

City of Morro Bay

City Council Agenda

Mission Statement

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

REGULAR MEETING TUESDAY, MAY 24, 2016 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

RECOGNITION

CLOSED SESSION REPORT

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

PRESENTATIONS – Cal Poly students present findings from Morro Bay Business Walk

PUBLIC COMMENT - Members of the audience wishing to address the Council on City business matters not on the agenda may do so at this time. For those desiring to speak on items on the agenda, but unable to stay for the item, may also address the Council at this time.

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 city of residence 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.

A. CONSENT AGENDA

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

- A-1 APPROVAL OF MINUTES FROM THE MAY 10, 2016 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-2 APPROVAL OF CONTRACT WITH DIGITAL WEST NETWORKS, INC. FOR A FIBER OPTIC AND HIGH-SPEED INTERNET PROJECT; (ADMINISTRATION)

RECOMMENDATION: Approve the proposed consultant agreement.

- A-3 ADOPT RESOLUTION NO. 41-16 APPROVING 3RD QUARTER BUDGET ADJUSTMENTS TO COMPLY WITH THE AUDIT FINDING IN THE 2014/15 CITY AUDIT, FINDING 2015-001, ISSUE #8; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 41-16 approving the 3rd Quarter Budget Adjustments.

- A-4 ADOPT RESOLUTION NO. 37-16 APPROVING THE FISCAL YEAR 2016/17 MASTER FEE SCHEDULE; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 37-16 approving the FY 2016/17 Master Fee Schedule.

- A-5 ADOPT RESOLUTION NO. 38-16 APPROVING THE FISCAL YEAR 2016/17 BUSINESS TAX SCHEDULE; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 38-16 approving the FY 2016/17 Business Tax Schedule.

B. PUBLIC HEARINGS

- B-1 ADOPT RESOLUTION NO. 39-16 CONTINUING THE PROGRAM AND LEVYING THE ASSESSMENTS FOR THE 2016/17 FISCAL YEAR FOR THE MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT (MBTBID); (ADMINISTRATION)

RECOMMENDATION: Hold a public hearing and adopt Resolution No. 39-16 continuing the program and levying the assessments for the 2016/17 Fiscal Year for the Morro Bay Tourism Business Improvement District.

C. BUSINESS ITEMS

- C-1 PRESENTATION OF FISCAL YEAR 2014/15 CITY AUDIT REPORTS;
(ADMINISTRATIVE SERVICES)

RECOMMENDATION: Receive the report and presentation.

- C-2 BIKE PARK UPDATE; (ADMINISTRATION)

RECOMMENDATION: Receive and file.

- C-3 VACATION RENTAL DISCUSSION & NEXT STEPS; (COMMUNITY
DEVELOPMENT)

RECOMMENDATION: Discuss and provide direction to staff.

- C-4 INTRODUCTION AND FIRST READING OF ORDINANCE NO. 603 AMENDING
MORRO BAY MUNICIPAL CODE (MBMC) CHAPTER 13.20 REGARDING
BUILDING LIMITATIONS, AND ADOPT RESOLUTION NO. 40-16 RESCINDING
RESOLUTION NO. 78-00 REGARDING GROWTH MANAGEMENT PROCEDURES
FOR DISTRIBUTION OF WATER RESOURCES; (PUBLIC WORKS)

RECOMMENDATION: Move for introduction and first reading of Ordinance No. 603 amending Morro Bay Municipal Code (MBMC) Chapter 13.20 regarding building limitations, and adopt Resolution No. 40-16 rescinding Resolution No. 78-00 regarding growth management procedures for distribution of water resources.

- C-5 ADOPT RESOLUTION NO. 35-16 RESCINDING RESOLUTION NO. 18-14 AND
UPDATING THE CITY OF MORRO BAY'S PARTNERSHIP POLICY AND
PROVIDE DIRECTION REGARDING A CO-SPONSORSHIP POLICY;
(ADMINISTRATION)

RECOMMENDATION: Adopt Resolution No. 35-16 and provide direction to staff regarding a Co-Sponsorship Policy.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, June 14, 2016 at 6:00 pm** at the Veteran's Memorial Hall located at 209 Surf Street, Morro Bay, California.

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS OR CALL THE CLERK'S OFFICE AT 772-6205 FOR FURTHER INFORMATION.

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

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

RECONVENE TO OPEN SESSION - The City Council reconvened to Open Session. The Council did not take any reportable action pursuant to the Brown Act.

ADJOURNMENT

The meeting adjourned at 5:14pm.

Recorded by:

Dana Swanson
City Clerk



City of Morro Bay

City Hall
595 Harbor Street
Morro Bay, CA 93442
805-772-6201

MEMORANDUM

To: Honorable Mayor and City Council
From: Sam Taylor, Deputy City Manager
Date: May 23, 2016
Subject: Addendum to Agenda Item A-2 – Contract with Digital West Networks, Inc. for a Fiber Optic and High-speed Internet Project

Meeting Date: May 24, 2016

The following email was sent to the City Council on May 23, 2016 at 3:11pm.

Council members,

I've been asked to send you a quick clarification on Digital West just to ensure everyone is on the same page. I'm very sorry if there is any confusion. I know that this tech stuff can be complicated. I'm hopeful that my explanation will alleviate concerns and help better explain our intent and goals with this initiative and what the insurance aspects mean.

So here is the basic synopsis:

Main Goal: We want to save taxpayer money but ridding ourselves of the extremely expensive fiber lines we pay for from Charter right now. We are paying \$48,000 annually for this currently (for perspective, this was a \$15,000 contract for me in Washington). It's an egregious cost. They don't have competition and so they have no reason to lower the price. We issued an RFP to seek competition for our specific City service. We received two responses to this RFP.

Secondary Goal: To enhance our economic development potential by creating competition and a new service opportunity for local businesses and to better recruit to new businesses, in particular boutique tech firms that would fit well in downtown due to the cost of leased space as well as the size of their firms. But they need these types of gigabit Internet speeds through fiber at a cheaper cost.

Hopeful on: Potentially expanding to residential in the future. This would provide the community with another ability to market to telecommuters from the bay area and again increase those potential living-wage jobs for folks who are in the tech industry. This is a longshot but it's still opportunity.

What does this contract focus on: It focuses on Phase I ... which is hook up the City. We'll immediately cut our fiber costs in half. By the end of year three, we're not paying just \$1/year. At year 7 we've made our investment back. By year 10, we've saved another \$144,000.

Do we absolutely need Phases II and III? No. There are wishlist phases. We did not demand them. We hoped for them and so we put them in the RFP to see if anyone would suggest them. It has to be a private business decision. This overall network is NOT a City network. It's not a municipal utility. We are encouraging a new player to come here with a very small investment (they're going to spend \$1 million on this first phase and we're putting in a little more than 1/10th of that) so that we can save money. Digital West believes the other phases will happen, in fact, they're actually looking at this as financing all three phases all at once, but we didn't want to force that, because that is not the main goal of this project. Again, City savings and then the initial downtown fiber ring are the biggest benefit.

What's up with the insurance issue? We are balancing businesses interests here with overall risk. The risk the City faces is this service provider contracting with us and someone getting hurt while they're installing the line. The risk is pretty well gone after the initial construction project. After that, the service provider will be on their own to provide service, but they also don't want to face risk if a City department somehow gets sued because someone says our fiber connection caused a delay in service (say a delay by a fire truck to get to an emergency ... this won't happen because this fiber network is NOT the data system our fire responders use for emergencies, that's a separate system with county dispatch).

The City Attorney said it far better than I can:

"The balance is a business balance, not a legal one. Since the risk is felt to be of low probability, then the City staff feels the benefits gained by the City from the deal outweigh that of low potential of liability. That is a very reasonable decision. However, the Council has the ultimate decision-making authority. So maybe the best thing at this point is to explain there are two "deals" re liability.

The way I read the agreement with Exhibit B, for any services provided only through the Consultant Agreement (which seems to be the installation of the fiber) the City's normal indemnification language applies. Then when the installation is complete, for any services provided per the Master Services Agreement, the indemnification language Digital insisted on applies. That seems to be a fair business balance since there is likely more possibilities for physical accidents during installation rather than during operation."

I hope this provides clarification.

This is genuinely a really good opportunity for the community. It balances our needs with theirs and it is a really innovative approach to a public-private partnership. We don't have to manage a citywide network, but we're going to save a lot of money.



AGENDA NO: A-2

MEETING DATE: May 24, 2016

Staff Report

TO: Honorable Mayor and City Council

DATE: April 27, 2016

FROM: Sam Taylor, Deputy City Manager

SUBJECT: Approval of Contract with Digital West Networks, Inc. for a Fiber Optic and High-speed Internet Project

RECOMMENDATION

Staff recommends the City Council approve the contract with Digital West Networks, Inc.

ALTERNATIVES

No alternatives are recommended.

FISCAL IMPACT

The City Council approved \$150,000 in one-time funding in the FY 16 budget for this project. Depending on timing of the new network being up and running, the City may incur costs from Charter Communications to cancel its five-year contract early for use of that company's dark fiber lines. Those costs have not been determined at this time, but should be less than \$15,000. The City's IT budget has the funding for cancellation of that agreement.

The long-term fiscal benefit of this initiative is a net cost savings to the City, as service will be free once Digital West earned a certain profit within the community (see below for details). At a maximum, the City will start receiving service for \$1 per year (nearly free) beginning in year four of service. Payback of the \$150,000 initial investment will occur in about three years from that time, so by the seventh year the City will have recouped its investment. For the three years after that, the City will have saved an additional \$144,000.

BACKGROUND

As part of the community's Local Economic Action Plan (LEAP) process, community members, staff, and the City Council agreed to and promoted the idea of high-speed internet to help spur additional economic development by attracting head of household jobs in the information technology sectors.

To that end, LEAP Program Action Initiative #6 stated: "Assess fiber optic connectivity opportunities."

Prepared By: ST Dept Review: _____
City Manager Review: DWB
City Attorney Review: JWP

Based on review by the initiative committee, the City Council authorized a one-time expenditure of \$150,000 toward a fiber optic project. The project intent was to partner with a private company and provide seed funding to encourage a project within the community, while at the same time potentially saving the City money on its existing dark fiber line contract with Charter Communications.

Currently, the City pays about \$48,000 annually in order to utilize “dark” fiber optic lines that connect almost all facilities (some are not connected, including 695 Harbor St., which now houses our tourism staff as well as the Chamber of Commerce and radio station), and the Teen Center. Dark fiber means it is simply the line itself, and does not necessarily include data through the line. Once the line is connected to the Internet, it is considered “lit.” The City has free use of 100 megabits per second speeds of Internet connectivity, thanks to a partnership with Optic Access for a five-year period. Were that partnership to go away, the City would also be paying that Internet cost.

The City issued an RFP in early 2016 for a fiber optic and high-speed Internet partnership. The City would provide \$150,000 in seed funding in order to have nearly all of its facilities connected to dark fiber and also receive minimum Internet connectivity speeds of at least 1 gigabit per second (equaling 1,000 megabits, or 10 times the speed the City has now). Think Google Fiber speeds. The next part of the project would involve a fiber ring being constructed in the downtown core, in order to help spur additional economic development of business sectors that could greatly use those faster internet speeds.

The City received two responses through the RFP process. One response simply offered to utilize the \$150,000 to connect all City facilities. It did not propose the access for downtown businesses, nor did it offer high-speed access to the Internet. The company would simply install fiber line for the City to own.

The RFP selected by staff to move forward toward a contract the City Council could consider for approval came from Digital West Networks, Inc., of San Luis Obispo. The proposal offered the City a three-phase approach not to only connect the City’s facilities, but construct the downtown ring, expand it in the future, and potentially connect all residential units to the network at some point in the future. The RFP also included the minimum fiber optic speeds of 1 Gb/sec.

After RFP selection, staff entered negotiations with Digital West to refine the proposal. Digital West has been very accommodating throughout the process. The following parameters are the basics of the proposal:

Phase I: Digital West would connect nearly all City facilities to the fiber optic network to now include 695 Harbor Street. Based on discussions and in order to reduce costs, the treatment plant and Teen Center will not be connected, at this time, but instead will be connected through wireless facilities until future phases of the project when the fiber reaches those areas. The new network will have its hub at the Fire Department rather than City Hall, as it is currently. That will greatly reduce risk of being impacted by natural disasters, in particular earthquakes, and will also place the network on a backup power system, which the system does not have now.

Digital West will also create a fiber ring downtown that will allow for private connections that will reach the Embarcadero. That part of the project is completely managed by Digital West, which would

be the Internet Service Provider offering services. That is not mandatory for businesses and would be a private business decision, but it's a significant opportunity for businesses that cannot now receive those speeds. (See the downtown network map attached.)

The City will pay \$150,000 for this first phase. Once the project is complete, estimated at the end of 2016, the City will pay \$2,000 per month for use of the fiber optic lines and the high-speed Internet connection beginning July 15, 2017.

Once Digital West begins to earn \$10,001 per month in the community, the City will pay \$1,000 per month for the service. Once Digital West begins to earn \$20,001 per month, the City will pay \$1 per year for service. The City would receive the \$1/year rate at the beginning of the fourth year of service, regardless of Digital West's earnings in the community.

Phase II: Digital West would expand the downtown network to allow access to additional businesses.

Phase III: Digital West would expand into residential areas.

Both Phases II and III will be at the discretion of Digital West based on financial feasibility and because it will be completely privately funded. The City will work to provide communications to residents to ensure they're aware of the project and its goals.

This is a five-year contract with a five-year extension opportunity after that (with every intention for that extension to occur to continue to save taxpayer funds).

DISCUSSION

The City and Digital West are excited about the partnership on this contract, which would not only save the City money, but potentially provide a huge economic development opportunity for existing and future businesses and possibly residents (this could also enhance economic development efforts as it would allow the City to market to telecommuters that need gigabit speed internet). All aspects of the LEAP initiative, in the view of staff, are being met.

The City Attorney advised staff of his concerns with Section 12 of Exhibit B of the proposed agreement, but also noted it is a business decision for the Council to make regarding risk assessment. One concern is the first sentence of that section seems to require the City to indemnify and defend the Consultant for anything arising from the agreement. He is also concerned about the portion of the second sentence because it seems to release the Consultant from more than simply any loss of City-data or City's inability to use the fiber, as well as something resulting from Consultant's gross negligence or willful misconduct. Lastly, he is concerned with the third sentence because it says if a third party sues the City and Consultant for some failure of the system, even if the Consultant was the cause of that failure, then contractually, as between the City and the Consultant the City is taking all the risk of loss to that third party. Staff discussed those issues with Digital West without an agreement to change them. Even with that, due to the limited risks likely to rise from the Consultant's activities, Staff still feels the agreement as presented is a good business deal for the City. Staff is appreciative of Digital West's willingness to partner on this project and to enter a brand new market.

CONCLUSION

Staff recommends the City Council approve the contract with Digital West Networks, Inc.

ATTACHMENT

Agreement with Digital West Networks, Inc.
Request for Proposals

CITY OF MORRO BAY
AGREEMENT FOR FIBER OPTIC NETWORK SERVICES

THIS AGREEMENT is made, by and between, the City of Morro Bay, a municipal corporation (“City”) and Digital West Networks, Inc., a California corporation (“Service Provider”). In consideration of the mutual covenants and conditions set forth herein the parties agree as follows:

1. TERM

This Agreement shall commence on May 1, 2016, and shall remain and continue in effect until tasks described herein are completed, but in no event later than April 30, 2021, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

Service Provider shall make available a fiber optic network as described and set forth in Exhibit A, attached hereto and incorporated herein. Service Provider shall complete the installation in accordance with the schedule of performance, which is also set forth in Exhibit A.

3. PERFORMANCE

Service Provider shall at all times faithfully, competently and to the best of their ability, install the fiber optic network described in Exhibit A herein. Service Provider shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing similar services as are required of Service Provider hereunder in meeting its obligations under this Agreement. Upon completion of the fiber optic network, Service Provider shall provide services under the terms of the Master Service Agreement as set forth in Exhibit B and Metro Fiber Addendum as set forth on Exhibit C.

4. CITY MANAGEMENT

City’s Deputy City Manager shall represent City in all matters pertaining to the administration of this Agreement, review and approval of all products submitted by Service Provider, but not including the authority to enlarge the Tasks to Be Performed or change the compensation due to Service Provider. City’s City Manager shall be authorized to act on City’s behalf and to execute all necessary documents which enlarge the Tasks to Be Performed or change Service Provider’s compensation, subject to the authority established by City policy or the Morro Bay Municipal Code, whichever is applicable.

5. PAYMENT

City agrees to pay Service Provider in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit A, attached hereto and incorporated herein by this reference as though set forth in full, and based upon actual time spent on the above tasks. That amount shall not exceed One Hundred Fifty Thousand Dollars and No Cents (\$150,000.00) for the total term of the Agreement, unless additional payment is approved as provided in this Agreement.

6. DEFAULT OF SERVICE PROVIDER

(a) Service Provider's failure to comply with the provisions of this Agreement shall constitute a default. In the event Service Provider is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Service Provider for any work performed after the date Service Provider is notified of default and can terminate this Agreement immediately by written notice to Service Provider. If such failure by Service Provider to make progress in the performance for work hereunder arises out of causes beyond Service Provider's control, and without fault or negligence of Service Provider, then it shall not be considered a default.

(b) If the City Manager of his/her delegate determines that Service Provider is in default in the performance of any of the terms or conditions of this Agreement, then he/she shall cause to be served upon Service Provider a written notice of the default. Service Provider shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that Service Provider fails to cure its default within such period of time, City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

7. RECORD KEEPING

Service Provider shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement. Service Provider shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Service Provider shall provide free access to the representatives of City or its designees at reasonable times to such books and records; shall give City the right to examine and audit said books and records; shall permit City to make transcripts therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

8. INDEMNIFICATION

(a) Indemnification for Professional Liability. When the law establishes a professional standard of care for Service Provider's Services, to the fullest extent permitted by law, Service Provider shall indemnify, protect, defend and hold harmless City and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including reasonable attorney's fees and costs to the extent same are caused by any negligent act, error or omission of Service Provider, its officers, agents, employees or subcontractors (or any entity or individual that Service Provider shall bear the legal liability thereof) in the performance of professional services under this agreement. City agrees to hold harmless and indemnify Service Provider from and against all claims, liabilities, losses, damages, and costs, including but not limited to attorney's fees, arising out of or in any way connected with the modification, misinterpretation, misuse or reuse by others of the computer files or any other document provided by Service Provider under this Agreement.

(b) Indemnification for Other Than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Service Provider shall indemnify, defend and hold harmless City, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Service Provider or by any individual or entity for which Service Provider is legally liable, including but not limited to officers, agents, employees or subcontractors of Service Provider.

(c) General Indemnification Provisions. Service Provider agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this section from each and every sub Service Provider or any other person or entity involved by, for, with or on behalf of Service Provider in the performance of this agreement. In the event Service Provider fails to obtain such indemnity obligations from others as required here, Service Provider agrees to be fully responsible according to the terms of this section. Failure of City to monitor compliance with these requirements imposes no additional obligations on City and will in no way act as a waiver of any rights hereunder. This obligation to indemnify and defend City as set forth here is binding on the successors, assigns or heirs of Service Provider and shall survive the termination of this agreement or this section.

9. INSURANCE

Service Provider shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit D attached to and part of this agreement.

10. INDEPENDENT SERVICE PROVIDER

(a) Service Provider is and shall at all times remain as to City a wholly independent Service Provider. The personnel performing the services under this Agreement on behalf of Service Provider shall at all times be under Service Provider's exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Service Provider or any of Service Provider's officers, employees, or agents, except as set forth in this Agreement. Service Provider shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of City. Service Provider shall not incur or have the power to incur any debt, obligation, or liability whatever against City, or bind City in any manner.

(b) No employee benefits shall be available to Service Provider in connection with the performance of this Agreement. Except for the fees paid to Service Provider as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Service Provider for performing services hereunder for City. City shall not be liable for compensation or indemnification to Service Provider for injury or sickness arising out of performing services hereunder.

11. LEGAL RESPONSIBILITIES

Service Provider shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. Service Provider shall at all times observe and comply with applicable legal requirements in effect at the time the drawings and specifications are prepared. City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of Service Provider to comply with this Section.

12. UNDUE INFLUENCE

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

13. NO BENEFIT TO ARISE TO LOCAL EMPLOYEES

No member, officer, or employee of City, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

14. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

(a) All information gained by Service Provider in performance of this Agreement shall be considered confidential and shall not be released by Service Provider without City's prior written authorization. Service Provider, its officers, employees, agents, or subService Providers, shall not without written authorization from the City Manager or unless requested by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within City. Response to a subpoena or court order shall not be considered "voluntary" provided Service Provider gives City notice of such court order or subpoena.

(b) Service Provider shall promptly notify City if Service Provider, or any of its officers, employees, agents, or subcontractors are served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed thereunder or with respect to any project or property located within City. City retains the right, but has no obligation, to represent Service Provider or be present at any deposition, hearing, or similar proceeding. Service Provider agrees to cooperate with City by providing the opportunity to review any response to discovery requests provided by Service Provider. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

15. NOTICES

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To City: City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442
Attention: Deputy City Manager

To Service Provider: Digital West Networks, Inc
3620 Sacramento Dr., Suite 102
San Luis Obispo, CA 93401
Attention: Timothy Williams

16. ASSIGNMENT

Service Provider shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of City.

17. LICENSES

At all times during the term of this Agreement, Service Provider shall have in full force and effect, all licenses required of it by law for the performance of the services described in this Agreement.

18. GOVERNING LAW

City and Service Provider understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court with jurisdiction over City.

19. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

20. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of Service Provider warrants and represents he/she has the authority to execute this Agreement on behalf of Service Provider and has the authority to bind Service Provider to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF MORRO BAY

SERVICE PROVIDER (2 signatures required)

By: _____
[Authorized City Representative or Mayor]

By: _____
(Signature)

Attest:

(Typed Name)

Dana Swanson, City Clerk

Its: _____
(Title)

By: _____
(Signature)

(Typed Name)

Its: _____
(Title)

Approved As To Form:

Joseph W. Pannone, City Attorney

Exhibit A

Scope of Services

Fiber Optic Network Construction Plan

Scope of Services: Service Provider will construct a fiber optic network within City's jurisdictional boundaries that will provide high-speed Internet of no less than 1 GB of speeds in a phased approach as outlined herein. The network will be wholly owned and operated by Service Provider. It will be able to be utilized by both City, for its public facilities (as listed in this scope of services agreement), as well as businesses and residents purchasing service from Service Provider.

Phase 1 Installation– Provide Fiber connectivity to all City facilities and the Downtown Core

The initial phase of the project as outlined on Exhibit A-1. The fiber build will be incorporated into the initial fiber ring, bringing the connectivity within reach of the core downtown section (also listed within the RFP, attached to this Agreement). City facilities will be connected via either dark fiber strands, or lit 1Gig circuits. This can be determined by City's IT department prior to service delivery. The fire station at 715 Harbor will be the key location for the service delivery by Service Provider, and will be the head end. City will provide 20U of powered rack space within City's IT cabinet. The space and power allocate for the Service Provider head end will be provided at no charge by the City for the entire term of this agreement. City will provide permitting cost relief, access to additional public rights of way, and will assist in coordination of other cooperative efforts with other public entities as may be necessary to assist with the Phase 1 installation. Service Provider will make every effort to complete Phase 1 on or before December 31, 2016.

Phase 2 Installation- Expansion of the Commercial Network

The second phase of the project will expand upon the areas targeted in the initial phase as represented on Exhibit A-2. Those areas surrounding the downtown core and extending North along Highway 1 and South towards the golf course will bring an estimated additional 200 businesses within reach. City will provide permitting relief, access to additional public rights of way, and will assist in coordination of other cooperative efforts with other public entities as may be necessary. City agrees Service Provider has sole discretion to determine whether it is economically feasible to proceed with Phase 2. If Consultant decides to proceed with Phase 2, then Consultant shall make every effort to complete Phase 2 on or before December 31, 2019 or later date upon the parties' mutual agreement, in writing.

Phase 3 Installation – Morro Bay Residential Fiber Service

Phase 3 will address City's Local Economic Action Plan goal of fiber-to-the-home by bringing Gigabit Internet, Telephone and Television service opportunities to the approximate 6,000 residential units within the City as represented on Exhibit A-3. Consultant will seek to wire

every home within reach of their fiber lines to provide service. Cooperation with City in deploying a network of this size will be critical, in both a permitting and logistical sense, as well as assisting in communications to educate the community about the project while Consultant seeks the physical connection of fiber to the residence itself. In most cases, an aerial lead will be delivered to the residence, connecting that home via fiber to one of approximately 10 remote units (about the size of a mini-fridge) throughout City. Those remotes are redundantly connected to the larger City ring and brought back to the head end equipment. City agrees Service Provider has sole discretion to determine whether it is economically feasible to proceed with Phase 3. If Service Provider decides to proceed with Phase 3, then Service Provider shall satisfactorily complete Phase 3 on or before December 31, 2021, or later date upon the parties mutual agreement, in writing.

Schedule of Performance: The schedule of performance related to the Phase I build to hook up City's facility will be as outlined in the attached RFP from Service Provider. Modifications to this schedule shall be agreed upon in writing by both parties.

Construction Payment Schedule: On or before 10 business days after the effective date of this Agreement, City will provide an initial down payment to Service provider in the amount of \$22,500.00, which is 15% of the total \$150,000 cost for all phases of the project. City will pay the final, remaining amount of \$127,500.00 upon satisfactory completion for Phase I and within 30 days after receipt of an invoice from Service Provider for that remaining amount.

City Services Costs: City agrees to pay \$2,000 per month for utilization of the services of dark fiber and high-speed Internet for the 12 City facilities listed below. That monthly payment will be due on or before the 1st day of each month, commencing with July 15 of the 2017 fiscal year after satisfactory completion of Phase 1.

City's monthly cost for the service shall be reduced to \$1,000 per month when Consultant generates monthly gross revenues of at least \$10,001 of revenue from Phases 1-3 installation.

City's monthly cost for service shall be reduced to \$1 per Fiscal Year when Consultant generates monthly gross revenues of at least \$20,001 of revenue from Phases 1-3 installation, except that the City's monthly cost shall be reduced to \$1 per fiscal year at the beginning of the fourth year of this agreement regardless of the new revenue amount collected by Consultant.

Until the beginning of the fourth year of this Agreement, on or before the 10th day of each month, Consultant shall provide City with an accounting of gross revenues received by Service Provider for the prior month.

It is understood, at the end of the fifth year of service, City and Service Provider will re-enter discussions with the intention of extending this Agreement for an additional five years and the planned rate of \$1 per fiscal year for the City to receive service at its listed facilities shall remain in effect.

If City seeks to have additional City facilities connected to the network at a future point, then City and Consultant will negotiate terms related to costs for that connection above and beyond the initial \$150,000 cost. The monthly cost for the City for all service, including for any additional facilities, shall remain at the prices as outlined above.

CITY FACILITIES TO BE CONNECTED

The following are City facilities to be connected to fiber optic cables and high-speed Internet as part of this project. The initial connection point and Internet access for the City will be at the Fire Department, 715 Harbor St. All fiber to the remaining facilities will come from this location.

Description	Segments Comprising the System Route	Number of Fibers
Community Center	1001 Kennedy Avenue to 715 Harbor St.	4
Corporation Yard**	170 Atascadero Road to 715 Harbor St.	2
Desalination Yard**	176 Atascadero Road to 715 Harbor St.	2
City Hall	595 Harbor St. to 715 Harbor St.	2
City Hall Annex 1	695 Harbor St. to 715 Harbor St.	2
Harbor	1275 Embarcadero to 715 Harbor St.	2
Police Department	850 Morro Bay Blvd. to 715 Harbor St.	2
Public Services	955 Shasta Street to 715 Harbor St.	2
Veterans Memorial Building	209 Surf Street to 715 Harbor St.	4
Wastewater Treatment Plant**	160 Atascadero Road to 715 Harbor St.	2
Teen Center**	231 Atascadero Road to 715 Harbor St.	2

**** - City agrees to a wi-fi or non-physical fiber high-speed Internet connection to these facilities for Phase I of the project, acknowledging this can reduce overall project cost. City expects those facilities would be connected by fiber in a future phase at no additional cost to City once the network is built out and can accommodate such connection.**



Legend

Proposed Morro Bay Fiber Path

CABLENAME

- Main Ring
- Underground

Downtown Area 13,000'
4000' Underground
9,000' Aerial



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Morro Bay Phase 1



Legend

Proposed Morro Bay Fiber Path

CABLENAME

- Main Ring
- Underground
- Business Laterals

Points

SymbolID

- City Required
- Early Priority
- Schools
- Commercial

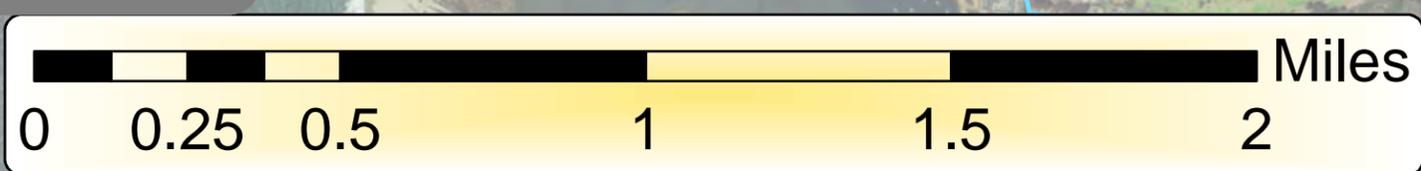
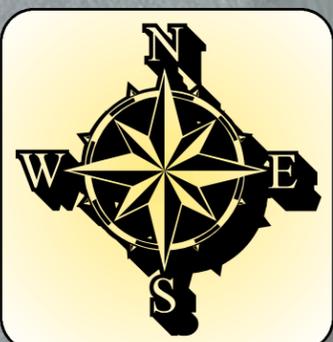
Polylines

Name

- RFP Area

Section From Wastewater Treatment Plant to North Morro Bay 15,000'

Downtown Area Business Laterals 10,000'



DA, USGS,

Morro Bay Phase 2



Morro Bay Phase 3

Exhibit B
Master Service Agreement

This Master Services Agreement (“Agreement”) is made as of the date listed upon the Quote (defined below) between DIGITAL WEST NETWORKS, INC. (“DWNI”) and the entity listed on the Quote (“Customer”). This Agreement provides the general terms and conditions applicable to the Customer’s purchase of communications services (“Service(s)”) from DWNI.

- 1. General.** Customer must submit requests for Service in a manner and on a form designated by DWNI (“Quote”). Each Quote will state the term for which Service is requested, (the “Service Term”) and the pricing for the Service.
- 2. Installation, Acceptance and Access.** DWNI will attempt to provide Service by any requested installation date, but will not be liable for any delays in Service delivery. The Service is delivered on the date the Service becomes operational (“Service Commencement date”). Unless Customer notifies DWNI in writing within 3 business days of the Service Commencement Date that Service is not operational, then the Service will be deemed accepted by Customer, the Service Term will commence and Customer will begin paying for the Service as of the Service Commencement Date. If access to non-DWNI facilities (including inside wiring) is required for delivery of Service or the installation, maintenance or removal of DWNI equipment used to deliver Service, Customer will, at its expense, secure rights for DWNI to access and the use of such facilities, power and HVAC as needed for Service delivery. Title to equipment (including software) provided by DWNI will remain with DWNI. Customer will not create or permit to be created any encumbrances on DWNI’s equipment. Customer will not access or attempt maintenance on DWNI equipment and will pay for any equipment damage caused by customer.
- 3. Deposits.** DWNI may require a security deposit at any time as a condition to continuation of Service. Unused Customer deposits will be refunded following expiration or termination of this Agreement.
- 4. Expiration of Service Term:** At the expiration of the Service Term, Service will continue on a month-to-month basis at DWNI's then current charges, including for any moves, additions or changes to a Quote or Service agreed to by DWNI.
- 5. Invoices and Disputes.** Invoices are delivered monthly and payment is due 30 days after the invoice date (the “Due Date”). Fixed charges are billed in advance and usage-based charges are billed in arrears. Billing for partial months is prorated. Past due amounts bear interest at 1.5% per month or the highest rate allowed by law, whichever is less. Customer is responsible for all Service charges, even if incurred as the result of unauthorized use. If Customer reasonably disputes an invoice, Customer must pay the undisputed amount by the Due Date and submit written notice of the disputed amount (detailing the nature of the dispute, the Services and invoice(s) disputed). Disputes must be submitted in writing within 90 days of the date of the invoice or the right to dispute is waived. If a dispute is resolved against Customer, Customer will pay the disputed amounts plus interest from the initial Due Date. Customer will be liable to DWNI for all costs and expenses incurred in collecting amounts due to DWNI, including legal fees. DWNI may implement electronic systems for invoice delivery, submission and resolutions of disputes and/or requiring electronic invoice payment; Customer will use such systems (and other similar electronic systems) if implemented by DWNI.
- 6. Taxes and Fees.** Except for taxes based on DWNI’s net income, Customer will be responsible for all taxes and fees arising in any jurisdiction, including but in no way limited to value added, consumption, sales, use, gross receipts, foreign withholding (which will be grossed up), excise, access, bypass, franchise or other taxes, fees, duties, charges or surcharges (including regulatory and 911 surcharges) imposed on or incident to the provision, sale or use of Service (whether imposed on DWNI or any affiliate of DWNI) (collectively, “Taxes and Fees”). Such charges may be shown on invoices as cost recovery fees. Charges for Service are exclusive of Taxes and Fees. Customer may present DWNI a valid exemption certification and DWNI will give effect thereto prospectively.
- 7. Use of Service.** Customer will at all times comply with and conform its use of the Service to the DWNI Acceptable Use Guidelines and DWNI Anti-SPAM Policy set forth at DWNI's web site, <http://www.digitalwest.com/AUP.html> and hereafter collectively “AUP”, as such AUP may hereafter be modified or updated by DWNI in its reasonable discretion from time to time. In the event: Customer violates the AUP and DWNI determines, in its reasonable discretion, that there is potential harm to its Network or business, DWNI shall have the right to immediately suspend all impacted Services herein provided for (an “AUP Suspension”). DWNI shall notify Customer, in writing, of any AUP Suspension and the reasons for the same (the “Violations”). Should Customer thereafter cure the Violations, DWNI, in its reasonable discretion, may re-enable the Service upon satisfaction to DWNI that all Violations have

ceased or otherwise been cured, and upon adequate assurance that such Violations will not re-occur in the future. No AUP Suspension shall be deemed to abate, suspend, or otherwise relieve Customer from the payment of any charges due for Services hereunder. In the event that the parties subsequently determine that an AUP Suspension by DWNI resulted from DWNI's error, DWNI shall provide a pro-rata credit to Customer, based upon Customer's monthly Service Fee, and in no event greater than one month's Service Fee as set forth in the Quote, against the Customer's next monthly billing.

8. Maintenance and Network Modifications. Maintenance by DWNI (which may be Service impacting) is included in the fees for Service, unless such maintenance is necessitated by acts or omissions attributable to Customer, for which maintenance Customer will pay DWNI. In addition to Service maintenance, DWNI may make certain network modifications and thus changes to the Customer's Service which changes do not materially and adversely affect Service performance. In the event of such network modifications and changes, Customer understands that the same may limit Customer's ability to retain existing codes and/or necessitate other changes or modifications to Customer's Services. Customer will reasonably cooperate with DWNI to facilitate such modifications. (a) Scheduled Maintenance. DWNI will monitor DWNI's Network 24 hours per day, 7 days per week. Scheduled Maintenance will be performed between the hours of midnight and 4:00 a.m. (local time where the maintenance is being performed) unless another time is agreed to by the Parties for the particular circumstance. DWNI will endeavor to provide Customer with at least five business days' notice before performing Scheduled Maintenance unless a shorter notice period is required under the circumstances. (b) Emergency Maintenance. If DWNI has to perform maintenance outside of the Scheduled Maintenance window set forth in Section (a) above, then DWNI will provide as much prior notice to Customer as is practicable under the circumstances.

9. Agreement Not to Hire: During the Service Term and for a period of one year after the expiration of the Service Term, Customer will not directly or indirectly solicit to employ or retain in any capacity or directly or indirectly offer to employ any personnel of DWNI.

10. Termination. If (i) Customer fails to make any payment when due and such failure continues for 10 business days after written notice from DWNI, (ii) a party has a right of termination under an applicable tariff, (iii) either party fails to observe or perform any other material term of this Agreement or accompanying Service Level Agreement (SLA) and such failure continues for 30 days after written notice from the other party, or (iv) DWNI exceeds a Level-2 SLA credit for three consecutive months, then the non-defaulting party may: (a) terminate this Agreement and/or any Quote, in whole or in part, and/or (b) subject to the limitations of this Agreement and applicable tariffs, pursue any remedies it may have at law or in equity. If any change in applicable law, regulation, rule or order materially affects delivery of a Service, the parties will negotiate appropriate changes to this Agreement. If the parties are unable to reach agreement within 30 days after DWNI's delivery of written notice requesting renegotiation: (a) DWNI may pass any increased costs relating to delivery of Service through to Customer

11. Termination Liability. If prior to delivery of Service, Customer cancels a Quote for convenience or DWNI terminates the Agreement for cause, Customer will pay DWNI a cancellation charge (which Customer acknowledges is a reasonable approximations of DWNI's damages and is not a penalty) equal to all out-of-pocket expenses which will be incurred by DWNI as a result of the cancellation, including, but not limited to, third party liability. If prior to expiration of the Service Term, Customer terminates Service for convenience or DWNI terminates Service for cause, Customer will pay DWNI a termination charge (which Customer acknowledges is a reasonable approximations of DWNI's damages and is not a penalty) as follows: (a) all unpaid amounts for Service provided through the date of termination; plus (b) all previously waived charges for the Service(s); plus (C) 100% of the remaining monthly recurring charges (if any) for months 1-12 of the Service Term; plus (d) 50% of the remaining monthly recurring charges for month 13 through the end of the Service Term; plus (e) if not recovered by the foregoing, any termination liability payable to third parties resulting from the termination.

12. Indemnification and Limitations of Liability. Customer will indemnify, defend and hold DWNI, and its affiliates and each of its respective owners, directors, officers, employees and agents, harmless from and against any and all claims, suits, expenses, losses, demands, actions, causes of action, judgments, fees and costs, of any kind or nature whatsoever (Claims), arising from or related to any use, attempt to use or resale of Service or otherwise arising in connection with any Service or this Agreement. **IN NO EVENT WILL EITHER PARTY BE LIABLE FOR ANY DAMAGES WHATSOEVER FOR LOST PROFITS, LOST REVENUES, LOSS OF GOODWILL, LOSS OF ANTICIPATED SAVINGS, LOSS OF DATA, THE COST OF PURCHASING REPLACEMENT SERVICES, OR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF THE PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT OR ANY QUOTE. DWNI WILL HAVE NO LIABILITY FOR ANY CLAIM AGAINST CUSTOMER BY A THIRD PARTY IN CONNECTION WITH OR FOR RESPONDING TO EMERGENCY 911 OR OTHER EMERGENCY REFERRAL CALLS.**



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San Luis Obispo, CA 93401
+1.888.781.9378

13. Force majeure. Other than with respect to failure to make payments due hereunder, neither party shall be liable under this Agreement for delays, failures to perform, damages, losses or destruction, or malfunction of any equipment, or any consequence thereof, caused or occasioned by, or due to fire, earthquake, flood, water, the elements, labor disputes or shortages, utility curtailments, fiber cut, power failures, explosions, civil disturbances, governmental actions, shortages of equipment or supplies, unavailability of transportation, acts or omissions of third parties, or any other cause beyond its reasonable control ("Force Majeure Event(s)"). If at any time during the Service Term DWNI is unable to perform under this Agreement for more than sixty (60) consecutive days as a result of a Force Majeure Event, either party may terminate this agreement upon 48 hour notice to the other.

14. Service Levels. The "Service Level" commitments applicable to the Services are found in DWNI's Service Schedules for each Service. Service Levels do not apply to off-net services (unless otherwise stated on a Service Schedule) or during periods of force majeure or Service maintenance ("Excused Outages"). If DWNI does not achieve a Service Level, a credit will be issued to Customer upon Customer's request. DWNI's maintenance log and trouble ticketing systems will be used for calculating any Service Level events. To request a credit, Customer must contact DWNI Customer Service (contact information can be found at www.support.digitalwest.com) or deliver a written request with sufficient detail necessary to identify the affected Service within 60 days (unless another timeframe is stated in the applicable Service Schedule) after the end of the month in which the credit was earned. In no event will the total credits issued to Customer per month exceed the non-recurring and monthly recurring charges for the affected Service for that month. Customer's sole remedies for any outages, failures to deliver or defects in Service are contained in the Service Levels (if any) applicable to the affected Service.

15. Assignment. Customer may not assign its rights or obligations under this Agreement or any Quote without the prior written consent of DWNI. This Agreement will apply to any permitted transferees or assignees. Customer may not resell any Services under this Agreement without the express written consent of DWNI. Nothing in this Agreement, express or implied, is intended to or will confer upon any third party any right, benefit or remedy under or by reason of this Agreement.

16. Warranties. EXCEPT AS SPECIFICALLY SET FORTH HEREIN, ALL SERVICES ARE PROVIDED BY DWNI ON AN "AS-IS" BASIS, AND CUSTOMER'S USE OF THE SERVICES ARE AT CUSTOMER'S OWN RISK. DWNI DOES NOT MAKE, AND HEREBY DISCLAIMS, ANY AND ALL OTHER AND/OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT AND TITLE, AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE. DWNI DOES NOT WARRANT THAT THE SERVICES WILL BE UNINTERRUPTED, ERROR-FREE, OR COMPLETELY SECURE. DWNI WILL EXERCISE COMMERCIALY REASONABLE EFFORTS TO MAINTAIN ALL SERVICES AND SERVICE LEVELS. DWNI WILL REPAIR AND REMEDY ANY LISTED OUTAGES IN A TIMELY MANNER.

17. Mutual Confidentiality. Not limited to the terms of this Agreement, all knowledge and information of a confidential nature acquired and disclosed during the conduct of business between both entities lists on the Quote are confidential and proprietary. Except as required by the Public Records Act, each party and its agents will keep such information confidential and not disclose such information to third parties, other than to its affiliates.

18. Marketing. Customer grants Digital West the right to disclose that it is a customer of Digital West and to display Customer's logo on Digital West's website. Digital West grants Customer the right to disclose that it is a supplier to Customer and to display Digital West's logo on Customer's website. Customer shall not acquire any other rights in Digital West's trade names, trademarks, product names, or logos.

19. Miscellaneous. Services may be provided by DWNI or a DWNI affiliate. This Agreement is binding on the parties' and their permitted successors and assigns, and together with any Quotes, Service Schedules and applicable tariff(s) constitutes the entire agreement between the parties. This Agreement does not create any agent, joint venture, or partnership between DWNI and Customer, each of which are independent business entities. No prior agreements, understandings, statements, proposals or representations, either oral or written, respecting the subject matter hereof apply. Except with regard to an applicable Service Schedule or Quote, this Agreement can be modified only in a writing signed by the parties. DWNI may provide notices under this Agreement to any address identified in a Quote. Notices to DWNI must be made to the address above. If any provision of this Agreement is held to be illegal or unenforceable, this Agreement's unaffected provisions will remain in effect. If either party fails to enforce any right or remedy under this Agreement, such failure will not waive the right or remedy. This Agreement will be governed by and construed in accordance with the laws of California, without regard to its conflict of law provisions.

Customer Name
Customer Address
City, State Zip
Phone Number
Contact Email

Digital West Networks, Inc.
3620 Sacramento Drive, Suite 102
San Luis Obispo, CA 93401
(805) 781-9378
mike.casey@digitalwest.com



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Exhibit C
Metro Fiber Addendum

This Metro Fiber Addendum (“Addendum”) is made as of the date listed upon the Quote (defined below) between DIGITAL WEST NETWORKS, INC. (“DWNI”) and the entity listed on the Quote (“Customer”). This Addendum provides the general terms and conditions applicable to the Customer’s purchase of Metro Fiber (“Service(s)”) from DWNI.

1. Acceptable Use Guidelines. In addition to the Use of Service outlined on page 1 of the MSA, the Metro Fiber Service is intended for commercial Internet access utilization for a single customer only. The Service can be used to transport traffic to/from mail servers (such as MS Exchange), internal file servers, development servers, and intranet servers at the customer premises. The Service is not intended to transport traffic to/from commercial web hosting servers, media servers, public storage or any other commercial Internet-facing content within the customer premises. DWNI reserves the right to audit Customer’s usage and to suspend Service if it is in violation of this policy.

2. Limited Service Level Agreement. DWNI will use commercially reasonable efforts to minimize Excess Packet Loss and Latency and to avoid Downtime, as more fully set forth below.

a) Packet Loss and Latency. DWNI does not proactively monitor the packet loss or transmission latency of specific customers. DWNI does, however, proactively monitor the aggregate bandwidth, packet loss, and transmission latency with regard to Services purchased by customers within the Network. If Customer brings Network Excess Packet Loss or Latency issues to DWNI's attention, or if DWNI otherwise becomes aware of Excess Packet Loss or Latency on the Network, DWNI will use commercially reasonable efforts to determine the source of such Excess Packet Loss or Latency and to correct such problem to the extent that the source of the problem is on the Network.

b) Inability to Access the Internet (Downtime). DWNI guarantees 99.99%, or “Four Nines”, connectivity from the Network to the Internet without Downtime. If Customer experiences Downtime, then DWNI will credit a Customer's account the pro-rata Bandwidth Fees otherwise due for such Downtime, provided that the aggregate total all such credits for Downtime occurring during any calendar month will not exceed an aggregate maximum credit of the monthly Bandwidth Fees otherwise due from Customer for one (1) calendar month. DWNI will exercise commercially reasonable efforts to repair and remedy any such Network Downtime in a timely manner.

c) Credits. DWNI will apply the credits applicable under this Section, if any, towards the monthly billing for the month following the calendar month during which the credits accrue. In the event that Customer believes that such a credit accrued or was otherwise applicable to a monthly invoice received by Customer, the Customer must notify DWNI within ten (10) business days from the date that Customer receives that monthly invoice. Failure to comply with this requirement will forfeit Customer's right to claim such credit at any time against future invoices.

d) Remedy for Failure. Refer to DWNI’s Service Level Agreement for specific remedies regarding Excess Packet Loss and/or Latency. In no instance shall the aggregate total of any credits resulting from such a remedy during any calendar month exceed an aggregate maximum credit of the monthly Bandwidth fees otherwise due from Customer for one (1) calendar month.

e) Limitation on Remedies. If Customer is entitled to multiple credits under this Section 2, such cumulative credits for any calendar month shall never exceed the charges due DWNI hereunder for one (1) calendar month under any circumstances. DWNI's suspension or modification of Service in accordance with the terms of this Agreement shall never be deemed to be a failure of DWNI to provide adequate Service levels under this Agreement.

3. Responsibilities. DWNI will own and maintain the telecommunications equipment, cable and facilities installed and operated by DWNI for provision of the Services to Customer (“DWNI Network”). The DWNI Network will remain DWNI's personal property regardless of where located or attached. DWNI has the right to upgrade, replace or remove the DWNI Network in whole or in part, regardless of where located, so long as the Services continue to perform. DWNI has the right to limit the manner in which any portion of the DWNI Network is used to protect the technical integrity of the Network. Customer may not alter, move or disconnect any parts of the DWNI Network and is responsible for any damage to, or loss of, the DWNI Network caused by Customer's (or its end users') breach of this provision, negligence or willful misconduct. DWNI has no obligation to install, maintain or repair any equipment owned or provided by Customer, unless otherwise agreed to in a writing executed by the Parties. If Customer's equipment is incompatible with the Service, Customer is responsible for any special interface equipment or facilities necessary to

EXHIBIT D
INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Agreement, Service Provider will maintain insurance in conformance with the requirements set forth below. Service Provider will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Service Provider agrees to amend, supplement or endorse the existing coverage to do so. Service Provider acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to City in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to City.

Service Provider shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office “Commercial General Liability” policy from CG 00 01 or equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage from CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If Service Provider owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Service Provider or Service Provider’s employees will use personal autos in any way to perform the Scope of Services, then Service Provider shall provide evidence of personal auto liability coverage for each such person.

Property Damage Insurance in an amount of not less than \$1,000,000 for damage to the property of each person on account of any one occurrence.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer’s liability limits.

Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a maximum \$25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a “pay on behalf” basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured’s liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against another. Coverage shall be applicable to City for injury to employees of Service Provider, subcontractors or others involved in the Work. The scope of coverage provided is subject to approval of City following receipt of proof of insurance

as required herein. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Insurance procured pursuant to these requirements shall be written by insurer that are admitted carriers in the state California and with an A.M. Best's rating of A- or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Service Provider. Service Provider and City agree to the following with respect to insurance provided by Service Provider:

1. Service Provider agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds the City of Morro Bay, its officials, employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992 or equivalent. Service Provider also agrees to require all Service Providers, and subcontractors to do likewise.
2. No liability insurance coverage provided to comply with this Agreement shall prohibit Service Provider, or Service Provider's employees, or agents, from waiving the right of subrogation prior to a loss. Service Provider agrees to waive subrogation rights against City regardless of the applicability of any insurance proceeds, and to require all Service Providers and subcontractors to do likewise.
3. All insurance coverage and limits provided by Service Provider and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to City or its operations limits the application of such insurance coverage.
4. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.
5. All coverage types and limits required are subject to approval, modification and additional requirements by City, as the need arises. Service Provider shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect City's protection without City's prior written consent.
6. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Service Provider's general liability policy, shall be delivered to City at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, City has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium.

Any premium so paid by City shall be charged to and promptly paid by Service Provider or deducted from sums due Service Provider, at City's option.

7. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Service Provider or any subcontractor, is intended to apply first and on a primary, noncontributing basis in relation to any other insurance or self-insurance available to City.
8. Service Provider agrees to ensure that subcontractors, and any other party involved with the Scope of Services who is brought onto or involved in the Scope of Services by Service Provider, provide the same minimum insurance coverage required of Service Provider. Service Provider agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Service Provider agrees that upon request, all agreements with subcontractors and others engaged in the Scope of Services will be submitted to City for review.
9. Service Provider agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any Service Provider, Subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of the Scope of Services to self-insure its obligations to City. If Service Provider's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to City. At the time City shall review options with Service Provider, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.
10. City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving Service Provider ninety (90) days advance written notice of such change. If such change results in substantial additional cost to Service Provider, the City will negotiate additional compensation proportional to the increase benefit to City.
11. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.
12. Service Provider acknowledges and agrees that any actual or alleged failure on the part of City to inform Service Provider of non-compliance with any insurance requirements in no way imposes any additional obligations on City nor does it waive any rights hereunder in this or any other regard.
13. Service Provider will renew the required coverage annually as long as City, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated

for any reason. Termination of this obligation is not effective until City executes a written statement to that effect.

14. Service Provider shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Service Provider's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to City within five days of the expiration of the coverages.
15. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.
16. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.
17. The requirements in this Exhibit supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.
18. Service Provider agrees to be responsible for ensuring that no contract used by any party involved in any way with the Scope of Services reserves the right to charge City or Service Provider for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to City. It is not the intent of City to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against City for payment of premiums or other amounts with respect thereto.
19. Service Provider agrees to provide immediate notice to City of any claim or loss against Service Provider arising out of the work performed under this agreement. City assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City.



...Discover Your Better Nature

**City of Morro Bay
IT Services Division
595 Harbor Street
Morro Bay, CA 93442
February 1, 2016**

**Request for Proposals
for
High-Speed Fiber Optic Network**

Proposal Due Date: March 1, 2016 by 4:00pm

Contact Person: Sam Taylor
Phone: 805-772-6290
Email: staylor@morrobayca.gov

Section 1

GENERAL INFORMATION TO PROPOSERS

1.1 INTRODUCTION

The City of Morro Bay is seeking to both reduce its ongoing fiber optic network costs for its day-to-day business as well as diversify the Internet options of local businesses and consumers. To that end, the City is seeking a vendor to provide a fiber optic network and Internet service of at least 1 gigabit in speed that will provide access to all City facilities listed on Exhibit A as well as provide fiber optic networking and Internet access to the City's downtown and, in the future, potentially to residential areas of the community. The City will provide \$150,000 in start-up funding for this endeavor and for the City's fiber optic networking needs and is interested in free, exclusive use of the fiber optic cables and Internet service provided for its use for a period of not less than 20 years.

The City of Morro Bay is located on the California Central Coast and has a population of about 10,200. Morro Bay is located at the crossroads of State Highway 41 and State Highway 1 and is 12 miles north of San Luis Obispo. More information about the City is available on our website at <http://www.morrobayca.gov>.

1.2 REQUEST FOR PROPOSAL ("the RFP") PROCESS

The RFP will be publicly advertised and released in accordance with the applicable laws and includes the notification of the time and place when and where the RFP is due. The RFP may be obtained from primary contact:

Sam Taylor, Deputy City Manager
595 Harbor Street
Morro Bay, CA 93442
Office: (805) 772-6290
staylor@morrobayca.gov

An electronic copy may be obtained via email from Sam Taylor at staylor@morrobayca.gov. Additionally, the RFP may be mailed to those businesses that are included on the City's list that is created specifically for the RFP. Businesses on that list will be known to be a potential provider of goods and services of the type required by the RFP. Those whom the City has mailed the RFP to and those who have requested a copy of the RFP will receive all information regarding the RFP. The information includes, but is not limited to, any amendments to the RFP, answers to inquiries received regarding the RFP, or changes in the RFP Schedule.

Consultants interested in responding to this RFP must submit three hard copies (one unbound) of their proposal and one electronic copy to Sam Taylor at the address listed above, no **later than 4:00 p.m., Tuesday, March 1, 2016.**

Hardcopy submittals received after the deadline will not be considered. A City evaluation team may select candidate(s) to be interviewed. This process will review submittals, references and other information necessary, as well as rating of submittals. Interviews with Proposer's will provide an opportunity for the City and potential candidates to further gauge their fit and ability to work with each other.

Please be sure to reserve Wednesday, March 9, 2016 on your schedule now, to ensure the appropriate representative, including the designated Project Manager, will be available to attend an interview if selected as a finalist.

Tentative Process Schedule (subject to change as needed):

- Issuance of RFP: Week of February 1, 2016
- RSVP Due for Pre-Submittal Conference February 16, 2016
- Pre-Proposal Conference: February 19, 2016
- Questions (in writing) submitted for RFP: February 22, 2016
- Responses sent to questions for RFP: February 19, 2016
- **Deadline date for RFP responses: March 1, 2016**
- Vendor Interviews/presentations by invited consultants (if needed)
Week of March 7, 2016

- Selection of Vendor Week of March 7, 2016

1.3 PRE-SUBMITTAL CONFERENCE

There will be a virtual or telephone pre-submittal conference held regarding the Request for Proposal on:

Date: Friday, February 19, 2016
Time: 10:00 A.M. Pacific Standard Time Zone
Location: Details to be provided at time of RSVP

This will be an opportunity for potential Proposer's to ask questions and obtain information about the RFP process and the fiber optic network process. Attendance is optional. **Notes will not be taken and disbursed after the conference.**

1.4 DEFINITIONS

For the purposes of the RFP, the following terms have the following meanings:

- (a) "City" shall mean the City of Morro Bay, California
- (b) "Contract" shall mean the agreement between the City and selected vendor or contractor chosen as a result of the RFP.

- (c) “Contractor,” “Vendor” or “Successful Proposer” shall mean the firm or its authorized assignee chosen by the City to perform the requested services.
- (d) “Proposal” shall mean the written document submitted to the City of Morro Bay in response to this RFP.
- (e) “Proposer” shall mean an individual or business entity submitting a Proposal in response to the RFP.
- (f) “Required Documents” shall mean all submittals a Proposal must contain to be considered responsive to the RFP.

Section 2

PROPOSAL TERMS & CONDITIONS

2.1 RFP DOCUMENT

Information provided herein is intended solely to assist Proposers in the preparation of their Proposals. To the best of the City’s knowledge, the information provided is accurate. However, the City does not warrant such accuracy and any errors or omissions subsequently determined will not be construed as a basis for invalidating the RFP.

2.2 ADDENDA INTERPETATIONS

If it becomes necessary to revise any part of the RFP, then a written addendum will be provided. The City is not bound by any oral clarifications changing the scope of the work for this project. All addenda issued by the City will become part of the official RFP and will be mailed to all Proposers of record based upon the contact information used at the original time of issuance.

2.3 LABELING OF PROPOSALS

All proposals must be submitted in a sealed envelope plainly marked, IT Services Division Fiber Optic Network RFP, Attn: Sam Taylor and name and address of the Proposer in the upper left hand corner. No responsibility will attach to the City, any official or employee thereof, for the pre-opening, post-opening, or failure to open a proposal not properly addressed and identified

2.4 ASSIGNMENT OF CONTRACTUAL RIGHTS

The contract resulting from the RFP shall not be assigned, transferred, conveyed, or otherwise disposed of by the successful Proposer in any manner, unless approved in writing by the other party. The firm or firms will be an independent service provider for all purposes and no agency, either expressed or implied, exists.

2.5 RFP INQUIRIES/QUESTIONS

All questions/inquiries must be submitted in writing via mail or email to the primary contact. The City will review all inquiries received prior to the RFP submittal deadline and will email written answers to all recipients of the RFP. Direct contact with any of the City's departments or personnel may only be scheduled by the primary contact. During the review or preparation of the proposal submitted in response to the RFP, if a Proposer discovers any errors, omissions or ambiguities, within the RFP, then they must identify them in writing to the City's primary contact prior to the RFP submission deadline.

2.6 DISCLOSURE, OWNERSHIP OF PROPOSAL CONTENTS AND CONFIDENTIALITY

The Proposal of the selected Proposer will become the basis for any contract entered into and will become subject to the City's provision on public access to open records and information.

To the extent a Proposer includes any uniquely proprietary or confidential information in the Proposal, the Proposer must clearly and unequivocally mark such information. The City will not reveal any such information to any third party, unless required to do so by law.

Proposers must agree to make no other distribution of their Proposal beyond that made to the City and once under contract all information gained in the process and work product is the ownership of the City.

2.7 RFP PROPOSAL COSTS

The City is not liable for any costs or expenses incurred by any Proposer in the preparation of the Proposal, attendance at any conference, or meeting related to the RFP. The City is not liable for payment of any amount to the selected Proposer until a Contract has been awarded and executed by the City and the Contractor has performed services pursuant to the Contract that entitle the Contractor to receive payment under the terms of the Contract.

2.8 SUB-CONTRACTORS

It is intended a single contractor have total responsibility for the project so as to assure a cohesive, fully workable plan. Therefore, any Proposer desiring to use sub-contractor(s) must identify each on a document supplied as an attachment to the Proposal and titled attachment "Sub-Contractors." For each sub-contractor the Proposal must include their company's name, the company's principal owners, description of their involvement in the project, and qualifications for each aspect of the project in which they will be involved. The sub-contractor(s) cannot be changed after submission of the Proposal, except with prior written approval of the City.

The Consultant is responsible for all actions, workmanship, performance and payment for their sub-contractor(s).

2.9 RFP PROPOSAL SUBMISSION

The IT Services Division must receive each Proposal no later than the Proposal Submission date and time identified in the RFP Schedule. Hardcopies of a Proposal must be mailed or hand-delivered, but in either case must be received and stamped by the City by the specified date and time. **Late proposals will not be considered.**

Proposals must contain all Required Documentation, Guides and Certifications as requested by the RFP, otherwise the Proposal will be considered non-responsive and will be disqualified. The Proposer must supply one (1) hard copy, including one unbound, (8.5 X 11.0) of the Proposal and one electronic copy of the Proposal.

The City reserves the right to request additional information from any, all or no Proposers after Proposal Submission.

Proposers shall distribute their RFP Proposals only to the IT Services Division, C/O Sam Taylor, Deputy City Manager, 595 Harbor Street, Morro Bay, CA 93442.

One of the hardcopies of the Proposal must contain the original signature(s) of an official or officials authorized to bind the Proposer to its provisions. Additionally, the authorized signature(s) must appear on company letterhead.

Sections of the Proposal must be clearly labeled and pages numbered consecutively for ease of review. Responses must be provided in the same sequence as outlined in the Submittal Requirements section of this RFP.

In case of a difference between written words and figures in a Proposal, the amount stated in written words shall govern. Alterations or erasures are discouraged, but if present, must be crossed out and the corrections printed in ink or typewritten adjacent thereto. Each person signing the Proposal must initial each such correction.

All Proposals received by the City in response to the RFP shall remain valid for ninety (90) days after the deadline date of submittal.

2.10 INSURANCE

If awarded a contract as a result of the RFP, then the Successful Proposer agrees to provide to the City a current and valid Certificate of Insurance as evidence of compliance with Exhibit B, Insurance Requirements, prior to commencing work under the contract.

2.11 INDEMNITY

The contract resulting from the RFP shall contain the following provision:
“Consultant agrees to indemnify, defend and hold harmless City and each of its officers, officials, employees and agents from and against any and all liability, loss, claims, damages, expenses or costs (including reasonable attorney’s fees and court costs) (“Damages”) arising out of this Agreement, caused in whole or in part by Consultant or any of its officer, employees, agents, representative or subcontractors; provided, that the obligation to indemnify and hold harmless is only to the extent Consultant or any of its officer, employees, agents, representative or subcontractors causes the Damages.”

2.12 REJECTION OF PROPOSALS

The City reserves the right to waive any informalities, and/or to reject, at any time and for any reason, any and all Proposals received as a result of the RFP. The City’s intent is to enter into a Contract as a result of the RFP. However, if after reviewing the Proposals received, the City determines that the City should not enter into any Contract, or to enter into a partial or different contract from the Contract contemplated by the RFP, the City will act in accordance with what the City determines at that time to be in its best interest. No Proposer or any other party has any entitlement, interest, or right in this decision by the City and by submitting a Proposal, acknowledges the City’s right to exercise its discretion in this regard without any right of recourse by the Proposer.

2.13 OTHER CONDITIONS OF PROPOSAL SUBMITTAL

- A. No proposal will be accepted from any persons, firm or corporation that is in arrears for any obligation to the City, or that otherwise may be deemed irresponsible or unresponsive by City Council or City staff.
- B. Only one proposal will be accepted from any person, firm, or corporation.
- C. All proposals shall be prepared in a comprehensive manner as to content.
- D. The City is an Equal Opportunity Employer, requires all consultants to affirm that they do not discriminate against individuals or firms because of their race, color, material status, age, sex, national origin, handicap, creed, or sexual orientation.
- E. All Proposals submitted become public information and may be reviewed by anyone requesting to do so at the conclusion of the evaluation process, except to the extent otherwise permitted by law.

Section 3

Morro Bay Background

The City of Morro Bay is an incorporated community in San Luis Obispo County, California. Morro Bay is also the name of the large estuary that is situated along the northern shores of the bay itself. The larger bay on which the local area lies is Estero Bay, which also encompasses the communities of Cayucos and Los Osos. The city of Morro Bay is 20 km (12 mi) northwest of San Luis Obispo and is located on Highway 1. Los Osos Creek discharges into Morro Bay.

According to the United States Census Bureau, the city has a total area of 10.3 square miles, of which, 5.3 square miles of it is land and 5.0 square miles of it is water.

According to the 2010 U.S. Census, Morro Bay has a population of 10,234, approximately 6,320 housing units with 4,844 of those occupied. A sizable number of the total housing units that are vacant – 1,125 – are for season, recreational, or occasional use. Morro Bay is a very tourist-heavy destination with approximately 1 million to 2 million visitors annually.

Median household income in Morro Bay is \$50,914 with mean household income at \$65,289. About 48.9 percent of the population has an Associate's degree or higher. In 2014, the U.S. Census Bureau estimated the mean housing value at \$465,600.

It is anticipated that with new, competitive-cost gigabit-speed Internet service in Morro Bay would increase year-round residents and the utilization of second homes by telecommuters would also increase. The portion of rental properties used for the longer rental season could also increase with the availability of competitive-cost high-speed Internet access.

Section 4

SCOPE OF SERVICES

3.1 SCOPE OF SERVICES-GENERAL

Synopsis: The City of Morro Bay is seeking to both reduce its ongoing fiber optic network costs for its day-to-day business as well as diversify the Internet options of local businesses and consumers. To that end, the City is seeking a vendor to provide a fiber optic network and Internet service of at least 1 gigabit in speed that will provide access to all City facilities listed on Exhibit A as well as provide fiber optic networking and Internet access to the City's downtown and, in the future, potentially to residential areas of the community. The City will provide \$150,000 in start-up funding for this endeavor and for the City's fiber optic networking needs and is interested in free, exclusive use of the fiber optic cables and Internet service provided for its use for an extended period.

The main connection point into the City’s facilities will be at 715 Harbor Street (the Fire Department) and branch out from there to all identified municipal facilities.

The City of Morro Bay will enter a contract of up to \$150,000 for a successful Proposer that will be expected to:

- A. Provide the free, exclusive use for an extended period of time to be proposed by the Contractor for the City to utilize fiber optic cables and at least a 1 gigabit speed Internet connection for its municipal computer networking needs at the facilities identified on Exhibit A. Any network constructed should have the capability to be modified to a higher speed network in the future. Provide a detailed proposal related to construction of this network and a timeline for the implementation of this endeavor. Proposal details could include information such as whether the network will be constructed below ground or above ground and the methods and means to construct said network. The City may seek to expand fiber to additional municipal facilities in the future. Details related to any costs or other impact to the City for such extensions should be outlined thoroughly. Details related to City costs for use of the dark fiber lines beyond any free, exclusive use period should be included in the proposal. Details related to City costs for use of the high speed Internet connection beyond any free period should be included in the proposal.
- B. Commit to the creation of a new fiber optic network “ring” within the City’s historic downtown area as outlined in Exhibit B and provide at least 1 gigabit of Internet speeds for this private network to be managed by the vendor. Provide a detailed proposal related to construction of this network and a timeline for the implementation of this endeavor.
- C. Provide information as it relates to a private, vendor-managed fiber optic network and gigabit-speed Internet that services other commercial and residential areas of the City. Provide a detailed proposal related to construction of this network and a timeline for the implementation of this endeavor. While this part of the proposal is not required for selection of a contractor, proposals that include the eventual creation of a citywide gigabit-speeds Internet service will be heavily weighted for consideration.

Section 5

PROPOSAL ORGANIZATION

4.1 OUTLINE OF PROPOSALS - REQUIREMENTS

Proposals must be organized in the following order of sections:

Section I Letter of Interest

The Proposal must include the name, title, address, telephone number, fax number, and email address of one or more individuals who will serve as Proposer's contact for purposes of the RFP. The Proposer shall fully disclose details regarding its legal identity, such as corporation, partnership, limited liability company, sole proprietorship or other. If the Proposer is a partnership, then all partners must be named regardless of status, activeness, or percentage of ownership.

Section II Proposer Qualifications

The Proposer must describe its qualifications and experience in providing the work described in the RFP. Experience should include examples of performing similar or related projects. The Proposer should indicate that it has all appropriate licenses, certifications, qualifications or other required items to perform said work in the state of California. Proposer must indicate a commitment to purchasing a Morro Bay business license – if one has not already been obtained – in order to perform the work as outlined in Section 4 of this document.

The Proposer shall provide a team organization chart, which lists the names of key personnel who will be assigned to this project along with a brief resume for each individual that describes their education and relevant professional work experience. A description of the work expected to be performed by each individual, including an estimate of the amount of time each will be assigned to work on the project should also be provided. Any subcontractors anticipated to be utilized to perform work on this project, must be identified and brief resumes submitted.

The City reserves the right to approve all persons assigned to the project. No contract awarded pursuant to a proposal submitted in response to the RFP may be assigned, either in whole, or in part, without first receiving written consent from the City. The City must approve any changes in the project team.

The Proposer must submit three references of similar or like projects during the last three years. The references must have had experience with the Proposer similar in scope to those described in the RFP. The Proposer must name a contact person and contact information for whomever is responsible for the review at each provided reference.

Section III Work Plan

The proposal must contain a detailed statement of the Proposer's understanding of the Scope of Services required under the RFP. The proposal must also contain an explanation of the project approach including, proposed approach to the process, proposed schedule, as well as the proposer's ability to meet the City's anticipated timeline any other features of the proposer's ability to execute the requirements and achieve the objectives of this RFP. The proposal must also include a Preliminary Work Plan containing a description and timeline of the phases or segments into which the proposed project can logically be divided and performed.

Section IV Schedule of Performance

The proposal shall address separately each of the major tasks, activities, or significant milestones to be achieved and a schedule of performance. If the Proposer expects the services will extend beyond the timeframe specified in Section 4 of the RFP, then the Proposer shall provide a justification for the extended time.

Section V Items Required from the City

In this section, the Proposer shall detail any and all information, documents, work required from City staff, or other resources not listed herein or included in the Attachments section at the end of the RFP.

Section VI Fee Schedule

Proposals must include any information related to additional costs the City would incur based on the services sought.

Note: If the City enters into negotiations with a Successful Proposer that results in a revision to the scope of services in the RFP, then the fees may correspondingly be negotiated to reflect the changes.

Section 6

PROPOSAL EVALUATION AND AWARD

5.1 The City evaluation team will select a preferred candidate, based on the interviews, written proposals, and other information, as well as the results of the reference checks. The following will be considered in evaluating each proposal:

- Completeness of response to the RFP requirements (incomplete responses may be rejected).
- Experience with similar projects
- Creativity of approach
- Demonstrated knowledge and experience with actual implementation of possible strategies
- References
- Cost

5.2 City staff will make a recommendation to the City Manager on the selection of the Proposer determined to be the most qualified for the project. While cost is an important factor, the lowest cost proposal will not necessarily ensure award. It is anticipated the City and the Successful Proposer will enter into a professional services contract.

Section 7

ATTACHMENTS

6.1 LIST OF ATTACHMENTS

Exhibit A – City facilities to be connected to the exclusive-use fiber optic cables.

Exhibit B – Map of historic downtown area for initial fiber optic and high-speed Internet network.

Exhibit A

The following are municipal facilities to be connected to fiber optic cables and high-speed Internet as part of this project. The initial connection point and Internet access for the City will be at the Fire Department, 715 Harbor St. All fiber to the remaining facilities will come from this location.

Description	Segments Comprising the System Route	Number of Fibers
Community Center	1001 Kennedy Avenue to 715 Harbor St.	4
Corporation Yard	170 Atascadero Road to 715 Harbor St.	2
Desalination Yard	176 Atascadero Road to 715 Harbor St.	2
City Hall	595 Harbor St. to 715 Harbor St.	2
City Hall Annex 1	695 Harbor St. to 715 Harbor St.	2
Harbor	1275 Embarcadero to 715 Harbor St.	2
Police Department	850 Morro Bay Blvd. to 715 Harbor St.	2
Public Services	955 Shasta Street to 715 Harbor St.	2
Veterans Memorial Building	209 Surf Street to 715 Harbor St.	4
Wastewater Treatment Plant	160 Atascadero Road to 715 Harbor St.	2
Teen Center	231 Atascadero Road to 715 Harbor St.	2

Exhibit B - Downtown Fiber Internet Network

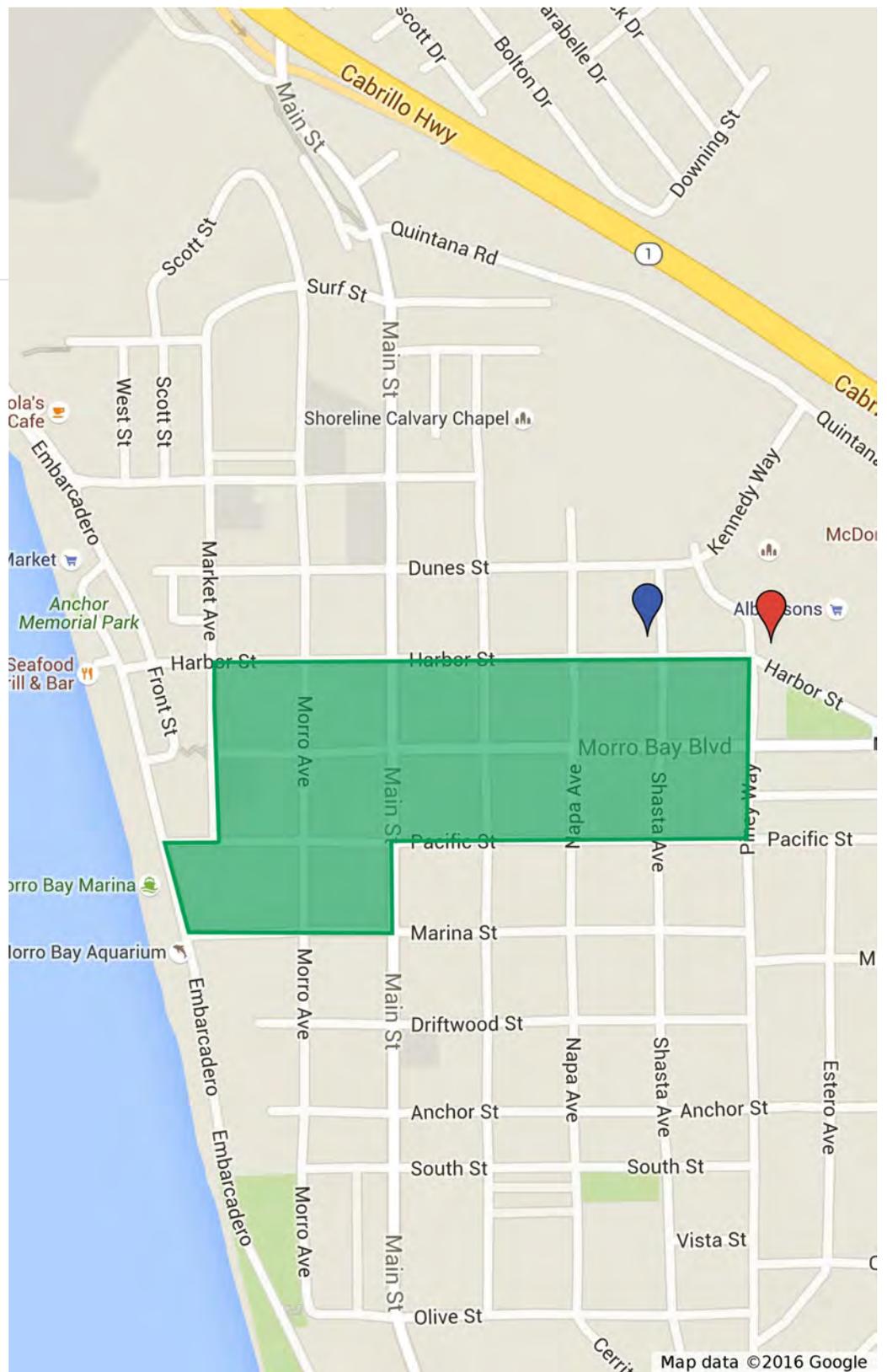
Untitled layer



Initial Downtown Fiber Network

595 Harbor St - City Hall

715 Harbor St - Fire Station





AGENDA NO: A-3

MEETING DATE: May 24, 2016

Staff Report

TO: Honorable Mayor and Council Member **DATE:** May 17, 2016

FROM: Susan Slayton, Administrative Services Director

SUBJECT: Adopt Resolution No. 41-16 Approving 3rd Quarter Budget Adjustments to comply with the Audit Finding in the 2014/15 City Audit, Finding 2015-001, Issue #8

RECOMMENDATION

Staff recommends adoption of Resolution No. 41-16.

FISCAL IMPACT

General Fund:

Revenue reduction: \$57,000; Expenditure increase: \$52,200

Excess unprogrammed revenue remaining at mid-year budget review: \$142,845

Balance of unprogrammed revenue, less these changes: \$33,645

Potential cash transfer between funds:

From Governmental Impact Fees to the General Capital Projects fund: gap funding in the amount of \$78,000; anticipating final reimbursement from Caltrans for the Morro Creek Bridge and Bike Pathway project, which may not arrive by June 30, 2016.

BACKGROUND

The City's audit firm, the Pun Group, performed its auditing services for the fiscal year ended June 30, 2015, and issued its reports, which contained audit findings (material weaknesses/significant deficiencies), presented as Finding 2015-001 (Issues 1-8) as material weaknesses. A material weakness is a lack, or combination of inadequacies, in internal control, such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. More information will be presented later in this meeting, during audit presentation by Kenneth Pun.

The cause for Finding 2015-001 is stated as, "The City has a small staff, and segregation of duties was not possible, and formal policies and procedures were not adopted. The City is in the process of implementing systems, and the audit was performed during the period of conversion." Issue #8 of Finding 2015-001 states, "During our audit, we noted that there were number of excess spending

Prepared By: SS Dept Review: _____
City Manager Review: DWB
City Attorney Review: JWP

over appropriations.” Staff responded to all of the audit findings, a copy of which is attached, and to Finding 2015-001, Issue #8, stated, “Regarding excess spending over approved budget, management will be more diligent with requesting budget adjustments to ensure this does not happen in future years.”

DISCUSSION

Historically, the City has presented budget adjustment requests to the City Council during the mid-year budget review, with capital projects approvals, and contract amendments. To comply with Finding 2015-001, Issue #8, which was finalized and received by the City on March 31, 2016, staff reviewed the 3rd quarter budget performance, and is bringing forward the following requests for budget adjustments:

1. City Council: **\$13,000** budget increase to contract services for a LEAP invoice. The full amount of the LEAP program (\$49,000) was budgeted in 2014/15. Invoices totaling \$36,000 were paid in FY 14/15; the remaining \$13,000 was invoiced in FY 15/16. If the City had a purchasing system in place, then that contract would have had a purchase order, and the unspent balance would have been reviewed for renewal for the 2015/16 fiscal year. Adding the purchasing system will prevent this in the future.
2. Human Resources: **\$24,200** budget increase to contract services for labor negotiations and the GASB 45-required Other Post-Employment Benefits actuarial study.
 - a. **\$20,000** is requested for labor negotiations to pay for our contract negotiator, Colin Tanner, who works for our contract attorney firm, Aleshire & Wynder. That was not included as an expenditure item with the original submission of the 2015/16 budget.
 - b. **\$4,200** is the cost of the mandated actuarial study to comply with GASB Statement No. 45, which was not included in the 2015/16 budget. That study will occur every three years, and should be performed in the fall of 2018, therefore, it should be included as an expenditure in the 2018/19 budget.
3. Accounting & Treasury: **\$15,000** budget increase to other pay and contract services, for an unanticipated vacation payout request and an increase to the New World Systems maintenance contract.
 - a. **\$4,000** is requested for a contract-allowable vacation cash out that was not anticipated with the original 2015/16 budget.
 - b. **\$11,000** is requested for the increase to the New World Systems maintenance contract. In part, the cost of the contract was greater than expected because of the addition of the purchasing module (\$3,500); the remaining \$8,500 increase was part of the normal annual service increase, and was not included in the 2015/16 budget. Staff has realigned its 2016/17 budget estimate to allow for this increase.
4. Recreation Administration: **\$57,000** revenue reduction in facilities rental. With the 2015/16 original budget, \$75,000 in revenue for facilities rental was included in the abandoned budget department R & P Facilities, as well as \$17,000 (for the same purpose) in Recreation Administration department, for a total budget of \$92,000. Historic revenue for facilities rental is ~\$32,000. The abandoned departments, due to reorganization of the consolidated maintenance division, will be checked to ensure they are restricted from both budget and expenditure entry.
5. Cash transfer from Governmental Impact Fees Fund to the General Capital Projects Fund: **\$78,000** is requested for the Morro Creek Bridge and Bike Path project, as gap funding until

the requested drawdown from the Department of Transportation arrives. Funds were withheld until the project was finalized and the request to drawdown funding has been submitted, but funding may not arrive prior to June 30, 2016. This request allows us to prepare a journal entry to transfer the money from one fund to another, ONLY IF the funding is not received by June 30, 2016. If gap funding is needed, the money will be transferred back into the Governmental Impact Fees Fund upon its arrival.

With the 2015/16 Mid-Year Budget Review, excess revenue enhancements over expenditure requests, in the amount of \$142,845, were left as unprogrammed excess revenue. Staff is requesting the use of those funds, with \$33,645 remaining unprogrammed. Staff will review the budget with the City Manager again at the end of May, and bring any further requests to Council no later than the June 28th meeting, to comply with Finding 2015-001, Issue #8.

CONCLUSION

Staff presents and recommends adoption of Resolution No. xx-16, authorizing the above-described budget adjustments, in compliance with Audit Finding 2015-001, Issue #8.

ATTACHMENTS

1. Audit Finding 2015-001, #8
2. Mid-Year Budget Attachment A
3. Resolution No. 41-16

City of Morro Bay
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2015

Section II – Financial Statement Findings (Continued)

Finding 2015-001 Accounting Policies and Procedures (Continued)

Management View and Corrective Action Plan (Continued):

5. Cash Disbursements not signed by Department Directors

Departmental staff is responsible for ensuring proper signatures have been obtained for disbursements; however, as the final checkpoint, current staff will be counseled to be more diligent in reviewing invoices and requests for disbursement, to ensure the applicable Department Director has signed them all.

6. Personnel Action Forms for part-time employees are not adequately approved and retained by the City; approvals /charges are informal or verbal.

Personnel Action forms (PAFs) were required for part-time employees during the audit period, however not all part-time employees had been converted from contracts to PAFs. PAFs are not required for mass changes, such as COLA's; staff implements those changes via MOU, or for part-time employees, from a list of changed hourly rates by position received from the department supervisor. All PAFs are retained in Human Resources, and placed in employees' permanent personnel files. All PAFs are signed by the employee, when possible; the exception to this is during separation, when an employee may refuse or not be available to sign. All PAFs are signed by the Supervisor and/or Department Director, and Administrative Services Director, however, the Acting City Manager did not wish to sign all PAFs, only those with promotions. With the hiring of new City Manager, this process has changed, and in October 2015, he began signing all PAFs. Copies of all PAFs are provided to payroll. Beginning January 2015, the payroll clerk initials the original PAF, returns it to Human Resources, and is provided with a copy of that initialed PAF.

7. Manual timesheet entry/segregation of duties

As mentioned above, the City has a very small staff dedicated to finance and accounting, and segregation of duties is difficult. As mentioned under #2 above, timesheets are entered into the system by each employee, not the Technician, beginning in May 2015 with a test group, with full implementation in August 2015.

Regarding a review of payroll checks and direct deposit notices, the Human Resources Analyst, who is also the backup for payroll processing, does review the checks and direct deposit advices for anomalies when preparing them for departmental distribution. Corrective action for the payroll process implementation of electronic timesheets resolved some of the segregation of duties issue. Management will immediately require the Administrative Services Director to review and authorize the payroll register, prior to the final printing of checks/deposit advices. Additionally, the Human Resources Analyst, who is the backup to the payroll process, will initial the payroll checklist.

Additionally, the Technician will require written (not verbal) authorization, prior to inputting or correcting a timesheet manually.

8. Excess spending over appropriations

Regarding excess spending over approved budget, management will be more diligent with requesting budget adjustments to ensure this does not happen in future years.

**2015/16 MID-YEAR BUDGET ADJUSTMENTS
ATTACHMENT A**

GENERAL FUND

DEPARTMENT	ACCOUNT #	DESCRIPTION	2015/16 BUDGET			JUSTIFICATION
			CURRENT	PROPOSED	CHANGE	
<u>REVENUES:</u>						
City Manager	001-3110-3305	State Grant	\$ -	\$ 100,000	\$ 100,000	Unanticipated reimbursement from OES for Fire Station apparatus bay
Accounting & Treas	001-3510-3020	Prop Tax - County Adm Fee	\$ (81,957)	\$ (61,000)	\$ 20,957	Adjust to revised forecast
Accounting & Treas	001-3510-3064	Transient Occupancy Tax	\$ 2,871,253	\$ 3,113,942	\$ 242,689	Adjust to revised forecast & actual performance
Accounting & Treas	001-3510-3230	State Mandated Cost Reimb	-	21,800	21,800	Unanticipated payment of SB90 claims
Accounting & Treas	001-3510-3730	Rental Income	275,000	265,000	(10,000)	Morro Dunes; move to City Rental Property division
City Rental Property	001-3515-3730	Rental Income	-	15,300	15,300	City Rental Property revenue (Embarcadero & Dunes)
Police Department	001-4110-3230	State Mandated Cost Reimb	5,000	45,000	40,000	Unanticipated payment of SB90 claims
Police Department	001-4110-3391	Other Grant Public Svc	-	20,979	20,979	Board of State and Community Corrections (BSCC) grant
Fire Department	001-4210-3472	Other Fire Services	-	226,557	226,557	Mutual aid revenues
Recreation Admin	001-6110-3469	Special Events	-	7,000	7,000	Unbudgeted ongoing revenue source
Recreation Admin	001-6110-3490	Program Revenue	72,000	60,000	(12,000)	Lower to reflect historic receipts
Recreation Admin	001-6110-3730	Rental Income	-	17,000	17,000	Unbudgeted ongoing revenue source
Total change to revenues			\$ 3,141,296	\$ 3,831,578	\$ 690,282	
<u>EXPENDITURES:</u>						
City Council	001-2110-6519	Association Membership	\$ 20,000	\$ 20,500	\$ 500	Membership in California Coastal Trail Association
City Manager	001-3110-4910	Employer Paid Benefits	\$ 96,605	\$ 62,981	\$ (33,624)	Increase to City-paid health banks (\$876); remove former City Clerk's benefits to Finance (\$34,500)
Deputy City Manager	001-3125-4910	Employer Paid Benefits	28,438	29,314	876	Increase to City-paid health banks
Human Resources	001-3140-4910	Employer Paid Benefits	29,465	29,969	504	Increase to City-paid health banks
City Attorney	001-3210-4910	Employer Paid Benefits	10,816	11,473	657	Increase to City-paid health banks (Legal Assistant)
City Attorney	001-3210-6101	Legal Services	125,000	200,000	75,000	Inc to A & W annual cost (add \$50k) based on 6 mos actual (\$86.6k); outside legal services (\$25,000)
Accounting & Treas	001-3510-4310	Part-time Pay	8,000	19,520	11,520	Increased p/t labor due to PDL leave
Accounting & Treas	001-3510-4910	Employer Paid Benefits	105,988	143,656	37,668	Increase to City-paid health banks (\$2,016); p/t benefits (\$1,152); former City Clerk benefits added (\$34,500)
Accounting & Treas	001-3510-6103	Financial Audits	55,000	44,500	(10,500)	Increase for GASB 68 CalPERS actuarial costs (\$4.5k); decrease audit estimate (\$15,000) and move that to Maint Contracts for purchase of NWS module

**2015/16 MID-YEAR BUDGET ADJUSTMENTS
ATTACHMENT A**

GENERAL FUND

<u>DEPARTMENT</u>	<u>ACCOUNT #</u>	<u>DESCRIPTION</u>	<u>2015/16 BUDGET</u>			<u>JUSTIFICATION</u>
			<u>CURRENT</u>	<u>PROPOSED</u>	<u>CHANGE</u>	
Accounting & Treas	001-3510-6220	Postage	9,500	13,000	3,500	Increase in General Fund mailing
Accounting & Treas	001-3510-6640	Maintenance Contracts	700	15,700	15,000	Purchase of NWS Purchasing Module
City Rental Property	001-3515-5201	Other Expenses	-	4,500	4,500	Cost incurred in maintaining City rental property
Police Department	001-4110-4910	Employer Paid Benefits	1,058,100	1,069,752	11,652	Increase to City-paid health banks
Police Department	001-4110-5104	Animal Feed/Supplies	200	4,200	4,000	Cost of K-9 not covered under Measure Q allocation Move expenditures related to BSCC grant from Fund 282 to General Fund
Police Department	001-4110-5504	Machinery/Equip Supplies	2,000	13,293	11,293	
Police Department	001-4110-8721	Payment to Other Agencies	25,000	21,000	(4,000)	Move excess funding to 5104 of cover K-9 costs
Police Support Svcs	001-4150-4910	Employer Paid Benefits	64,690	65,566	876	Increase to City-paid health banks
Fire Department	001-4210-4120	Overtime	38,435	207,419	168,984	Additional overtime due to mutual aid responses
Fire Department	001-4210-4910	Employer Paid Benefits	774,065	776,693	2,628	Increase to City-paid health banks
Fire Department	001-4210-5121	Safety Equipment	19,000	28,426	9,426	Wildland safety equip (\$3,976); winter water rescue safety equip (\$5,450)
Public Works Admin	001-5205-4910	Employer Paid Benefits	199,533	206,433	6,900	Increase to City-paid health banks
Consolidated Maint	001-5215-4910	Employer Paid Benefits	208,500	212,136	3,636	Increase to City-paid health banks
Vehicle Maintenance	001-5220-4910	Employer Paid Benefits	34,954	35,173	219	Increase to City-paid health banks
Streets Maintenance	001-5230-4910	Employer Paid Benefits	29,737	30,745	1,008	Increase to City-paid health banks
Recreation Admin	001-6110-4110	Employer Paid Benefits	25,307	25,526	219	Increase to City-paid health banks
Recreation Admin	001-6130-4910	Employer Paid Benefits	25,307	25,526	219	Increase to City-paid health banks
Recreation Sports	001-6130-4910	Employer Paid Benefits	25,307	45,219	19,912	Inc budget to actual spending (\$19,693); inc to City- paid health banks (\$219)
Recreation Youth	001-6140-4910	Employer Paid Benefits	58,308	58,812	504	Increase to City-paid health banks
Recreation Youth	001-6140-4910	Employer Paid Benefits	58,308	58,812	504	Increase to City-paid health banks
Recreation Teen Ctr	001-6143-4910	Employer Paid Benefits	7,900	9,500	1,600	Increase to actual spending; adopted budget too low Distribute \$5k ea to 5199 & 6105; savings in part- time pay due to late start up of code enforcement employees
Community Develop	001-7105-4310	Part-time Pay	234,537	224,537	(10,000)	
Community Develop	001-7105-4910	Employer Paid Benefits	111,426	113,682	2,256	Increase to City-paid health banks
Community Develop	001-7105-5199	Misc Operating Supplies	2,500	7,500	5,000	Add'l cost for code enforcement set up
Community Develop	001-7105-6105	Consulting Services	36,400	41,400	5,000	Add'l cost for CityVoice for GP/LCP update

**2015/16 MID-YEAR BUDGET ADJUSTMENTS
ATTACHMENT A**

GENERAL FUND

DEPARTMENT	ACCOUNT #	DESCRIPTION	2015/16 BUDGET			JUSTIFICATION
			CURRENT	PROPOSED	CHANGE	
Total change to expenditures			\$ 3,529,026	\$ 3,876,463	\$ 347,437	
Revenues over (under) expenditures					\$ 342,845	
					<u>(200,000)</u>	Targeted spending
					<u>142,845</u>	Revenue over expenditures
			<u>INCREASED REVENUE</u>			
			<u>TOT</u>	<u>OES reimbursement</u>		
			\$ 100,000	\$ 100,000		
Sidewalk repairs			(60,000)			
Additional trash cans			(10,000)			
4th of July			(5,000)			
Compensation study				(20,000)		
Quality of Life Survey				(15,000)		
Capital Facility Replacement Survey				(50,000)		
Storm damage				(15,000)		
Tree trimming, Jul 1			(25,000)			
Remaining, unallocated			-	-		

RESOLUTION NO. 41-16

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
AUTHORIZING THE 2015/16 AMENDMENTS TO THE CITY'S OPERATING
AND CAPITAL IMPROVEMENT BUDGETS**

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

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

WHEREAS, the City Council adopted the original Operating and Capital Improvement Budgets on June 9, 2015, by Resolution No. 31-15; and

WHEREAS, on February 9, 2016, the City Council adopted Resolution No. 05-16, which authorized mid-year budget adjustments to the 2015/16 operating and capital improvement budgets; and

WHEREAS, the City's 2014/15 audit, which was completed on March 31, 2016, contained Audit Finding 2015-001, which was listed as a material weakness, which is defined as a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis; and

WHEREAS, Issue #8 of Audit Finding 2015-001 found excess spending over budgeted amounts, to which City management responded it would be more diligent in reviewing budgets to ensure future compliance; and

WHEREAS, City management has reviewed the 3rd quarter budget performance reports, and had discovered additional necessary budget adjustments; and

WHEREAS, the City Council deems it necessary to amend said budgets in compliance with management's response to Audit Finding 2015-001, Issue #8.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, the operating and capital budgets of the City of Morro Bay are amended by the additional revenues and expenditures, as shown on the attached schedules.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 24th day of May 2016, by the following vote:

AYES:
NOES:
ABSENT:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

2015/16 THIRD QUARTER BUDGET ADJUSTMENTS

GENERAL FUND

DEPARTMENT	ACCOUNT #	DESCRIPTION	2015/16 BUDGET			JUSTIFICATION
			CURRENT	PROPOSED	CHANGE INCREASE (DECREASE)	
REVENUES:						
Recreation Admin	001-6110-3730	Rental Income	92,000	35,000	(57,000)	Decrease revenue estimate to actual
Total change to revenues			\$ 92,000	\$ 35,000	\$ (57,000)	

DEPARTMENT	ACCOUNT #	DESCRIPTION	CURRENT	PROPOSED	CHANGE (INCREASE) DECREASE	JUSTIFICATION
City Council	001-2110-6105	Consulting Services	\$ -	\$ 13,000	\$ (13,000)	Increase for LEAP invoice; this expenditure was budgeted in 2014/15, and the unspent budget was not carried over to 2015/16
Human Resources	001-3140-6106	Contract Services	7,500	31,700	(24,200)	Increase for GASB 45-required OPEB study and labor negotiator costs
Accounting & Treas	001-3510-4599	Other Pay	8,000	12,000	(4,000)	Increase for contract-allowable vacation cash out
Accounting & Treas	001-3510-6106	Contract Services	70,000	81,000	(11,000)	Increase for cost of financial software package maintenance greater than originally budgeted
Total change to expenditures			\$ 85,500	\$ 137,700	\$ (52,200)	
Net impact on budget					\$ (109,200)	
Excess unprogrammed revenue from mid-year					142,845	
Balance remaining of unprogrammed revenue					\$ 33,645	

SPECIAL REVENUE FUND & CAPITAL PROJECTS FUND

CASH TRANSFER:

Government Impact Fees	900-7710-8501	Transfer Out	-	78,000	(78,000)	Gap funding from Government Impact Fees to General Capital Projects; this will only happen if the CalTRANS reimbursement is not received by 6/30/16
General Capital Projects	915-7710-3501	Transfer In	-	78,000	78,000	



AGENDA NO: A-4

MEETING DATE: May 24, 2016

Staff Report

TO: Honorable Mayor and City Council **DATE:** May 7, 2016
FROM: Susan Slayton, Administrative Services Director
SUBJECT: Adopt Resolution No. 37-16 Approving the Fiscal Year 2016/17 Master Fee Schedule

RECOMMENDATION

Staff recommends the Council review the proposed schedule and adopt Resolution No. 37-16, setting the Fiscal Year 2016/17 Master Fee Schedule.

FISCAL IMPACT

Potential for increased revenue as a result of fee changes, but that amount is unknown.

BACKGROUND

Below are sections from Morro Bay Municipal Code Chapter 3.34, Master Fee Schedule, which state:

3.34.010 Established.

The city Master Fee Schedule is established, which shall set forth a consolidated listing of fees, as fixed and adopted by the city council, in accordance with the appropriate municipal and state codes. Such fees shall, in no case, exceed the actual cost of providing the related service, in compliance with Article XIII B, Section 8(c), of the California Constitution.

3.34.020 Fee revisions and reviews.

Any fees, included in the Master Fee Schedule, may be reviewed and revised annually by the city council. The city's cost of providing the services shall be computed and reflected in these fees. The fees shall then be enumerated, and the revised Master Fee Schedule adopted by resolution of the city council.

Prior to the adoption of the 2008/09 Master Fee Schedule, fee adjustments were presented to City Council by each individual department, as needed, and at varying times during the fiscal year. Council made the decision, with the adoption of the 2008/09 Master Fee Schedule's Resolution No. 49-08, to have the Master Fee Schedule presented annually, in its entirety, for review. Since then, the annual review of the Master Fee Schedule has occurred each July. Past practice for making fee changes has been to adjust them by the April change in the Engineering News Record (ENR)

Prepared By: SS

Dept Review: _____

City Manager Review: DWB

City Attorney Review: JWP

Construction Cost Index and Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County area, and occasionally, equity adjustments have been made.

With the July 14, 2015, adoption of Master Fee Schedule Resolution No. 55-15, the City established the December CPI for the San Francisco-Oakland-San Jose area, and the December ENR, as the basis for adjusting fees. Additionally, Resolution No. 55-15 set the time for presentation to Council of the next fiscal year fee schedule as no later than the last meeting in March, in order to utilize those changes when calculating revenue projections for the upcoming budget. For various reasons, staff missed that deadline this year; however, procedures are in place to ensure that does not happen in the future.

The draft Master Fee Schedule was distributed to the department directors, who have included the proposed fee adjustments in the 2016/17 draft budget, pending Council adoption.

DISCUSSION

Staff has prepared Resolution No. 37-16 to adopt the proposed Fiscal Year 2016/17 Master Fee Schedule. Changes by department are proposed as increased by either CPI (3.2) or ENR (2.08), with the exception of the following:

HARBOR DEPARTMENT:

Launch Ramp Parking fees are proposed as a flat \$5/day fee for use (eliminating the hourly fee). That flat rate does not exceed the cost of the time spent by staff servicing the parking areas provided for the launch ramp. The kiosk only takes paper cash or credit cards, and does not provide change, which means if the hourly fee is kept, then it would have to be increased by 100% (from \$1 to \$2). Harbor staff reviewed data from the parking kiosk software system, and has found the vast majority of payments are in the \$5/day category. In addition, it would require significant additional staff time to track and ensure compliance of even those few hourly parkers to ensure compliance with the time limits. Therefore, staff recommends a simple, flat and still reasonable \$5/day fee be established and maintained, until such a future time as an additional \$1/day increase is warranted, due to successive CPI and inflationary factors.

RECREATION DEPARTMENT:

No increases are proposed to the fees in Recreation, as fees were increased substantially in 2015/16, in line with other county jurisdictions.

FIRE DEPARTMENT:

No increases proposed.

COMMUNITY DEVELOPMENT:

Most fees were increased by ENR and rounded up to the nearest dollar or cent. There were a few fees increased to collect actual time/materials involved in the process:

1. Filing/Recordation Fee - for environmental document or other recorded document: increased from \$53 to \$200
2. Additions to non-conforming structures, not adding units or new uses: increased from \$1,500 to \$2,000
3. Parking Exception (will always be accompanied by a Conditional Use Permit, Minor Use Permit or Coastal Development Permit): increased from \$129 to \$200

CONCLUSION

In summary, staff is recommending the following:

1. City Council review the fee changes contained in the draft Fiscal Year 2016/17 Master Fee Schedule, and make changes, if needed;
2. Adopt Resolution No. 37-16, establishing the Fiscal Year 2016/17 Master Fee Schedule, as amended.

RESOLUTION NO. 37-16

**RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MORRO BAY, CALIFORNIA,
ADOPTING FISCAL YEAR 2016/17 MASTER FEE SCHEDULE**

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

WHEREAS, the City Council finds that fees and charges for City services are annually in need of review for possible updating to reflect changes in the cost of providing those services; and

WHEREAS, the California Constitution, in Article 13B Government Spending Limitation Section 8(c), states: "*proceeds of taxes" shall include, but not be restricted to, all tax revenues and the proceeds to an entity of government, from (1) regulatory licenses, user charges, and user fees to the extent that those proceeds exceed the costs reasonably borne by that entity in providing the regulation, product, or service, and (2) the investment of tax revenues; and*

WHEREAS, the City has reviewed these fees, and finds that they do not exceed the actual costs of providing related services; and

WHEREAS, California Government Code Section 66000, Fees for Development Projects, et. al., of the State of California, mandates numerous detailed and stringent requirements for all development fees levied by local government on new construction projects; and

WHEREAS, Section 66017 of the California Government Code requires a 60- day "waiting period" before any development fee increase can become effective; and

WHEREAS, pursuant to Government Code Section 66016, et seq., specific fees to be charged for services must be adopted by City Council resolution or ordinance, after providing notice and holding a public hearing; and

WHEREAS, the City's Municipal Code Section 3.34.020 Fee revisions and reviews, states: *Any fees, included in the Master Fee Schedule, may be reviewed and revised annually by the city council. The city's cost of providing the services shall be computed and reflected in these fees. The fees shall then be enumerated, and the revised Master Fee Schedule adopted by resolution of the city council. (Ord. 325 (part), 1988); and*

WHEREAS, the on July 14, 2015, City Council adopted Resolution No. 55-15, specifying the month of December as the determinant for retrieving Consumer Price Index (CPI) and Engineering News Record (ENR) Construction Cost Index adjustment factors; and

WHEREAS, with the adoption of Resolution 55-15, the City Council set the San Francisco-Oakland-San Jose area as the comparable area to the City of Morro Bay for consumer price index changes; and

WHEREAS, on August 11, 2008, the City Council adopted Resolution No. 49-08, which stated that “the Master Fee Schedule will be brought back in its entirety for review annually;” and

WHEREAS, the City Council desires to establish the month of February, but no later than the last meeting in March, as the time for the Master Fee Schedule to be presented to City Council.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, Resolution No. 37-16 is hereby adopted, establishing the Fiscal Year 2016/17 Master Fee Schedule, as amended at this meeting.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 24th day of May 2015, by the following vote:

AYES:

NOES:

ABSENT:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

CITY OF MORRO BAY FEE SCHEDULE FOR THE FISCAL YEAR 2016/17

All fees adjust annually by either the December Consumer Price Index (CPI = 3.2%) or Construction Cost Index (ENR = 2.08%). The CPI used is for the San Francisco-Oakland-San Jose area.

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GENERAL FEES

FEE NAME	ADOPTED FEE
Photocopies (unless otherwise defined)	\$0.41 per page \$0.72 per 11 x 17" page
Print material mailed	Cost of copying/printing and postage
Non-refundable appeal fee for non-land use administrative decisions	\$250 per appeal
Elections filing fee - Notice of intention to circulate petition; this amount is refundable under Elections Code Section 9202(b), with conditions	\$200

FINANCE	
FEE NAME	ADOPTED FEE
Budget document, per copy	Per page cost for photocopying
City audit document, per copy	Per page cost for photocopying
Master Fee Schedule	Per page cost for photocopying
Business Tax Schedule	Per page cost for photocopying
Returned check charge, per CA Civil Code Section 1719	\$25 for the first check \$35 for each subsequent check
UTILITY BILLING	
Water service application fee	\$26.83
Physical posting of shut-off notice at customer location	\$57.79
Refundable/transferable deposit - residential tenants only on signup (MC 13.040.220)	\$100
Deposit required for service termination for delinquent non-payment (residential tenants only, if a deposit has not previously been collected)	\$100
Reconnection (MC 13.040.310)	\$48.50

COMMUNITY DEVELOPMENT

FEE NAME	ADOPTED FEE
Valuation of from 0 - \$3,000 (including electrical service less than 600 amp, and minor plumbing alternatives)	\$89
\$3,001 and up	.025 x total valuation as determined by the Building Official (50% submittal/50% at issuance)
Construction Operation After Hours	\$34
Building Re-Address Processing	\$33
Demo with Asbestos	\$143
Demo without Asbestos	\$71
In-lieu Housing Fee (if unit not affordable housing) - per square foot	\$0.35
General Plan Maintenance	6% surcharge on all Building Permits
SMIP Category I (Residential)	.00013 x valuation
SMIP Category II (Commercial)	.00028 x valuation
Unsafe Building repair, demolition or moving structure	Charged at cost
Inspection Fees - outside of normal work hours - per hour, 2 hour minimum	\$162
Re-Inspection Fees - per hour	\$82
Property condition report for Condominium Conversions	\$20
Inspection for which no fee is otherwise indicated - per hour, 1/2 hour minimum	\$82
Additional Plan Review required by changes, additions, revisions to the approved plans - per hour, 1/2 hour minimum	\$82
Use of outside consultants for special plan checking and inspection	Charged at cost

SPECIAL INSPECTION & PLAN REVIEW FEES

Penalty for commencing construction without permit(s). This is in addition to the standard building permit fees.	\$113 + 2 times the permit fee + \$55 per day after notice
Retrofit upon transfer of sale	\$37

DEVELOPMENT IMPACT FEES

Building fees per square foot, including garages (enclosed spaces). Single family residential additions of 500 square feet or less are exempt. Water and Wastewater fees are additional. An increase in meter size resulting from the need to comply with the hydraulic demand associated with Fire Sprinklers is exempt.

Residential, Single Family	\$4.19
Residential, Multi-family	\$6.68
Non-residential, commercial	\$4.20
Non-residential, office	\$2.98
Non-residential, industrial	\$1.55

Park fees for residential in-fill lots, per square foot

Single-family	\$1.29
Multi-family	\$2.15

Public Facilities Fees, per square foot.

Single-family residential:

General Government	\$1.24
Police	\$0.42
Parks	\$1.29
Fire	\$0.45
Storm Drain	\$0.05
Traffic	\$2.00

DEVELOPMENT IMPACT FEES (continued)	
Multi-family residential:	
General Government	\$2.05
Police	\$0.68
Parks	\$2.15
Fire	\$0.76
Storm Drain	\$0.06
Traffic	\$3.11
Public Facilities Fees, per square foot	
Non-residential, commercial:	
General Government	\$0.26
Police	\$0.06
Parks	\$0.01
Fire	\$0.23
Storm Drain	\$0.03
Traffic	\$3.60
Non-residential, office:	
General Government	\$0.34
Police	\$.08
Parks	\$0.01
Fire	\$0.33
Storm Drain	\$0.03
Traffic	\$2.16
Non-residential, industrial:	
General Government	\$0.09
Police	\$0.03
Parks	\$0.01
Fire	\$0.08

Public Facilities Fees, per square foot (continued)	
Storm Drain	\$0.03
Traffic	\$1.25
PLANNING	
Affordable Housing In-Lieu:	
Funding assistance fee	\$582
Reasonable Accommodation fee (no fee required if in conjunction with other discretionary permit)	\$113
Coastal Permits (may be billed at direct cost):	
Coastal Permit in combination with Conditional Use Permit	No fee
Coastal Permit (Administrative)	\$757
New single family and single family additions over 25%, Multiple Dwelling, Office, Commercial, Convention, Industrial & Institutional	\$5,308
Additions between 10% and 25% to a Single Family Dwelling in Coastal Appeals area (Planning Commission)	\$2,042
Emergency Permit (excluding required regular CDP)	\$682
Other administrative – Tree Removal, private	\$260
Environmental (may be billed at direct cost):	
Categorical Exemption	\$92
Negative Declaration	\$1,531
Mitigated Negative Declaration If contracted = contract amount + 25% administrative fee	\$3,610, if done in house or as a deposit for outside consultant
Filing Fee - for environmental document as per County	\$200
Environmental Impact Report - Contract Amount + 25% administrative fee	\$5,000 deposit

Miscellaneous:	
Letter regarding land use confirmation or other research – per hour cost	\$92
Development Agreement – charged at fully allocated hourly rates for all personnel involved, plus any outside costs	\$10,000 deposit
Applicant Requested Continuance	\$119
Fine, in addition to permit fee Deposit Required	\$100 + two times the permit fee + plus \$50 per day – after notice.
Request for averaging of front yard setback	\$118
Appeal of City decision, excluding Coastal Permits in the appeal jurisdiction – refundable if applicant prevails	\$268
Copy of Planning Commission DVD	\$12
Street name/Rename Processing	\$433
Notification fees:	
Planning Commission Hearing	\$306
Administrative Permit Noticing	\$153
Special Events	Actual staff cost
Sign Permits:	
Sign Permit	\$204
Sign Exception (CUP)	\$919
Pole Sign (CUP)	\$919
Fines – Temporary, beyond time allowed by Ordinance – per day after notice given	\$51
Fines – Permanently attached sign w/o permit – per day after notice	\$51

Subdivisions: all Subdivisions may be billed at direct cost	
Tentative Parcel Map Application	\$6,635
Tentative Tract Map 0 to 10 lots, add \$100.00 per lot over 10 lots	\$6,635
Amendments to Existing Tract or Parcel Maps	\$3,062
Lot Line Adjustment	\$1,021
Certificate of compliance (legal determination) – initial fee covers up to 4 lots. Add \$250 per lot over 4 lots	\$2,000 + \$250 per lot for every lot over 4
Lot Mergers	\$1,021
Text Amendments & Annexations (May be billed at direct cost)	
Zone Ord. Changes/LCP <ul style="list-style-type: none"> - Minor (single section revisions/additions) - Major (multiple sections revised/added) If contracted – contract amount + 25% administrative fee. Fee amount becomes an initial deposit.	\$7,146 \$10,208
Specific Plan (Billed as deposit with charges at the fully allocated hourly rates for all personnel involved + any outside costs)	\$5,000 deposit
General Plan/Local Coastal Plan Amendment: <ul style="list-style-type: none"> - Minor (single section revisions/additions) - Major (multiple sections revised/added) If contracted – contract amount + 25% administrative fee. Fee amount becomes an initial deposit.	\$7,146 \$10,208
Annexations – Deposit to be determined by staff. Billed at fully allocated staff cost. If contracted – contract amount + 25% administrative fee.	\$5,174
Time Extensions	
Time extension for CUP, regular Coastal Permits and variance (Planning Commission)	\$919
Time Extensions for Tract Maps and Parcel Maps	\$919
Time Extension - Administrative	\$255

Use Permits

- All use permits may be billed at direct cost at the discretion of the Community Development Manager and the scheduled fee would then be deemed as a deposit.
- All Projects in the Planned Development Overlay require a Use Permit

Conditional Use Permit (CUP)	\$5,308
CUP Concept Plan	\$8,166
CUP Precise Plan	\$3,062
CUP Combined Concept/Precise Plan	\$8,166
Conditional Use Permit for an SFR addition of 25% or less of the existing floor area.	\$2,042
One SFR in a Planned Development Zone or Bluff Area	\$1,531
Occupancy Change in Commercial/Industrial Zones	\$817
Additions to non-conforming structures, not adding units or new uses	\$2,000
Minor Use Permit	\$582
Temporary Use Permit – Longer than 10 days	\$1,021
Outdoor display and sales and outdoor dining	\$928
Administrative Temporary Use Permit – 7 consecutive days or 10 non-consecutive days	\$153
Amendments to Existing Permits (Planning Commission)	\$2,654
Major modification while processing	\$1,570
Minor amendments to existing permits (Administrative)	\$198

Variations	
Variance	\$2,042
Variance processed with other permits	\$780
Minor Variance	\$429
Parking Exception (will always be accompanied by a Conditional Use Permit, Minor Use Permit or Coastal Development Permit)	\$200
Laserfiche Applies to all Planning and Building Permits	
Laserfiche of planning and building documents, including scanning and storage. Fee based on plan set pages only.	\$15 for first page of plan set, and \$7 for each additional page.

PUBLIC WORKS	
FEE NAME	AMOUNT
IMPACT FEES	
Water Impact fee (Capacity Credit is given for existing meter) Based on Water & Wastewater Impact Fee Update, Bartle Wells Associates, 3/17/15	
1 inch meter or smaller	\$6,951
1-1/2 inch meter	\$13,900
2 inch meter	\$22,241
3 inch meter	\$41,702
Wastewater fee (Capacity Credit is given based on existing water meter size) Based on Water & Wastewater Impact Fee Update, Bartle Wells Associates, 3/17/15	
1 inch meter or smaller	\$6,976
1-1/2 inch meter	\$13,984
2 inch meter	\$22,325
3 inch meter	\$41,859
PLANNING AND ENGINEERING DEVELOPMENT REVIEW FEES	
Flood Hazard Development Permit (MC 14.72.040) - time and materials costs may be added to minimum, when actual cost exceeds the minimum fee (PW):	
Permit, minimum fee	\$204
Flood plain letter	\$102
City Engineer Map Review Fees Subdivisions - time and materials costs may be added to minimum, when actual cost exceeds the minimum fee (PW):	
Final Map - Tract, minimum fee (MC 16.24.040J)	\$1,314
Final Parcel Maps with Improvements, minimum fee	\$338
Final Maps Amendment Review, minimum fee	\$283

Public Improvement Plans	
Inspections/Plan Review - time and materials costs may be added to minimum, when actual cost exceeds the minimum fee:	
Inspections	Cost of service, i.e., Time and Materials
Public/Subdivision Improvement Plan Check, minimum fee	\$473
Abandonment Process:	
Street/R-O-W Abandonment Process	\$942
Encroachment Permits (MC 13.16.140) - time and materials costs may be added to minimum, when actual cost exceeds the minimum fee (PW):	
Regular	\$139
Special - Engineered Structures, minimum fee	\$303
Non-Engineered Structures, minimum fee	\$139
Annual Utility Encroachment Permit	\$213
Wide Load Permit with Traffic Control Plans - Per Year (Set by State of California)	\$90
Wide Load Permit with Traffic Control Plans - One Time (Set by State of California)	\$16
Street & Sidewalks:	
Exception Application Exception Application (Sidewalk Deferral)	\$171
PLANNING AND ENGINEERING DEVELOPMENT REVIEW FEES	
Storm Water Fees (PW):	
Single Family; Other than Single Family (per 6,000 square foot lot area, or fraction thereof):	
Planning review of preliminary stormwater plan	\$153
Building permit review of stormwater plan	\$200
Inspection of stormwater facility/erosion control	\$107
Trees (PW):	
Removal Permit (to trim, brace or remove, MC 12.08.110)	\$276

POLICE SERVICES	
FEE NAME	ADOPTED FEE
Permits and Licenses:	
Tow/Taxi Service Provider Application Fee	\$632
Taxi Operator Permit Application Fee	\$402
Taxi Operator Permit Application Renewal Fee	\$67
Second Hand Dealer Permit - City Application Fee (does not include Department of Justice fee) (MBMC 5.40.330)	\$336
Second Hand Dealer Permit renewal - City Application Fee (does not include Department of Justice fee) (MBMC 5.40.330)	\$167
Massage Therapist/Parlor Permit Application Fee (MBMC 5.40.330)	\$140
Support Services Activity:	
Digital Photo Reproduction to CD - per hour, 1 hour minimum	\$56
Audio/Video Tape Reproduction - per hour, 1 hour minimum	\$56
Record Searches/Reviews/Clearance/Responses - per hour, 1 hour minimum	\$56
Officer Activity:	
Equipment Citation Sign Off	\$16
Vehicle Impound Fee Administrative Costs (CVD 22850.5)	\$167
Abandoned Vehicle Removal (junk vehicles/parts)	\$336
Other Police Services:	
Firearms-seizure/storage (PC 33880)	\$56

State Mandated Costs	
Concealed Weapons Permit (does not include DOJ or other fees (PC25455))	\$112
Renewal of Concealed Weapons Permit (does not include cost of ID card)	\$27
Subpoena Duces Tecum (does not include costs of report, etc) (EC 1563(b)(1))	\$16
Delinquent Parking Citation Copy (VC 40206.5)	\$2
Repossessed Vehicle (GC 41612)	\$16
State Mandated Costs (continued)	
Booking Fees (current cost-cost is dependent on charges by County) (GC 53150) & (GC 29550.1)	\$122
Live scan Fingerprint Fees (PC 13300(e))	\$21
Criminal History Review (PC13322)	\$27
Cost Recovery:	
DUI Emergency Response (MBMC 3.40.030)	Actual Cost
False Alarm Response (after 3 rd false alarm in a year) (MBMC 9.22.020)	\$224

FIRE	
FEE NAME	ADOPTED FEE
Permits:	
Permit Inspection Fees:	
Any single permit identified in Title 24 CFC and not specifically addressed in the Master Fee Schedule	\$85
Any combination of permits shall not exceed	\$195
Special Occurrence or Use Permit (equipment & personnel charges additional)	\$65
Special Permits:	
Marine Welding Permit: Vessel, Pier, Wharf, Waterfront	\$43
Aircraft Landing Permit, per occurrence (required Fire standby equipment & personnel charges additional)	\$65
Knox Box installation/inspection, first box	\$43
More than one Knox Box per address, each additional box	\$10
Equipment & Personnel Charges:	
Engine or Truck: per hour, per vehicle (personnel charges additional)	\$125
Squad/Rescue: per hour, per vehicle (personnel charges additional)	\$91
Utility/Command Vehicle: per hour, per vehicle (personnel charges additional)	\$43
Personnel charges	Per hour, per person - 2 hour minimum, unless otherwise specified, at current productive hourly rate

Plan Review Fees:	
Fire Plan Concept Review	Personnel charges, as specified in Equipment and Personnel Charges
Plan Review	0.3% of total valuation plus use of outside consultant for Plan Review & Inspection is based on actual cost plus \$65 fee
Additional Plan Review required by changes, additions or revisions to approved plans	Personnel charges, as specified in Equipment & Personnel Charges, on an hourly basis, plus actual cost of outside consultant for Plan Review
Fire Protection:	
System & Equipment Fees:	
Fire Sprinkler System Installation Inspection - (above ground):	
Residential	\$65 + \$0.55 per head
Commercial	\$324 + \$0.55 per head
Commercial projects or tenant improvements under 1,000 sq. ft.	\$105 + \$0.55 per head
Underground water line inspection	\$65
Fire Alarm System Installation Inspection:	
0 - 15 devices	\$65
16 - 50 devices	\$108
51 - 100 devices	\$205
101 - 500 devices	\$296
501 and up	\$296 + \$130 for each additional 100 devices
Specialized Fire Protection System Inspection, e.g., Halon, Dry Chemical Commercial Kitchen Hood System	\$65
Flammable or Combustible Tank Installation Inspection	\$65
On-site Hydrant System Installation Inspection	\$65
Use of Outside Consultants for Plan Review & and/or Inspection	\$65 + actual cost
Request for Building Fire Flow Calculations	\$38
Request for Hydrant Flow Information	\$38

Fire Protection (continued):	
Request for Hydrant Flow Test	\$38 fee plus personnel & equipment as specified in Personnel and Equipment Charges, 1 hr min
Engine company business inspection:	
1st and 2nd inspections	No charge
3rd and subsequent inspections	\$100
Fire Prevention:	
New and annual business/facility inspection fees:	
1st and 2nd inspections	No charge
3rd and subsequent inspections	\$80
Administrative citation for failure to correct a violation shall be charged per 1.03.050 of the Municipal Code	\$108
Administrative citation for second violation of the same ordinance in the same year shall be charged per 1.03.050 of the Municipal Code	\$216
Administrative citation for third and each additional violation of the same ordinance in the same year shall be charged per 1.03.050 of the Municipal Code	\$540
Annual weed and hazard abatement inspection fees:	
1st inspection for compliance	No charge
2nd and subsequent inspections	\$80
Administrative citation for failure to correct a violation shall be charged per 1.03.050 of the Municipal Code	\$108
Administrative citation for second violation of the same ordinance in the same year shall be charged per 1.03.050 of the Municipal Code	\$216
Administrative citation for third and each additional violation of the same ordinance in the same year shall be charged per 1.03.050 of the Municipal Code	\$540

Incident Response Fees:	
Hazardous Material/Chemical Incident	No charge first half-hour (excluding negligent/intentional acts) Each additional hour, or fraction thereof, will be charged as specified in the Personnel and Equipment Charges plus the cost of any materials and contract services used
Negligent Incidents	Response due to negligent/malicious act (e.g., DUI traffic accident, climber on Morro Rock, incendiary fire, negligent hazardous material incident, negligent confined space incident, etc.) Two hour minimum to be charged as specified by Personnel & Equipment Charges plus any material costs and contract services used.
Excessive or Malicious False Alarms	Emergency response due to "Failure to Notify" when working on or testing fire/alarm system 0.5 hours minimum to be charged as specified by Personnel & Equipment Charges.
Malicious False Alarms	.5 hour minimum to be charged as specified by Personnel & Equipment Charges plus any material costs.
Alarm system malfunction resulting in 2 in 30 days or 3 in 12 months	Charged as specified by Personnel & Equipment Charges plus any material costs
Other Fire Services:	
Copy of response report, per report	\$27
Additional copies, per page	See General Fees for copy charges
Cause & Origin investigation reports, per report	\$112
Non-renewal of required annual permit	Charge double permit fee rate
Failure to obtain permit	Charge double permit fee rate
Missed site inspection appointment	\$41
Failure to meet permit requirements/requiring re-inspection	\$41

Permits - California Fire Code:	
See operational and construction permits identified in the California Fire Code, Section 105	
Special Occurrence or Use Permit includes 1 inspection	
Plan Review Fees:	
Plan Review Fees	Total valuation to recover the cost of providing service
Use of outside consultant for Plan Review and/or Inspection	\$60 plus actual cost of consultant
All Plan Review Fees shown are minimum amounts, based on average processing. Large or complex projects may be subject to increased fees based upon time, costs, or equipment costs as shown per Equipment & Personnel Charges.	

HARBOR DEPARTMENT

1. All fees are due in advance. At the Harbor Department's discretion, billing in arrears for qualified and registered vessels with current account status may be allowed.

2. Any account past due over 10 days will be charged a \$35 late fee on a monthly basis. Accounts are due and payable by the 10th of every month.

VESSEL FEES

1. All vessel fees based on the length of the vessel or the length of the slip, whichever is greater, with a 36-foot minimum.

2. The Harbor Director may waive dockage fees for "tall ships" visiting Morro Bay Harbor for any period less than 30 days with written notice.

3. Transient Slip fees will be charged by the day or by the month, whichever is less.

4. Transient Slip monthly subleases shall be limited to 3 months in any slip as long as there are vessels appropriate to the slip size on the sublease waiting list.

5. Floating Dock and Anchorage stay limited to 30 days in any 6 month period.

6. A 10% discount is available for assigned Commercial Fishing Vessel slips when paid one full year in advance during the first month of the fiscal year after adoption of the Master Fee Schedule for that fiscal year.

Commercial Fishing Slips – monthly rate per foot	\$4.80
Commercial Fishing Slip Waiting List Deposit	\$435
Head Float Berth – monthly rate	\$192
Transient Slips – monthly sublease rate per foot	\$8.62
Transient Slips – daily rate per foot	\$1.20
T-Piers – daily rate per foot	\$0.27
Floating Dock	\$0.27
A1-5 Anchorage Area – first 5 days	\$0.00
A1-5 Anchorage Area – daily rate/foot over 5 days	\$0.22

Vessel Fees (continued)	
Temporary Moorage – large vessels or equipment requiring special accommodation – daily rate	\$171
Impounded Vessels – monthly rate per foot, minimum monthly increments	\$10.32
MOORING FEES	
<p>1. A 10% discount is available for Private and City mooring fees when paid one full year in advance during the first month of the fiscal year after adoption of the Master Fee Schedule for that fiscal year.</p> <p>2. Guest Mooring stay limited to 30 days in any 6 month period.</p>	
City Moorings – monthly rate	\$243
Private Moorings – monthly rate	\$84.10
Guest Moorings – daily rate per foot	\$0.27
Moorings Ownership Transfer – private moorings	\$1,131
SERVICE FEES	
<p>1. South T-Pier Hoist may only be used for fish unloading in certain cases; see Harbor Department Rules and Regulations.</p> <p>2. Dry Storage fee for use of each designated approximate 9-foot by 20-foot space.</p>	
T-Pier Electrical – daily rate	\$2.66
South T-Pier Hoist – rate per use	\$14.45
South T-Pier Hoist Fish Unloading – per hour	\$75.72
Wharfage – rate per ton	\$0.94
Loaned Electric Cord or Adaptor Replacement	\$165
Dry Storage – daily rate	\$2.95

LIVEABOARD FEES

1. Liveaboard permits are valid for 2 fiscal years. Any Liveaboard application, submitted during the period January 1 through June 30, is valid only for that fiscal year and the following fiscal year, but will be prorated by reducing the Liveaboard application fee, stated herein, by 25%. Any Liveaboard application, submitted July 1 through December 31, will not be prorated.

2. Liveaboard Permit Inspections may be conducted by the Harbor Patrol or by a qualified Marine Surveyor acceptable to the City.

Liveaboard Permit Administration - biennial	\$165
Liveaboard Permit Inspection – biennial (if done by Harbor Patrol)	\$82.56
Service Fee, Moorings - monthly	\$16.34
Service Fee, City Slips - monthly	\$33.65

VESSEL ASSISTANCE FEES

1. Vessels requiring non-emergency assistance more than once in any 6-month period may be charged at the rates established herein.

2. Officers and vessels charged on an hourly basis with a 2-hour minimum.

One Patrol Officer + Patrol Vessel – per hour	\$200
Each Additional Patrol Officer – per hour	\$82.56

LAUNCH RAMP PARKING FEES

1. Launch Ramp Parking fees apply to the extended yellow-striped truck and trailer parking spaces at the Launch Ramp parking lot and Tidelands Park.

2. Annual Parking Permits are valid for one calendar year and may be prorated to the nearest month.

Daily (or any part thereof)	\$5
Annual Permit	\$110
Failure to Pay Established Fee	\$57.05
Failure to Visibly Display Receipt	\$57.05

LEASE ADMINISTRATION FEES	
Master Lease Approval	\$2,064
Actions Requiring City Council Approval	\$660
Actions Requiring Administrative Approval	\$248

RECREATION

FACILITY RENTALS:

COMMUNITY CENTER

	Resident/Non-Profit Groups	Non-Resident/For-Profit Groups
Auditorium – Per Hour	\$77	\$114
Auditorium, one-half – Per Hour	\$47	\$68
Multi-Purpose Room – Per Hour	\$42	\$63
Lounge – Per Hour	\$34	\$51
Studio – Per Hour	\$26	\$39
Kitchen – Per Hour Note: Kitchen only rentals permitted Monday – Friday; weekend rentals must be combined with room rental.	\$20	\$25
Kitchen – 8 Hours	\$102	\$128

VETERAN'S MEMORIAL BUILDING

	Resident/Non-Profit Groups	Non-Resident/For-Profit Groups
Assembly, w/o kitchen – Per Hour	\$34	\$45
Complete, w/o kitchen – Per Hour	\$39	\$51
Meeting, w/o kitchen – Per Hour	\$28	\$38
Kitchen & barbeque – Per Hour Note: Kitchen only rentals permitted Monday – Friday; weekend rentals must be combined with room rental.	\$20	\$25
Kitchen – 8 hours	\$102	\$128

RECREATION FACILITY RENTALS (continued)		
TEEN CENTER		
	Resident/Non-Profit Groups	Non-Resident/For-Profit Groups
Up to 20 participants; 3 hours	\$309	\$309
21-30 participants; 3 hours	\$412	\$412
31 – 40 participants; 3 hours (maximum = 40 participants)	\$462	\$462
ADDITIONAL FEES		
Processing Fee: \$8, non-refundable Public Special Event/Festival Processing Fee: \$25, non-refundable		
Security Deposit: \$150, no alcohol or live music \$500, alcohol and/or live music The City reserves the right to require additional security deposit limits at its discretion.	Janitorial, non-refundable, per event based on group size: 100-200 participants: \$144 201 or more participants: \$288	
Event set-up: \$48 per hour Event breakdown: \$48per hour Veteran’s Memorial Building stage use, set-up and breakdown: \$96flat rate	Facility Attendant(s): \$14per hour each Security Guard(s): \$27per hour each (Required for events with alcohol and/or dancing) Unscheduled overtime: \$72per hour	
Insurance: cost based on event size/type	Cancellations: 20% charge of invoiced costs	
PARK and OPEN SPACE RENTALS		
	Resident/Non-Profit Groups	Non-Resident/For-Profit Groups
Anchor Memorial Park Open Area Bayshore Bluffs Open Area Centennial Parkway Open Area City Park Open Area Cloisters Park Open Area General Open Area Monte Young Open Area Morro Rock Open Area Tidelands Park Open Area	Single Area: \$50 Rental Fee/Area Multi-Area, Entire Park, Multi-Day Event: \$100/Day + Rental Fee	Single Area: \$75 Rental Fee/Area Multi-Area, Entire Park, Multi-Day Event: \$150/Day + Rental Fee

Park and Open Space Rentals (continued)		
	Resident/Non-Profit Groups	Non-Resident/For-Profit Groups
City Park Basketball Courts Coleman Park Coleman Basketball Courts Del Mar Park Hillside or Meadow Del Mar Park Basketball Courts Del Mar Roller Hockey Rink Del Mar Tennis Courts Lila Keiser Park BBQ (Excluding Tournament Use) Monte Young Tennis Courts North Point Overlook	Single Area: \$50 Rental Fee/Area Multi-Area, Entire Park, Multi-Day Event: \$200/Day + Rental Fee Note: See courts/rink hourly rental charges below, which are in addition to area rental fee.	Single Area: \$75 Rental Fee/Area Multi-Area, Entire Park, Multi-Day Event: \$300/Day + Rental Fee
Lila Keiser Park Tournament Use (does not include field prep, or hourly use rates)	\$500	\$1,000
Public Special Event/Festival	\$500	\$1,000
HOURLY and PARK USE FEES		
	Resident/Non-Profit Groups	Non-Resident/For-Profit Groups
Giant Chessboard – Wooden Pieces	\$41	\$109
Giant Chessboard – Plastic Pieces	\$10	\$12
Roller Hockey Rink, Basketball Courts, Pickleball Court & Tennis Court Hourly	\$5	\$6

HOURLY and PARK USE FEES (continued)		
Lila Keiser hourly field rental w/o lights	\$5	\$6
Lila Keiser hourly field rental w/ lights	\$17	\$19
Lila Keiser field preparation	\$28	\$31
City Park Banner Placement	\$100/wk	\$150/wk
ADDITIONAL FEES		
Processing Fee: \$8, non-refundable Public Special Event/Festival Processing Fee: \$25, non-refundable		
Security Deposit: \$50, Bounce House \$150, no alcohol or live music \$500, alcohol and/or live music \$500 Organized Sporting Event (tournaments) \$500 Public Special Event/Festival The City reserves the right to require additional security deposit limits at its discretion	Lila Keiser Support Services: \$25 per hour Insurance: cost based on event size/type Cancellations: 20% of invoiced costs	
MISCELLANEOUS PROPERTY USE		
	Resident/Non-Profit Groups	Non-Resident/For-Profit Groups
Recreation equipment rental, per bag Includes one: Horseshoes, Badminton, Volleyball, Bocce Ball	\$10	\$12
Skate Park - Per Hour (2 hour minimum)	\$108	\$161
Photography/Filming – Per Day	\$500	\$1,000
ADDITIONAL FEES		
Equipment Rental Deposit: \$50 Photography/Filming Deposit: \$1,000		

MORRO BAY TRANSIT AND TROLLEY

Morro Bay Transit - Fixed Route

Regular fare, per ride	\$1.50
Discount fare, per ride	\$0.75
Regular punch pass (11 rides for the price of 10)	\$15
Discount punch pass (11 rides for the price of 10)	\$7.50
Regular day pass	\$4
Discount day pass	\$2

Morro Bay Transit - Call-a-Ride:

Fare, per ride	\$2.50
Call-A-Ride punch pass (11 rides for the price of 10)	\$25

Morro Bay Trolley Fares (Ages 12 and up):

Per ride (Children, under 12 years old ride free, but must be accompanied by a fare-paying adult)	\$1
All day pass	\$3

Morro Bay Trolley Advertising:

Exterior Side of Trolley (approx. 36"x20") - with supplied sign	\$377
Exterior Side of Trolley (approx. 36"x20") - MB Community Foundation supplied sign	\$430
Exterior Rear of Trolley (approx. 24"x20") - with supplied sign	\$324
Exterior Rear of Trolley (approx. 24"x20") - MB Community Foundation supplied sign	\$377
Interior (approx. 26"x12") - with supplied sign	\$161
Interior (approx. 26"x12") - MB Community Foundation supplied sign	\$191

Morro Bay Trolley Rental Rates:**Hourly rate includes driver, fuel, cleaning, standby mechanic and administration, unless otherwise noted.**

One day, within City Limits, per hour (2 hour minimum):

Transportation of passengers to and from one location to another or continuous loop with multiple stops; plus cost of fuel	\$107.50
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One day, outside City limits, per hour (3 hour minimum)

Transportation of passengers to and from one location to another or continuous loop with multiple stops; plus cost of fuel	\$107.50
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Multiple days, 2 consecutive days; per day plus cost of fuel	\$1,752
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AGENDA NO: A-5

MEETING DATE: May 24, 2016

Staff Report

TO: Honorable Mayor and City Council **DATE:** May 7, 2016
FROM: Susan Slayton, Administrative Services Director
SUBJECT: Adopt Resolution No. 38-16 Approving the Fiscal Year 2016/17 Business Tax Schedule

RECOMMENDATION

Staff recommends the Council to review the business tax schedule and adopt Resolution No. 38-16, setting the Fiscal Year 2016/17 Business Tax Schedule.

FISCAL IMPACT

Potential for increased revenue as a result of Business Tax changes, but that amount is unknown.

BACKGROUND

Below is the Morro Bay Municipal Code 5.04 Business Tax, which states:

5.04.050 - Business tax payment required

A. There are hereby imposed, upon the businesses, trades, professions, callings, and occupations specified in this title, business taxes, as established annually in the business tax rate schedule.

B. Each year by June 30th, the business tax rate schedule will be adjusted by the change in the Consumer Price Index (CPI), from March of the previous year to March of the current year. The percentage adjustment for any given year shall be based upon the average monthly index for twelve months ending March 31st. The Consumer Price Index referred to in this paragraph is the Consumer Price Index (all items indexes, all urban consumers) for Los Angeles-Riverside-Orange County, compiled and published by the United States Department of Labor, Bureau of Labor Statistics, 1968 Base Year = 100 (hereafter called Index). If the United States Department of Labor, Bureau of Labor Statistics, ceases to compile and make public the index as now constituted and issued, but substitutes another index in its place, then the substituted index shall be used in place of the Consumer Price Index referenced in this paragraph.

Historically, staff has updated the Business Tax Schedule with the appropriate March CPI, without presenting the schedule to Council, until 2011/12, when Business Tax information was included in the Master Fee Schedule. In 2014, the City Attorney recommended the presentation of the Business Tax Rate Schedule be made separately from, and not included in, the Master Fee Schedule, since

Prepared By: SS

Dept Review: _____

City Manager Review: DWB

City Attorney Review: JWP

the business tax assessments are not fees. That correction was made in November 2014. Further, the Fiscal Year 2015/16 Business Tax Schedule adopted in July 2015 was modified to calculate the allowable increase in cents, rather than whole dollars.

DISCUSSION

The tax rates set in July 2015 (changed to cents rather than whole dollars) have been adjusted by the percentage change in the March 2016 Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County area, per the Municipal Code 5.04.050(B). The CPI change from March to March was 1.7%.

Staff has applied the CPI change to all taxes that can be legally adjusted, and is presenting those new amounts in the attached draft Fiscal Year 2016/17 Business Tax Schedule for Council approval.

CONCLUSION

Staff recommends the City Council adopt Resolution No. 38-16, and establish the Fiscal Year 2016/17 Business Tax Rate Schedule. This rate schedule begins July 1, 2016, with renewals and new applications.

ATTACHMENTS

1. Resolution No. 38-16 - Fiscal Year 2016/17 Business Tax Rate Schedule
2. CPI for March 2016

RESOLUTON NO. 38-16

**RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF MORRO BAY, CALIFORNIA,
ESTABLISHING THE FISCAL YEAR 2016/17 BUSINESS TAX RATE SCHEDULE**

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

WHEREAS, Title 5 of the Morro Bay Municipal Code sets forth Business Taxes and Regulations; and

WHEREAS, Section 5.04.050 allows for the Business Tax Rate Schedule to be adjusted by the change in the Consumer Price Index (CPI) from March of the previous year to March of the current year, for the Los Angeles-Riverside-Orange County area; and

WHEREAS, the March 2016 CPI change was 1.7%, a copy of which is attached to this Resolution; and

WHEREAS, staff has applied the 1.7% CPI to the rates, previously set, and those adjusted rates are presented in the attached draft Fiscal Year 2016/17 Business Tax Rate Schedule.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Morro Bay, Resolution No. 38-16 is adopted, establishing the Fiscal Year 2016/17 Business Tax Rate Schedule, attached herewith, and direct staff to implement these new rates beginning with the July 1, 2016, renewals and new applications.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 24th day of May, 2016, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

**CITY OF MORRO BAY
BUSINESS TAX RATE SCHEDULE
Effective July 1, 2016 through June 30, 2017**

- 1. All amounts are annual unless otherwise noted, and adjusted by March CPI for the Los Angeles-Riverside-Orange County (5.04.050(B))**
- 2. All taxpayers, including not-for-profit organizations, are required to pay the SB1186 ADA charge (\$1) in addition to the business tax amount listed below**
- 3. Morro Bay Municipal Code Sections are listed after category name.**

CATEGORY	TAX
Undesignated Professions (5.08.020):	
Business tax	\$138.23
Tax per employee, if applicable	\$32.96
Common Business Types	
Apartment, Motel, Hotel, Multiple Dwellings, Rest Homes, Rooming Houses, Hospitals & Sanitariums of 4 or more units (5.080.30)	
Business tax	\$138.23
Tax per unit, dwelling, room or person cared for in excess of three (3)	\$5.49
Art, Hobby or Handicraft Show & Exhibitions, Farmers Market, Special Events (5.08.040)	
Business tax for sponsor/organizer, per day per event	\$138.23
Business tax for not-for-profit sponsor/organizer, per day per event	\$0.00
Special Event, per seller - tax per day	\$8.58
Special Event, per seller - tax per weekend	\$14.09
Special Event, per seller – annual tax	\$47.05
Contractor (5.08.080)	
Primary General Contractor tax	\$275.56
Primary General Contractor tax - one job only	\$138.23
Sub-Contractor tax	\$138.23
Sub-Contractor tax - one job only	\$36.24
Delivery by vehicle (5.08.090)	
Tax, per person	\$138.23

Garage or yard sale (5.08.120)	
Limited to two (2) per year, with permit	\$0.00
Business tax for more than two (2), per year	\$138.23
Home Occupation (5.08.130)	
Business tax	\$138.23
Required, one-time Permit Processing Fee	\$66.82
Home Occupation Exception Business License; must qualify by submitting latest tax return, including Schedule C	
Tax on occupations which are intended to augment or supplement primary source of income	\$58.02
Required, one-time Permit Processing Fee	\$66.82
Low Revenue Business; must qualify annually by submitting latest tax return, including Schedule C, or estimate, if new business (Ord No. 590)	
Tax based on gross receipts under \$12,000 per year, for all work conducted in Morro Bay	\$32.71
Required, one-time Permit Processing Fee (only if Home Occupation)	\$66.82
Very Low Revenue Business; must qualify by submitting latest tax return, including Schedule C, or estimate, if new business (Ord No, 597)	
No requirement to complete tax certificate	
Real Estate (5.08.170)	
Calif. Licensed Broker tax	\$138.23
Each Salesman or Agent tax	\$32.96
Each Employee tax	\$24.17
Trailer House, RV or Mobile Home Park (5.08.210)	
Business tax (tax includes a maximum of three (3) rental spaces)	\$138.23
Tax per space in excess of three (3)	\$5.49
Non-Profit Organizations (5.04.050), exempt from Business Tax; must pay SB1186	
All Other Business Types	
Ambulance	
Tax, per conveyance	\$112.96

Auctioneers (5.08.050)	
Tax, per fixed place of business	\$138.23
Tax, per day, no fixed place of business	\$138.23
Bingo (9.12.050)	
Tax, per game	\$67.92
Carnivals, Circuses or Menageries (5.08.060)	
Tax, per day, for all activities within the perimeter of the event	\$554.61
Coin-Operated Vending Machine(s) (5.08.070)	
Business tax based on gross receipts	1%
Fire, Wreck or Bankrupt Sale (5.08.100)	
Tax, per sale for no more than three (3) days	\$195.37
Tax, per day, on sales in excess of three (3) days, per day	\$112.96
Flea Markets (5.08.110)	
Tax per salesperson	\$10.98
Money Lenders & Pawnshops (5.08.140)	
Tax, per business; must keep accurate, detailed records	\$554.61
Non-Profit Organizations (5.04.050)	
Exempt from business tax; must pay SB1186 \$1	
Public Utilities (5.08.160)	
Business tax	\$138.23
Exception: when City Franchise Tax is greater than annual Business Tax Rate	
Private Patrol (5.04.330)	
Business tax	\$69.01
Rides, Shows, Public Dances, and Exhibitions (5.08.180)	
Exhibiting Animals or Trick Riding, Wire Dancing or other Exhibitions (Exception No Fee or Admission), tax per day	\$58.02
Merry-Go-Round, Revolving Wheel Chute, Toboggan, Slide, Mechanical Riding Contrivance or Pony Ride, tax per day	\$58.02
Public Dance, tax per day (Exception: No Fee or Admission)	\$58.02
Tent Show or Itinerant Show tax per day (Exception: No Fee or Admission)	\$138.23
Wrestling or Boxing Show, tax per day	\$58.02

Secondhand Store or Junk Dealer (5.08.190)	
Business tax	\$138.23
Skating Rink (5.08.200)	
Business tax	\$138.23
Taxicabs (5.24.140)	
Tax Certificate, per cab	\$75.60
Tax, per driver	\$10.98
Vendor, Solicitor, Itinerant Merchant (5.08.150)	
Vendor:	
Tax, per day	\$8.58
Tax per weekend	\$14.09
Annual tax	\$47.05
Solicitor:	
Tax, per day	\$112.96
Itinerant Merchant:	
Tax, per day	\$59.13
Tax, per week	\$116.25
Tax, per month	\$172.28
Tax, per quarter	\$226.12
Tax, per 180 day period	\$283.25
Administrative Charges	
Business Tax Certificate listing, per list	\$15.34
Duplicate/replacement Business Tax Certificate (5.04.230)	\$2.00
Transferring a Business Tax Certificate (5.04.220)	\$2.00



AGENDA NO: B-1

MEETING DATE: May 24, 2016

Staff Report

TO: Honorable Mayor and Council Members **DATE:** May 16, 2016
FROM: Sam Taylor, Deputy City Manager
SUBJECT: Adopt Resolution No. 39-16 Continuing the Program and Levying the Assessments for the 2016/17 Fiscal Year for the Morro Bay Tourism Business Improvement District (MBTBID)

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 39-16 continuing the MBTBID activities and assessments for Fiscal Year 2016/17.

ALTERNATIVES

No alternatives are recommended.

FISCAL IMPACT

Preliminary revenue estimates from assessments for FY 2016/17 are \$831,606. Including carryover and other revenues (such as ad placement in the Visitor Guide and sales for the Morro Bay Adventure Pass), brings the total MBTBID budget for FY 2016/17 to \$996,386.

SUMMARY

This is the final step in the annual reaffirmation of the MBTBID and authorization of the 3% assessments, as required by State law.

The TBID assessment is a crucial, protected revenue stream that allows the City to market Morro Bay to tourists. Morro Bay Municipal Chapter 3.60 outlines the creation of the TBID, the assessment, and the way funds can be used.

The use of funds is designed to enhance tourism to the community, which should increase overall Transient Occupancy Tax revenues and directly benefit the community's hotels, which will see an increase in overnight stays.

The City Council adopted Chapter 3.60 to provide explicit uses for the funding as follows:

- A. The general promotion of tourism within the district is to include costs as specified in the business plan to be adopted annually;

Prepared By: ST

Dept Review: _____

City Manager Review: DWB

City Attorney Review: JWP

- B. The marketing of conference, group, and film business that benefits local tourism and the local hotel industry in the district; and
- C. The marketing of the district to the travel industry in order to benefit local tourism and the local hotel industry in the district.

The business plan discussed in the code is referred to as the Marketing & Sales Plan, and a draft version of this plan is provided as an attachment. The annual assessment report, which is required by the Parking and Business Improvement Area Law of 1989, is an exhibit to that annual marketing and sales plan.

The TBID Advisory Board unanimously recommended to the City Council adoption of the FY 2016/17 TBID budget, and that budget is referenced in the marketing and sales plan. The TBID assessment report makes reference to this recommended budget and providing this budgetary information is required by State law.

The TBID Advisory Board unanimously recommended approval of the assessment report as well as the continuation of the 3% assessment for FY 2016/17. The City Council unanimously approved the assessment report and set the public hearing for this meeting at its April 26, 2016, meeting.

DISCUSSION

State law requires the City Council to approve and renew business improvement district assessments each fiscal year.

This funding source is crucial to marketing Morro Bay to tourists and has greatly enhanced revenue collections to the community from Transient Occupancy Taxes. Since the implementation of the TBID assessment in 2010, which has allowed for greatly enhanced marketing, TOT revenues have increased by about \$1 million in the last five years.

It stands to reason the tourism marketing and operations funds also directly benefit the hotels in the community, which have seen increases in both overall occupancy as well as the Average Daily Rate for a stay. For instance, in 2010, the first year of TBID assessment collections, the annual average for occupancy was 47 percent. In 2015, that number had increased to 63 percent. The Average Daily Rate increased from \$93.46 in 2010 to \$112.83 in 2015.

Staff is aware there has been discussion about either reducing the TBID assessment or doing away with it and potentially seeking a TOT increase that would generate the same amount of revenue.

Staff does not recommend either of those paths. Discontinuing the type of segregated revenue provided through the MBTBID assessment, which must be used explicitly for tourism promotion, would likely be significantly detrimental not just to the community's robust TOT generation from tourists, but to the local hotelier community as well. Most businesses in the community could not afford to provide for such level of marketing or other promotion on an individual basis. Reducing the TBID assessment would limit the overall effectiveness of the community's tourism promotions and marketing. If hoteliers are interested in discontinuing the assessment for the year, then that it requires 50 percent or more of the owners of local hotels must protest (in writing or verbally at the public hearing) the continuation of the assessment. The calculation for 50 percent is based on the amount of assessment each hotelier collected in the last full fiscal year, or FY 2014/15.

Modifying the revenue stream for tourism promotion from a protected TBID assessment to a General Fund TOT revenue stream would also not be advisable. That is largely because, unless the any increase is presented as a special tax and receives a 2/3s majority from the voters, TOT revenues could be used for any purpose. While the current Council is very supportive of continuing the enhanced marketing efforts in the interest of economic development, there is nothing to stop a future Council from utilizing that funding in other ways, without that supermajority vote. We know recessions occur in the United States approximately every six years. If other revenue streams are reduced due to a recession, then it is reasonable a future Council might assess all options to fill a budget gap, potentially even using any general increase in TOT that would have been approved by a simple majority of the voters.

Retaining a protected revenue stream to be used specifically for tourism promotions and marketing gives Morro Bay the best opportunity to maximize its potential as a tourist destination that will benefit the local hoteliers along with the rest of the community.

Having said that, if there is an interest in doing away with the TBID assessment, then staff would likely recommend to the City Council a general TOT increase be placed on the ballot this year for approval by a simple majority of voters to best ensure that revenue stream is passed. Tourism promotion is too crucial to the community to discontinue those efforts. General TOT collections help the City provide for the quality of life residents and visitors alike have come to expect. That revenue allows for the paving of streets, fire and police protection, park maintenance and much more. Staff recommends and believes the best revenue source is the protected TBID assessment because it can only be used for tourism promotions and marketing.

The scheduled public hearing is the opportunity to hear from the community and hotelier stakeholders regarding this crucial protected revenue source for tourism marketing and operations.

CONCLUSION

Staff recommends the City Council adopt Resolution No. 39-16 continuing the MBTBID activities and assessments in FY 2016/17.

RESOLUTION NO. 39-16

**RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MORRO BAY, CALIFORNIA,
CONTINUING THE PROGRAM AND LEVYING THE ASSESSMENTS FOR THE
2016/17 FISCAL YEAR FOR THE MORRO BAY TOURISM BUSINESS
IMPROVEMENT DISTRICT (MBTBID)**

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

WHEREAS, the Parking and Business Improvement Area Law of 1989, Sections 36500 *et seq.*, of the California Streets and Highway Code, authorizes cities to establish and review business improvement areas of the purpose of promoting tourism; and

WHEREAS, on April 13, 2009, the City Council held a public hearing and first reading of Ordinance 546 amending the Morro Bay Municipal Code (MBMC) to add a new Chapter 3.60 to establish the Morro Bay Tourism Business Improvement District (MBTBID), and adopted Ordinance 546 at its April 27, 2009 meeting, which set the MBTBID assessments at 3% from June 1, 2009 to May 31, 2010, and 2% from June 1, 2010 and thereafter;

WHEREAS, Ordinance 546 added Chapter 3.60 to the Morro Bay Municipal Code (MBMC); and

WHEREAS, on June 1, 2010, the MBTBID assessments returned to the 2% level, as established by then MBMC section 3.60.050; and

WHEREAS, on September 13, 2010, the City Council held a public hearing and first reading of Ordinance 562 to amend MBMC section 3.60.050, changing the assessment percentage to 3%, and adopted Ordinance 562 at its September 27, 2010 meeting; and

WHEREAS, on April 14, 2016, the advisory board requested the renewal of the TBID for the 2016/17 fiscal year to continue its activities, and the City Council has approved this renewal for the past five years; and

WHEREAS, all other findings of Ordinances 546 and 562 remain unchanged; and

WHEREAS, on April 26, 2016, staff presented the annual assessment report and sales plan for Fiscal Year 2016/17, which provides a full and detailed description of the activities to be provided during the 2016/17 fiscal year, as provided in the proposed budget for that Fiscal Year, which are attached to this Resolution as Exhibit A; and

WHEREAS, the budget plan generally describes the funded activities to be marketed, which attracts and extends overnight stays in Morro Bay hotels, and are consistent with the authorized uses for the assessment revenue set forth in MBMC, section 3.60.030; and

WHEREAS, it is the intention of the City Council to levy and collect 3% assessments from the hoteliers within the TBID for the 2016/17 fiscal year; and

WHEREAS, Resolution No. 29-16 declaring the intention to continue the program and levy assessments from the hoteliers and notifying them of the May 24, 2016 public hearing was published in the Tribune on May 12, 2016; and

WHEREAS, at the April 26, 2016 hearing, City Council scheduled May 24, 2016, at the Morro Bay Veterans Memorial Hall located at 209 Surf Street, Morro Bay, California for the final public hearing to consider testimony for and against renewal of the TBID assessment, in accordance with the California Streets and Highway Code sections 36534 and 36535; and

WHEREAS, on May 24, 2016, the City Council conducted the public hearing regarding the renewal of the TBID for the 2016/17 fiscal year, where affected businesses had the opportunity to protest the TBID renewal, with the following results:

FOR: None

AGAINST: None

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

1. The above recitations are true and correct, and incorporated herein by reference.
2. The City Council, having affirmed the annual report and budgets at its regular meeting held on April 12, 2016, and considered all testimony, reports and opinions presented at the May 24, 2016, public hearing, hereby declares the renewal of the Morro Bay Tourism Business Improvement District for the 2016/17 fiscal year, and instructs the hoteliers to levy and collect 3% assessments for overnight stays of 30 days or less.

PASSED AND ADOPTED by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 24th day of May, 2016 by the following vote:

AYES:

NOES:

ABSENT:

JAMIE L. IRONS, Mayor

DANA SWANSON, City Clerk



AGENDA NO: C-1

MEETING DATE: May 24, 2016

Staff Report

TO: Honorable Mayor and Council Member **DATE:** May 16, 2016
FROM: Susan Slayton, Administrative Services Director
SUBJECT: Presentation and Discussion of Fiscal Year 2014-15 City Audit Reports

RECOMMENDATION

This is a presentation item only, therefore, no action is required.

BACKGROUND

In 2015, the City issued a Request for Proposals (RFP) for auditing services, and as a result of that RFP, the Pun Group was engaged to perform auditing services for the fiscal years ending June 30, 2015, 2016 and 2017, with the option to renew for two additional fiscal years (2018 and 2019). The auditors were onsite in October 2015 to review expenditures paid, revenues received, contracts, and general accounting processes for both accuracy and internal controls (fraud prevention). After the audit team collected its information, the issues discovered were presented in the single audit report as *audit findings*.

There are levels of *findings*, depending on the severity of the evidence found; those levels are 1) *significant deficiencies*; and 2) *material weaknesses*. A *deficiency in internal control* exists when the design, or operation of a control, does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis, with *timely basis* meaning by the fiscal year-end and prior to the auditor's field work. A *deficiency in design* exists when a control, necessary to meet a stated objective, is missing, or an existing control is not properly designed, so that even if the control operates as designed, the control's objective would not be met. A *deficiency in operation* exists when a properly designed control does not operate as planned, or the person performing the control does not possess the necessary authority, or competence, to perform the control effectively to meet the desired objective.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. Adopted Financial Policies and Procedures would abate that issue, as the City would have clearly defined procedures in one manual. Staff members do follow position process instructions and checklists; however, there is no all-encompassing manual on which to rely.

Prepared By: SS Dept Review: _____
City Manager Review: DWB
City Attorney Review: JWP

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The existence of significant deficiencies or material weaknesses may already be known to management and may represent a conscious decision by management, or those charged with governance, to accept the risk associated with the deficiencies because of cost or other considerations. City management is responsible for making decisions concerning costs to be incurred and related benefits. The auditor's responsibility to communicate significant deficiencies and material weaknesses exists regardless of management's decisions. The City, by its continued action of maintaining a small accounting staff, has agreed to accept the risk associated with the deficiencies. Staff does have as many checkpoints in place as possible, but there are areas determined by both the auditor and Management Partners (in particular, Purchase Orders) to further eliminate potential fraud. It should be noted, the auditors did not find any indication of fraud or misappropriation of public moneys.

The Pun Group issued its findings in the Single Audit; there are eight material weakness and two significant deficiencies, which are attached separately to this staff report.

Prior to this year, the City had been with the same auditor for too long and this year the City Manager directed a change in auditors. Positively, this likely resulted in finding issues that may not have been found and identified in previous years.

The Staff is already taking steps to correct the deficiencies identified. For example, the 3rd quarter budget adjustments agenda item at tonight's council meeting is one recommendation the auditor made.

Our Administrative Services Department is somewhat under manned and has been over tasked. That is, we likely have too few finance personnel, and in past years, the Administrative Services Director has had responsibility for Human Resources and Information Technology in addition to Finance

Both the past auditor, and the recent Management Partners review expressed concern with the capacity of our finance staff. In their report a year ago, Management Partner stated:

The Finance Division is very leanly staffed, yet few related functions are contracted. Because of the lean staffing, the department's ability to provide financial and budgeting information and assistance to operating departments is limited. In addition, the division has limited capacity for innovation and planning, and, for example, does not prepare a Comprehensive Annual Financial Report (CAFR), a Government Finance Officers Association best practice.

There is inadequate time and funding allowed for training and participation in professional organizations. Even getting routine work done is difficult when in the midst of audit or budget preparation. While this "belt tightening" can work for short periods of time, it is not sustainable over the long run.

While we have not considered hiring additional finance personnel at this point, the City Manager is taking concrete steps to focus the Finance Department on finance. Supervisory responsibility for IT

was moved out of Administrative Services last year, and supervisory responsibility for Human Resources should be moved out of Administrative Services this year. With the retirement of the Administrative Services director this coming fall, the City Manager intend to hire a Finance Director who is solely focused on finance, and charge that new Director with the responsibility of assessing and recommending further changes.

DISCUSSION

Kenneth Pun from our audit firm, The Pun Group, is here tonight to present the 2014/15 audit reports. There are five reports: three for Transportation Taxes (Transit, Bike Pathways, Roads), one City audit, and one Single Audit of Federal Financial Awards

All audit reports are available electronically below, or in printed format at City Hall.

[2015 Schedule of Findings and Questioned Costs](#)

[2015 Audit Report & Basic Financial Statements](#)

[2015 Single Audit Report](#)

[2015 Bike Path Special Revenue Fund Report](#)

[2015 Local Transportation Fund Report](#)

[2015 Transit Enterprise Revenue Fund Report](#)



AGENDA NO: C-2

MEETING DATE: May 24, 2016

Staff Report

TO: Honorable Mayor and City Council

DATE: May 16, 2016

FROM: Sam Taylor, Deputy City Manager

SUBJECT: Bike Park Update

RECOMMENDATION

Receive and file bike park update from staff.

ALTERNATIVES

None recommended.

FISCAL IMPACT

There is no fiscal impact as a result of this report.

BACKGROUND

The Morro Bay Bike Park was opened 4.5 months ago. This staff report serves as an update to review park operations.

DISCUSSION

The Morro Bay Bike Park is clearly a huge hit with the community and even visitors, and staff is appreciative of the partnership with Morro Bay Bike Park (MBBP), the volunteer organization that manages the park on behalf of the community.

Most of this staff report information comes from MBBP's Bonnie Johnson. She reports:

"For the first several months the park was packed with riders of all ages, abilities and skill levels. The use is tapering off but the enthusiasm still remains. I have met riders and families from all over coming for the sole purpose of riding at the bike park to vacationers who happen upon it. A group of riders drove up from Santa Barbara to check out the park and gave a very glowing review. For about 3 months, a pro rider was driving over from Taft every weekend to ride at the park. We even had the

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

privilege of having professional riders Hans Ray and Richie Stevie ride the park while they were in our area doing a photo shoot for an article in California Rider's magazine. They both said that the park was a lot of fun to ride.

We have had to close the park for inclement weather conditions but have been able to open promptly with one exception of having to keep the park closed for a week until we could get crews out to do the repairs. Maintenance is becoming very manageable now that the initial needs have been met. The biggest maintenance is sweeping and watering the track, weed control and trash pickup. There have been a few incidence of vandalism with the handicap sign being stolen, the fence being cut, and some signs being knocked over but all of the damage was quickly remedied.

The biggest request that we have from the participants are the need for bathrooms. I have explained that it is a cost that we cannot incur at this time but the issue would be reviewed at the meeting with the City after 6 months. Please consider the pros and cons of putting in porta-potties at the Bike Park. Lompoc Bike Park has had quite a problem with them being tipped over.

Overall, the Morro Bay Bike Park has been a huge success to this community and I look forward to many more years of riders enjoying this park.”

Staff has not received any increase in complaints about traffic at the Radcliff / Main Street intersection.

MBPD reports no increase in traffic accidents at that intersection, and there have been no increase in bike / car / pedestrian problems along Main Street between 41 and Quintana.

Staff has taken on the responsibility of emptying the trash at the park.

CONCLUSION

The bike park is a major new recreational opportunity for the community and staff is appreciative of the City Council's enthusiasm and support for this project. We also very much appreciate the partnership with MBBP, which has done an amazing job managing this facility on behalf of the community.

townhomes and multiple-family dwellings. "Short-term vacation rental" is included in the definition of a "hotel" for purposes of collecting transient occupancy tax pursuant to MBMC Chapter 3.24.

Any rental falling within the definition noted above is required to submit an application to the Administrative Services Department for an annual short-term vacation rental permit. The permit requires the payment of transient occupancy tax, in addition to specifying the parameters under which the rental is required to operate.

Applicants are required to ensure the rental does not create unreasonable noise or disturbance to the surrounding neighborhood. If the applicant is notified of such a disturbance, then they are required to respond within four hours of the notification.

The short term vacation rental regulations also include a violations process (section 5.47.070) that identifies the following violation steps:

- 1. For the first violation within any twelve-month period, a written warning will be issued;*
- 2. For a Second violation within any twelve-month period, the penalty shall be two hundred fifty dollars;*
- 3. For a third violation within any twelve-month period, the penalty shall be five hundred dollars;*
- 4. For a fourth violation within any twelve-month period, the issuing officer shall hold a hearing pursuant to MBMC Section 5.04.210 and the permit shall be revoked for a period of one year.*

Notification Policy

The short-term vacation rental policy also includes requirements to post a copy of the permit inside the main entry door to the rental, as well as exterior notification, including phone number and contact name.

The exterior contact posting is required to be located in plain view of the general public or common areas, and include a 24-hour, seven day-a-week phone number for the private party responsible for the facility. Again, applicants are required to provide a response to any complaint within four hours.

Vacation Rental Complaints

Vacation rental complaints are infrequent, with the Community Development Department receiving a total of four over the last two years. Two of the complaints turned out to be unrelated to vacation rentals, but instead were associated with the use of vacation or second homes by family members that did not own the house. The two complaints associated with actual vacation rentals noted an excess number of cars taking up parking spaces on the street, as an issue, along with the fact trash cans were left on the street all week following the use of the unit.

Accurate Identification of Operating Vacation Rentals

The City currently has approximately 170 registered vacation rentals. Deputy City Manager, Sam Taylor, has been researching options related to identification of vacation rentals that are not currently registered/permitted with the City's Administrative Services Department. One company that provides that service is iCompass Technologies. iCompass provides records management solutions for local governments and one of those solutions includes identification of non-registered vacation rentals.

iCompass identified 252 active vacation rentals in the City, which is approximately 82 more than the current number of registered rentals. iCompass quoted a \$12,000 annual cost for that service.

CONCLUSION/RECOMMENDATION

Vacation Rental Policy

The Council should discuss the City’s current vacation rental policy and determine if there is a desire or need to add additional regulations. If additional regulations are desired, then direction should be provided to incorporate that effort into the General Plan/Local Coastal Program/Zoning Code update.

Vacation Rental Identification

If the numbers quoted by iCompass are even close to accurate, then it is likely worthwhile to allocate some staff resources to conduct further research into contracting with a company like iCompass to identify the number and address of all non-registered vacation rentals. It would seem, at least in the short term, such a service would easily pay for itself.

ATTACHMENT

MBMC Chapter 5.47

Chapter 5.47 - SHORT-TERM VACATION RENTAL PERMIT

Sections:

5.47.010 - Purpose.

The purpose of the short-term vacation rental permit is to regulate the activity of renting a dwelling unit for a period of thirty consecutive days or less in order to make certain that the city is collecting transient occupancy tax pursuant to MBMC Chapter 3.24 for short-term vacation rentals and to safeguard the peace, safety and general welfare of the residents of Morro Bay and their visitors and guests by eliminating noise and overcrowding.

(Ord. 520 (part), 2006)

5.47.020 - Operative date.

All short-term vacation rentals that exist at the time of the effective date of the ordinance codified in this chapter shall apply for a short-term vacation rental permit within sixty days. All short-term vacation rentals proposed after the effective date of the ordinance codified in this chapter must acquire a short-term vacation rental permit.

(Ord. 520 (part), 2006)

5.47.030 - Definitions.

"Short-term vacation rental" is defined as the rental of any structure or any portion of any structure for occupancy for dwelling, lodging or sleeping purposes for thirty consecutive calendar days or less in duration, including detached single-family residences, condominiums, duplexes, twinplexes, townhomes and multiple-family dwellings. "Short-term vacation rental" is included in the definition of a "hotel" for purposes of collecting transient occupancy tax pursuant to MBMC Chapter 3.24.

(Ord. 520 (part), 2006)

5.47.040 - Exceptions.

Rentals of thirty-one or more consecutive days in duration are not required to obtain a short-term vacation rental permit.

(Ord. 520 (part), 2006)

5.47.050 - Rental permit as business certificate.

A short-term vacation rental permit issued pursuant to this chapter shall also serve as a business certificate for rental activity pursuant to MBMC Chapter 5.04.

(Ord. 520 (part), 2006)

5.47.060 - Obtaining and retaining a short-term vacation rental permit.

The applicant shall obtain an annual short-term vacation rental permit from the city of Morro Bay subject to all provisions of this chapter, including the following:

A.

Applicants shall submit an application for a short-term vacation rental permit to the city of Morro Bay. The annual fee associated with the permit application shall be identical to the amount required for a business certificate. The applicant may be the owner or the owner's agent, and shall be the party responsible for compliance with all provisions of this chapter and all of the laws regulating short-term vacation rentals and transient occupancy tax regulations.

- B. Granting or Denial of Application. The application shall be granted unless the issuing officer determines that the applicant has failed to comply with MBMC Chapter 5.04.
- C. The short-term vacation rental permit holder will be subject to penalties as set forth in MBMC Section 5.47.070 in the following instances:
 - 1. In the event that any person holding a permit issued pursuant to this chapter violates or causes or permits to be violated any of the provisions of this chapter or any provisions of any other ordinance or law relating to or regulating such business, or conducts or carries on such business in an unlawful manner, or for any reason for which the permit application could have been denied in accordance with MBMC Chapter 5.04; or
 - 2. Failure of the owner/owner's agent to pay transient occupancy tax pursuant to MBMC Chapter 3.24; or
 - 3. Failure of the owner/owner's agent to respond to two or more complaints as required by this section.
- D. Applicants shall ensure that the occupants and/or guests of the short-term vacation rental unit do not create unreasonable noise or disturbances, engage in disorderly conduct, or violate provisions of this code or any state law pertaining to noise, disorderly conduct, overcrowding, the consumption of alcohol, or the use of illegal drugs. Applicants are expected to take any measures necessary to abate disturbances described herein, including, but not limited to, directing the tenant, calling for law enforcement services, city code enforcement officers, removing the tenant, or any other action necessary to immediately abate the disturbance. If an applicant is not able to stop documented behavior that has been brought to applicant's attention, then such failure shall constitute a failure to respond as defined by subsection (C)(3) of this section.
- E. Applicants shall ensure that refuse containers are placed at the curb for collection not earlier than eight a.m. on the day proceeding the day of collection and empty containers shall be removed from the curb not later eight p.m. on the day of collection pursuant to MBMC Section 8.16.200.
- F. Applicants shall, upon notification that occupants or tenants of his or her short-term vacation rental unit have created unreasonable noise or disturbances, engaged in disorderly conduct or committed violations of this code or state law pertaining to noise, disorderly conduct, overcrowding, the consumption of alcohol or the use of illegal drugs, prevent a recurrence of such conduct by those occupants or guests and shall respond to the notification of violation within four hours. Failure to respond to two or more complaints regarding tenant violations is grounds for penalties as set forth in MBMC Section 5.47.070.
- G. Applicants for the short-term vacation rental shall comply with all the provisions of MBMC, and state and federal law.
- H.

The city council shall have the authority to impose additional standard conditions applicable to all short-term vacation rental units as necessary to achieve the objectives of this chapter and shall notify all short-term vacation rental permit holders of any change in standards applicable to the permits.

- I. A fee in the amount of the business certificate fee shall be paid in conjunction with the permit application. The fee is nonrefundable.

(Ord. 520 (part), 2006)

5.47.070 - Violations and penalties.

A. Violations. Failure to comply with the conditions specified in this chapter shall constitute a violation for which penalties may be imposed. City penalties for violations shall be issued in writing by the issuing officer upon documented verification of a violation. Documentation shall include, but not be limited to, copies of homeowner association warnings, reprimands, fines or other associated actions; copies of citations, written warnings, reports or other filed documentation by law enforcement. The issuing officer shall notify the applicant in writing of the penalty to be imposed for violations specified as follows:

1. For the first violation within any twelve-month period, a written warning will be issued;
2. For a second violation within any twelve-month period, the penalty shall be two hundred fifty dollars;
3. For a third violation within any twelve-month period, the penalty shall be five hundred dollars;
4. For a fourth violation within any twelve-month period, the issuing officer shall hold a hearing pursuant to MBMC Section 5.04.210 and the permit shall be revoked for a period of one year.

(Ord. 520 (part), 2006)

5.47.080 - Display of short-term vacation rental permit.

Applicants shall affix the short-term vacation rental permit to the inside of the main entry door of each short-term vacation rental unit to which it applies.

(Ord. 520 (part), 2006)

5.47.090 - Exterior complaint phone number display.

Applicants shall display notice on the exterior, within plain view of the general public and/or common areas, a twenty-four hour, seven-day phone number for a private party responsible for the facility to take complaints regarding its operation. Applicants are required to provide a response within four hours as outlined in MBMC Section 5.47.060. Ineffective or nonresponse shall be grounds for a violation and/or penalty pursuant to MBMC Section 5.47.070.

(Ord. 520 (part), 2006)

data to make that allocation is not available until February, including the final State Water allocation amounts. Recommendation: Bring the recommendations to PWAB and Planning Commission in May for Council action in June; setting the water available for development for the next fiscal year based on data from the previous calendar year.

2. Modify the water equivalency unit (the “WEU”) table to reflect current water use, which has decreased 35-percent since the WEU tables were last modified in 1990. Recommendation: Adjust WEU table to reflect current water use.

Add a WEU category for docks for both live-aboard and non-live-aboard

3. Miscellaneous changes reflecting the current organization of the City. Recommendation: Make miscellaneous non-substantive changes.

On February 9, 2016, staff brought this issue to the City Council for review and direction. The City Council adopted Resolution No. 06-16 , which “carried over” the unused 2015 WEU allocation to support current development and directed staff to prepare a new allocation program for public review and input from the affected advisory bodies.

Public Works Advisory Board Review

On March 16, 2016, the Public Works Advisory Board (the “Board”) reviewed this item and supported the recommended modifications. The Board provided comments regarding some clerical errors and inconsistencies in the language, which have been subsequently corrected, and recommended the WEU table be reviewed on an annual basis.

Planning Commission Review

On April 19, 2016, the Planning Commission (the “Commission”) reviewed the proposed changes to MBMC Chapter 13.20. Discussion at the meeting focused on the overall picture of water supply and whether there is sufficient water supply to support future growth, the historical allocation of WEU’s. The Commission’s major concern was the WEU table be reviewed periodically; and there was consensus for review every two years. Additional discussion centered around the retrofit credit and the process currently being used where new development offsets their proposed WEU allocation by two to one.

City Attorney Review

The City Attorney’s office has reviewed the text of Ordinance 266 (1985 ballot item “Measure F”) and the provisions contained within do not preclude the City from modifying the timing of the annual water report, nor the period for which the allocation of WEUs are assigned.

The City Attorney suggests if the proposed amendments are made to MBMC 13.20 (which will shift the annual requirements for a water report and water equivalency program from calendar year to fiscal year), then a similar amendment to Resolution 78-00 be made. The amendment would be to modify the extension of Ordinance 266 (made by Resolution 78-00) to include changing all references from “calendar year” to “fiscal year” and to match up with the amended MBMC Chapter 13.20.

Although Ordinance 266 was passed by the voters and the 12,200 maximum residential population set by that ordinance cannot be changed without another vote of the people, the timing of implementing the “growth management procedures” and Council resolution, which extended those provisions of Ordinance 266 past the year 2000, can be changed by another Council resolution. That extension made by Resolution 78-00 presumably extended the requirements of following the calendar year for various procedures.

Unless the extension made by Resolution 78-00 is modified to require fiscal year rather than

calendar year allocations, the City will be receiving water reports and making allocations for the fiscal year (per the amended MBMC Chapter 13.20), while also deciding the approximately 70 residential building permits (per Ordinance 266 as extended by Resolution 78-00) for the calendar year in January. Therefore, it makes more sense to shift the annual decision on how many residential building permits to allow (pursuant to Ordinance 266 and its extension) to fiscal year, to run concurrent with the water report and allocations as to be amended.

Also, sections 13.20.085 and 13.20.083 refer expressly to Ordinance 266, and will be hard to dovetail into Ordinance 266, unless both programs run on the fiscal year.

ATTACHMENTS

Proposed Ordinance No. 603

Resolution No. 40-16

Reference materials

ORDINANCE NO. 603

**AN ORDINANCE OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
AMENDING CHAPTER 13.20 OF THE MORRO BAY MUNICIPAL CODE
FOR BUILDING LIMITATIONS**

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

WHEREAS, it is the purpose of Chapter 13.20 of the Morro Bay Municipal Code (“MBMC”) is to regulate the addition of new water users to the City's water system, whether new construction, expansions or new occupancies, to ensure demand for water shall not exceed available supply and the pace of allocating the available water supply to new users is reasonable and orderly; and

WHEREAS, the amendments proposed by this Ordinance are to align the reporting and allocation of Water Equivalency Units (WEU) with the timeframe of when the data is available; and

WHEREAS, the Public Works Advisory Board and the Planning Commission of the City of Morro Bay did forward a recommendation the WEU Table should be reviewed on a semiannual basis; and

WHEREAS, these revisions proposed by this Ordinance were evaluated and deemed “not a project” and, therefore, exempt from the California Environmental Quality Act (CEQA).

NOW, THEREFORE, the City Council of the City of Morro Bay does ordain, as follows:

SECTION 1:

- A. The above recitations are true and correct and constitute the findings of the Council in this matter.
- B. For purposes of the California Environmental Quality Act, this action is exempt.

SECTION 2:

- 1. Chapter 13.20 of the MBMC is hereby amended, in its entirety, to read as set forth in Exhibit A, hereto

SECTION 3: This Ordinance shall become effective on the 31st day after its adoption.

INTRODUCED at this regular meeting of the City Council held on the 24th day of May 2016, by motion of _____ and seconded by _____.

AYES:
NOES:
ABSTAIN:
ABSENT:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

APPROVED AS TO FORM:

JOSEPH W. PANNONE, City Attorney

I, Dana Swanson, City Clerk for the City of Morro Bay, hereby certify the foregoing ordinance was duly and regularly introduced at a meeting of the City Council on the 24th day of May, 2016, and, hereafter, the ordinance was duly and regularly adopted at a meeting of the City Council on the _____ day of _____, 2016, by the following vote, to wit:

AYES:
NOES:
ABSTAIN:
ABSENT:

IN WITNESS WHEREOF I have hereunto set my hand and affixed the official seal of the City of Morro Bay, California, this _____ day of _____, 2016.

City Clerk of the City of Morro Bay

Sections:

CHAPTER 13.20 – BUILDING LIMITATION

13.20.010 - Intent and findings.

- A. The intent of this chapter is to regulate the addition of new water users to the City's water system, whether new construction, expansions or new occupancies, to ensure that demand for water shall not exceed available supply and that the pace of allocating the available water supply to new users is reasonable and orderly.
- B. The City ~~of Morro Bay~~ presently has a limited amount of water resources; this fact is not only recognized by the City but also by the state of California in various actions of the California Coastal Commission limiting new development within the City limits. New water users must be regulated, accordingly, to ensure that demand does not exceed supply and that the pace of development using available water is orderly and reasonable.
- C. The regulations established by this chapter may effectively limit the number of housing units which may be constructed on an annual basis, but such limitation is necessary to protect the public health, safety and welfare. If water use exceeded supply and adequate water were not available to users, then there could result in increased fire hazard, adverse impacts on commerce, industry and recreation, and the public health, safety and welfare would generally be jeopardized.
- D. By "development that occurs in an orderly fashion" is meant development which can be served by public utilities, including, but not limited to, water resources and delivery systems, which encourages infill in existing developed parts of the City rather than in large undeveloped areas along the perimeter of the community, and, which helps to implement the policies and priorities articulated in the City general plan and local coastal program.
- E. Similarly, the public health, safety and welfare is promoted by regulating the pace of new development so that it occurs in an orderly fashion. Such development helps preserve the community's character, enhances the attractiveness of the City, better implements adopted plans, policies and priorities for the physical growth of the City, and tends toward a more efficient use of available resources including but not necessarily limited to water and water delivery systems.
- F. Water equivalency units, as defined herein, are established to assist the City in regulating the addition of new water users to the City's limited water system. One water equivalency unit has been considered as equal to what is used by an average single family residence.

~~(Ord. 265 (part), 1985)~~

13.20.020 - Definitions.

The following definitions shall be used for interpreting this chapter:

- A. "Director" means the City's Public Works Director.

EXHIBIT A

B. "Project" means new construction, additions to existing facilities, changes or intensification of use or occupancies in an existing facility, or demolition and replacement of existing facilities.

CB. "Water equivalency program" means a program adopted each year that establishes the total number of water equivalency units to be allocated for the coming fiscal - year, and the method of dispersing and administering water equivalency units through the year.

DC. "Water equivalency table" means a table that indicates the average annual water use of different land uses that is used in calculating how many water equivalency units a proposed project needs.

E. "Water equivalency units" means a unit of measure for water use equal to the average amount of water used by a single-family residence over the period of one year.

~~Water equivalency units are established to assist the city~~City ~~in regulating the addition of new water users to the city~~City's ~~limited water system.~~

~~Since 1977, o~~One water equivalency unit has been considered as equal to ten thousand seven hundred eighty cubic feet of water per year~~what is used by an average single family residence.~~

~~(Ord. 265 (part), 1985)~~

13.20.030 - Responsibilities of the ~~Public Works~~ Director.

The ~~Public Works~~ Director is charged with:

- A. Submitting an annual water report to the City Council, Public Works Advisory Board and Planning Commission_;
- B. Reviewing and approving the water equivalency units required by individual projects_;
- C. Monitoring the water equivalency program during each year_;
- D. Periodically updating the basis for a water equivalency unit and the water equivalency table and adjusting them based on significant changes of water consumption by land use type, and;
- E. Developing operating procedures for the administration of the water equivalency program and allocating water equivalency units established for the year to projects, in accordance with the water equivalency program.

~~(Ord. 515 (part), 2006; Ord. 265 (part), 1985)~~

13.20.040 - Submission of annual report by the Public Works Director.

- A. ~~In~~By January June of each year, and subsequently in the following year based on a significant change in the water availability situation or recalculation of use by type of activity, the ~~Public Works~~ Director shall submit a report to the City Council, Public Works Advisory Board and Planning Commission outlining the number of uses receiving water equivalency unitsies the previous year, the number of water equivalency unitsies distributed, and the number of water equivalency units to be allocated for that year to projects.

EXHIBIT A

B. The Planning Commission and Public Works Advisory Board (PWAB) shall consider this report and forward it to the City Council with its recommendations. The City Council shall thereafter hold a public meeting and shall take action to adopt a water equivalency program for the year.

BC. The ~~city council~~ City Council shall consider the annual report at a regularly scheduled ~~C~~council meeting and make any changes to the annual water report and operating procedures for the administration of the water equivalency program, as it deems appropriate.

~~(Ord. 515 (part), 2006; Ord. 265 (part), 1985)~~

13.20.050 - Responsibilities of the City Council.

A. By June 15th of each year, the City Council shall adopt a water equivalency program for ~~that~~ the next calendar-fiscal year by resolution.

B. The City Council shall also review the operating procedures for administration of the water equivalency program developed by the ~~Public Works~~ Director.

~~(Ord. 265 (part), 1985)~~

13.20.060 - ~~Submission of annual report by the planning director.~~ Reserved

~~A. In December of each year, and subsequently in the following year based on a significant change in the water availability situation or recalculation of use by type of activity, the planning director shall submit a report to the city council and planning commission outlining the number of uses receiving equivalencies that year and the number of equivalencies distributed.~~

~~B. The annual water equivalency program shall not conflict with the Authorized Water Recovery Allocation Model as approved by the California Coastal Commission, while said model remain in effect.~~

~~C. The planning commission shall consider this report and forward it to the city council with its recommendations. The city council shall thereafter hold a public hearing and shall take action to adopt a water equivalency program for the year.~~

~~(Ord. 265 (part), 1985)~~

13.20.070 - Water equivalency table.

The water equivalency table as approved by City Council Resolution indicates the average annual water use of different land uses and building types relative to that of a single-family dwelling. The water equivalency table shall be followed when calculating the water equivalency units needed by individual projects or to be credited to existing or discontinued land uses as set forth in Section 13.20.080. The water equivalency table shall be ~~periodically~~ reviewed by the ~~Public Works~~ Director semiannually and any modifications ~~ied that to~~ reflect changes in water use ~~shall be approved by the City Council.~~

WATER EQUIVALENCY TABLE

~~Revised October 1990~~

EXHIBIT A

Morro Bay Community Development Department

	Average Water Use Rate		Unit Factor
	Cubic Feet Per Year Per Unit Factor	Usage Equated to Water Equivalency Per Unit Factor	Per 1000 Sq. Ft./ or Seat/ or Unit/* or Site**
Land Use			
Automotive Services			
Auto Garage (no gas)	1,800	.17	sq. ft.
Service Sta. w/mini mkt	9,900	.92	sq. ft.
Service Sta. w/o mkt	7,200	.67	sq. ft.
Banks & Financial Inst.			
Banks & Savings & Loan	4,200	.39	sq. ft.
Bldg. Mat'ls & Lumber Yard			
Lumber Yard	16,700	1.55	Site
Plant Nurseries	2,300	.21	Sales Area/sq. ft.
Eating & Drinking Places			
Bars	7,400	.69	sq. ft. or
	400	.04	seat

EXHIBIT A

Restaurants	22,200	2.06	sq. ft. or
	800	.07	seat
24 Hour Restaurant	39,300	3.65	sq. ft. or
	1,700	.16	seat
Fast Food (Take-Out)	41,700	3.80	sq. ft. or
	1,400	.13	seat
Pizza (Take-Out Only)	3,200	.30	sq. ft.
Food Stores			
Bakeries/Ice Cream	4,600	.43	sq. ft.
Supermarkets (over 10,000 sq. ft.)	2,200	.20	sq. ft.
Mini-Markets	4,100	.38	sq. ft.
Liquor Stores	2,700	.25	sq. ft.
Health Services			
Medical Dr. Offices	6,100	.57	sq. ft.
Misc. Medical (Chiropractor, Optometrist)	2,800	.26	sq. ft.
Mixed Medical	4,900	.45	sq. ft.

EXHIBIT A

Veterinarians	9,500	.88	sq. ft.
Hotels & Motels			
With Manager's quarters			
on-site	5,400	.50	unit
Without Manager's quarters			
on-site	5,200	.48	unit
Industrial/Storage			
Industrial Laundry	85,400	7.92	sq. ft.
Light Industrial	1,000	.09	sq. ft.
Storage/Mini-storage	500	.05	sq. ft.
Upholstery Shops	3,000	.28	sq. ft.
Institutions & Organizations			
Churches	300	.03	site/sq. ft.
Fraternal Organizations	2,500	.23	sq. ft.
Yacht Club	11,500	1.05	sq. ft.

EXHIBIT A

Marine Oriented			
Marine Service/Supply	4,100	.38	sq. ft.
Seafood Processors			
w/saltwater use	33,600	3.13	sq. ft.
w/o saltwater use	47,800	4.43	sq. ft.
Offices (Non-Medical)			
Offices—General	1,600	.15	sq. ft.
Offices—Complex	1,600	.15	sq. ft.
Real Estate Offices	1,600	.15	sq. ft.
Personal Services			
Barber/Beautician	8,000	.74	sq. ft.
Car Washes (Self serve)	17,400	1.61	bay
Dry Cleaners (Off site)	10,800	1.00	sq. ft.
Laundromats	102,800	9.54	sq. ft.
Mortuaries	10,000	.93	site
Residential (No Change)			
Single family Home	10,780	1.00	unit

EXHIBIT A

Duplex Unit	8,400	.78	unit
Condominium Unit	6,900	.64	unit
Apartment Unit	5,800	.54	unit
Trailer/Mobile Home	6,500	.46	unit
One-bedroom and Studio	4,900	.45	unit
Apartment Unit, 600 sq.			
ft. or less for elderly/			
handicapped only			
Retail			
Art Supply Store/Studio	1,600	.15	sq. ft.
Auto Parts & Supplies	1,600	.15	sq. ft.
Candle Shops	1,600	.15	sq. ft.
Gifts & Clothing	1,600	.15	sq. ft.
Florists	1,600	.15	sq. ft.
Furniture/Antiques	1,600	.15	sq. ft.
Hardware/Related	1,600	.15	sq. ft.
Pharmacies	1,600	.15	sq. ft.
Variety	1,600	.15	sq. ft.

EXHIBIT A

Misc. Similar Retail	1,600	.15	sq. ft.
Farm & Feed Supply	800	.07	sq. ft.
Pet Stores	4,100	.38	sq. ft.
Social Services			
Day Care Facilities	15,500	1.44	sq. ft.
Misc. Uses			
Theater	100	.01	seat
Printer/Newspaper	2,400	.22	sq. ft.

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~~* UNIT FACTOR is defined as follows:
Per 1,000 square feet: Generally, the square foot ratio refers to the gross building area, unless otherwise indicated.
Per Seat: Seating refers to the number of actual seats, not the maximum capacity.
Per Unit: Unit refers to each individual residential unit or motel room.
Per Site: The site refers to the gross area to be occupied by the land use, including buildings, parking areas and landscaping.~~

~~** WATER EQUIVALENCY is defined as the average amount of water used by a single-family residence—currently 10,780 cubic feet, rounded to the nearest hundreds for cubic feet and hundredths for water equivalencies.~~

~~(Ord. 442, 1992; Ord. 406 § 1, 1991; Ord. 385 § 2, 1990; Ord. 265 (part), 1985)~~

13.20.080 - Allocation of water equivalency units to projects.

A. No project as defined in this chapter shall be permitted unless it is first reviewed by the ~~Public Works~~ Director to ascertain whether it will increase likely water usage and thereby needs water equivalency ~~units~~ies. The ~~D~~irector shall use the "water equivalency table"

EXHIBIT A

~~referred to contained~~ in Section 13.20.070 for determining water equivalency ~~unitsies~~ for various uses. ~~If~~ a particular use is not listed on the water equivalency table, ~~then~~ the ~~D~~irector shall estimate the water equivalency unitsies for that use. ~~Generally~~, the water usage records of a sample of like uses already operating in the City shall be used if available. ~~The~~ time frame for the sampling should be at least seven years of use if available. Any other relevant information may be used in making a reasonable estimate. The ~~D~~irector's decisions regarding estimates of water usage may not be appealed. ~~If~~ a proposed project, as defined in this chapter, is found to require water equivalency unitsies, ~~then~~ it shall not be approved for construction, or, in cases of changes to, or the expansion or intensification of, existing uses, the occupancy shall not be approved, until and unless the required water equivalency unitsies have been obtained in accordance with the annual water equivalency program, except as provided in this section.

B. The following types of projects shall not be required to obtain water equivalency unitsies through the water equivalency program:

1. Any projects which involves the demolition of a building where the number of water equivalency unitsies required by the new uses is less than or equal to those credited to the demolished building(s). Water equivalency unitsies credited to demolished buildings shall be limited to the highest number of water equivalency unitsies credited to legally permitted uses which have existed in the building since January 1, 1977, based upon the most current water equivalency table ~~referred to contained~~ in Section 13.20.070 of this code. Any building demolished prior to January 1, 1977 shall not be credited with water equivalency unitsies. "Legally permitted" buildings, uses or occupancies shall mean: any building, use or occupancy for which any required use permit, building permit or business license had been secured and validated, or any legal nonconforming use.
2. Any Projects which involves the replacement of a use or occupancy where the number of water equivalency ~~yies~~ units required by the new use or occupancy is less than or equal to those credited to the highest number of water equivalency unitsies credited to legally permitted, non-temporary uses, which have existed in the building since January 1, 1977, based upon the most current water equivalency table ~~referred to contained~~ in Section 13.20.070 of this code. Any use or occupancy discontinued prior to 1977 shall not be credited with equivalencyies units;
3. Any project which is an addition to an existing facility and includes the retrofit of existing fixtures in that existing facility such that the water equivalency unitsies saved by the retrofit is greater than or equal to the water equivalency unitsies required by the new use. The ~~planning d~~irector shall estimate the water equivalency unitsies saved by a proposed retrofit; the ~~D~~irector may request the project proponent to supply whatever information is deemed necessary to help estimate water savings.;
- ~~4. a. In order to allow business to more easily establish or relocate to the City in Morro Bay, the existence of a maximum fifteen hundredths WEU per thousand square feet above the amount listed on the most current water equivalency table referred to set out in Section 13.20.070 is recognized to allow for an expansion in use or occupancy where no building expansion is proposed and the following is met:~~

EXHIBIT A

- ~~i. Where an existing building, industrial or commercial (except motels, hotels, campgrounds and other commercial uses for which water equivalency unities are based on the number of units), is located within an industrial or commercial district, and~~
 - ~~ii. The building is in compliance with Ordinance No. 352 (low flow fixtures) the current code requirements for low flow.~~
 - ~~b. The Said fifteen hundredths shall be recognized by letter from the Public Works Department upon receipt of a formal request from the property owner and inspection of structure.~~
 - ~~c. The Said fifteenth hundredths is exempt from water/sewer impact fees/.~~
 - ~~d. Water savings achieved through compliance with Ordinance No. 352 may also be applied to the building or for building expansions in accordance with Section 13.20.080(B)(2), as may be amended.~~
 - ~~e. This provision shall become void on January 1, 1996, unless extended by the City Council.~~
- 5. Additions or expansions to residential uses, motels, hotels, campground or other uses for which water equivalency unities are based on number of units so long as such additions or expansion does not involve an increase in number of units.
- 6. Family day care homes, as defined in Section 17.12.272 of this code, as may be amended.
- C. A project proponent may obtain water equivalency unities for the project by implementation of an approved off-site retrofit program of existing water fixtures or other water conservation measure, subject to the following provisions:
 - 1. All proposals for off-site retrofit programs or other water conservation measures shall be submitted to the planning director who shall estimate the number of water equivalency unities such proposal would save. Additionally, if retrofit is proven to be infeasible, the; payment of an in-lieu fee in the amount approved by the City Council and listed in the Mmaster Ffee Sschedule will satisfy this requirement.
 - 2. Any such proposal may be subject to review and approval by the City Council and, if deemed necessary, by the California Coastal Commission; provided, however, that if a proposal complies with the guidelines prepared pursuant to this section and approved by the City Council, it may be approved by the ~~Public Works~~ Director.
 - 3. In order to allow a large margin of error in estimated savings and to help reduce overall demand on the City's already constrained water resources, no more than one-half of the water savings from a project resulting from a retrofit proposal may be credited to a new use or development project.
 - 4. This option shall not include replacement by private developers of leaky water mains.
 - 5. In order to better implement City objectives and policies to promote infill development, only projects defined as infill pursuant to the definition adopted in the operating procedures shall be eligible to obtain water equivalency unities pursuant to this section.

EXHIBIT A

6. The Director shall prepare guidelines for the administration of retrofit program which shall be reviewed at least once a year by the City Council and which shall be subject to Council's approval.
 7. Once a year, in May, the Director shall submit a report to the City Council summarizing the experience to date of all retrofit proposals. Prior to submission to the Council, such reports shall be reviewed by the Public Works Advisory Board (PWAB), and all recommendations made by the PWAB shall be included among the materials submitted to the Council. Based on these reports and PWAB recommendations, the Council may modify the guidelines for the program as deemed appropriate.
 8. In any program under which the City assists developers in locating structures to be retrofitted, priority shall be given to residences of low-income households.
- D. If a project needs to obtain water equivalencies units pursuant to the water equivalency program, then the project proponent shall make application for the water equivalency program in the form of a completed application for a building permit and shall be submitted to the City; provided, however, that for projects which do not require a building permit, a letter requesting the required water equivalency units shall be submitted to the department instead. The Director shall determine the number of water equivalency units needed by the proposed project. The Director shall periodically forward requests to the Planning Commission for allocation of available water equivalency units, in accordance with the annual water equivalency program.
- E. The Planning Commission shall allocate the required water equivalency units to the proposed project only if it can make the following findings:
1. The project is consistent with City planning regulations; all applicable local discretionary permits shall be approved prior to a project's being eligible to receive any water equivalency units allocations;
 2. There are enough water equivalency units available to be allocated to the specific type of use for which application has been made; and
 3. A water equivalency unit allocation to the proposed project is consistent with the water equivalency program adopted for the year;
- F. Applications for water equivalency units will be reviewed by the Public Works Department and considered for water equivalency units allocations on the basis of time and the date of receipt of the completed application by the Public Workscommunity development Department.

~~(Ord. 443 (part), 1995; Ord. 435 § 2, 1994; Ord. 430 (part), 1993; Ord. 425 § 2, 1992; Ord. 423 § 2, 1992; Ord. 394 § 2, 1991; Ord. 305, 1987; Ord. 273, 1985; Ord. 265 (part), 1985)~~

13.20.083 - Priority for affordable housing developments.

- A. For the purpose of this section, moderate, low and very low income persons shall be defined as set forth in California Health and Safety Code Sections 50079.5 and 50105. "Affordable housing" means housing affordable to persons and families with moderate, low and very low incomes.

EXHIBIT A

- B. In any given year at the time any water equivalency units allocations are authorized by the City Council, priority on the residential building permit waiting list shall be given for developments which provide a minimum of fifty percent of housing which will be guaranteed to be affordable to persons and families with moderate, low and very low incomes; provided, however, that not more than fifty percent of the building permits allocated each year for single-family dwellings or multifamily dwellings by the City Council pursuant to Ordinance No. 266 shall be so prioritized. Developments which provide a minimum of fifty percent of affordable housing including a minimum of twenty-five percent affordable to low- and very low-income families shall have a priority over projects for affordable housing, which do not provide units for low and very low-income families. Also, developments which provide one hundred percent affordable housing shall have a priority over projects which provide fifty percent affordable housing.

The remaining permits shall be allocated in accordance with the existing waiting list.

- C. An applicant desiring low-income housing priority shall submit to the Public Works Deommunity development department, a written request for such priority, listing the applicant/owner, the address and legal description of the project property, and written deed restrictions and agreements as approved by the City Attorney, restricting the sale and/or occupancy of the affordable units in the project to moderate-, low- or very low-income persons for a period of thirty years after completion of the housing project. Upon receipt of this information and agreements, the applicant's property will be placed on a separate low-income housing waiting list for either single-family or multiple-family projects in the order in which the requests are received by the City to be eligible for priority in the following year's water allocation.
- D. If a project due to be awarded water fails to qualify and/or submit sufficient deed restrictions and agreements, as required in this section, prior to the award of water, or voluntarily withdraws, then the project shall be removed from the priority list and shall be returned to its original position on the long-term building allocation waiting list.
- E. The City, at its option, may contract with a nonprofit housing agency to provide for administration of various aspects of deed restrictions, agreements and other procedures to ensure the effectiveness of this program to provide long-term low income housing. Costs for such services shall be borne by the applicant/developer.

(Ord. 408 § 2, 1991; Ord. 377 § 2 (part), 1990)

13.20.085 - Special building allocation.

- A. During any fiscal year in which the City Council determines not to award all of the water equivalency units allocations permitted by Ordinance 266, the City Council may by resolution, authorize building permits to be issued for new uses within the limits established in Ordinance 266 to those projects, which because they have pre-existing water equivalency unitsies on-site, have no necessity for new water equivalency units allocation from the City.
- B. Proposals for residential projects which are being converted from former nonresidential uses or for residential redevelopment projects which increase the number of residential units on the property may be eligible to be considered for a special building allocation when those projects:

EXHIBIT A

1. Have sufficient pre-existing water equivalency units on-site due to prior water use on that property, ~~and~~
 2. Are consistent with the annual building allocation established by the council as required by Ordinance 266, ~~and~~;
 3. Will not require more water equivalency unities for the current use to be converted than the amount set forth in the "water equivalency table," adopted by Council Resolution, as referred to ~~contained~~ in Section 13.20.070 ~~(Exhibit A) for the current use to be converted.~~
- C. Upon receipt of a redevelopment application, and verification by the planning director that the proposal conforms to the above requirements and all other requirements of this code, the application will be processed in the normal manner required for any necessary discretionary approvals. ~~The D~~planning director, on a quarterly basis, shall provide the City Council a list of all redevelopment projects having obtained all necessary discretionary approvals during that quarter. The ~~C~~council may authorize the ~~chief building official~~Director to issue building permits to such projects in accordance with the limitations of the special building allocation for that calendar year. ~~During~~ each quarterly authorization, those projects highest on the long-term waiting list shall have priority over other applicants for access to the available special allocation permits, except as set forth in subsection D of this section.
- D. In accordance with and subject to the provisions of Section 13.20.090 of this code, and as subsequently amended, projects which qualify as "low- and very low-income housing" developments shall be given priority to special building allocation permits over other applications.
- E. Special building allocations will have ~~not be allowed to unit~~ carryovers water equivalency units from one calendar year to the next; therefore, in the event ~~that~~ a project requires more water equivalency units than the number of remaining water equivalency units available through the allocation, the project proponent may reduce the number of units proposed which require water equivalency units, or the next project in line that can be satisfied shall receive the award.
- F. Any applicants applying to participate in a special building allocation, but who (i) fails to meet the criteria above, (ii) fails to obtain any required approvals, or ~~who~~ (iii) meets the criteria but withdraw ~~their~~ request, shall be returned to that applicant's ~~seir~~ original relative position on the long-term building allocation list.

~~(Ord. 393 § 2, 1991)~~

13.20.100 - Nontransferability of water equivalency units.

- A. A water equivalency unit shall be awarded only to a specific project in a specific location. Minor amendments to projects, which do not change the type or intensity of use, may be approved without loss of allocated water equivalency units, so long as the project and site do not change.
- B. A water equivalency unit that has been allocated to a specific project cannot be transferred to another project or property.

EXHIBIT A

- C. A project proponent must be the record owner of a property in order to be eligible to obtain water equivalency unitsies.
- D. Water eEquivalency unitsies shall run with the project and the property. _New owners of properties which have received water equivalency units credits shall notify the City within forty-five days ~~after~~ close of escrow.
- E. The limitations outlined in this section shall be effective as of September 27, 1993.
(~~Ord. 433, 1993; Ord. 377 § 2 (part), 1990; Ord. 291 Exh. A, 1986; Ord. 265 (part), 1985~~)

13.20.110 - Time limit for using water equivalency units.

- A. If water equivalency units have been awarded to a project by the Planning Commission, then that award shall remain in force for the period in which all applicable (related) discretionary and ~~or~~ ministerial and ~~or~~ administrative approvals are valid.
- B. Any extensions granted to such permits prior to their expiration shall automatically extend the water equivalency units award to the new expiration date. Expiration of a project's conditional use permit or coastal development permit or other ministerial or administrative approval shall result in the expiration of water equivalency units awarded the project. Allocation of water equivalency units expiring in this manner cannot be reinstated. In such cases, new water allocations must be obtained for new or reactivated projects on a property.
- C. For existing commercial uses, industrial uses and other nonresidential uses, retrofit of on-site facilities may be credited on that property for potential further expansions or new nonresidential uses pursuant to the following standards:
 - 1. The water equivalency units earned by the retrofit must be maintained on-site and cannot be transferred to another property; and
 - 2. The water equivalency units earned are all from on-site retrofit of that property pursuant to a retrofit program approved by the Director consistent with these regulations and shall be valid for five years from the date of the retrofit; and
 - 3. This retrofit need not be tied to any specific current projects but may apply to any future nonresidential expansions and or more intensive nonresidential use on-site; and
 - 4. In the event of the contemplated sale of the subject property, the retrofit application and replacement work shall be initiated and completed prior to the time of sale; sale defined as last condition precedent to the sale being satisfied.
 - 5. The retrofit water equivalency units earned can be transferred to a new owner but must remain with the same property (see subsection (C)(1)).

(~~Ord. 430 (part), 1993; Ord. 377 § 2 (part), 1990; Ord. 375 § 2, 1990; Ord. 265 (part), 1985~~)

13.20.120 - Limitations on allocations of water.

- A. The City shall not allocate any water equivalency units to new use on the basis of:
 - 1. Any project performed by the City or on City-managed property;
 - 2. Any water savings that was not derived from, or accomplished by, a specific City-approved and City-contracted project;

EXHIBIT A

3. Any project, or part thereof, that has previously earned any water equivalency units~~savings~~ credit for allocation. Thus, a toilet facility, whose retrofit had earned allotment credit, shall not become a factor in a subsequent retrofit by another fixture replacement;
 4. Past, present or future replacement of the City water pipes;
 5. An excess of fifty percent of that water saved from any project. No more than one half of the savings from a project shall be so allocated;
 6. An increase in the amount originally contracted for allocation from a project; or
 7. Mandated projects, measures or procedures, including compulsory retrofitting of private property and forced rationing of water use.
- B. The word "project," as used in this section, shall denote any measure, act, process or procedure by which the consumption of potable City water may be assumed, or expected, to decrease and thereby legally permit the allocation of City water to new use.
- C. Any water equivalency units allotment to nonprofit public facilities which are supported by public funds shall be exempt from subdivisions 1, 2 and 3 of subsection A of this section.

~~(Ord. 390 § 1, 1990)~~

RESOLUTION NO. 40-16

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
RESCINDING RESOLUTION 78-00 THAT AUTHORIZED
EXTENDING ORDINANCE NO. 266 AND ADOPTING A POLICY OF CONTINUING THAT
EXTENSION AND MODIFYING REPORTING TIMING**

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

WHEREAS, Ordinance No. 266 was established as a growth management procedure to allow fair distribution of the City's water resources and protect the small town character and surrounding open space of the City; and

WHEREAS, the growth management procedures set forth in Ordinance No. 266 have assured the yearly amount of new residential development is commensurate with the availability of public services and infrastructure; and

WHEREAS, the growth management procedures set forth in Ordinance No. 266 have assured even and balanced growth and not resulted in a deterioration of the quality of service to existing or new residents; and

WHEREAS, Ordinance No. 266 requires, through 2000, the City Council set a limit on new residential units and prescribe the mix of multi-family and single-family residences allowed.

NOW, THEREFORE, the City Council of the City of Morro Bay does resolve, as follows:

1. Resolution No. 78-00 is hereby rescinded.
2. The City Council will continue to set a limit on new residential units and to prescribe the mix of multi-family and single-family, as set forth in Ordinance No. 266.
3. The limit will be for the City Fiscal Year based on the previous calendar year's water data.
4. The updated Water Equivalency Unit table is attached as Exhibit A

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 24th day of May, 2016 by the following vote:

AYES:
NOES:
ABSENT:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

Exhibit A

Water Equivalency Units

Land Use	Existing Typical Water Use Rate		Proposed Typical Water Use Rate		Unit Factor Per 1000 Sq. Ft./ or Seat/ or Unit/* or Site**	Changes	
	Cubic Feet Per Year Per Unit Factor	Usage in Water Equivalency (WEU) Per Unit Factor	Cubic Feet Per Year Per Unit Factor	Usage in Water Equivalency (WEU) Per Unit Factor		Unit Factor	WEU (- indicates increase)
Automotive Services							
Auto Garage (no gas)	1,800	0.17	1,620	0.19	sq. ft.	10%	-9%
Service Sta. w/mini mkt	9,900	0.92	8,910	1.02	sq. ft.	10%	-11%
Service Sta. w/o mkt	7,200	0.67	6,480	0.74	sq. ft.	10%	-11%
Banks & Financial Inst.							
Banks & Savings & Loan	4200	0.39	3,780	0.43	sq. ft.	10%	-11%
Bldg. Mat'ls & Lumber Yard							
Lumber Yard	16700	1.55	15,030	1.72	Site	10%	-11%
Plant Nurseries	2300	0.21	2,070	0.24	Sales Area/sq. ft.	10%	-13%
Eating & Drinking Places							
Bars	7400	0.69	6,660	0.76	sq. ft. or	10%	-11%
	400	0.04	360	0.04	seat	10%	-3%
Restaurants	22200	2.06	19,980	2.29	sq. ft. or	10%	-11%
	800	0.07	720	0.08	seat	10%	-18%
24 Hour Restaurant	39300	3.65	35,370	4.05	sq. ft. or	10%	-11%
	1700	0.16	1,530	0.18	seat	10%	-10%
Fast Food (Take-Out)	41700	3.8	37,530	4.30	sq. ft. or	10%	-13%
	1400	0.13	1,260	0.14	seat	10%	-11%
Pizza (Take-Out Only)	3200	0.3	2,880	0.33	sq. ft.	10%	-10%
Food Stores							
Bakeries/Ice Cream	4600	0.43	4,140	0.47	sq. ft.	10%	-10%
Supermarkets (over 10,000 sq. ft.)	2200	0.2	1,980	0.23	sq. ft.	10%	-13%
Mini-Markets	4100	0.38	3,690	0.42	sq. ft.	10%	-11%
Liquor Stores	2700	0.25	2,430	0.28	sq. ft.	10%	-11%
Health Services							
Medical Dr. Offices	6100	0.57	5,490	0.63	sq. ft.	10%	-10%

Misc. Medical (Chiropractor, Optometrist)	2800	0.26	2,520	0.29	sq. ft.	10%	-11%
Mixed Medical	4900	0.45	4,410	0.51	sq. ft.	10%	-12%
Veterinarians	9500	0.88	8,550	0.98	sq. ft.	10%	-11%
Hotels & Motels							
With Manager's quarters on-site	5400	0.5	4,860	0.56	unit	10%	-11%
Without Manager's quarters on-site	5200	0.48	4,680	0.54	unit	10%	-12%
Industrial/Storage							
Industrial Laundry	85400	7.92	76,860	8.80	sq. ft.	10%	-11%
Light Industrial	1000	0.09	900	0.10	sq. ft.	10%	-15%
Storage/Mini-storage	500	0.05	450	0.05	sq. ft.	10%	-3%
Upholstery Shops	3000	0.28	2,700	0.31	sq. ft.	10%	-10%
Institutions & Organizations							
Churches	300	0.03	270	0.03	site/sq. ft.	10%	-3%
Fraternal Organizations	2500	0.23	2,250	0.26	sq. ft.	10%	-12%
Yacht Club	11500	1.05	10,350	1.19	sq. ft.	10%	-13%
Marine Oriented							
Marine Service/Supply	4100	0.38	3,690	0.42	sq. ft.	10%	-11%
Dock with Live-Aboard	N/A	N/A	5,200	0.60	slip space	Based on data from Harbor Dept for Dunes St Slips	
Dock without Live- Aboard	N/A	N/A	350	0.05	slip space		
Seafood Processors							
w/saltwater use	33600	3.13	30,240	3.46	sq. ft.	10%	-11%
w/o saltwater use	47800	4.43	43,020	4.93	sq. ft.	10%	-11%
Offices (Non-Medical)							
Offices - General	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Offices - Complex	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Real Estate Offices	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Personal Services							
Barber/Beautician	8000	0.74	7,200	0.82	sq. ft.	10%	-11%
Car Washes (Self-serve)	17400	1.61	15,660	1.79	bay	10%	-11%
Dry Cleaners (Off-site)	10800	1	9,720	1.11	sq. ft.	10%	-11%
Laundromats	102800	9.54	92,520	10.60	sq. ft.	10%	-11%
Mortuaries	10000	0.93	9,000	1.03	site	10%	-11%

Residential							
Single-family Home	10780	1	8,732	1	unit	19%	
Duplex Unit	8400	0.78	6,804	0.8	unit	19%	
Condominium Unit	6900	0.64	5,589	0.65	unit	19%	
Apartment Unit	5800	0.54	4,698	0.55	unit	19%	
Trailer/Mobile Home	6500	0.45	5,265	0.55	unit	19%	
One-bedroom and Studio Apartment Unit, 500 sq. ft. or less	4900	0.45	3,969	0.5	unit	19%	
Retail							
Art Supply Store/Studio	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Auto Parts & Supplies	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Candle Shops	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Gifts & Clothing	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Florists	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Furniture/Antiques	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Hardware/Related	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Pharmacies	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Variety	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Misc. Similar Retail	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Farm & Feed Supply	800	0.07	720	0.08	sq. ft.	10%	-18%
Pet Stores	4100	0.38	3,690	0.42	sq. ft.	10%	-11%
Social Services							
Day Care Facilities	15500	1.44	13,950	1.60	sq. ft.	10%	-11%
Misc. Uses							
Theater	100	0.01	90	0.01	seat	10%	-3%
Printer/Newspaper	2400	0.22	2,160	0.25	sq. ft.	10%	-12%

RESOLUTION NO. 78-00

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
EXTENDING ORDINANCE NO. 266 ESTABLISHING
A GROWTH MANAGEMENT PROCEDURE WHICH WILL
ALLOW FAIR DISTRIBUTION OF THE CITY'S SCARCE
WATER RESOURCES AND PROTECT THE SMALL TOWN
CHARACTER AND SURROUNDING OPEN SPACE OF THE CITY**

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

WHEREAS, Ordinance No. 266, also know as Measure "F", was adopted by the voters in 1984 to establish a growth management procedure; and

WHEREAS, Ordinance No. 266 was established as a growth management procedure to allow fair distribution of our scarce water resources and protect the small town character and surrounding open space of the City; and

WHEREAS, the growth management procedures set forth in Ordinance No. 266 have assured that the yearly amount of new residential development is commensurate with the availablity of public services and infrastructure; and

WHEREAS, the growth management procedures set forth in Ordinance No. 266 have assured even and balanced growth and not resulted in a deterioration of the quality of service to existing or new residents; and

WHEREAS, Ordinance No. 266 requires the City Council to set an annual limit on new residential units and to prescribe the mix of multi-family and single family residences allowed.

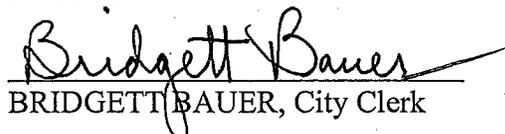
NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morro Bay, California, will continue to set an annual limit on new residential units and to prescribe the mix of multi-family and single family as set forth in Ordinance No. 266.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 11th day of December, 2000 on the following vote:

AYES: Anderson, Crotzer, Elliott, Peters
NOES: Peirce
ABSENT: None


RODGER ANDERSON, Mayor

ATTEST:


BRIDGETT BAUER, City Clerk

AGENDA NO. B-4Date 12/11/00 Action _____

HUNT
& ASSOCIATES
Attorneys and Counselors at Law

STAFF REPORT

TO: HONORABLE MAYOR AND CITY
COUNCIL OF THE CITY OF MORRO BAY

DATE: DECEMBER 8, 2000

FROM: OFFICE OF THE CITY ATTORNEY

CLT/MTR: CMBCTY.ADMCN
-- INITIATIVE MEASURES
-- MEASURE "F"

SUBJECT: Staff Report For December 11, 2000, Meeting Re: Resolution Extending The Provisions Of Ordinance 266 Establishing A Growth Management Procedure Which Will Allow Fair Distribution Of Our Scarce Water Resources And Protect The Small Town Character And Surrounding Open Space Of The City.

RECOMMENDATION

Adopt Resolution No. 78-00 extending the provisions of Ordinance 266 establishing a growth management procedure that will allow fair distribution of our scarce water resources and protect the small town character and surrounding open space of the City.

FISCAL IMPACT

No fiscal impact.

SUMMARY

Ordinance 266, also known as Measure "F" was adopted through a voter initiative in 1984. A complete copy of the Measure "F" and Ordinance 266 is attached hereto as Exhibit A.

The title of the Ordinance 266 states that it is "an ordinance establishing a growth management procedure which will allow for the fair distribution of our scarce water resources and protect the small town character and surrounding open space of the City." The Ordinance cites our Certified Land Use Plan and our adopted Water Management Plan which in 1984 allowed for our residential population to grow from the then present 9,600 to 12,200 by the year 2000.

PREPARED BY: Robert W. Schultz
Robert W. Schultz, City Attorney

MEETING DATE: DECEMBER 11, 2000

APPROVED BY: Robert W. Schultz
Robert W. Schultz, City Attorney



The City has not yet reached a population of 12,200 by the year 2000. Therefore, there is a need to extend the provisions of Ordinance 266 related to the year 2000.

DISCUSSION

Ordinance 266 prescribes the pace for new development in the City, as well as the "mix" among types of uses (i.e., residential, commercial, and industrial). Measure "F" allows a population of no more than 12,200 people in Morro Bay by December 31, 2000. Once the population reaches 12,200, no further residential building will be permitted unless a population increase is approved by a majority vote of the people of the City at a regular or special election. Section 3 of Measure "F" controls growth by limiting residential building permits issued in any one year to 70, although that number can be increased, or decreased, by a maximum of 10 percent if necessary to achieve the allotted annual population growth target. Further, under Section 4 of Measure "F", commercial and industrial building permits issued in any one year cannot require more than 130 percent of the water allocated to residential units in that year. Sections 3 and 4 of Measure "F" have been certified as part of the City's LCP (LCP amendment 1-85).

Ordinance 266 is also referenced in coastal permit 4-81-409A3, the Local Coastal Program Land Use Plan, the Land Use Element of the General Plan, and Morro Bay Municipal Code Chapter 13.20, although it is not codified in our Municipal Code. All of these implementing sections discuss and implement the population and growth caps but do not attempt to sunset any of the provisions of Ordinance 266 by the year 2000.

Since the City adopted Ordinance 266 it has been very effective in assuring that the yearly amount of new residential development is even and balanced and is commensurate with the availability of public services and infrastructure. Since the City has not reached a population of 12,200 by December 31, 2000 it is in the best interests of City to extend all of the provisions of Ordinance 266 until the population goal of 12,200 is reached. Pursuant to the provisions of Ordinance 266, once the City has reached the population goal of 12,200, no further residential building will be permitted unless a population increase is approved by a majority vote of the people of the City at a regular or special election.

CONCLUSION

It is Staff's recommendation that you adopt Resolution 78-00 allowing for the extension of the growth management procedures set forth in Ordinance 266 also known as Measure "F".

RWS

RWS/vj
cc: Robert Hendrix, City Manager
s/rws/cmbcty.admcn/MC001204.rpt



DE
JP 4-1
Proposed

RESOLUTION NO. 78-00

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA EXTENDING ORDINANCE NO. 266 ESTABLISHING A GROWTH MANAGEMENT PROCEDURE WHICH WILL ALLOW FAIR DISTRIBUTION OF THE CITY'S SCARCE WATER RESOURCES AND PROTECT THE SMALL TOWN CHARACTER AND SURROUNDING OPEN SPACE OF THE CITY.

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, Ordinance 266, also known as Measure "F", was adopted by the voters in 1984 to establish a growth management procedure;

WHEREAS, Ordinance 266 was established as a growth management procedure to allow fair distribution of our scarce water resources and protect the small town character and surrounding open space of the City;

WHEREAS, the growth management procedures set forth in Ordinance 266 have assured that the yearly amount of new residential development is commensurate with the availability of public services and infrastructure;

WHEREAS, the growth management procedures set forth in Ordinance 266 have assured even and balanced growth and not resulted in a deterioration of the quality of service to existing or new residents;

WHEREAS, Ordinance No. 266 requires the City Council to set an annual limit on new residential units and to prescribe the mix of multi-family and single family residences allowed, ~~until a population of 12,200 is reached in Morro Bay by December 31, 2000;~~

~~WHEREAS, the City has not reached a population of 12,200 by December 31, 2000.~~

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

1. The City Council shall continue to set an annual limit on new residential units and to prescribe the mix of multi-family and single family as set forth in Ordinance 266, ~~until the City reaches a population of 12,200.~~

2. Pursuant to Ordinance 266, once the population reaches 12,200, no further residential building will be permitted unless a population increase is approved by a majority vote of the people of the City at a regular or special election.

AYES:

NOES:

ABSENT:

Rodger Anderson, Mayor

ATTEST:

Bridgett Bauer, City Clerk

ORDINANCE NO. 266

AN ORDINANCE ESTABLISHING A GROWTH MANAGEMENT PROCEDURE
WHICH WILL ALLOW FAIR DISTRIBUTION OF OUR SCARCE WATER
RESOURCES AND PROTECT THE SMALL TOWN CHARACTER AND
SURROUNDING OPEN SPACE OF THE CITY

Be it ordained by the people of the City of Morro Bay as follows:

SECTION 1. Both the Coastal Commission certified Land Use Plan and the Morro Bay city council-adopted Water Management Plan allow for a city residential population to grow from present 9600 to 12,200 by the year 2000 IF ADDITIONAL WATER RESOURCES OF ADEQUATE QUALITY AND QUANTITY ARE MADE AVAILABLE THROUGH IMPLEMENTATION OF THE WATER MANAGEMENT PLAN. In order to insure even and balanced growth during the 16 year period from January 1, 1985 through December 31, 2000, building permits will be limited to a number permitting an annual increase in population which would achieve the 12,200 person goal by the year 2000. No further residential building will be permitted after a population of 12,200 has been reached unless an increase has been approved by a majority vote at a regular or special election.

SECTION 2. If water and wastewater treatment capacities become available allowing for a population increase beyond 12,200, the growth management procedures of this ordinance may be altered ONLY BY A MAJORITY VOTE OF THE PEOPLE AT A REGULAR OR SPECIAL ELECTION.

SECTION 3. Residential building permits in 1985 will be limited to 70 residential units. The city council, with advice of the planning commission, will determine by January 15 of each calendar year thereafter the mix of multi-unit and single family residential units for that calendar year. The 70 unit ceiling may be increased or decreased by a factor not exceeding 10 percent if necessary to achieve the allotted annual population growth target. The determination of the mix will be based on a study of the historical building permit pattern for the decade prior to 1977 and the years since 1982, plus an estimate of population increase of the previous year. Final adjustment of the building permit limit in each year will be made by the city council after a public hearing.

SECTION 4. In any calendar year the commercial and industrial building permits issued shall not require more than 130% of the water allocated to residential units that year.

SECTION 5. Residential building permit approval will follow Coastal Act priorities for water allocation required by Coastal Development Permit 4-81-309A or as revised after the Coastal Commission review scheduled for December 1984. These priorities shall be reviewed again when the pipe replacement program is completed and necessary amendments submitted to the Coastal Commission.

SECTION 6. For purposes of awarding building permits, only those development proposals which meet the definition of infill now in use for water allocations may be approved. This definition was approved by city council resolution No. 26-84 on March 12, 1984.

Ordinance No. 266
Page Two

SECTION 7. Land Use Plan policies 6.01 through 6.08 have been designed to preserve open space and agricultural land within the city limits. These policies and the zoning ordinances which now implement them may be amended or repealed ONLY BY A MAJORITY VOTE OF THE PEOPLE AT A REGULAR OR SPECIAL ELECTION held after final approval of an amendment or repeal by the city council and prior to submission to the Coastal Commission.

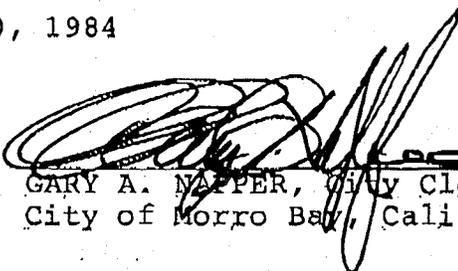
SECTION 8. Nonprofit public facilities (e.g. public buildings, libraries, senior centers, etc.) supported in whole or in part by public funds are exempted from the permit limitations in sections 3 and 4.

SECTION 9. Severance. If any portion of this ordinance is held invalid for any reason by a decision of a court of competent jurisdiction, such portion shall be deemed a separate, distinct and severable portion thereof and such decision shall not affect the validity of the remaining portions.

SECTION 10. This ordinance shall supersede all other ordinances in conflict herewith.

I, GARY A. NAPPER, City Clerk of the City of Morro Bay, do hereby certify that the foregoing is a true and correct copy of an ordinance adopted by a majority vote of the electors voting in the general municipal election held in the City of Morro bay on the 6th day of November, 1984.

Dated: November 30, 1984



GARY A. NAPPER, City Clerk
City of Morro Bay, California

PETITION TO CITY COUNCIL CITY OF MORRO BAY SUBMITTING PROPOSED ORDINANCE

to: City Council of the City of Morro Bay, State of California

Pursuant to Section 4001, California Elections Code, and the attached published notice of intention, we, the undersigned, more than ten per cent of the registered qualified voters of said city, hereby present this petition and request that the following proposed ordinance be passed without alteration by you, or be submitted to a vote of the people at the next regular election.

The proposed ordinance reads as follows:

AN INITIATIVE ORDINANCE OF THE PEOPLE OF THE CITY OF MORRO BAY ESTABLISHING A GROWTH MANAGEMENT PROCEDURE WHICH WILL ALLOW FAIR DISTRIBUTION OF OUR SCARCE WATER RESOURCES AND PROTECT THE SMALL TOWN CHARACTER AND SURROUNDING OPEN SPACE OF THE CITY.

BE IT ORDAINED BY THE PEOPLE OF THE CITY OF MORRO BAY AS FOLLOWS:

SECTION 1. BOTH THE COASTAL COMMISSION CERTIFIED LAND USE PLAN AND THE MORRO BAY CITY COUNCIL-ADOPTED WATER MANAGEMENT PLAN ALLOW FOR A CITY RESIDENTIAL POPULATION TO GROW FROM PRESENT 9500 TO 12,200 BY THE YEAR 2000 IF ADDITIONAL WATER RESOURCES OF ADEQUATE QUALITY AND QUANTITY ARE MADE AVAILABLE THROUGH IMPLEMENTATION OF THE WATER MANAGEMENT PLAN. IN ORDER TO INSURE EVEN AND BALANCED GROWTH DURING THE 16 YEAR PERIOD FROM JANUARY 1, 1985 THROUGH DECEMBER 31, 2000, BUILDING PERMITS WILL BE LIMITED TO A NUMBER PERMITTING AN ANNUAL INCREASE IN POPULATION WHICH WOULD ACHIEVE THE 12,200 PERSON GOAL BY THE YEAR 2000. NO FURTHER RESIDENTIAL BUILDING WILL BE PERMITTED AFTER A POPULATION OF 12,200 HAS BEEN REACHED UNLESS AN INCREASE HAS BEEN APPROVED BY A MAJORITY VOTE AT A REGULAR OR SPECIAL ELECTION.

SECTION 2. IF WATER AND WASTEWATER TREATMENT CAPACITIES BECOME AVAILABLE ALLOWING FOR A POPULATION INCREASE BEYOND 12,200, THE GROWTH MANAGEMENT PROCEDURES OF THIS ORDINANCE MAY BE ALTERED ONLY BY A MAJORITY VOTE OF THE PEOPLE AT A REGULAR OR SPECIAL ELECTION.

SECTION 3. RESIDENTIAL BUILDING PERMITS IN 1985 WILL BE LIMITED TO 70 RESIDENTIAL UNITS. THE CITY COUNCIL, WITH ADVICE OF THE PLANNING COMMISSION, WILL DETERMINE BY JANUARY 15 OF EACH CALENDAR YEAR THEREAFTER THE MIX OF MULTI-UNIT AND SINGLE FAMILY RESIDENTIAL UNITS FOR THAT CALENDAR YEAR. THE 70 UNIT CEILING MAY BE INCREASED OR DECREASED BY A FACTOR NOT EXCEEDING 10 PERCENT IF NECESSARY TO ACHIEVE THE ALLOTTED ANNUAL POPULATION GROWTH TARGET. THE DETERMINATION OF THE MIX WILL BE BASED ON A STUDY OF THE HISTORICAL BUILDING PERMIT PATTERN FOR THE DECADE PRIOR TO 1977 AND THE YEARS SINCE 1982, PLUS AN ESTIMATE OF POPULATION INCREASE FOR THE PREVIOUS YEAR. FINAL ADJUSTMENT OF THE BUILDING PERMIT LIMIT IN EACH YEAR WILL BE MADE BY THE CITY COUNCIL AFTER A PUBLIC HEARING.

SECTION 4. IN ANY CALENDAR YEAR THE COMMERCIAL AND INDUSTRIAL BUILDING PERMITS ISSUED SHALL NOT REQUIRE MORE THAN 130% OF THE WATER ALLOCATED TO RESIDENTIAL UNITS THAT YEAR.

SECTION 5. RESIDENTIAL BUILDING PERMIT APPROVALS WILL FOLLOW COASTAL ACT PRIORITIES FOR WATER ALLOCATION REQUIRED BY COASTAL DEVELOPMENT PERMIT 4-81-309A OR AS REVISED AFTER THE COASTAL COMMISSION REVIEW SCHEDULED FOR DECEMBER 1984. THESE PRIORITIES SHALL BE REVIEWED AGAIN WHEN THE PIPE REPLACEMENT PROGRAM IS COMPLETED AND NECESSARY AMENDMENTS SUBMITTED TO THE COASTAL COMMISSION.

SECTION 6. FOR PURPOSES OF AWARDED BUILDING PERMITS, ONLY THOSE DEVELOPMENT PROPOSALS WHICH MEET THE DEFINITION OF INFILL NOW IN USE FOR WATER ALLOCATIONS MAY BE APPROVED. THIS DEFINITION WAS APPROVED BY CITY COUNCIL RESOLUTION NO. 26-84 ON MARCH 12, 1984.

SECTION 7. LAND USE PLAN POLICIES 6.01 THROUGH 6.08 HAVE BEEN DESIGNED TO PRESERVE OPEN SPACE AND AGRICULTURAL LAND WITHIN THE CITY LIMITS. THESE POLICIES AND THE ZONING ORDINANCES WHICH NOW IMPLEMENT THEM MAY BE AMENDED OR REPEALED ONLY BY A MAJORITY VOTE OF THE PEOPLE AT A REGULAR OR SPECIAL ELECTION HELD AFTER FINAL APPROVAL OF AN AMENDMENT OR REPEAL BY THE CITY COUNCIL AND PRIOR TO SUBMISSION TO THE COASTAL COMMISSION.

SECTION 8. NONPROFIT PUBLIC FACILITIES (E.G. PUBLIC BUILDINGS, LIBRARIES, SENIOR CENTERS, ETC.) SUPPORTED IN WHOLE OR IN PART BY PUBLIC FUNDS ARE EXEMPTED FROM THE PERMIT LIMITATIONS IN SECTIONS 3 AND 4.

SECTION 9. SEVERANCE. IF ANY PORTION OF THIS ORDINANCE IS HELD INVALID FOR ANY REASON BY A DECISION OF A COURT OF COMPETENT JURISDICTION, SUCH PORTION SHALL BE DEEMED A SEPARATE, DISTINCT AND SEVERABLE PORTION THEREOF AND SUCH DECISION SHALL NOT AFFECT THE VALIDITY OF THE REMAINING PORTIONS.

SECTION 10. THIS ORDINANCE SHALL SUPERSEDE ALL OTHER ORDINANCES IN CONFLICT HEREWITH.

THE FOLLOWING IS A TRUE AND CORRECT COPY OF THE PRINTED NOTICE OF INTENTION AND ACCOMPANYING STATEMENT:

NOTICE OF INTENT TO CIRCULATE PETITION

231

FILE COPY

ANALYSIS OF MEASURE F

If the City of Morro Bay were to develop new sources of water, Measure F would not need to be subject to a vote of the people to determine how building permits are to be awarded for newly developed water sources.

Measure F is extremely specific concerning those matters which must be subjected to a vote of the people. There are two provisions of Measure F which would need to be subjected to a vote of the people.

- (1) Pursuant to Section 2, if water capacities are available for an increase in Morro Bay's population beyond the cap of 12,200, then the growth management procedures of Measure F could be altered "ONLY BY A MAJORITY VOTE OF THE PEOPLE AT A REGULAR OR SPECIAL ELECTION."
- (2) The provisions of Section 7 adopting the LCP Land Use Plan Policies 6.01-6.05, preserving open space and agricultural land within the City of Morro Bay, can be amended or repealed "ONLY BY A MAJORITY VOTE OF THE PEOPLE AT A REGULAR OR SPECIAL ELECTION...."

Because Measure F specifies those two instances, printed in bold capitals to underscore their importance, and which mandate a vote of the people, other provisions in Measure F would not need to be a vote of the people.

Specifically, as long as Morro Bay's population cap has not been reached, then Measure F allows for the City Council to re-establish the definition of in-fill pursuant to Section 6. Section 6 states that "for the purposes of awarding building permits, only those development proposals which meet the definition of in-fill now in use for water allocations may be approved." This definition in Measure F specifically refers to City Council Resolution No. 26-84 approved on March 12, 1984. Exhibit A to Resolution No. 26-84 defines "in-fill," and is incorporated by reference into the Resolution. Paragraph (4) of Exhibit A clearly states that:

"When a water management program is approved and implemented and/or additional water sources are available, then the criteria for in-fill will be reconsidered." (Emphasis added.)

The question is: By whom will the criteria of "in-fill" be reconsidered? Section 6, which includes by reference Resolution No. 26-84, does not contain the language found in Section 2 or Section 7 that requires the vote of the people for an amendment. The omission of this language means that the initiative does not require voter approval of a new definition of "in-fill" for the purposes of awarding building permits when ~~new~~ water sources are available. If the intent were otherwise, then Section 6 would have expressly required voter approval. Instead, Measure F requires that the City Council redefine "in-fill" for the purpose of awarding building permits in Resolution No. 26-84 when additional water sources are available.

~~Under Measure F, the City Council has the authority to redefine the definition of in-fill for the purposes of awarding building permits when either a Water Management Program is approved and implemented "and/or" additional water sources are available. This can be done by City Council action as long as the City's population is (1) not beyond 12,200, or (2) that the City Council's new definition of "in-fill" would not adversely impact the land use policies referred to in Section 7 of Measure F. Only those events would require a majority vote of the people at a special election, to redefine "in-fill" for the purpose of awarding building permits.~~

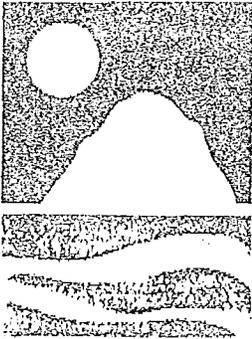
CMB COPY. ~~ADDITION~~
- INITIATIVE 60605
- Measure F.

CITY OF MORRO BAY

TEL: 805-772-7329

Mar 11, 94

11:00 No. 002 P. 01



City of Morro Bay

595 Harbor St. • Morro Bay, CA 93442-1900 • 805-772-1214

DATE: 3-11-94

FROM: ARDITH DAVIS

COMPANY: CITY OF MORRO BAY

TO: DAVID HUNT, CITY ATTORNEY 544-1984

COMPANY: GENERS & HUNT

RE: 2 MORE MEMOS RE: INFILL PVI

NUMBER OF PAGES (including this sheet) _____

JUDY SKOUSEN J. D.

ATTORNEY AT LAW
 295 NAPA STREET SUITE B-6
 P. O. BOX 834
 MORRO BAY, CALIFORNIA 93442
 TELEPHONE (360) 772-1214

Measure B' file
 cc: Council 6-24-88
 orig: head Opinion file

J

MEMORANDUM

TO: GARY NAPPER, CITY ADMINISTRATOR
 BILL FARREL, COMMUNITY DEVELOPMENT DIRECTOR

FROM: JUDY SKOUSEN JS

DATE: JUNE 22, 1988

RE: WILLIAMS BROTHERS/MEASURE F

There does not appear to be any conflict whatsoever between Measure B, Williams Initiative and Measure F. The Williams initiative is simply a rezoning measure with no provisions whatsoever about water allocation or building permits. Measure F discusses building permits and water allocation, not zoning. Although the voters may have intended to authorize a shopping center to be built, they did not and, in fact, could not direct that building permits be issued. Measure B simply directs the property to be rezoned.

It is my understanding that Williams Brothers has not completed their application and it is too early at this time to determine whether they will meet the definition of infill. It also appears that they may be able to meet the definition of infill found in paragraph 1 of the Resolution. The only portion of the Williams property actually adjacent to existing development would be that portion adjacent to Highway 1. One alternative is for the applicant to request a lot split dividing off the rezoned thirty acres and forming an irregular lot with at least 50% of the perimeters along Highway 1.

The Resolution containing the definition of infill can only be modified by a vote of the people to amend Measure F.

JUDY SKOUSEN J. D.

ATTORNEY AT LAW
895 NAPA STREET SUITE B-6
P. O. BOX 534
MORRO BAY, CALIFORNIA 93442
TELEPHONE (805) 772-1214

MEMORANDUM

TO: COUNCIL MEMBER JEFF ODELL
FROM: CITY ATTORNEY, JUDY SKOUSEN JS
DATE: 28 MARCH 1988
RE: DEFINITION OF "INFILL"

Attached please find the definition of "infill" from our operating procedures. It has been determined that the VRM project as submitted does not meet the definition of infill. Planning makes that determination for subdivisions as they apply for water. There is some question as to whether the Loperena subdivision will qualify for water but no final determination has been made. I think, but am not sure, that the Bayshore Condominiums were approved prior to the creation of the infill criteria in the operating procedures. I will check with planning.

JS:jb
Encl.

✓ cc: Gary Napper, City Administrator

1987 Water Equivalency Program
Page Three

The subgroup priority of "Lower Cost" Visitor Services reflects the objectives of Coastal Act implementation to allow coastal access and enjoyment by persons and families with modest incomes. The differentiation between "Lower Cost" and "General Rate" will be based on a comparison with like services. If the distinction cannot easily be ascertained by the Planning and Community Development Director, he shall refer the matter to the Planning Commission. The Commission shall then consider all testimony and render its opinion.

B. "Infill" f

Development of vacant existing lots within existing developed areas of the City. An infill area is to be characterized as having supporting public infrastructure (i.e., utilities and secondary thoroughfares or collector street system).

- (1) A vacant lot shall be considered to be in a developed area if it is adjacent to existing developed parcels, on at least two sides for rectangular lots or at least 50% of the perimeter for irregularly shaped lots. Any property lines coincident with the City limit shall not be considered in this calculation. Any property line adjacent to a park, recreation area or school shall be considered adjacent to development.
- (2) Notwithstanding item (1) above, any lot, which was legally created prior to March, 1984, and which is 20,000 square feet or less shall be considered infill.
- (3) f So long as an area is currently served by water and sewer mains (i.e., the mains reach to the property line or are in a street or alley adjacent to the property line) even if the existing lines must be replaced or relocated or enlarged, utilities shall be considered present for the purposes of this infill definition.
- (4) When a water management program is approved and implemented and/or additional water sources are available, then the criteria for infill will be reconsidered.

1987 Water Equivalency Program
Page Four

(5) No subdivision, or in multi-phased proposals, no phase of a subdivision which would require more than 20 percent of the annual water allotment for residential purposes shall be considered infill. In any such multi-phase subdivision proposal, no later phase may be eligible to apply for water equivalencies until after the necessary water equivalencies for all earlier phases have been awarded.

C. "Subdivision"

In setting residential priorities, any project (either new construction or conversion) which requires a parcel or tract map shall be considered in the "subdivision" category except for lot splits or lot line adjustments creating only two lots of which do not increase the number of lots existing prior to the re-split or line adjustment. Furthermore, construction of detached single family residences on property subdivided (ie: in this context, received tentative map approval) after October, 1982, shall be considered in the "subdivision" category for purposes of the water equivalency program, except for single family residences built on lots created by lot splits or lot line adjustments creating only two lots, of which do not increase the number lots existing prior to the re-split or line adjustment.

IV. ALLOCATION CATEGORIES AND PRIORITIES FOR THE FIRST THREE QUARTERS OF THE ANNUAL SYSTEM

1. Commercial "A"
 - Commercial Fishing
 - Coastal Dependent
 - Coastal Related
 - Public, quasi-public and institutional uses
 - Visitor accomodations:
 - campgrounds and other lower cost
 - general rate
 - Other visitor serving commercial:
 - lower cost
 - general rate
 - Other commercial and office uses

RESOLUTION NO. 132-84

RESOLUTION RECITING THE FACT OF THE GENERAL MUNICIPAL ELECTION HELD IN THE CITY OF MORRO BAY ON THE 6TH DAY OF NOVEMBER, 1984, DECLARING THE RESULT THEREOF AND SUCH OTHER MATTERS AS ARE PROVIDED BY LAW

T H E C I T Y C O U N C I L

City of Morro Bay, California

WHEREAS, a regular general municipal election was held and conducted in the City of Morro Bay, County of San Luis Obispo, State of California, on Tuesday, the 6th day of November, 1984, as required by law; and

WHEREAS, notice of said election was duly and regularly given in time, form and manner as provided by law; that voting precincts were properly established; that election officers were appointed and that in all respects said election was held and conducted and the votes cast thereat, received and canvassed and the returns made and declared in time, form and manner as required by the provisions of the Elections Code of the State of California for the holding of elections in cities; and

WHEREAS, the Board of Supervisors of San Luis Obispo County has duly canvassed or caused to be canvassed the votes cast in the City of Morro Bay by the voters of the City at the general municipal election consolidated with the State-wide General Election held on November 6, 1984, and the County Clerk has duly certified to this City Council the result of the votes cast at said election which said certification is attached hereto and by reference made a part hereof.

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

1. That there were seven voting precincts established for the purpose of holding said election consisting of consolidations of the regular election precincts in the City of Morro Bay as established for the holding of state and county elections.

2. That said general municipal election was held for the purpose of electing the following officers of said City as required by the laws relating to the cities in the State of California, to wit:

A Mayor of said City for the full term of two years;

Two members of the City Council of said City for the full terms of four years.

Resolution No. 132-84

Page Two

3. That said general municipal election was also held for the purpose of voting on the following measures as submitted to the electors of said City:

MEASURE E

Shall an Ordinance entitled "An Ordinance of the City of Morro Bay Authorizing the Levy of a Special Real Property Tax for Construction and Maintenance of a Public Safety Facility and Allowing for the Expenditure of Funds Derived From Such a Tax" be enacted?

MEASURE F

Shall the City enact an Initiative Ordinance establishing growth management procedures through controlled building permit issuance, infill policies, and land use planning?

MEASURE G

Shall the City enact an Initiative Ordinance amending the Land Use Plan to re-designate all of the Williams Brothers property within the City of Morro Bay, approximately 150 acres, from Agriculture to Mixed Use (15 acres District Commercial, 15 acres Visitor Serving, and the balance acreage Interim Open Space) and submit such amendment to the California Coastal Commission for certification?

4. That the names of the persons voted for at said election for Mayor are as follows:

Dale Reddell
Raymond Bud Zeuschner

5. That the names of the persons voted for at said election for Councilmember of said City are as follows:

James A. (Jim) Miller
Rose Marie Sheetz
Barbara M. Sanders
Sam O. M. Kimball
Ray Kaltenbach

6. The City Council does declare and determine that:

RAYMOND BUD ZEUSCHNER was elected as Mayor of said City for the full term of two years.

ROSE MARIE SHEETZ was elected as Councilmember of said city for a full term of four years.

Resolution No. 132-84
Page Three

JAMES A. (JIM) MILLER was elected as Councilmember of said city for a full term of four years.

The required number of the qualified voters voting on MEASURE E relating to a public safety facility did not vote in favor thereof, and said proposition was not carried, and shall not be deemed adopted and ratified.

A majority of the qualified voters voting on MEASURE F relating to growth management did vote in favor thereof, and said initiative was carried.

A majority of the qualified voters voting on MEASURE G relating to the Williams Brothers property did not vote in favor thereof, and said initiative was not carried and shall not be deemed adopted and ratified.

7. At said election the names of the persons voted for and the number of votes given each person, and the measures voted for and the number votes given for and against each measure are as set forth in the attached certification.

8. The total number of votes cast in the City at said election and the total number of votes given in each precinct and by absentee voters of the City was and is set forth in the attached certification.

9. That the City Clerk shall immediately make and deliver to each of such persons so elected a Certificate of Election signed by the City Clerk and duly authenticated; that the City Clerk shall also administer to each person elected, the Oath of Office prescribed in the State Constitution of the State of California and shall have them subscribe thereto and file the same in the office of the City Clerk. Whereupon, each and all of said persons so elected shall be inducted into the respective office to which they have been elected.

10. That the City Clerk shall certify to the passage and adoption of this resolution; shall enter the same in the book of original Resolutions of said City; and shall make a minute of the passage and adoption thereof in the records of the proceedings of the City Council of said City, in the minutes of the meeting at which the same was passed and adopted.

Resolution No. 132-84

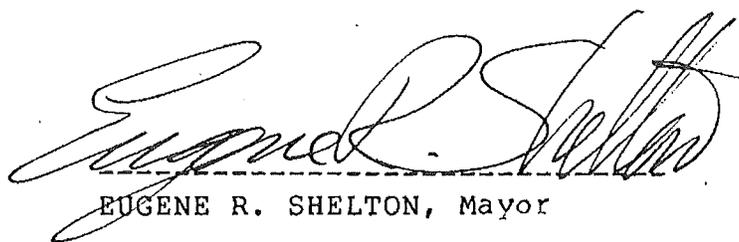
Page Four

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held this 30th day of November, 1984 by the following roll call vote:

AYES: Anderson, Lemons, Risley, Zeuschner, Shelton

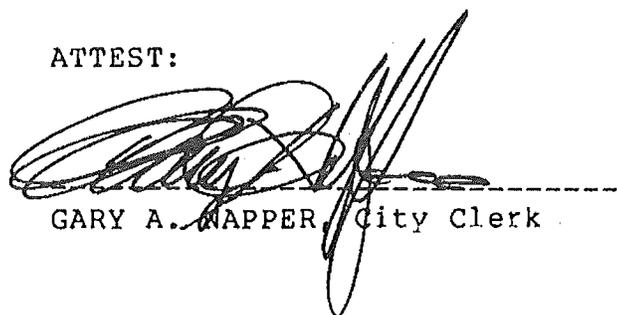
NOES: None

ABSENT: None



EUGENE R. SHELTON, Mayor

ATTEST:



GARY A. WAPPER, City Clerk

CERTIFICATE OF COUNTY CLERK
 RESULTS OF CANVASS OF ALL VOTES CAST AT THE
 GENERAL ELECTION
 NOVEMBER 6, 1984
 CITY OF MORRO BAY

COUNTY OF SAN LUIS OBISPO)
 STATE OF CALIFORNIA) ss.

I, FRANCIS M. COONEY, County Clerk-Recorder of the County of San Luis Obispo, do hereby certify that pursuant to law, I did canvass the returns of the votes cast at said General Election held on November 6, 1984, in the City of Morro Bay, and that a xerox copy of the Statement of Votes Cast (the original of which is on file in the Office of the County Clerk) to which this certificate is attached, shows the number of votes cast in said City for and against each candidate for the office of Mayor and Member of the City Council and that the totals shown for and against each candidate for the office of Mayor and Member of the City Council in said City, and in each of the respective precincts therein, are full, true and correct.

WITNESS my hand and Official Seal this 27th day of November, 1984.


 FRANCIS M. COONEY, County Clerk-Recorder.

CERTIFICATE OF COUNTY CLERK
 RESULTS OF CANVASS OF ALL VOTES CAST AT THE
 GENERAL ELECTION
 NOVEMBER 6, 1984
 CITY OF MORRO BAY MEASURE "E"

COUNTY OF SAN LUIS OBISPO)
 STATE OF CALIFORNIA) ss.

I, FRANCIS M. COONEY, County Clerk-Recorder of the County of San Luis Obispo, do hereby certify that pursuant to law, I did canvass the returns of the votes cast at said General Election held on November 6, 1984, in the County of San Luis Obispo, and that a xerox copy of the Statement of Votes Cast (the original of which is on file in the Office of the County Clerk), to which this certificate is attached, shows the number of votes cast in said County for and against said Measure, and that the totals shown for and against said Measure in said County, and in each of the respective precincts therein, are full, true and correct.

MEASURE "E": "Shall an Ordinance entitled 'An Ordinance of the City of Morro Bay Authorizing the Levy of a Special Real Property Tax for Construction and Maintenance of a Public Safety Facility and Allowing for the Expenditure of Funds Derived from such a Tax' be enacted?"

WITNESS my hand and Official Seal this 27th day of November,
 1984.

CERTIFICATE OF COUNTY CLERK
 RESULTS OF CANVASS OF ALL VOTES CAST AT THE
 GENERAL ELECTION
 NOVEMBER 6, 1984
 CITY OF MORRO BAY MEASURE "F"

COUNTY OF SAN LUIS OBISPO)
 STATE OF CALIFORNIA) ss.

I, FRANCIS M. COONEY, County Clerk-Recorder of the County of San Luis Obispo, do hereby certify that pursuant to law, I did canvass the returns of the votes cast at said General Election held on November 6, 1984, in the County of San Luis Obispo, and that a xerox copy of the Statement of Votes Cast (the original of which is on file in the Office of the County Clerk), to which this certificate is attached, shows the number of votes cast in said County for and against said Measure, and that the totals shown for and against said Measure in said County, and in each of the respective precincts therein, are full, true and correct.

MEASURE "F": "Shall the City enact an Initiative Ordinance establishing growth management procedures through controlled building permit issuance, infill policies, and land use planning?"

WITNESS my hand and Official Seal this 27th day of November,
 1984.

CERTIFICATE OF COUNTY CLERK
 RESULTS OF CANVASS OF ALL VOTES CAST AT THE
 GENERAL ELECTION
 NOVEMBER 6, 1984
 CITY OF MORRO BAY MEASURE "G"

COUNTY OF SAN LUIS OBISPO)
 STATE OF CALIFORNIA) ss.

I, FRANCIS M. COONEY, County Clerk-Recorder of the County of San Luis Obispo, do hereby certify that pursuant to law, I did canvass the returns of the votes cast at said General Election held on November 6, 1984, in the County of San Luis Obispo, and that a xerox copy of the Statement of Votes Cast (the original of which is on file in the Office of the County Clerk), to which this certificate is attached, shows the number of votes cast in said County for and against said Measure, and that the totals shown for and against said Measure in said County, and in each of the respective precincts therein, are full, true and correct.

MEASURE "G": "Shall the City enact an Initiative Ordinance amending the Land Use Plan to re-designate all of the Williams Brothers property within the City of Morro Bay, approximately 150 acres, from Agriculture to Mixed Use (15 acres District Commercial, 15 acres Visitor Serving, and the balance acreage Interim Open Space) and submit such amendment to the California Coastal Commission for certification?"

WITNESS my hand and Official Seal this 27th day of November,
 1984.

CERTIFICATE OF COUNTY CLERK
RESULTS OF CANVASS OF ALL VOTES CAST AT THE
GENERAL ELECTION
NOVEMBER 6, 1984
CITY OF MORRO BAY MEASURE "F"

COUNTY OF SAN LUIS OBISPO } ss.
STATE OF CALIFORNIA }

I, FRANCIS M. COONEY, County Clerk-Recorder of the County of San Luis Obispo, do hereby certify that pursuant to law, I did canvass the returns of the votes cast at said General Election held on November 6, 1984, in the County of San Luis Obispo, and that a xerox copy of the Statement of Votes Cast (the original of which is on file in the Office of the County Clerk), to which this certificate is attached, shows the number of votes cast in said County for and against said Measure, and that the totals shown for and against said Measure in said County, and in each of the respective precincts therein, are full, true and correct.

MEASURE "F": "Shall the City enact an Initiative Ordinance establishing growth management procedures through controlled building permit issuance, infill policies, and land use planning?"

WITNESS my hand and Official Seal this 27th day of November, 1984.


FRANCIS M. COONEY, County Clerk-Recorder



AGENDA NO: C-5

MEETING DATE: May 24, 2016

Staff Report

TO: Honorable Mayor and City Council

DATE: May 18, 2016

FROM: Dana Swanson, City Clerk

SUBJECT: Adopt Resolution No. 35-16 Rescinding Resolution No. 18-14 and Updating the City of Morro Bay's Partnership Policy and Provide Direction Regarding a Co-Sponsorship Policy

BACKGROUND

This item was continued from the May 10, 2016, City Council meeting. The previous staff report is attached for reference and discussion purposes.

Prepared By: DS

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____



AGENDA NO: C-3

MEETING DATE: May 10, 2016

Staff Report

TO: Honorable Mayor and City Council Members **DATE:** April 27, 2016

FROM: Sam Taylor, Deputy City Manager

SUBJECT: Adopt Resolution No. 36-16 Rescinding Resolution No. 18-14 and Updating the City of Morro Bay's Partnership Policy and Provide Direction regarding a Co-Sponsorship Policy

RECOMMENDATION

As recommended by the Recreation & Parks Commission ("RPC"), staff requests the City Council review and adopt Resolution No. 36-16 approving the City of Morro Bay Partnership Policy and provide staff direction related to co-sponsorship criteria previously created by the Council.

ALTERNATIVES

None recommended

FISCAL IMPACT

The City could generate additional revenue by requiring groups that currently pay no fees for use of City facilities or currently hold permitted events on public property to pay fees based on the adopted City Master Fee Schedule. However, requiring payment of such fees could result in those groups moving to other locations that aren't City facilities or public property. Partnerships with such groups could result in City cost reductions or economic development benefits, such as reduced labor costs, enhanced services or tourism promotion.

BACKGROUND

In recent months, staff has identified both City Council-directed decisions and administrative decisions by the Recreation Services Division regarding groups paying no fees, or paying reduced fees (called "direct costs"), for use of City facilities or for holding events on public property outside of a specific rentable facility.

Those groups, often for many years, have paid nothing, or a reduced amount, for use of City facilities and have likely come to expect this practice to continue.

The concern in most of those instances is there is no specific City policy in place, nor has the City Council made any specific public decision to allow those groups to use facilities at no, or low, cost.

Prepared By: ST Dept Review: _____
City Manager Review: DWB
City Attorney Review: JWP

In one specific decision, the Council granted a direct-costs fee structure to the Winter Bird Festival. That decision was based on a 2009 motion by the City Council creating “co-sponsored” events that pay direct costs if they meet three requirements intended to support tourism during shoulder season (the time of year when fewer visitors come to Morro Bay, generally November to April).

Co-sponsoring of events may occur if:

1. The event is held off-season (11/1 – 4/30);
2. The event is a multi-day event, or a one-day event with financial return to the City;
3. The requesting party is a non-profit organization.

It appears, initially, an annual application to qualify for co-sponsorship was required. However, in some cases, that has not been occurring.

The only two events approved by Council for co-sponsorship are the Winter Bird Festival (a four-day, shoulder-season event) and Dahlia Daze, which no longer occurs.

To be clear, staff is not arguing any group or event is less worthy of being supported than any other. The issue is staff believes it is crucial the decisions it makes be based on adopted policy and decisions of the City Council. Staff is not comfortable administratively picking winners or losers when it comes to the rental of City facilities or use of City property.

Earlier in 2016, the RPC and the City Council both discussed ways to ensure a clear policy directive as to when the City would partner with groups in ways that benefit the community, and when the group would be eligible for free or reduced-cost facility fees in return.

To that end, staff has revised a previously adopted Partnership Policy to provide clearer direction on why we partner, how we determine when a partnership is worthwhile, and how each party might benefit from said partnership.

RPC members unanimously recommended approval of the revised Partnership Policy and recommended City Council provide further direction to staff regarding the adopted co-sponsorship policy for shoulder season events.

DISCUSSION

The attached Partnership Policy is designed to provide general parameters regarding when and why the City partners with other entities. A previous iteration of that policy had substantial unnecessary language and sections that caused the intent of the policy to be lost. Staff’s hope is the new policy is clearer regarding when partnerships may occur.

However, it has become clear being extremely explicit about when we’ll partner is not necessarily feasible. Doing so may short-change the City (and community) in terms of potential partnerships. Instead, the general language for types of partnerships has been left in, with a recognition certain

partnerships related to the support of seniors, youth, low-income residents, and persons with disabilities will be looked at favorably.

The policy gives staff the flexibility to welcome many new partnerships, as well as the flexibility to negotiate agreements that provide some type of benefit to the group proposing the partnership. Using that policy, staff would work to determine whether a partnership is beneficial and then would work with the group to create some type of agreement (the type of agreement could vary based on the type of partnership, from lease agreements to management agreements to Adopt-A-Park maintenance agreements, etc.) that spells out the parameters of the partnership and the benefits to both the City and the other entity.

What is missing from the policy, however, is recognition of the existing Co-sponsorship Policy approved by the City Council. Staff felt it was difficult to wrap language related to event co-sponsorship into this document, as it seems to be outside the scope of said partnerships.

However, if the Council disagrees with that, then staff can easily amend the language to recognize event co-sponsorship as being a type of partnership in which the City is interested. Event sponsorship benefits may be more difficult to quantify than, say, the obvious benefits of a volunteer group conducting Adopt-A-Park maintenance. A first time event, for instance, may have little data to show how many people will attend and what type of economic or quality-of-life benefit it may bring to the community, versus the revenue lost if fees for facility use are reduced.

Staff recommends an additional conversation on that issue prior to any modification of the Partnership Policy. Perhaps the existing Co-sponsorship Policy will remain in effect.

CONCLUSION

Staff recommends the City Council adopt Resolution No. 36-16 approving the new Partnership Policy and provide staff direction related to Co-sponsorship criteria previously created by the Council.

ATTACHMENTS

Resolution No. 36-16 – Proposed Partnership Policy

Resolution No. 18-14 – 2014 Partnership Policy

RESOLUTION NO. 36-16

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING RESOLUTION NO. 18-14 AND
ADOPTING A NEW PARTNERSHIP POLICY**

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

WHEREAS, the City Council supports robust partnerships with outside entities in order to enhance the quality of life of both residents and visitors; and

WHEREAS, it is appropriate to adopt a policy that provides clear guidance and standards for partnerships; and

WHEREAS, the City Council not only supports partnerships, it especially supports those that enhance the quality of life for seniors, low-income residents, children, and the disabled; and

WHEREAS, in 2014 the City Council adopted an initial version of the Partnership Policy; and

WHEREAS, from time to time it is appropriate to review existing policies and procedures and update them as necessary to reflect current trends and practices; and

WHEREAS, it is appropriate to adopt a new Partnership Policy that better reflects the goal of partnerships and seeks to enhance the quality of life for seniors, low-income residents, children, and the disabled;

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

Section 1. Resolution No. 18-14 is hereby rescinded.

Section 2. The Partnership Policy, attached hereto as Exhibit A and incorporated herein by this reference is hereby adopted.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 10th day of May, 2016 on the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

**City of Morro Bay
Recreation Services Division
Partnership Policy
And
Partnership Proposal Guidelines**

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I. Morro Bay Recreation Services Division Partnership Policy

A. Purpose

This policy shall be referred to the Partnership Policy and is designed to guide the process for the City of Morro Bay (City) Recreation Services Division to carry out the City's desire to partner with private, non-profit, or other governmental entities for the development, design, construction and operation of partnered recreational facilities or programs that may occur on City property, as well as with organizations that may provide service on the City's behalf. In particular, programs that can provide additional support for local seniors, youth, low-income residents, and persons with disabilities are highly desired. The City also welcomes partnerships that provide for the improvement or beautification of public spaces.

The Partnership Policy provides guidelines for the City to create partnerships of interest to the City and framework for how partnership agreements are to be proposed and created.

B. Partnership Definition

For purposes of the Partnership Policy, a Proposed Partnership is defined as:

"An identified idea or concept involving the Morro Bay Recreation Services Division, or another City department or division, and one or more for-profit, non-profit or governmental entities, which outlines a method to combine resources for developing facilities, programs or amenities for the City and its residents, businesses and visitors or to provide services the City otherwise might provide on its own, but is not or cannot, presently."

The City will especially welcome potential partnerships that improve existing community facilities or provide services/programming for seniors, low-income individuals, local youth, or persons with disabilities.

Partnerships can take the form of (1) cash gifts and donor programs, (2) improved access to alternative funding, (3) property investments, (4) charitable trust funds, (5) labor, (6) materials, (7) equipment, (8) sponsorships, (9) technical/management skills and other valuable abilities and (10) programs or services provided on the City's behalf. The effective use of volunteers also can figure significantly in developing partnerships. Some partnerships involve active decision making, while in others, partners may take a more passive role.

C. Possible Types of Active Partnerships

Morro Bay Recreation Services Division is interested in promoting collaborative partnerships with multiple community organizations. Types of agreements for Proposed "Active" Partnerships may include leases, contracts, sponsorship agreements, marketing agreements, management agreements, joint-use agreements, inter-governmental agreements, or a combination of those.

Proposed partnerships will be considered for facility, service, operations, and program development, including associated needs, such as, but not limited to, parking, paving, fencing, drainage systems, signage, outdoor restrooms, lighting and utility infrastructure. An innovative and mutually beneficial partnership that does not fit into any of these categories may also be considered.

D. Sponsorships

Morro Bay Recreation Services Division is interested in actively procuring sponsorships for facilities and programs as one type of beneficial partnership.

E. Limited-Decision Making Partnerships: Donor, Volunteer, and Granting Programs

While the Partnership Policy focuses on the parameters for more active types of partnerships, the City is interested in, and willing to discuss, a proposal for Limited-Decision Making Partnerships, and may create specific plans for such in the future.

F. Benefits of Partnerships with Morro Bay Recreation Services Division

The City expects any Proposed Partnership will have benefits for all involved parties. Some general expected benefits are:

Benefits for the City and the Community:

- Merging of resources to create a higher level of service and facility availability for community members.
- Making alternative funding sources available for public community amenities.
- Tapping into the dynamic and entrepreneurial traits of private industry.
- Delivering services and facilities more efficiently by allowing for collaborative business solutions to public organizational challenges.
- Meeting the needs of specific groups of users through the availability of land for development and community use.

Benefits for the Partners:

- Land or facility availability at a subsidized level for specific facility or program needs.
- Sharing of the risk with an established stable governmental entity.
- Becoming part of a larger network of support for management and promotion of facilities and programs.
- Availability of professional City recreation and planning experts to maximize the facilities and programs that may result.
- Availability of City staff facilitation to help streamline the planning and operational efforts.

II. The Partnering Process (Checklist)

The steps for the creation of a partnership with the Morro Bay Recreation Services Division are as follows:

- A. When applicable, the Morro Bay Recreation Services Division will create a public notification process that will help inform any and all interested partners of the availability of certain partnerships with the City.
- B. The proposing partner takes the first step to propose partnering with the City. To help in reviewing both the partnership proposed, and the project to be developed in partnership, the City asks for a Preliminary Proposal according to a specific format as outlined in Part Two - Proposed Partnership Outline Format.
- C. If initial review of a Preliminary Proposal yields interest and appears to be mutually beneficial based on the City Mission and Goals, and the Selection Criteria, then a City staff or appointed representative will be assigned to work with potential partners.
- D. The City representative is available to answer questions related to the creation of an initial proposal, and after initial interest has been indicated, will work with the proposing partner to create a checklist of what actions need to take place next. Each project will have distinct planning, design, review and support issues. The City representative will facilitate the process of determining how the partnership will address these issues. That representative can also facilitate approvals and input from any involved City departments, providing guidance for the partners as to necessary steps.
- E. An additional focus will be to determine whether the proposed project is appropriate for additional collaborative partnering, and whether the City should advertise a **Request for Proposal (RFP)** from competing/collaborating organizations, based on the following criteria.

Request for Proposal (RFP) Trigger: In order to reduce concerns of unfair private competition, if a proposed project involves partnering with a private “for-profit” entity and anticipated contribution from the City is greater than \$5,000, and the City has not already undergone a public process for solicitation of that particular type of partnership, then the City will request Partnership Proposals from other interested private entities for identical or complementary facilities, programs or services. A selection of appropriate partners will be part of the process.

- F. For some projects, a Formal Proposal from the partners for their desired development project will need to be presented for the City’s official development review processes and approvals. The project may require approval by the Legal, Planning, Fire and Safety, Finance or other City Departments, the Recreation and Parks Commission, the Planning Commission, the City Council, or the City Manager’s Office, depending on project complexity and applicable City Code provisions, ordinances, resolutions, or other regulations. If those reviews are necessary, then provision to reimburse the City for its

costs incurred in having a representative facilitate the partnered project's passage through Development Review should be included in the partnership proposal.

- G. Depending on project complexity and anticipated benefits, responsibilities for all action points are negotiable, within the framework established by law, to assure the most efficient and mutually beneficial outcome. Some projects may require all technical and professional expertise and staff resources come from outside the City's staff, while some projects may proceed most efficiently if the City contributes staff resources to the partnership.
- H. The partnership must cover the costs the partnership incurs, regardless of how the partnered project is staffed; and the project proposal and budget must reflect those costs. The proposal for the partnered project should also discuss how staffing and expertise will be provided, and what documents/products will be produced, if any. If City staff resources are to be used by the partnership, then those costs should be allocated to the partnered project and charged to it.
- I. Specific **Partnership Agreements** appropriate to the project will be drafted jointly. There is no specifically prescribed format for **Partnership Agreements**, which may take any of several forms depending on what will accomplish the desired relationships among partners. The agreements may be in the form of:
 - Lease Agreements
 - Management and/or Operating Agreements
 - Maintenance Agreements (such as Adopt-A-Park)
 - Intergovernmental Agreements (IGAs)
 - Or a combination of those and other appropriate agreements

Proposed partnership agreements might include, but not be limited to, such things as oversight of the development of the partnership, concept plans and project master plans, environmental assessments, architectural designs, development and design review, project management, and construction documents, inspections contracting and monitoring. Provision to fund the costs and for reimbursing the City for its costs incurred in creating the partnership, facilitating the project's passage through the Development Review Process, and completing the required documents should be considered.

- J. If the proposal and all required documentation are approved, then the Partnership begins. The City is committed to upholding its responsibilities to Partners from the initiation through the satisfactory continuation and completion of a partnership. Ongoing evaluation will be an integral component of all Partnerships. The agreements should outline who is responsible for evaluation, the types of measures used, and detail what will occur should the evaluations reveal Partners are not meeting their Partnership obligations.

III. The Partnership Evaluation Process

A. Mission Statements and Goals

All partnerships with Morro Bay Recreation Services Division should be in accord with the City's and the Division's Mission and Goals to indicate how a proposed partnership with the City would be preliminarily evaluated.

B. Other Considerations

1. Costs for the Proposal Approval Process

For most proposed partnerships, there will be considerable staff time spent on the review and approval process once a project passes the initial review stage. That time includes, but is not limited to discussions with Proposing Partners, exploration of synergistic partnering opportunities, possible RFP processes, facilitation of the approval process, and assistance in writing and negotiating agreements and contracting. There may also be costs for construction and planning documents, design work, and related needs and development review processes mandated by City ordinances.

Successful partnerships will take those costs into account and may plan for City recovery of some or all of those costs within the proposal framework. Some of those costs could be considered construction expenses, reimbursed through a negotiated agreement, once operations begin, or covered through some other creative means.

2. Land Use and/or Site Improvements

Some proposed partnerships may include facility or land use. Necessary site improvements cannot be automatically assumed. Costs and responsibility for those improvements should be considered in any Proposal. Some of the general and usual needs for public facilities that may not be included as City contributions and may need to be negotiated for a project include:

- Any facilities or non-existent infrastructure construction
- Roads or street improvements
- Maintenance to specified standards
- Staffing
- Parking
- Lighting
- Outdoor restrooms
- Water fountains
- Complementary uses of the site
- Utility improvements
- Custodial
- Trash removal

3. Need

The nature of provision of public services determines certain activities will have a higher need than others. Some activities serve a relatively small number of users and have a high facility

cost. Others serve a large number of users and are widely available from the private sector because they are profitable. The determination of need for facilities and programs is an ongoing discussion in public provision of programs and amenities. The project will be evaluated based on how the project fulfills a public need.

4. Funding

Only when a Partnership Proposal demonstrates high unmet needs and high benefits for City citizens will the City consider contributing resources to a project. The City recommends Proposing Partners consider sources of potential funding. The more successful partnerships will have funding secured in advance. In most cases, Proposing Partners should consider funding and cash flow for initial capital development, staffing, and ongoing operation and maintenance.

The details of approved and pending funding sources should be clearly identified in a proposal.

For many partners, especially small private user groups, non-profit groups, and governmental agencies, cash resources may be a limiting factor in the proposal. It may be necessary for partners to utilize alternative funding sources for resources to complete a proposed project. Obtaining alternative funding often demands creativity, ingenuity, and persistence, but many forms of funding are available.

Alternative funding can come from many sources, e.g. sponsorships, grants, donor programs, and Internet searches can help with foundation and grant resources. Developing a solid leadership team for a partnering organization will help find funding sources. In-kind contributions can, in some cases, add additional funding.

All plans for using alternative funding should be clearly identified. The City's Co-sponsorship Policy and partnered projects will be expected to adhere to this Policy. That adherence includes the necessity of having an Approved Sponsorship Plan in place prior to procurement of sponsorships for a Partnered Project.

C. Selection Criteria

In assessing a partnership opportunity to provide facilities and services, the City will consider (as appropriate) the following criteria. The Partnership Proposal Guidelines in Part Two provide a structure to use in creating a proposal. City staff and representatives will make an evaluation by attempting to answer each of the following Guiding Questions:

- How does the project align with the City and the affected Department/Division's Mission Statement and Goals?
- How does the proposed facility fit into the current City and the affected Department/Division's Master Plan?
- How does the facility/program meet the needs of City residents?
- How will the project generate more revenue and/or less cost per participant than the City can provide with its own staff or facilities?
- What alternatives currently exist, or have been considered, to serve the users identified in this project?
- How much of the existing need is now being met within the City borders and within nearby

cities?

- What is the number and demographic profile of participants who will be served?
- How can the Proposing Partner assure the City of long-term stability of the proposed partnership, both for operations and for maintenance standards?
- How will the partnered project meet Americans with Disabilities Act (ADA) and Equal Employment Opportunity Commission (EEOC) requirements?
- How will the organization offer programs at reasonable and competitive costs for participants?
- What are the overall benefits for both the City and the Proposing Partner?

Part Two
**Morro Bay Recreation Services Division
 Partnership Proposal Guidelines**

Please provide as much information as possible in the following outline form.

I. Description of Proposing Organization:

- Name of Organization
- Years in Existence
- Contact Name, Mailing Address,
Physical Address, Phone, Email
- Purpose of Organization
- Services Provided
- Member/User/Customer Profiles
- Accomplishments
- Legal Status

II. Decision-making Authority

Who is authorized to negotiate on behalf of the organization? Who or what group (i.e. Council/Commission/Board) is the final decision maker and can authorize the funding commitment? What is the time frame for decision making?

Summary of Proposal (100 words or less)

What is being proposed in terms of capital development and program needs?

III. Benefits to the Partnering Organization

Why is the organization interested in partnering with the City of Morro Bay Recreation Services Division or another City Department/Division? Please list and discuss the benefits (monetary and non-monetary) to the proposing organization.

IV. Benefits to the Morro Bay Recreation Services Department

Please list and discuss the benefits (monetary and non-monetary) to the Morro Bay Recreation Services Division and residents of the City.

V. Details (as currently known)

The following page lists a series of *Guiding Questions* to help address details and outline the benefits of a possible partnership. Please try to answer as many as possible with currently known information. Include what the organization proposes to provide and what is being requested from the Morro Bay Recreation Services Division. Please include (as known) initial plans for the concept, operations, projected costs and revenues, staffing, and/or any scheduling or maintenance needs.

Guiding Questions

Meeting the Needs of our Community:

- How does the proposed project align with Recreation Services Division goals?
- How does the proposed program or facility use meet a need for City residents?
- Who will be the users? What is the projected number and profile of participants who will be served?
- What alternatives currently exist to serve the users identified in this project?
- How much of the existing need is now being met? What is the availability of similar programs elsewhere in the community?
- Does the proposed program provide opportunities for entry-level, intermediate and/or expert skill levels?
- How does the proposed project incorporate environmentally sustainable practices?

The Financial Aspect:

- Can the project generate more revenue or less cost per participant than the City can provide with its own staff or facilities? If not, then why should the City partner on the project?
- Will the proposing organization offer programs at reasonable and competitive costs for all participants? What are the anticipated prices for participants?
- What resources are expected to come from the Recreation Services Division?
- Will there be a monetary benefit for the City, and if so, how and how much?

Logistics:

- How much space is needed? What type of space?
- What is critical related to location?
- What is the proposed time line?
- What are the projected hours of operations?
- What are the initial staffing projections?
- Are there any mutually beneficial, cooperative marketing benefits?
- What types of insurance will be needed, and who will be responsible for acquiring and paying premiums on the policies?
- What is the organization's experience with providing this type of facility/program?
- How will the organization meet ADA and EEOC requirements?

Agreements and Evaluation:

- How, by whom, and at what intervals should the project be evaluated?
- How can the City be assured of the long-term stability of the proposing organization?
- What types and length of agreements should be used for the proposed project?
- What types of “exit strategies” should we include?

RESOLUTION NO. 18-14

**RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF MORRO BAY, CALIFORNIA
APPROVING THE MORRO BAY PARTNERSHIP POLICY**

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

WHEREAS, the City of Morro Bay desires to partner with private, non-profit, or other governmental entities for the development, design, construction and operation of possibly partnered recreational facilities and/or programs that may occur on City property; and

WHEREAS, partnerships can accomplish tasks with limited resources, respond to compelling issues, encourage cooperative interaction and conflict resolution, involve outside interests, and serve as an education and outreach tool; and

WHEREAS, said policy will facilitate a mutually beneficial collaboration for all proposing partners including the City, and particularly for the citizens of Morro Bay; and

WHEREAS, the Morro Bay Recreation and Parks Department is interested in promoting partnerships which involve cooperation among many partners, bringing resources together to accomplish goals in a synergistic manner; and

WHEREAS, said partnering procedures established by the City would provide essential background information regarding the needs and contributions of potential partners: and

WHEREAS, at their regular meeting on September 19, 2013 the Recreation and Parks Commission voted unanimously to support the Partnership Policy and recommended City Council's approval.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morro Bay, California, hereby approves and adopts the Partnership Policy and the implementing procedures.

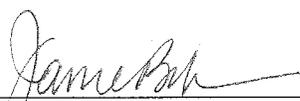
PASSED AND ADOPTED by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 11th day of March 2014, on the following vote:

AYES: Irons, C. Johnson, N. Johnson, Leage, Smukler
NOES: None
ABSENT: None



JAMIE L. IRONS, Mayor

ATTEST:



JAMIE BOUCHER, City Clerk

**City of Morro Bay
Recreation and Parks Department**

**Partnership Policy
And
Proposal Format**

**City of Morro Bay Recreation and Parks
Department Partnership Policy and
Proposal Format**

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I. Morro Bay Recreation and Parks Department Partnership Policy

A. Purpose

This policy is designed to guide the process for Morro Bay Recreation and Parks Department in their desire to partner with private, non-profit, or other governmental entities for the development, design, construction and operation of possibly partnered recreational facilities and/or programs that may occur on City property.

Morro Bay Recreation and Parks Department would like to identify private, non-profit, and governmental entities that are interested in proposing to partner with the City to develop recreational facilities and/or programs. A major component in exploring any potential partnership will be to identify additional collaborating partners that may help provide a synergistic working relationship in terms of resources, community contributions, knowledge, and political sensitivity. These partnerships should be mutually beneficial for all proposing partners including the City, and particularly beneficial for the citizens of the community.

This policy document is designed to:

- Provide essential background information,
- Provide parameters for gathering information regarding the needs and contributions of potential partners, and
- Identify how the partnerships will benefit the Morro Bay Recreation and Parks Department and the community.

Part Two: The “Proposed Partnership Outline Format”, provides a format that is intended to help guide Proposing Partners in creating a proposal for review by Morro Bay Recreation and Parks Department staff.

B. Background and Assumptions

Partnerships are being used across the nation by governmental agencies in order to utilize additional resources for their community’s benefit. Examples of partnerships abound, and encompass a broad spectrum of agreements and implementation. The most commonly described partnership is between a public and a private entity, but partnerships also occur between public entities and non-profit organizations and/or other governmental agencies.

In order for partnerships to be successful, research has shown that the following elements should be in place prior to partnership procurement:

- There must be support for the concept and process of partnering from the very highest organizational level – i.e.: the City Council, Recreation and Parks Commission, and/or department head.
- The most successful agencies have high-ranking officials that believe that they owe it to their citizens to explore partnering opportunities whenever presented, those communities both solicit partners and consider partnering requests brought to them.
- It is very important to have a Partnership Policy in place before partner procurement begins. This allows the agency to be proactive rather than reactive when presented with a partnership opportunity. It also sets a “level playing field” for all potential partners, so that they can know and understand in advance the parameters and selection criteria for a proposed partnership.
- A partnership policy and process should set development priorities and incorporate multiple points for go/no-go decisions.
- The partnership creation process should be a public process, with both Partners and the Partnering Agency well aware in advance of the upcoming steps.

C. Partnership Definition

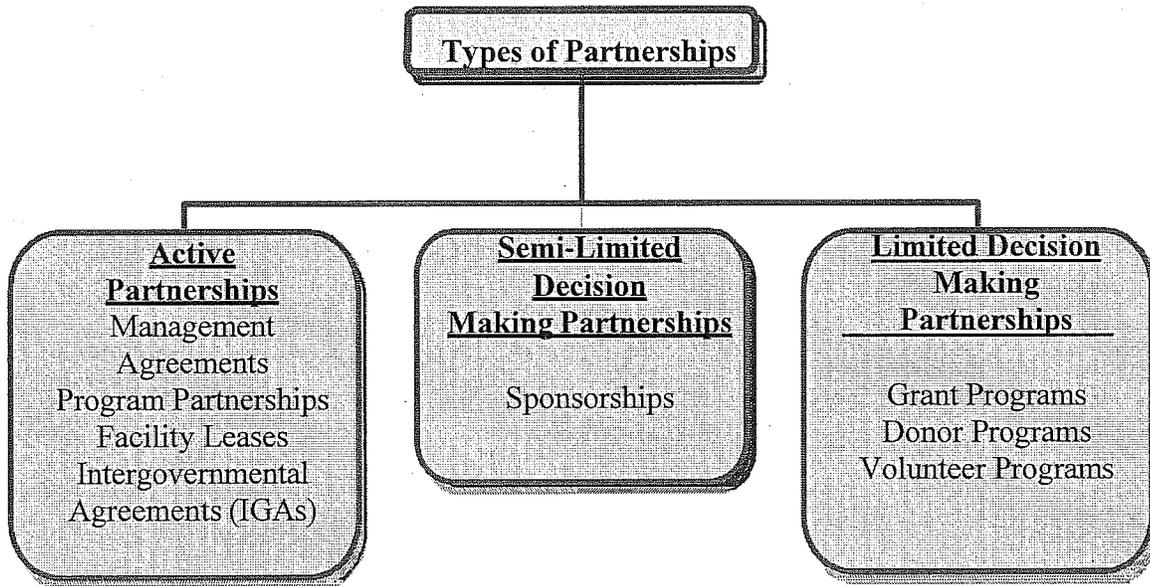
For purposes of this document and policy, a Proposed Partnership is defined as:

"An identified idea or concept involving Morro Bay Recreation and Parks Department and for-profit, non-profit, and/or governmental entities, outlining the application of combined resources to develop facilities, programs, and/or amenities for the City and its citizens."

A partnership is a cooperative venture between two or more parties with a common goal, who combine complementary resources to establish a mutual direction or complete a mutually beneficial project. Partnerships can be facility-based or program-specific. The main goal for Morro Bay Recreation and Parks Department partnerships is enhancing public offerings to meet the mission and goals of the City. Morro Bay Recreation and Parks Department is interested in promoting partnerships which involve cooperation among many partners, bringing resources together to accomplish goals in a synergistic manner. Proposals that incorporate such collaborative efforts will receive priority status.

Partnerships can accomplish tasks with limited resources, respond to compelling issues, encourage cooperative interaction and conflict resolution, involve outside interests, and serve as an education and outreach tool. Partnerships broaden ownership in various projects and increase public support for community recreation goals. Partners often have flexibility to obtain and invest resources/dollars on products or activities where municipal government may be limited.

Partnerships can take the form of (1) cash gifts and donor programs, (2) improved access to alternative funding, (3) property investments, (4) charitable trust funds, (5) labor, (6) materials, (7) equipment, (8) sponsorships, (9) technical skills and/or management skills, and other forms of value. The effective use of volunteers also can figure significantly into developing partnerships. Some partnerships involve active decision making, while in others, certain partners take a more passive role. The following schematic shows the types of possible partnerships discussed in this policy:



D. Possible Types of Active Partnerships

Morro Bay Recreation and Parks Department is interested in promoting collaborative partnerships among multiple community organizations. Types of agreements for Proposed “Active” Partnerships may include leases, contracts, sponsorship agreements, marketing agreements, management agreements, joint-use agreements, inter-governmental agreements, or a combination of these. An innovative and mutually beneficial partnership that does not fit into any of the following categories may also be considered.

Proposed partnerships will be considered for facility, service, operations, and/or program development including associated needs, such as parking, paving, fencing, drainage systems, signage, outdoor restrooms, lighting, utility infrastructure, etc.

E. Sponsorships

Morro Bay Recreation and Parks Department is interested in actively procuring sponsorships for facilities and programs as one type of beneficial partnership. Please see *the Morro Bay Recreation and Parks Department Sponsorship Policy* for more information.

F. Limited-Decision Making Partnerships: Donor, Volunteer, and Granting Programs

While this policy document focuses on the parameters for more active types of partnerships, the City is interested in, and willing to discuss, a proposal for any of these types of partnerships, and may create specific plans for such in the future.

G. Benefits of Partnerships with Morro Bay Recreation and Parks Department

The City expects that any Proposed Partnership will have benefits for all involved parties. Some general expected benefits are:

Benefits for the City and the Community:

- Merging of resources to create a higher level of service and facility availability for community members.
- Making alternative funding sources available for public community amenities.
- Tapping into the dynamic and entrepreneurial traits of private industry.
- Delivering services and facilities more efficiently by allowing for collaborative business solutions to public organizational challenges.
- Meeting the needs of specific groups of users through the availability of land for development and community use.

Benefits for the Partners:

- Land and/or facility availability at a subsidized level for specific facility and/or program needs.
- Sharing of the risk with an established stable governmental entity.
- Becoming part of a larger network of support for management and promotion of facilities and programs.
- Availability of professional City recreation and planning experts to maximize the facilities and programs that may result
- Availability of City staff facilitation to help streamline the planning and operational efforts.

II. The Partnering Process (Checklist)

The steps for the creation of a partnership with the Morro Bay Recreation and Parks Department are as follows:

- A. Morro Bay Recreation and Parks Department will create a public notification process that will help inform any and all interested partners of the availability of partnerships with the City. This will be done through notification in area newspapers, City's website, Department's distribution list, listing marketing efforts, or through any other notification method that is applicable and feasible.
- B. The proposing partner takes the first step to propose partnering with the City. To help in reviewing both the partnerships proposed, and the project to be developed in partnership, the City asks for a Preliminary Proposal according to a specific format as outlined in Part Two □ Proposed Partnership Outline Format.
- C. If initial review of a Preliminary Proposal yields interest and appears to be mutually beneficial based on the City Mission and Goals, and the Selection Criteria, a City staff or appointed representative will be assigned to work with potential partners.
- D. The City representative is available to answer questions related to the creation of an initial proposal, and after initial interest has been indicated, will work with the proposing partner to create a checklist of what actions need to take place next. Each project will have distinctive planning, design, review and support issues. The City representative will facilitate the process of determining how the partnership will address these issues. This representative can also facilitate approvals and input from any involved City departments, providing guidance for the partners as to necessary steps.
- E. An additional focus at this point will be determining whether this project is appropriate for additional collaborative partnering, and whether this project should prompt the City to seek a **Request for Proposal (RFP)** from competing/ collaborating organizations.

Request for Proposal (RFP) Trigger: In order to reduce concerns of unfair private competition, if a proposed project involves partnering with a private "for-profit" entity and a dollar amount greater than \$5,000, and the City has not already undergone a public process for solicitation of that particular type of partnership, the City will request Partnership Proposals from other interested private entities for identical and/or complementary facilities, programs or services. A selection of appropriate partners will be part of the process.

- F. For some projects, a Formal Proposal from the partners for their desired development project will need to be presented for the City's official development review processes and approvals. The project may require approval by the Legal, Planning, Fire and Safety, Finance and/or other City Departments, Recreation and Parks Commission, Planning Commission, The City Council, and/or the City Manager's Office, depending on project

complexity and applicable City Charter provisions, ordinances or regulations. If these reviews are necessary, provision to reimburse the City for its costs incurred in having a representative facilitate the partnered project's passage through Development Review should be included in the partnership proposal.

- G. Depending on project complexity and anticipated benefits, responsibilities for all action points are negotiable, within the framework established by law, to assure the most efficient and mutually beneficial outcome. Some projects may require that all technical and professional expertise and staff resources come from outside the City's staff, while some projects may proceed most efficiently if the City contributes staff resources to the partnership.
- H. The partnership must cover the costs the partnership incurs, regardless of how the partnered project is staffed, and reflect those costs in its project proposal and budget. The proposal for the partnered project should also discuss how staffing and expertise will be provided, and what documents will be produced. If City staff resources are to be used by the partnership, those costs should be allocated to the partnered project and charged to it.
- I. Specific **Partnership Agreements** appropriate to the project will be drafted jointly. There is no specifically prescribed format for **Partnership Agreements**, which may take any of several forms depending on what will accomplish the desired relationships among partners. The agreements may be in the form of:
 - Lease Agreements
 - Management and/or Operating Agreements
 - Maintenance Agreements
 - Intergovernmental Agreements (IGAs)
 - Or a combination of these and/or other appropriate agreements

Proposed partnership agreement might include oversight of the development of the partnership, concept plans and project master plans, environmental assessments, architectural designs, development and design review, project management, and construction documents, inspections contracting, monitoring, etc. Provision to fund the costs and for reimbursing the City for its costs incurred in creating the partnership, facilitating the project's passage through the Development Review Process, and completing the required documents should be considered.

- J. If all is approved, the Partnership begins. The City is committed to upholding its responsibilities to Partners from the initiation through the continuation of a partnership. Evaluation will be an integral component of all Partnerships. The agreements should outline who is responsible for evaluation; the types of measures used, and detail what will occur should the evaluations reveal Partners are not meeting their Partnership obligations.

III. The Partnership Evaluation Process

A. Mission Statements and Goals

All partnerships with Morro Bay Recreation and Parks Department should be in accord with the City's and the Recreation and Parks Department's Mission and Goals to indicate how a proposed partnership for that Department would be preliminarily evaluated:

**Morro Bay Recreation &
Parks Department
MISSION STATEMENT**

We are committed to providing quality recreational services, facilities, and parks necessary to live a healthy and enriched life. We provide these services to our customers in a responsive courteous manner. Our programs strive to build wellness in people, families, and the community.

"Creating Community through People, Parks and Programs"

GOALS

- Help to build strong communities and neighborhoods
- Promote environmental stewardship through recycling and education
- Provide beautiful, safe, and functional parks and facilities that improve the lives of all citizens
- Preserve cultural and historic features within the City's parks and recreation systems
- Provide a work environment for the Recreation & Parks Department staff that encourages initiative, professional development, high morale, productivity, teamwork, innovation, and excellence in management

B. Other Considerations

1. Costs for the Proposal Approval Process

For most proposed partnerships, there will be considerable staff time spent on the review and approval process once a project passes the initial review stage. This time includes discussions with Proposing Partners, exploration of synergistic partnering opportunities, possible RFP processes, facilitation of the approval process, and assistance in writing and negotiating agreements, contracting, etc. There may also be costs for construction and planning documents, design work, and related needs and development review processes mandated by City ordinances.

Successful Partnerships will take these costs into account and may plan for City Recovery of some or all of these costs within the proposal framework. Some of these costs could be considered as construction expenses, reimbursed through a negotiated agreement once operations begin, or covered through some other creative means.

2. Land Use and/or Site Improvements

Some proposed partnerships may include facility and/or land use. Necessary site improvements cannot be automatically assumed. Costs and responsibility for these improvements should be considered in any Proposal. Some of the general and usual needs for public facilities that may not be included as City contributions and may need to be negotiated for a project include:

- Any facilities or non-existent infrastructure construction
- Roads or street improvements
- Maintenance to specified standards
- Staffing
- Parking
- Lighting
- Outdoor restrooms
- Water fountains
- Complementary uses of the site
- Utility improvements
- Custodial
- Trash removal

3. Need

The nature of provision of public services determines that certain activities will have a higher need than others. Some activities serve a relatively small number of users and have a high facility cost. Others serve a large number of users and are widely available from the private sector because they are profitable. The determination of need for facilities and programs is an ongoing discussion in public provision of programs and amenities. The project will be evaluated based on how the project fulfills a public need.

4. Funding

Only when a Partnership Proposal demonstrates high unmet needs and high benefits for City citizens, will the City consider contributing resources to a project. The City recommends that Proposing Partners consider sources of potential funding. The more successful partnerships will have funding secured in advance. In most cases, Proposing Partners should consider funding and cash flow for initial capital development, staffing, and ongoing operation and maintenance.

The details of approved and pending funding sources should be clearly identified in a proposal.

For many partners, especially small private user groups, non-profit groups, and governmental agencies, cash resources may be a limiting factor in the proposal. It may be a necessity for partners to utilize alternative funding sources for resources to complete a proposed project. Obtaining alternative funding often demands creativity, ingenuity, and persistence, but many forms of funding are available.

Alternative funding can come from many sources, e.g. Sponsorships, Grants, Donor Programs, and internet searches can help with foundation and grant resources. Developing a solid leadership team for a partnering organization will help find funding sources. In-kind contributions can, in some cases, add additional funding.

All plans for using alternative funding should be clearly identified. The City's Sponsorship Policy, and partnered projects will be expected to adhere to this Policy. This includes the necessity of having an Approved Sponsorship Plan in place prior to procurement of sponsorships for a Partnered Project.

C. Selection Criteria

In assessing a partnership opportunity to provide facilities and services, the City will consider (as appropriate) the following criteria. The Proposed Partnership Outline Format in Part Two provides a structure to use in creating a proposal. City staff and representatives will make an evaluation by attempting to answer each of the following Guiding Questions:

- How does the project align with the City and affected Department's Mission Statement and Goals?
- How does the proposed facility fit into the current City and the affected Department's Master Plan?
- How does the facility/program meet the needs of City residents?
- How will the project generate more revenue and/or less cost per participant than the City can provide with its own staff or facilities?
- What are the alternatives that currently exist, or have been considered, to serve the users identified in this project?
- How much of the existing need is now being met within the City borders and within adjacent cities?
- What is the number and demographic profile of participants who will be served?
- How can the proposing partner assure the City of the long-term stability of the proposed partnership, both for operations and for maintenance standards?
- How will the partnered project meet Americans with Disabilities Act and EEOC requirements?
- How will the organization offer programs at reasonable and competitive costs for participants
- What are the overall benefits for both the City and the Proposing Partners?

Part Two
Morro Bay Recreation and Parks
Proposed Partnership Outline Format

Please provide as much information as possible in the following outline form.

I. Description of Proposing Organization:

- Name of Organization
- Years in Existence
- Contact Name, Mailing Address, Physical Address, Phone, Fax, E-mail
- Purpose of Organization
- Services Provided
- Member/User/Customer Profiles
- Accomplishments
- Legal Status

II. Decision Making Authority

Who is authorized to negotiate on behalf of the organization? Who or what group (i.e. Council/Commission/Board) is the final decision maker and can authorize the funding commitment? What is the timeframe for decision making?

Summary of Proposal (100 words or less)

What is being proposed in terms of capital development, and program needs?

III. Benefits to the Partnering Organization

Why is your organization interested in partnering with the Morro Bay Recreation and Parks Department? Please individually list and discuss the benefits (monetary and non-monetary) for your organization

IV. Benefits to the Morro Bay Recreation and Parks Department

Please individually list and discuss the benefits (monetary and non-monetary) for the Morro Bay Recreation and Parks Department and residents of the City.

V. Details (as currently known)

The following page lists a series of *Guiding Questions* to help you address details that can help outline the benefits of a possible partnership. Please try to answer as many as possible with currently known information. Please include what your organization proposes to provide and what is requested of Morro Bay Recreation and Parks Department. Please include (as known) initial plans for your concept, operations, projected costs and revenues, staffing, and/or any scheduling or maintenance needs, etc.

Guiding Questions

Meeting the Needs of our Community:

- In your experience, how does the project align with Recreation & Parks Department goals?
- How does the proposed program or facility meet a need for City residents?
- Who will be the users? What is the projected number and profile of participants who will be served?
- What alternatives currently exist to serve the users identified in this project?
- How much of the existing need is now being met? What is the availability of similar programs elsewhere in the community?
- Do the programs provide opportunities for entry-level, intermediate, and/or expert skill levels?
- How does this project incorporate environmentally sustainable practices?

The Financial Aspect:

- Can the project generate more revenue and/or less cost per participant than the City can provide with its own staff or facilities? If not, why should the City partner on this project?
- Will your organization offer programs at reasonable and competitive costs for all participants? What are the anticipated prices for participants?
- What resources are expected to come from the Recreation & Parks Department?
- Will there be a monetary benefit for the City, and if so, how and how much?

Logistics:

- How much space do you need? What type of space?
- What is critical related to location?
- What is your proposed timeline?
- What are your projected hours of operations?
- What are your initial staffing projections?
- Are there any mutually-beneficial cooperative marketing benefits?
- What types of insurance will be needed and who will be responsible for acquiring and paying premiums on the policies?
- What is your organization's experience in providing this type of facility/program?
- How will your organization meet Americans with Disabilities Act and EEOC requirements?

Agreements and Evaluation:

- How, by whom, and at what intervals should the project be evaluated?
- How can you assure the City of long-term stability of your organization?
- What types and length of agreements should be used for this project?
- What types of "exit strategies" should we include?