 and use of the Risk Management Fund excess as well as funds gained through the deferment of Cost-of-Living Increases (COLA) as explained below:

As directed by the City Council at the May 26 meeting, over the last two weeks, staff scheduled and met with Department Heads and the Management and Confidential Employees. The meetings covered a number of budget-related issues, including the financial picture of the City, but focused on deferring the July 1, 2009 COLA. While this deferral will cover the cost of the unfunded balance, staff does not recommend it. Specifically, the amount of deferral will total approximately \$40,000-\$45,000, if taken from the Executive and Management groups. Staff does not recommend the Confidential group's participation, in any form, due to their location in the salary hierarchy.

CONCLUSION:

Staff has complied with Council's request to eliminate the loan from the Water Revenue Fund to the General Fund in the amount of \$388,000, and is presenting this balanced budget to Council, with the appropriate amendments, for adoption.

Should Council decide not to adopt the budget, we recommend that a special budget workshop be set within the next week to identify other areas for reductions.

RESOLUTION NO. 30-09

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MORRO BAY, CALIFORNIA
ADOPTING 2009/10 FISCAL YEAR OPERATING BUDGET**

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

WHEREAS, the City of Morro Bay is required to appropriate and expend public funds to conduct the day-to-day business activities of the City; and

WHEREAS, the Morro Bay City Council finds and determines that the appropriations are necessary for continued efficiency, economy and effectiveness of the City government operations; and

WHEREAS, Section 37208 of the California Government Code provides that payments or demands conforming to an approved budget adopted by ordinance or resolution do not require audit by the City Council prior to payment; and

WHEREAS, the City Council recognizes that Capital Improvement Projects authorized and approved in prior fiscal years may not be completed by June 30, 2009; and

WHEREAS, the continuing efforts of staff to operate the business of the City within an approved budget and to create savings wherever feasible are acknowledged by the City Council.

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

1. The Fiscal Year 2009/10 Operating Budget is adopted, as presented in the Preliminary Budget and in the subsequent Amendments A, and any further amendments made at this meeting;
2. Staff is directed to prepare and publish a final budget document;
3. The City Manager is authorized to transfer appropriations within the adopted budget, so long as the appropriations changes do not have a significant policy impact, and total appropriations are not exceeded;
4. City Council approval is required to transfer appropriations between funds;
5. The City Council authorizes and directs the carry-forward of balances for capital projects approved in prior fiscal years, but not completed by June 30, 2009, to the Capital Improvement Project Fund(s) for the 2009/10 fiscal year;
6. The City Council directs that the hiring freeze for positions in the City workforce continue for those positions funded within the General fund, and the City Council reserves the right to review any vacancies on a case-by-case basis as to its official policy; and

7. The City Council will take action to improve the City's financial outlook for the future by restructuring the City's business model, locating and securing new revenue sources and reviewing services for possible reductions.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 8th day of June 2009, by the following vote:

AYES:

NOES:

ABSENT:

Janice Peters, Mayor

Bridgett Bauer, City Clerk

**City of Morro Bay
2009/10 Amendments to Preliminary Budget**

<u>Category</u>	<u>Original Preliminary Budget</u>	<u>As Amended</u>	<u>Impact</u>
General Fund:			
Decrease City Council contingency	\$5,000	\$0	\$5,000
Decrease City Council personnel costs	\$85,565	\$73,686	\$11,879
Increase transfer out to Transit	\$19,414	\$24,874	(\$5,460)
Decrease capital project ó ADA facilities	\$45,586	\$37,376	\$8,210
Decrease transfers in ó Loan	\$388,000	\$0	(\$388,000)
Decrease contributions to Risk Management	\$326,258	\$132,539	\$193,719
Increase transfers in from Enterprise Funds ó City Attorney office	\$776,680	\$934,680	\$158,000
Decrease ADA capital project	\$37,376	\$0	\$37,376
OR			
Reduce travel/training budgets	\$87,738	\$51,457	\$36,281
OR			
Defer Executive/Management COLA	\$45,000	0	\$45,000
District Transaction Tax (Measure Q):			
Fire	\$0	359,121	(\$359,121)
Streets	\$0	275,000	(\$275,000)
Storm Drains	\$0	150,000	(\$150,000)
Police	\$0	64,700	(\$64,700)
Public Safety	\$0	43,250	(\$43,250)
Community Development Grants:			
Decrease revenue - CDBG	\$500,000	\$140,475	(\$359,525)
Decrease revenue ó HOME	\$500,000	\$123,150	(\$376,850)
Decrease revenue ó CalHOME	\$500,000	\$120,000	(\$380,000)
Decrease revenue - FESG	\$100,000	\$24,000	(\$76,000)
Parking In-Lieu:			
Increase revenue for fees	\$0	\$13,447	\$13,447
Increase revenue for interest income	\$0	\$4,200	\$4,200
Decrease transfer out to Transit	\$41,523	\$24,345	\$17,178
Transit:			
Increase DAR farebox	\$50,668	\$53,418	\$2,750
Increase Trolley farebox	\$8,500	\$15,500	\$7,000

<u>Category</u>	<u>Original Preliminary Budget</u>	<u>As Amended</u>	<u>Impact</u>
Increase transfer in from G/F	\$19,414	\$24,874	\$5,460
Decrease transfer in from SRF	\$41,523	\$24,345	(\$17,178)
Increase DAR expenses	\$321,411	\$326,411	(\$5,000)
Increase RTA assistance	\$68,046	\$71,256	(\$3,210)
Decrease Trolley expenses	\$62,284	\$55,885	\$6,399
Water Revenue:			
Decrease transfer out to General Fund	\$665,064	\$277,064	\$388,000
Increase transfer out to General Fund ó CA	\$277,064	\$329,731	(\$52,667)
Decrease transfer in from Accumulation	\$633,915	\$335,333	(\$298,582)
Sewer Revenue:			
Increase transfer out to General Fund ó CA	\$176,857	\$229,524	(\$52,667)
Harbor Operating:			
Increase transfer in from Accumulation	\$0	\$59,452	\$59,452
Increase transfer out to General Fund - CA	\$250,016	\$302,682	(\$52,666)
Risk Management			
Decrease	\$915,026	\$721,307	(\$193,719)
Water Accumulation:			
Increase outlay for capital improvements	\$0	\$100,000	(\$100,000)
Decrease transfer out to enterprise	\$633,915	\$335,333	\$298,582
Sewer Accumulation:			
Increase outlay for capital improvements	\$0	\$400,000	(\$400,000)
Harbor Accumulation:			
Increase transfer out to enterprise	\$0	\$16,786	(\$16,786)
Decrease outlay for capital improvements	\$75,000	\$65,000	\$10,000
Schedule of Capital Projects:			
Decrease ADA facilities	\$45,586	\$0	\$45,586
Increase Nutmeg Tank	\$0	\$100,000	(\$100,000)
Increase Lift Station #3	\$0	\$200,000	(\$200,000)
Increase Lift Station #2	\$0	\$200,000	(\$200,000)
Decrease self-pay parking kiosks	\$25,000	\$15,000	\$10,000

Amendment A



AGENDA NO: D-1

MEETING DATE: 6/8/09

Staff Report

TO: Honorable Mayor and City Council

DATE: May 28, 2009

FROM: Andrea K. Lueker, City Manager

SUBJECT: Consideration of the City's Participation in the Vector Control Assessment District

RECOMMENDATION:

Staff recommends the City Council consider participation in the Vector Control Assessment District.

MOTION: I move that the City Council (approve/not approve) the City's participation in the County of San Luis Obispo Vector Control Assessment District.

FISCAL IMPACT:

The fiscal impact to the City of Morro Bay as a property owner is \$541.47 which will be able to be absorbed in the existing F.Y. 2009/2010 budget.

SUMMARY:

The City of Morro Bay has received Official Assessment Ballots for City-owned property to either approve the proposed assessment for mosquito, vector and disease control services or to not approve the services. The ballots are required to be returned to the San Luis Obispo County Clerk by June 23, 2009. The County has identified a number of City-owned parcels for which the assessment ranges from 0.00 (a well site) to \$83.50 (Morro Bay Community Center) per parcel. Residential parcels are assessed according to what zone they are in (see attached "Official Notice and Assessment ballot Information Guide"). Commercial industrial and agricultural properties are assessed according to their parcel size and property type. The total amount, county-wide, to be raised by the proposed assessments for fiscal year 2009/2010 is approximately \$1,104,000.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

Ballots are weighted by the proposed amount of assessment and will be tabulated accordingly. The assessment shall not be imposed if at the conclusion of the public hearing, weighted ballots submitted in opposition to the assessment exceed the weighted ballots submitted in favor of the assessment.

BACKGROUND:

On April 1, 2008, the San Luis Obispo County Board of Supervisors authorized the Health Agency's Environmental Health Division to proceed with a property owner assessment ballot measure to create a benefit assessment intended to provide permanent annual funding for a vector control program. A vector of disease is an insect or rodent that is capable of transmitting diseases to humans. The proposed vector control services will consist of public education, surveillance, abatement and response to disease outbreaks for all vectors and vector-borne diseases. The program will primarily focus on mosquitoes, ticks, fleas and rodents. The ballots were mailed out in early May 2009. Property owners have until June 23, 2009 to return the ballots. The ballot packet that was mailed included a postage paid return envelope to return the ballots. On June 23, 2009, the County Board of Supervisors is scheduled to hear testimony in "support of" or "opposed to" the benefit assessment from individuals. The Board will also close the balloting period on June 23 and subsequently begin the tabulation of the ballots after the public hearing. The results of the ballot are scheduled to be announced at the July 14, 2009 Board of Supervisors meeting.

The City Council, at their August 11, 2008 approved the City's participation in placing the Vector Control Assessment issue on the ballot, allowing the parcel owner in Morro Bay to determine their participation. The City, as a property owner, has to determine whether they are in favor of the vector control assessment district or not. If this county-wide ballot measures passes, the entire County will be served if the measure fails, no part of the County will be served.

u.w.council.vector control assessment district 6 09



AGENDA NO: D-2
MEETING DATE: 6/8/09

Staff Report

TO: Honorable Mayor and City Council **DATE:** June 1, 2009
FROM: Andrea K. Lueker, City Manager
SUBJECT: Consideration of Funding Allocation for the Executive Director of the Homeless Services Oversight Council

RECOMMENDATION:

Staff recommends the City Council consider funding the position of Executive Director of the Homeless Services Oversight Council.

MOTION: I move that the City Council (approve/not approve) the City’s Funding Allocation in the amount of \$2,537 for a two-year period, funded out of the Housing In-Lieu Fund for the Executive Director of the Homeless Services Oversight Council.

FISCAL IMPACT:

The fiscal impact is \$1,268.50 for FY 2009/10 and \$1,268.50 for FY 2010/11 to the Housing In-Lieu Fund.

SUMMARY:

On January 26, 2009, the City Council received a presentation from Dana Lilley, representing the Transition Team on the 10-Year Plan to End Homelessness in San Luis Obispo County. Following the presentation, the City Council, by a unanimous vote approved the following: 1) receive the 10-Year Plan to End Homelessness in San Luis Obispo County; 2) endorse its guiding principles; 3) use the plan to guide future decisions; and 4) appoint Councilmember Grantham as the City’s representative on the governing body.

DISCUSSION:

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

The Leadership Council is requesting a financial contribution from the City of Morro Bay as well as a number of other organizations (see below) to help pay for a staff person (called "Executive Director") who would support and guide the proposed Homeless Services Oversight Council (HSOC).

During the presentation the City Council received in early 2009, Dana Lilley and other members of the Transition Team indicated they would not be asking for a financial contribution from the City of Morro Bay. However, since then, the Board of Supervisors has asked that the cities and non-profit organizations be asked for some contribution. The Leadership Council recently approved the attached draft two-year work program for the proposed HSOC Executive Director. This work program shows the specific tasks to be accomplished as well as some performance measures.

It is estimated that it may cost approximately \$150,000 to pay for a contract with the proposed Executive Director over two years, including the fee for services and all other costs including office supplies, utilities, travel, copying, insurance, etc. The Leadership Council and the Transition Team believe this would be a good investment because of the progress that would result in terms of improved coordination, efficiency, and securing of grants and private donations.

The following table shows the requested contributions from all entities based partially on relative population levels. The County's contribution includes a population-based amount plus an additional \$50,000 in special funds (non-general fund) through the Department of Social Services (DSS). These contributions would cover two years, but the commitment should occur in the first year to facilitate a two-year contract with the Executive Director.

<u>ENTITY</u>	<u>AMOUNT</u>
Department of Social Services	\$50,000
Additional	\$28,301
Subtotal SLO County	\$78,301
Cities	
San Luis Obispo	\$10,756
Paso Robles	\$7,199
Atascadero	\$6,835
Arroyo Grande	\$4,105
Grover Beach	\$3,186
Morro Bay	\$2,537
Pismo Beach	\$2,081
Subtotal cities	\$36,699

Nonprofit

Economic Opportunity Corporation	\$2,500
El Camino Housing Organization	\$2,500
Housing Authority of the City/SLO	\$2,500
Paso Robles Housing Authority	\$2,500
People's Self-Help Housing	\$2,500
Transitions Mental Health	\$2,500
SLO Community Foundation	\$2,500
United Way of SLO County	\$2,500
Subtotal Nonprofit Organizations	\$20,000

Medical

Community Health Cntrs. of the CC	\$3,000
Sierra Vista Hospital	\$3,000
French Hospital	\$3,000
Arroyo Grande Community Hospital	\$3,000
Twin Cities Hospital	\$3,000
Subtotal Medical Providers	\$15,000
GRAND TOTAL	\$150,000

The funding is proposed to be allocated from the Housing In-Lieu Fund. This funding source is to be used for affordable housing to construct or assist in the construction of housing for rent or sale to very low and/or low and moderate income families, to purchase land for the purpose of affordable housing, to assist very low and or/low and moderate income families as well as to afford adequate housing or for other measures to provide housing for very low and or/low and moderate income families. As an option, the in-lieu fees may be transferred to another public agency, such as a non-profit housing provider, for the purpose of providing affordable housing in the City.



AGENDA NO: D-3

MEETING DATE: 6/8/09

Staff Report

TO: Mayor and Council

DATE: June 3, 2009

FROM: Betty Winholtz

SUBJECT: Resolution No. 29-09 Opposing the Passage of Assembly Bill 761 Which Would Establish Statewide Vacancy Decontrol for All Mobilehome Rent Control

RECOMMENDATION:

I recommend that Council approve Resolution No. 29-09 opposing the passage of Assembly Bill 761 which would establish statewide vacancy decontrol for all mobilehome rent control.

FISCAL IMPACT:

None.

SUMMARY:

Residents in mobilehome parks own the homes in which they reside, but pay rent for the park space on which the home is physically located. In Morro Bay, the space rent is subject to our local rent control ordinance. However, AB 761 would allow the owners of privately owned parks to raise to market-rate levels the space rent beneath a home on the sale of that home by the owner. This vacancy decontrol, as it is called, would occur whether or not the community has a rent control ordinance.

AB 761 has been re-submitted to the State Assembly Committee on Housing and Community Development where it passed last month on a vote of 4-2. This is an opportunity for the City to express its support for mobilehome rent control and to influence the vote to go the other way.

BACKGROUND:

At the end of this report is a copy of the Legislative Counsel's Digest of AB 761, an amendment to the Residency Law which regulates the terms and conditions of mobilehome tenancies in mobilehome parks. Briefly, it states that when a new mobilehome owner buys in a park, the manager may increase his/her rent outside of rent control.

The City of Morro Bay has a long history of protecting rent control for its residents in mobilehome parks. Approximately 15 parks exist within the City's limits. An ordinance was first passed in the 1983. It was amended in 2003 by recommendation from a City Council-appointed citizens' committee composed of both park owners and residents.

DISCUSSION:

The proposed amendment would negate the protection that Morro Bay residents currently enjoy. As recently as last year, San Luis Obispo County strengthened its mobilehome ordinance.

This amendment may undo that work.

There are two primary reasons for opposing the amendment:

1. Recognition that mobilehome parks provide home ownership to residents who cannot afford to purchase a house.
2. As much as possible, local control is preferable to state control. The proposed amendment undermines the City's local ordinance, crafted by local residents to fit our particular City.

LEGISLATIVE COUNSEL'S DIGEST:

AB 761, as amended, Charles Calderon. Mobilehomes: rent control.

The mobilehome residency law Mobilehome Residency Law generally regulates the terms and conditions of mobilehome tenancies in mobilehome parks. Existing law permits rent control in mobilehome parks. Existing law exempts certain rental agreements relating to mobilehomes from any local measure establishing the maximum amount that a landlord may charge a tenant for rent.

This bill would provide, in addition, that upon the sale, assignment, transfer, or termination of an interest in a mobilehome or a mobilehome tenancy in a mobilehome park, the management of the park may offer a new rental agreement containing an initial rent that is the lesser of an amount in excess of the maximum rent established by a local measure by specified percentages, which would increase over the next 5 years , beginning January 1, 2011, up to 100% of the last-charged rent, or market levels, as specified . The bill would except certain mobilehome parks from its provisions, including those that have common facilities that have been cited as health and safety risks that remain unabated for 6 months or longer. The bill would provide that, after an increase in initial rent, the rent should be governed by the local measure. The bill would specify that it does not apply to rental rate adjustments provided under a local rent control ordinance that are in excess of what the bill's provisions would permit , or that are not subject to a local rent control ordinance.

The City of Morro bay should oppose AB 761 for several reasons. The first are economic reasons:

- The owner will have to disclose, as a condition of sale, to prospective purchasers that the ground rent is going to increase. This disclosure will make it harder for the senior, disabled, or low-income person to sell the home.
- Increased rents reduce the affordability of this kind of housing, thus reducing the pool of affordable housing in the community.

Finally, the issue of rent de-control was placed on a statewide ballot in 2008 in the form of Proposition 98. Voters throughout the state rejected the measure by a wide margin. California communities adopt rent control ordinances for a reason: because without rent control, its citizens can't afford rental housing. Rent control is one of the chief legislative tools used by local governments to make its housing stock affordable. AB 761 is an attempt to over-ride local government housing policies.

CONCLUSION:

Based on the foregoing and on the City's history of protecting rent control for its residents in mobilehome parks, it is my recommendation that City Council approve Resolution 29-09 opposing the passage of Assembly Bill 761.

RESOLUTION NO. 29-09

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY,
CALIFORNIA, OPPOSING THE PASSAGE OF ASSEMBLY BILL 761 WHICH
WOULD ESTABLISH STATEWIDE VACANCY DECONTROL FOR ALL
MOBILEHOME RENT CONTROL**

WHEREAS, Assembly Bill 761 has been introduced into the California State Assembly by Assembly Member Charles Calderon; and

WHEREAS, as currently written, Assembly Bill 761 would establish statewide mobilehome vacancy decontrol in all mobilehome parks that have local mobilehome rent control; and

WHEREAS, existing law permits rent control in mobile home parks and exempts certain rental agreements relating to mobilehomes from any local measure establishing the maximum amount that a landlord may charge a tenant for rent; and

WHEREAS, AB 761 would override the voters' rejection of Proposition 98, which voters throughout California defeated by a wide margin, by establishing statewide mobilehome vacancy decontrol; and

WHEREAS, AB 761 is an attempt to permit mobilehome park owners to increase the rent on mobilehomes, with no limits, when owners decide to sell their homes; and

WHEREAS, such unfair rent increases would significantly reduce the value of the homes and could eliminate reasonable possibility of sale; and

WHEREAS, the City of Morro Bay has consistently fought to protect rent stabilization restrictions in mobilehome parks; and

WHEREAS, it is critical that these efforts be sustained, especially during the current economic times.

NOW, THEREFORE, BE IT RESOLVED that the City of Morro Bay City Council hereby opposes the passage of Assembly Bill 761.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 8th day of June 2009 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Janice Peters, Mayor

ATTEST:

Bridgett Bauer, City Clerk