

# City of Morro Bay

## City Council Agenda

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### *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.*

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### **REGULAR MEETING TUESDAY, AUGUST 9, 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 - Presentation of Life Saving Medals to Sergeant Cox, Officer Riddering and Officer Painter for their rescue and lifesaving actions on January 23, 2016.

CLOSED SESSION REPORT  
MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS  
CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

PRESENTATIONS – None

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 JULY 12, 2016 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-2 APPROVAL OF MINUTES FROM THE JULY 12, 2016 CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-3 ADOPTION OF RESOLUTION NO. 61-16, WHICH RESCINDS RESOLUTION NO. 37-16 AND AMENDS AND ADOPTS THE COMPLETE 2016/17 MASTER FEE SCHEDULE; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Adopt Resolution No. 61-16.**

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

- C-1 CONSIDERATION AND DECISION ON MANAGEMENT PARTNERS' RECOMMENDATION REFERENCE CONTRACTED RELATIONSHIP FOR LAW ENFORCEMENT AND OTHER MANAGEMENT PARTNERS RECOMMENDATIONS; (ADMINISTRATION)

**RECOMMENDATION: Staff recommends the Council discuss and determine not to pursue research and consideration of contracted law enforcement services in Morro Bay.**

- C-2 WATER RECLAMATION FACILITY ("WRF") PROGRAM UPDATE AND QUARTERLY BUDGET REPORT; (PUBLIC WORKS)

**RECOMMENDATION: Review the information provided and provide direction to staff regarding timing of future reports.**

- C-3 DISCUSSION OF FINANCING STREET REPAIRS BY DEDICATING DISTRICT TRANSACTION TAX (MEASURE Q) MONIES FOR DEBT SERVICE PAYMENTS; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Discuss and direct staff accordingly.**

- C-4 ADOPTION OF ORDINANCE NO. 606, WHICH AMENDS VARIOUS PROVISIONS OF THE MORRO BAY MUNICIPAL CODE RELATING TO CITY ORGANIZATIONAL MATTERS, USE OF CITY PARKS AND RECREATION EQUIPMENT AND PROVIDES OTHER CLARIFICATIONS; (CITY ATTORNEY)

**RECOMMENDATION: Discuss and adopt, by second reading by title only and with further reading waived, Ordinance No. 606: An Ordinance of the City Council of the City of Morro Bay, California, Amending Various Provisions of the Morro Bay Municipal Code Relating to City Organizational Matters, Use of City Parks and Recreation Equipment and Providing Other Clarifications.**

C-5 ADOPTION OF ORDINANCE NO. 607, WHICH AMENDS SECTION 3.34.010 OF THE MORRO BAY MUNICIPAL CODE RELATING TO THE CITY'S MASTER FEE SCHEDULE: (CITY ATTORNEY)

**RECOMMENDATION: Discuss and adopt, by second reading by title only and with further reading waived, Ordinance No. 607: An Ordinance of the City Council of the City of Morro Bay, California, Amending Section 3.34.010 of the Morro Bay Municipal Code Relating to the City's Master Fee Schedule.**

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, August 23, 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.**

MINUTES – MORRO BAY CITY COUNCIL  
SPECIAL CLOSED SESSION MEETING –  
JULY 12, 2016  
CITY HALL CONFERENCE ROOM–3:30 P.M.

AGENDA NO: A-1  
MEETING DATE: August 9, 2016

PRESENT: Jamie Irons Mayor  
John Headding Councilmember  
Christine Johnson Councilmember *arrived at 3:39 p.m.*  
Matt Makowetski Councilmember  
Noah Smukler Councilmember

STAFF PRESENT: Dave Buckingham City Manager  
Joe Pannone City Attorney  
Colin Tanner Special Labor Counsel *via teleconference*  
Eric Endersby Harbor Director  
Dana Swanson City Clerk / Risk Manager

ESTABLISH QUORUM AND CALL TO ORDER – A quorum was established and the meeting was called to order at 3:30 p.m. with all members but Member Johnson present. Councilmember Johnson joined the meeting at 3:39 p.m.

SUMMARY OF CLOSED SESSION ITEMS - The Mayor read a summary of Closed Session items.

CLOSED SESSION PUBLIC COMMENTS - Mayor Irons opened the meeting for public comments for items only on the agenda; seeing none, the public comment period was closed.

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

**CS-1 CONFERENCE WITH LABOR NEGOTIATORS**

City Designated Representatives: Joseph W. Pannone and Colin Tanner  
Employee Organizations: Morro Bay Firefighters' Association; Morro Bay Police Officers' Association; Service Employee's International Union - SEIU Local 620

**CS-2 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: Administrative Advisory Arbitration re Termination of Police Officer

**CS-3 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

Paragraph (1) of subdivision (d) of Section 54956.9  
Name of Case: Enrique Cantu vs. City of Morro Bay - EAMS No. ADJ9725118, ADJ9735483 and ADJ9725119

**CS-4 GOVERNMENT CODE SECTION 54956.8 - CONFERENCE WITH REAL PROPERTY NEGOTIATOR:**

Property: Lease Site 89/89W, The Boatyard, 845 Embarcadero  
Property Negotiators: Cliff Branch, Trustee of Branch Family Trust and James and Beverly Smith, Trustee of Smith Family Trust  
Agency Negotiators: Eric Endersby, Harbor Director, David Buckingham, City Manager and Joseph Pannone, City Attorney  
Under Negotiation: Price and Terms of Payment

Property: Lease Site 122-123/122W-123W, Harbor Hut, 1205 Embarcadero  
Property Negotiators: Troy Leage, THMT, Inc.  
Agency Negotiators: Eric Endersby, Harbor Director, David Buckingham, City Manager  
and Joseph Pannone, City Attorney  
Under Negotiation: Price and Terms of Payment

Property: Lease Site 110W-112W & 111.5W, Great American Fish Company,  
1185 Embarcadero  
Property Negotiators: George Leage, GAFCO, Inc.  
Agency Negotiators: Eric Endersby, Harbor Director, David Buckingham, City Manager  
and Joseph Pannone, City Attorney  
Under Negotiation: Price and Terms of Payment

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 5:10 p.m.

Recorded by:

Dana Swanson  
City Clerk

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – JULY 12, 2016  
VETERAN’S MEMORIAL HALL – 6:00 P.M.

PRESENT:	Jamie Irons	Mayor
	John Headding	Councilmember
	Matt Makowetski	Councilmember
	Christine Johnson	Councilmember
	Noah Smukler	Councilmember
STAFF:	Dave Buckingham	City Manager
	Joe Pannone	City Attorney
	Dana Swanson	City Clerk
	Susan Slayton	Administrative Services Director
	Rob Livick	Public Works Director
	Scot Graham	Community Development Manager
	Steve Knuckles	Fire Chief
	Eric Endersby	Harbor Director

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:02 p.m., with all members present.

MOMENT OF SILENCE

<https://youtu.be/42JbqJY9DA8?t=1m19s>

To honor the memory of the five fallen Police Officers in Dallas, Texas, Police Chaplain Jim Berg opened the Moment of Silence.

PLEDGE OF ALLEGIANCE

RECOGNITION - None

CLOSED SESSION REPORT – City Attorney Pannone reported that with regard to the Closed Session Items, the Council did not take any reportable action pursuant to the Brown Act.

MAYOR AND COUNCILMEMBERS’ REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/42JbqJY9DA8?t=6m31s>

CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/42JbqJY9DA8?t=8m23s>

City Manager Buckingham announced Police Chief Christey accepted a conditional offer of employment from the City of Pacific Grove. To assist during the transition, the City has entered into a contract with Interim Police Chief Larry Todd, who will begin August 1<sup>st</sup>.

PRESENTATIONS - None

PUBLIC COMMENT

<https://youtu.be/42JbqJY9DA8?t=12m50s>

Merlie Livermore of Pojas Floor & Tile provided the business spot. Pojas Floor & Tile is a family-owned business established in 2004 that has expanded to Grover Beach and Morro Bay. The Morro Bay retail showroom is located at 600 Morro Bay Blvd., Unit C, and open 12 noon – 5 p.m. on Mondays and 10:30 a.m. - 4:30 p.m. Tuesday – Saturday.

Caroline Lewis, Morro Bay resident and Secretary of Neighborhood Watch, announced National Night Out, a national police awareness event, to be held on Tuesday, August 2, at Cloisters Park from 5:00 – 7:00 p.m.

Ron Reisner, Morro Bay, on behalf of Community Foundation of Estero Bay (formerly the Morro Bay Community Foundation) presented a check to the City to help children in financially challenged families participate in recreation and enrichment activities.

Judy Salamacha, Morro Bay, on behalf of the Central Coast Maritime Museum Association, announced the city will host the San Salvador during its maiden voyage from September 28 through October 10.

Gannon Campbell, Morro Bay, spoke regarding skate park features recently removed from the area behind the Morro Bay Teen Center and offered to help improve the existing skate park.

Steve Campbell, Morro Bay, spoke regarding the “do it yourself” skate park features recently removed and suggested forming a study committee or action committee to look into short-term improvements to the existing skate park and long-term developing a state-of-the-art skate park.

Tina Metzger, Morro Bay, submitted a letter from her attorney, Daniel McGee, to Mayor Irons and the City Council and read that letter into the record.

Sandi Twist, Morro Bay resident, owner of The Paddleboard Company and Chamber of Commerce Director, spoke in support of developing a new and improved skate park.

John Hovdal, Central Coast Disc Golf Connection, expressed interest in adding an 8- to 9-hole disc golf course at Del Mar Park.

Ken Vesterfelt, Morro Bay, spoke regarding the possibility of outsourcing law enforcement services to the Sheriff Department, asked the City Council to ensure the community is aware of what’s going on.

Janice House, Morro Bay, expressed concern there were no minimum qualifications for education or experience listed on the current City job flyers for management level employees.

Ken Twist, Morro Bay, spoke in support of Mr. Campbell and others who wish to establish a skate park in the city, and is willing to participate in the project and help raise funds.

Alice Kolb, Morro Bay, addressed Item C-3, expressing concerned with proposed Section 2.12.100, noting elected City Council members should be part of the decision to reorganize departments.

The City Manager responded to questions raised during the public comment period.

The comment period was closed.

- A. CONSENT AGENDA  
<https://youtu.be/42JbqJY9DA8?t=1h55s>

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

- A-1 APPROVAL OF MINUTES FROM THE JUNE 14, 2016 CITY COUNCIL MEETING;  
(ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-2 APPROVAL OF MINUTES FROM THE JUNE 28, 2016 CITY COUNCIL MEETING;  
(ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-3 ADOPTION OF RESOLUTION NO. 57-16 ESTABLISHING THE COMPENSATION AND BENEFITS FOR UNREPRESENTED MANAGEMENT EMPLOYEES OF THE CITY OF MORRO BAY; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Adopt Resolution No. 57-16.**

- A-4 APPROVAL OF SALES AGREEMENT WITH JEFF MAYER FOR THE PURCHASE OF 2783 CORAL AVENUE (CORAL / SAN JACINTO); APN: 065-386-015;  
(COMMUNITY DEVELOPMENT)

**RECOMMENDATION: Adopt Resolution No. 59-16 authorizing the sale of City-owned property located at 2783 Coral Avenue.**

- A-5 WATER RECLAMATION FACILITY (WRF) PROGRAM UPDATE; (PUBLIC WORKS)

**RECOMMENDATION: Receive and file.**

- A-6 ADOPTION OF RESOLUTION NO. 60-16 ESTABLISHING THE MAXIMUM COMPENSATION AND BENEFITS FOR CERTAIN CITY DEPARTMENT HEAD POSITIONS; (ADMINISTRATION)

**RECOMMENDATION: Adopt Resolution No. 60-16.**

The public comment period for the Consent Agenda was opened.

Betty Winholtz, Morro Bay, raised concern regarding four items on consent agenda: Item A-3 – when did the City Clerk’s title change and when did that position move from Confidential to

Management; Item A-4 – will the buyer of the San Jacinto property use the previous site plan or submit new plans; Item A-5 – why statistics or a budget for the proposed site were not provided; and Item A-6 – she suggested the proposed policy provided the City Manager too much discretion.

Janice House, Morro Bay, spoke regarding Item A-4, reminding the Council the property at Coral and San Jacinto was originally intended for a fire station and the proceeds from the sale were dedicated to pay down debt on the new fire station.

Tina Metzger, Morro Bay, spoke regarding Item A-6 expressing concern this resolution provides the City Manager with too much power.

The public comment period for the Consent Agenda was closed.

Mr. Buckingham responded to questions raised during the public comment period.

Mayor Irons pulled Item A-4. Councilmember Smukler pulled Item A-5.

**MOTION:** Councilmember Johnson moved the Council approve Item A-1, A-2, A-3 and A-6 on the Consent Agenda. The motion was seconded by Councilmember Heading and carried unanimously, 5-0.

**A-4 APPROVAL OF SALES AGREEMENT WITH JEFF MAYER FOR THE PURCHASE OF 2783 CORAL AVENUE (CORAL / SAN JACINTO); APN: 065-386-015; (COMMUNITY DEVELOPMENT)**  
<https://youtu.be/42JbqJY9DA8?t=1h18m17s>

Mayor Irons asked staff for evidence the proceeds from the sale were dedicated to paying down the fire station. Mr. Buckingham assured the Council that should the sale go through, staff will research and take appropriate action. At the Mayor's request, Mr. Graham provided further clarification regarding the previous map approval process and steps going forward. The removal of trees was also discussed. Staff agreed to bring back information regarding the appropriate use of proceeds before the close of escrow.

**A-5 WATER RECLAMATION FACILITY (WRF) PROGRAM UPDATE; (PUBLIC WORKS)**  
<https://youtu.be/42JbqJY9DA8?t=1h23m11s>

The Council requested this item be brought back in August as a discussion item to review and discuss public outreach milestones and budget execution.

**MOTION:** Councilmember Smukler moved for approval of Consent Items A-4 and A-5. The motion was seconded by Councilmember Heading and carried unanimously, 5-0.

**B. PUBLIC HEARINGS**

**B-1 APPROVAL OF REPORT ON THE MEASURES TAKEN TO ALLEVIATE CONDITIONS PREVIOUSLY IDENTIFIED AND LEADING TO THE ADOPTION OF URGENCY ORDINANCE 604 APPROVING A 45-DAY MORATORIUM LIMITING**

THE NUMBER OF VACATION RENTALS IN THE CITY AND CONSIDERATION AND ADOPTION OF ORDINANCE 605 APPROVING THE EXTENSION OF THAT CITYWIDE MORATORIUM FOR TWENTY-TWO MONTHS AND FIFTEEN DAYS; (COMMUNITY DEVELOPMENT)

<https://youtu.be/42JbqJY9DA8?t=1h30m19s>

Councilmember Heading recused himself from this item as he recently registered his property as a vacation rental. He left the meeting at 7:31 p.m.

Community Development Manager Graham presented the staff report and responded to Council inquiries.

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

Toni LeGras, Cayucos resident and owner of a vacation rental company, opposed extending the moratorium and offered her assistance in creating a new ordinance that can be enforced.

Betty Winholtz, Morro Bay, supported extending the moratorium, wanted to ensure the Planning Commission is involved in the process, and felt setting the limit at 250 rewarded those operating illegally.

Kathy Ruddell, Morro Bay, offered to assist in the drafting of a new ordinance.

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

The Council supported having an urgency ordinance in place while developing a vacation rental ordinance through the General Plan / LCP update process and encouraged those interested in participating to sign up for Notify Me and stay involved.

**MOTION:** Councilmember Johnson moved the Council issue the “Report of the City Council of the City of Morro Bay on measures taken to alleviate the conditions previously identified and leading to the adoption of a moratorium on the issuance of any new Permit, License, Approval, or Entitlement pertaining to vacation rentals within the City (Ordinance 604), pursuant to Government Code Section 65858;” and (ii) adopt, by reading the title only and waiving further reading, Ordinance No. 605: An Urgency Ordinance of the City Council of the City of Morro Bay approving extension of a Citywide Moratorium on the issuance of any new Permit, License, Approval, or Entitlement pertaining to a vacation rental for an additional twenty-two months and fifteen days within the City of Morro Bay and declaring the urgency thereof and establishing its effective date as July 28, 2016. The motion was seconded by Councilmember Makowetski and carried 4-0-1 with Councilmember Heading having recused himself due to a conflict of interest.

Councilmember Heading rejoined the meeting at 8:00 p.m.

The Council took a short recess at 8:00 p.m.; the meeting reconvened at 8:09 p.m.

C. BUSINESS ITEMS

- C-1 ADOPTION OF RESOLUTION NO. 58-16 APPROVING A NEW 30-YEAR MASTER LEASE BETWEEN THE CITY OF MORRO BAY AND MORRO BAY OYSTER COMPANY, LLC FOR LEASE SITE 144/144W, LOCATED AT 1287 EMBARCADERO; (HARBOR)  
<https://youtu.be/42JbqJY9DA8?t=2h2m14s>

Harbor Director Endersby presented the staff report and responded to Council inquiries. The Council discussed adding language requiring the engineering report be completed by end of 2016, subject to reasonable discretion of the Harbor Director.

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

Betty Winholtz, Morro Bay, supported the proposed use but disagreed adding a raw bar would be Measure “D” compliant.

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

The Council agreed to include a timeline for engineering analysis and mitigation, subject to the reasonable discretion of the Harbor Director. Regarding concerns about Measure “D” compliance, there was consensus to approve the relatively small retail and potential raw bar component as it helps relay oyster farming and the aquaculture process to the public, which fits today’s commercial fishing needs.

MOTION: Councilmember Makowetski moved the Council adopt Resolution No. 58-16 approving a new 30-year master lease between the City of Morro Bay and Morro Bay Oyster Company, LLC for Lease Site 144/144W, located at 1287 Embarcadero, amended to include a timeline subject to the reasonable discretion of the Harbor Director. The motion was seconded by Councilmember Heading and carried unanimously, 5-0.

- C-2 DESIGNATION OF VOTING DELEGATE AND ALTERNATE AT LEAGUE OF CALIFORNIA CITIES 2016 ANNUAL CONFERENCE BUSINESS MEETING; (ADMINISTRATION)  
<https://youtu.be/42JbqJY9DA8?t=2h36m19s>

City Manager Buckingham briefly presented the staff report and responded to Council inquiries.

The public comment period for Item C-2 was opened; seeing none, the public comment period was closed.

Mayor Irons and Councilmember Heading announced they will be attending the League of California Cities Annual Conference. Councilmember Makowetski is likely to attend and will confirm before the end of July. Councilmembers Johnson and Smukler do not plan to attend. There was consensus to appoint Mayor Irons as the voting delegate with Councilmembers Makowetski and Heading as alternates.

MOTION: Mayor Irons moved the Council appoint Mayor Irons as the voting delegate with Mayor Pro Tem Makowetski as the first alternate and Councilmember Headding as the second alternate. The motion was seconded by Councilmember Johnson and carried unanimously, 5-0.

C-3 INTRODUCTION OF ORDINANCE NO. 606, WHICH AMENDS VARIOUS PROVISIONS OF THE MORRO BAY MUNICIPAL CODE RELATING TO CITY ORGANIZATIONAL MATTERS, POLITICAL ACTIVITIES BY EMPLOYEES, USE OF CITY PARKS AND RECREATION EQUIPMENT AND PROVIDES OTHER CLARIFICATIONS; (CITY ATTORNEY)  
<https://youtu.be/42JbqJY9DA8?t=2h38m43s>

City Attorney Pannone presented the staff report and responded to Council inquiries.

The public comment period for Item C-3 was opened.

Tina Metzger, Morro Bay, spoke regarding proposed Section 2.12.100, expressing concern about circumventing the open forum process and surrendering power to the City Manager.

Janice House, Morro Bay, expressed concern about the proposed Section 2.12.100 and preferred the City Council retain that authority. Regarding Section 2.32.130, she suggested ‘at any time’ be removed.

Betty Winholtz, Morro Bay, suggested the Council reconsider the ordinance in terms of reorganizing departments, the appeal process for denied permits, and improper political activities.

The public comment period fir Item C-3 was closed.

The Council discussed concerns raised during public comment and agreed to approve the sections of the ordinance they were comfortable with, not including Sections 2.12.100 and 2.32.130, which need more discussion. Mayor Irons suggested reaching out to the League of California Cities for recommendations on improper political activities and compare Section 2.12.100 to other local cities.

Regarding Section 2.24.040, there was consensus to include a requirement an appeal must be heard within fifteen days.

MOTION: Councilmember Smukler moved for introduction and first reading by title only and with further reading waived, Ordinance 606: An Ordinance of the City Council of the City of Morro Bay, California, amending various provisions of the Morro Bay Municipal Code relating to City organizational matters, political activities by employees, use of City parks and recreation equipment, and providing other clarifications, removing Section 1 on page 1 and Section 12 on page 4, and amending Section 10 on page 3 to include language stating the Recreation & Parks Commission must meet within 15 days of an appeal being filed.. The motion was seconded by Councilmember Headding and carried 5-0.

C-4 INTRODUCTION OF ORDINANCE NO. 607, WHICH AMENDS SECTION 3.34.010 OF THE MORRO BAY MUNICIPAL CODE RELATING TO THE CITY'S MASTER FEE SCHEDULE; (CITY ATTORNEY)  
<https://youtu.be/42JbqJY9DA8?t=3h37m27s>

Mr. Pannone presented the staff report and responded to Council inquiries.

The public comment period for Item C-4 was opened.

Betty Winholtz, Morro Bay, opposed the City charging market rate for any service and believes only in recovering actual costs.

Mr. Pannone clarified the ordinance doesn't say the City must charge market fees, but allows it to do so, and all fees are approved by Council through the Master Fee Schedule.

The public comment period for Item C-4 was closed.

MOTION: Mayor Irons moved for introduction and first reading by title only and with further reading waived, Ordinance No. 607: an ordinance of the City Council of the City of Morro Bay, California, amending Section 3.34.010 of the Morro Bay Municipal Code relating to the City's Master Fee Schedule. The motion was seconded by Councilmember Headding and carried unanimously, 5-0.

C-5 ADOPTION OF ORDINANCE NO. 601: LOCAL COASTAL PROGRAM AND ZONING TEXT AMENDMENT (#A00-029) AMENDING TITLE 17 PROVISIONS RELATED TO SECONDARY DWELLING UNITS AND GUESTHOUSES/ QUARTERS AND ACCESSORY LIVING AREAS; (COMMUNITY DEVELOPMENT)  
<https://youtu.be/42JbqJY9DA8?t=3h42m14s>

Mayor Irons recused himself from Item C-5 due to a conflict of interest based on having an application to build a guest house recently approved by the City, and left the meeting at 9:50 p.m.

Community Development Manager Graham presented the staff report and responded to Council inquiries.

The public comment period for Item C-5 was opened; seeing none, the public comment period was closed.

MOTION: Councilmember Headding moved the Council adopt, by title only with further reading waived, Ordinance 601: an ordinance of the City Council of the City of Morro Bay, California, announcing findings and adopting amendments to Title 17 of the Morro Bay Municipal Code to establish provisions for review of secondary dwelling units and guesthouses, and direct staff to submit a Local Coastal Program (LCP) Amendment to Coastal Commission. The motion was seconded by Councilmember Johnson and carried 4-0-1 with Mayor Irons having recused himself due to a conflict of interest.

Mayor Irons rejoined the meeting at 9:54 p.m.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS  
<https://youtu.be/42JbqJY9DA8?t=3h45m34s>

Based on a recommendation by staff, Mayor Irons requested staff bring forward an evaluation of Management Partners recommendation to consider beginning research on a contracted relationship to provide law enforcement services to the City at existing service levels. Councilmember Headding supported the item and suggested staff also provide a cost analysis of the current dispatch services. Councilmembers Johnson and Smukler supported the item.

Councilmember Johnson asked how the skate park discussion would move forward. Mr. Buckingham requested a month to investigate options then bring a report to Council in August that would likely add the project to the 2016/17 Goals and Objectives. Councilmember Smukler suggested Mayor Irons be the Council liaison on this project. There was Council support for this item.

Councilmember Johnson asked about a similar process for disc golf. Mayor Irons suggested the group provide a presentation to the Recreation & Parks Commission. Councilmembers Johnson, Smukler and Makowetski agreed.

Councilmember Headding requested a discussion to consider utilizing low-interest loans to increase the amount of street work that can be accomplished. Mayor Irons, Councilmembers Johnson and Smukler supported the item.

E. ADJOURNMENT

The meeting adjourned at 10:13 p.m. The July 26, 2016 meeting was previously canceled; consequently, the next Regular Meeting will be held on Tuesday, August 9, 2016 at 6:00 p.m. at the Veteran's Memorial Hall located at 209 Surf Street, Morro Bay, California.

Recorded by:

Dana Swanson,  
City Clerk



AGENDA NO: A-3

MEETING DATE: August 9, 2016

# Staff Report

**TO:** Honorable Mayor and City Council                      **DATE:** July 29, 2016  
**FROM:** Susan Slayton, Administrative Services Director  
**SUBJECT:** Adoption of Resolution No. 61-16, which Rescinds Resolution No. 37-16 and Amends and Adopts the Complete 2016/17 Master Fee Schedule

## RECOMMENDATION

Council to adopt Resolution No. 61-16.

## FISCAL IMPACT

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

## DISCUSSION

After publishing the Master Fee Schedule, staff discovered the Water section was accidentally omitted from the 2016/17 Master Fee Schedule. Those fees are listed on pages 14-15 of the 2016/17 Master Fee Schedule provided with this report.

This section has been in the report in years past, but was not transmitted for inclusion in the report brought to Council on May 24, 2016, with Resolution No. 37-16.

Staff is presenting Resolution No. 61-16, which:

1. Rescinds Resolution No. 37-16, which adopted the Master Fee Schedule on May 24, 2016;
2. Adds the Water section into the Master Fee Schedule adopted in May; and
3. Readopts the Master Fee Schedule, in its entirety.

## CONCLUSION

Staff is requesting the City Council adopt Resolution No. 61-16 to adopt the complete 2016/17 Master Fee Schedule.

## ATTACHMENT

Resolution No. 61-16

Prepared By: SS

Dept Review: \_\_\_\_\_

City Manager Review: \_\_\_\_\_

City Attorney Review: JWP

**RESOLUTION NO. 61-16**

**RESOLUTION OF THE CITY COUNCIL OF  
THE CITY OF MORRO BAY, CALIFORNIA,  
AMENDING THE FISCAL YEAR 2016/17 MASTER FEE SCHEDULE  
ADOPTED BY RESOLUTION NO. 37-16 TO ADD FEES FOR WATER-RELATED  
SERVICES, READOPTING THE ENTIRE FISCAL YEAR 2016/17 MASTER FEE  
SCHEDULE, AND RESCINDING RESOLUTION NO. 37-16**

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

**WHEREAS**, the City Council finds 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**, pursuant to the California Constitution, with certain exceptions, if a City fee exceeds the City's costs for providing the service covered by that fee, that fee is considered a tax; and

**WHEREAS**, the City has reviewed the attached fees, and finds they do not exceed the actual costs of providing related services when that limitation is applicable; and

**WHEREAS**, California Government Code Sections 66000 *et seq.*, mandates numerous detailed and stringent requirements for fees levied by local government for development 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, 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**, 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 "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;

**WHEREAS**, when the Fiscal Year 2016/17 Master Fee Schedule was adopted on May 24, 2016, fees for Water-related services were inadvertently not included.

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

1. Resolution No. 37-16 is hereby rescinded.
2. The Fiscal Year 2016/17 Master Fee Schedule, attached hereto and incorporated herein, is hereby amended and readopted.

**PASSED AND ADOPTED**, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9<sup>th</sup> day of August 2016, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
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

<b>FEE NAME</b>	<b>ADOPTED FEE</b>
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

<b>FINANCE</b>	
<b>FEE NAME</b>	<b>ADOPTED FEE</b>
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
<b>UTILITY BILLING</b>	
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

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

<b>Public Facilities Fees, per square foot (continued)</b>	
Storm Drain	\$0.03
Traffic	\$1.25
<b>PLANNING</b>	
<b>Affordable Housing In-Lieu:</b>	
Funding assistance fee	\$582
Reasonable Accommodation fee (no fee required if in conjunction with other discretionary permit)	\$113
<b>Coastal Permits (may be billed at direct cost):</b>	
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
<b>Environmental (may be billed at direct cost):</b>	
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

<b>Miscellaneous:</b>	
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
<b>Notification fees:</b>	
Planning Commission Hearing	\$306
Administrative Permit Noticing	\$153
Special Events	Actual staff cost
<b>Sign Permits:</b>	
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

<b>Subdivisions: all Subdivisions may be billed at direct cost</b>	
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
<b>Text Amendments &amp; Annexations (May be billed at direct cost)</b>	
Zone Ord. Changes/LCP <ul style="list-style-type: none"> <li>- Minor (single section revisions/additions)</li> <li>- Major (multiple sections revised/added)</li> </ul> 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"> <li>- Minor (single section revisions/additions)</li> <li>- Major (multiple sections revised/added)</li> </ul> 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
<b>Time Extensions</b>	
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

<b>Variations</b>	
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
<b>Laserfiche Applies to all Planning and Building Permits</b>	
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.

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

<b>Public Improvement Plans</b>	
<b>Inspections/Plan Review - time and materials costs may be added to minimum, when actual cost exceeds the minimum fee:</b>	
Inspections	Cost of service, i.e., Time and Materials
Public/Subdivision Improvement Plan Check, minimum fee	\$473
<b>Abandonment Process:</b>	
Street/R-O-W Abandonment Process	\$942
<b>Encroachment Permits (MC 13.16.140) - time and materials costs may be added to minimum, when actual cost exceeds the minimum fee (PW):</b>	
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
<b>Street &amp; Sidewalks:</b>	
Exception Application Exception Application (Sidewalk Deferral)	\$171
<b>PLANNING AND ENGINEERING DEVELOPMENT REVIEW FEES</b>	
<b>Storm Water Fees (PW):</b>	
<b>Single Family; Other than Single Family (per 6,000 square foot lot area, or fraction thereof):</b>	
Planning review of preliminary stormwater plan	\$153
Building permit review of stormwater plan	\$200
Inspection of stormwater facility/erosion control	\$107
<b>Trees (PW):</b>	
Removal Permit (to trim, brace or remove, MC 12.08.110)	\$276

<b>WATER</b>	
<b>Water Service:</b>	
Application (MC 13.04.07)	\$26.54
Connection - Within City Limits (MC 13.04.100)	Time and Materials (T&M)
Connection - Outside City), only by Council Resolution (MC 13.04.100)	2 x T&M
Connection - Subdivisions (MC 13.04.100)	T&M
Main Extension Approval (MC 13.04.120)	T&M
Temporary Service (MC 13.04.150)	T&M
<b>Meter Installations/Connections:</b>	
3/4 inch Meter/Service (Only installed where Fire sprinklers are not required)	\$1,452.60
1 inch meter Meter/Service	\$1,948.71
1" Meter/1-1/2" Service (for residential fire sprinklers)	\$2,465.23
1" Meter/2" Service (for residential fire sprinklers)	\$3,085.88
1-1/2" inch meter and above	T&M
Meter Box Installation	\$234.78
Temporary Water Meter Rental	\$92.89
Water Meter Re-Read	\$28.58
Reconnection (MC 13.04.310)	\$49.00
After - Hours Water Meter Turn Off/On	\$125.56
"Drop in" meter fee, up to 2 inches	0.75 x Reg Meter Fee
Relocation of water meter for customer convenience	1.5 x Reg Meter Fee
Water meter lock and any other damage. Subject to Police investigation and potential prosecution for theft of water and tampering with City Property	T&M (\$49 minimum)

<b>Meter Installations/Connections (continued):</b>	
Water Meter Testing (Remove, test and replace meter); fee refunded if meter test indicates an overage of greater than 2%	\$153.12
Water Equivalency Unit (WEU) "In-Lieu" Fee - <b>per WEU required.</b> In-lieu fee is an alternative for an applicant that does not provide the WEU offset, as required and set by Council Resolution	2 x \$3,016/WEU required = \$6,032
Fire Hydrants/Non-Potable - Meter Installation and Removal for Contractor Use (MC 13.04.360):	T&M (\$48 minimum)
Hydrant Meter Rental, per day plus cost of water at current rate structure.	\$4.08
Certificate of Compliance	\$25.52
Water Service Refundable Deposit - residential tenants only	\$102.08
<b>WASTEWATER</b>	
Connection Permit - fee plus staff time for inspection. This is in addition to an Encroachment Permit.	\$81.66
Main Extension - pro rated - to be charged at cost	T&M
Discharge Fee - Recreational Vehicles and Campers	\$5.10
Discharge Fee - Tank Trucks and Commercial per truck, for each 1,000 gallon capacity	\$7.15 + \$7.15/1000gal or fraction there of
Raising Manhole to Grade	T&M
Sewage Spill Cleanup - cost of providing service Sewage spill clean up	T&M

<b>POLICE SERVICES</b>	
<b>FEE NAME</b>	<b>ADOPTED FEE</b>
<b>Permits and Licenses:</b>	
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
<b>Support Services Activity:</b>	
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
<b>Officer Activity:</b>	
Equipment Citation Sign Off	\$16
Vehicle Impound Fee Administrative Costs (CVD 22850.5)	\$167
Abandoned Vehicle Removal (junk vehicles/parts)	\$336
<b>Other Police Services:</b>	
Firearms-seizure/storage (PC 33880)	\$56

<b>State Mandated Costs</b>	
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
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
<b>Cost Recovery:</b>	
DUI Emergency Response (MBMC 3.40.030)	Actual Cost
False Alarm Response (after 3 <sup>rd</sup> false alarm in a year) (MBMC 9.22.020)	\$224

<b>FIRE</b>	
<b>FEE NAME</b>	<b>ADOPTED FEE</b>
<b>Permits:</b>	
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
<b>Equipment &amp; Personnel Charges:</b>	
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

<b>Plan Review Fees:</b>	
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
<b>Fire Protection:</b>	
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

<b>Fire Protection (continued):</b>	
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
<b>Fire Prevention:</b>	
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

<b>Incident Response Fees:</b>	
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
<b>Other Fire Services:</b>	
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

<b>Permits - California Fire Code:</b>	
See operational and construction permits identified in the California Fire Code, Section 105	
Special Occurrence or Use Permit includes 1 inspection	
<b>Plan Review Fees:</b>	
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 10<sup>th</sup> 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

<b>Vessel Fees (continued)</b>	
Temporary Moorage – large vessels or equipment requiring special accommodation – daily rate	\$171
Impounded Vessels – monthly rate per foot, minimum monthly increments	\$10.32
<b>MOORING FEES</b>	
<p><b>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.</b></p> <p><b>2. Guest Mooring stay limited to 30 days in any 6 month period.</b></p>	
City Moorings – monthly rate	\$243
Private Moorings – monthly rate	\$84.10
Guest Moorings – daily rate per foot	\$0.27
Mooring Ownership Transfer – private moorings	\$1,131
<b>SERVICE FEES</b>	
<p><b>1. South T-Pier Hoist may only be used for fish unloading in certain cases; see Harbor Department Rules and Regulations.</b></p> <p><b>2. Dry Storage fee for use of each designated approximate 9-foot by 20-foot space.</b></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

	<b>Resident/Non-Profit Groups</b>	<b>Non-Resident/For-Profit Groups</b>
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

	<b>Resident/Non-Profit Groups</b>	<b>Non-Resident/For-Profit Groups</b>
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

<b>RECREATION FACILITY RENTALS (continued)</b>		
<b>TEEN CENTER</b>		
	<b>Resident/Non-Profit Groups</b>	<b>Non-Resident/For-Profit Groups</b>
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
<b>ADDITIONAL FEES</b>		
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	
<b>PARK and OPEN SPACE RENTALS</b>		
	<b>Resident/Non-Profit Groups</b>	<b>Non-Resident/For-Profit Groups</b>
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	<b>Single Area:</b> \$50 Rental Fee/Area <b>Multi-Area, Entire Park, Multi-Day Event:</b> \$100/Day + Rental Fee	<b>Single Area:</b> \$75 Rental Fee/Area <b>Multi-Area, Entire Park, Multi-Day Event:</b> \$150/Day + Rental Fee

<b>Park and Open Space Rentals (continued)</b>		
	<b>Resident/Non-Profit Groups</b>	<b>Non-Resident/For-Profit Groups</b>
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	<b>Single Area:</b> \$50 Rental Fee/Area <b>Multi-Area, Entire Park, Multi-Day Event:</b> \$200/Day + Rental Fee <b>Note:</b> See courts/rink hourly rental charges below, which are in addition to area rental fee.	<b>Single Area:</b> \$75 Rental Fee/Area <b>Multi-Area, Entire Park, Multi-Day Event:</b> \$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
<b>HOURLY and PARK USE FEES</b>		
	<b>Resident/Non-Profit Groups</b>	<b>Non-Resident/For-Profit Groups</b>
Giant Chessboard – Wooden Pieces	\$41	\$109
Giant Chessboard – Plastic Pieces	\$10	\$12
Roller Hockey Rink, Basketball Courts, Pickleball Court & Tennis Court Hourly	\$5	\$6

<b>HOURLY and PARK USE FEES (continued)</b>		
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
<b>ADDITIONAL FEES</b>		
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	
<b>MISCELLANEOUS PROPERTY USE</b>		
	<b>Resident/Non-Profit Groups</b>	<b>Non-Resident/For-Profit Groups</b>
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
<b>ADDITIONAL FEES</b>		
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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**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 24<sup>th</sup> day of May 2016, by the following vote:

AYES:           Irons, Headding, Johnson, Makowetski, Smukler  
NOES:           None  
ABSENT:       None

  
\_\_\_\_\_  
JAMIE L. IRONS, Mayor

ATTEST:

  
\_\_\_\_\_  
DANA SWANSON, City Clerk



research on outsourcing will save considerable staff time and energy over the next 12 months, effort that will be better spent improving our basic services and continuing economic development efforts that are likely to further improve our general fiscal situation and our ability to provide robust Police, Fire and Harbor services in particular.

## **BACKGROUND AND DISCUSSION**

### ***Why are we having this discussion now?***

The May 2015 *City of Morro Bay Financial and Organizational Study* (<http://www.morro-bay.ca.us/documentcenter/view/9356>) conducted by Management Partners Inc. made 65 specific recommendations the City should consider to improve fiscal or organizational health. In the interest of transparency, good government, and robust community interaction, the City Council and staff made a commitment to at least consider, in public, *every* recommendation made in that study.

At its August 2015 meeting, the City Council voted unanimously to wait until fiscal year 2017/18 to consider the recommendation of outsourcing law enforcement activities. That is, the City is on record, in public, in writing, with a Council resolution online, that we would begin to consider MBPD outsourcing next year.

With the departure of Police Chief Christey to higher paying Police Chief position in Pacific Grove, the City Manager became concerned about our ability to recruit a new Police Chief when there exists the possibility of outsourcing the MBPD in 2017. That is, any decent potential chief conducting basic due diligence before applying for the open Morro Bay position would see the City was planning to consider outsourcing in 2017 and would likely choose not to apply. As the City Manager, I remain quite concerned about that and am convinced, until the City makes a decision whether or not to outsource PD, we will **not** have an effective recruitment for Police Chief.

The City Manager noted this concern to the City Council in public at the July 13, 2016, Council Meeting. At that meeting, the Council placed this item on the agenda to consider **whether or not** research an outsourced relationship for law enforcement services.

### ***Why does the City occasionally hire an external consultant to conduct a financial and organizational study?***

There appears to be some level of concern with the City's practice of using an external, expert, organizational health consultant, such as Management Partners, Inc., on a periodic basis.

That management consulting process is not unlike a well-baby check-up, an annual dental exam, or a regular senior-adult physical exam. Just like we often have a medical professional check our bodily systems to ensure they are functioning well, it is a best practice in municipal management to get an external checkup on a periodic basis. Doctors sometime tell us we need to lose a few pounds, or strengthen our heart by exercising, or they find a cancer. Similarly, an external management consultant may find the City is over- or under-staffed in certain areas, identify practices that are outdated and should be changed, or identify growing concerns that should be addressed before they become consuming.

Like a doctor may recommend an action that does not fit with our preferred lifestyle, a municipal management consultant may also make a recommendation that does not fit with our community's priorities and values. It is good and healthy to hear that recommendation, consider it, and then make the best decision for our life or the life of our community.

The City commissioned an organization health survey in 2008, and again in 2015. We should definitely consider another similar survey, perhaps from a different consultant, in the 2020 to 2025 timeframe.

### ***What did the 2015 Management Partners Study Recommend?***

As noted, the 2015 Management Partners report provided 65 specific recommendations for the City to consider. Those recommendations ranged from easy, internal management improvements to creative cost saving measures, to major organizational changes.

For example, the 2015 study noted the City had been contracting with the same auditor for ~10 years and it would be wise to change auditors on a regular basis. The City did that and our new auditor identified a few items of interest the City has now corrected.

The 2015 report also planted the idea of offering an Early Retirement Management Program both to provide employees some flexibility in retirement and save the City money. The City Council approved that program in April 2016; and we are in the middle of implementing the program. The program will allow the City to save over \$435,000 in labor costs in the form of CALPERS retirement contributions in the next few years.

The 2015 organizational assessment also made three specific recommendations to study the pros and cons of outsourcing three major City departments or functions: Police, Fire and Harbor Operations. Following are those specific recommendations:

- Recommendation #29: (Outsource Police) Obtain formal proposals from the San Luis Obispo County sheriff on the cost of providing law enforcement service to the City based on two or three service levels. If this option is realistic, prepare to educate the public that service levels will change.
- Recommendation #34: (Outsource Harbor Operations) Investigate contracting all daily operations of the Harbor Department to a professional harbor management company. By contracting most harbor operations, and moving harbor maintenance and eliminating the harbor patrol function (both recommended for consideration later in this report), the Harbor Department can become a small department focused purely on citywide economic development, with the understanding that the harbor and oceanfront is a core economic development opportunity for the City. By reducing labor costs in the Harbor Department, the City will have more money for needed maintenance and capital repairs.
- Recommendation #37: (Outsource Fire) Request a proposal from CAL FIRE to provide the lowest possible level of service to Morro Bay and build up to a desirable service level from that point. Obtaining an estimate from CAL FIRE for reduced levels of service may allow for General Fund savings. However, pursuing a contract with CAL FIRE to match existing service levels is unlikely to generate cost savings until the Fire side CalPERS fund is paid off in FY 2021.

### ***What Could Be the Benefits of Outsourcing MBPD?***

While outsourcing is sometimes a great option to improve service in certain areas, our Police Department provides an exceptional level of service to our community. My personal observations of the

professionalism, compassion and community-engagement of our Police officers and administration is matched by the numerous laudatory comments we regularly receive from residents, visitors and business owners. We have a tremendous Police Department that knows our community. My assessment is, except in a few marginal areas such as the possible reintroduction of K9 operations, and perhaps a greater number of officers working from the Morro Bay Police Station, (Sherriff deputies responsible for other North Coast communities could be based from the MB Station), there will are no measureable *service improvements* to be gained by outsourcing at this time.

Therefore, the primary remaining benefit to consider outsourcing would need to be financial. Without substantial research and coordination with the Sherriff's Office, it is difficult to accurately project the possible savings of a contracted service arrangement. However, in order to provide the City Council some very rough information to make an initial determination, we asked the Sherriff Department to do some initial analysis of possible savings.

The Sheriff Department's rough, initial analysis is a contract that maintained our existing level of service (same number of officers on shift, same response time as we currently enjoy, etc.) could save the City around \$500,000 per year.

Since the question before the Council at this time is not "whether or not to outsource," but, "whether or not to *begin researching the pros and cons of outsourcing*," City Staff has **not** committed significant resources to examine the financial aspects of a possible contracted relationship.

It is reasonable, however, to take the initial rough estimate at face value and assume detailed research and negotiation may result in around \$500,000 per year of savings - \$500,000 per year on the Police Department's ~\$3,200,000 annual budget represents around a 15% savings.

### ***What Is the City's Current and Projected and Economic Outlook?***

The City's 2016/17 budget is balanced. Said another way, we can currently afford our Police Department (and Fire and Harbor) at their existing levels of service. Further, our 10-year Budget Forecast (produced as part of the 2015 Management Partners Study) demonstrates the City will likely be able to continue to provide our existing level of service in all Departments for the next 5-10 years. That could change, but our *most reasonable current* assessment is the City will be able to continue to provide Police, Fire, and Harbor services, in addition to street paving, recreation, parks, and City maintenance – **at existing levels of service** - in the years ahead.

It is important to reiterate, however, the City has perhaps \$3,000,000 per year of unfunded requirements. For example, we need around \$1.5M per year to maintain our streets, but currently can only afford about \$500,000 per year. So, we have a \$1M annual shortfall of revenues against requirements solely in the area of streets rehabilitation, repair and maintenance. In the areas of facility replacement, Police, Fire and other fairly basic services, the City is around an additional \$2M per year short in revenues compared to the services we believe our community wants, deserves and should be able to eventually support.

That \$3M gap is quite significant for a city with \$13M of revenues. Potentially money-saving opportunities such as outsourcing Police, Fire or Harbor are one way to lessen that gap and provide the services our community desires. There is, however, an alternative.

If the City continues to pursue appropriate, measured, community-supported revitalization and economic development opportunities, then it is reasonable to believe our general economic situation could improve,

perhaps substantially, in the 5-10 years ahead. Following are some examples:

- The proposed / planned revitalization / reconstruction of the Libertine and Off the Hook lease sites with 20 or more 2<sup>nd</sup> floor hotel rooms will likely generate \$100,000 or more of transient occupancy tax (TOT) revenue per year.
- The proposed 2018 construction of a \$12-15M new aquarium at the existing aquarium site will almost certainly result in making Morro Bay an even more desirable destination, increasing both overnight and daytime visitation, and further improving TOT and sales tax revenues.
- The potential revitalization of the City-owned Embarcadero (Front Street) Parking Lot / Distasio's area has further potential to measurably improve revenues.
- Potential redevelopment of the ~26-acre Atascadero Road site (when the existing Waste Water Treatment Plant is decommissioned in 2021) into a community and visitor serving area would likely include some revenue-producing activities that could further improve the City's fiscal health.
- The increasing likelihood the abandoned Morro Bay Power Plant could be fully decommissioned and redeveloped, perhaps in the next 5 years, would undoubtedly have a huge impact on the City's fiscal health.

To summarize this section, and put it in context:

- The City's current budget and future budget projections include our full-service, in house, Police, Fire and Harbor Departments. Our current year budget is balanced and our 10-year forecast looks manageable.
- The City does not have to cut services at this time. While we **cannot** afford to do much more than we currently are, we are not forced to make Police, Fire or Harbor cuts at this time.
- The City is laying a foundation for reasonable and appropriate economic growth. If the community continues to support such measured revitalization and redevelopment, then revenues will begin to improve in a way that will allow us to gradually improve our level of service (street paving, facility / public space maintenance, recreation offerings, etc.) without what may seem like drastic measures such as outsourcing Police, Fire or Harbor operations.

### ***What Are the Community's Priorities with respect to "In-House" Police versus Improving Other Services?***

One way to consider the question of possible contracted law enforcement services is to consider what the City might do with \$500,000 per year that might be saved in a contracted law enforcement relationship. Again, it is important to stress we must make some rough assumptions about potential savings and a \$500,000/year saving is not an unreasonable assumption according to the Sheriff's office.

Saving \$500,000 through a law enforcement contract could, for example, be allocated to streets. That would essentially double our street repair and maintenance budget. (But we would still be at least \$500,000 short of our requirement.)

So, a way to think about that is what does our community value more - an in-house Police Department or a

doubling of effort on streets? While the Council is certainly better placed than staff to answer that question, staff's assessment is our community, at this time, based on our fiscal situation, values in-house Police greater than a measurable improvement in street repair and maintenance.

That is **not** to say, at all, our community accepts our streets as they are. However, our community likely values our in-house Police Department even more than improved streets. And, importantly, there are a number of opportunities to improve our streets without contracting out Police.

Using that measurement, there is further good reason to reject the concept of a contracted law enforcement relationship at this time. Might conditions change in 5-10 years? They might. However, given current fiscal conditions, staff is comfortable rejecting further research of a contracted law enforcement relationship at this time.

If the Council determines our community likely values improved streets or expanded recreations services over an in-house Police Department, then directing staff to further research contracting opportunities for law enforcement is appropriate.

### ***What About Fire and Harbor Operations?***

As noted previously, the 2015 Management Partners report also recommended researching a contracted relationship for Fire and Harbor Operations.

Like our Police Department, our Fire Department and Harbor Departments both provide exceptional service to our community and our community lets us know that on a regular basis.

Over the past year, our Council and staff have heard, numerous times, in public comment, from numerous expert witnesses, our Harbor is the best-run Harbor on the west coast. That goes directly to the professionalism and excellence of our Harbor Patrol. Like the Police Department, there is no up-side in the area of improving service with outsourcing Harbor – we will not get better service. And, for many of the same reasons noted about with Police, the community likely values an in-house Harbor Patrol operations.

Similarly, the Morro Bay Fire Department provides an extraordinary level of service to our community with the medical response aspect of our FD being increasingly important to a large segment of our population. Like Police and Harbor, we are not going to improve service by outsourcing Fire.

The fact, to some extent, the City considered those questions following the 2008 Management Partners report only underscores those observations as likely representative of today's situation. The fact the City is in improved financial and economic position since that time lessens the likelihood of a different outcome.

### ***What About Dispatch?***

In 2014, the City contracted with the County to provide 911 dispatch services for police and fire. The staff reports and minutes clearly demonstrate the primary reason staff recommended contracting for dispatch was to improve service. Specifically, the interconnected, County-wide response service after a 911 call was placed, not necessarily the connection time or amount of time a 911 caller spent on the phone.

While the primary motivation to join county dispatch was to improve service, the staff report did state the

following: “Although, not the primary reason for suggesting a change, cost is obviously an important issue. Based on the report and information we have received as to cost, the City of Morro Bay will save a minimum of \$42,912 the first year.”

Staff is working to determine what level of cost savings were actually achieved by contracting dispatch the first year, and last year. First year savings appear to be close to what was expected. However, it appears that the savings in the following year may not be as significant as noted might be possible, primarily because the number of calls from Morro Bay to dispatch has increased measurably. For example, just on the Fire side of the equation, we had a \$17,000 increase in costs in 2015/16 due to a 3.3% increase in the number of 911 calls from Morro Bay. Every call to 911 from Morro Bay, whether for a house fire or a chirping smoke detector, is measured and contributes our percentage cost of the County dispatch system. Those calls increased 3% last year and cost the city an additional \$17,000.

Another challenge in estimating savings is due both to compensation and training requirements. Before moving to County dispatch, the City was having a measurable challenge retaining and recruiting qualified dispatch personnel. This challenge is no more.

Importantly, however, what we do know for sure is that the level of service has improved measurably. Our Fire Chief, Police Chief and Harbor Director all report measurable benefits resulting from the depth and regional interoperability of regional dispatch.

A good example of that is the Officer-Involved Shooting in Morro Bay in October of last year. As that incident was occurring, four different regional dispatchers were providing direct assistance to that single incident. For a long period, a single dispatcher continued on the phone with the reporting party (the person who called 911) and was essentially receiving a play by play of the incident as it unfolded. At the same time, three other dispatchers were coordinating the response of Morro Bay PD, SLO County Sheriff, CHP, Pismo and Atascadero PD personnel and medical response. Had the City still relied on our “in-house” dispatch, we would have had only one dispatcher trying to do all that effectively.

Chief Knuckles brief summary of our transition to Council dispatch follows:

“In short, going to a regional dispatch system has improved our dispatch with mutual aid to our low frequency high risk incidents. Our waterfront and ocean rescue teams to include fire, harbor, County Fire, and USCG are all dispatched at the same time. With a true Computer Aided Dispatching (CAD), we have Harbor Department responding with Fire to all medical aids on the west side of the Embarcadero.

Most of all, the incidents where we depend on mutual aid has been a great improvement, we are getting simulcasting dispatching with our fire partners. Yes, there are issues from time to time - our system is still run by humans. The reaction and attitude to fix our issues have been positive and quick. I truly believe going to a regional dispatching has been the best operational improvement we have done in decades. I am very glad we did it.”

In sum, our professional staff’s assessment is that the City’s move to regional dispatch has improved public safety and costs are likely roughly the same, if not slightly lower.

This is a very different situation from the question of outsourcing all of Police, Fire or Harbor, all areas in which we will almost certainly not achieve a higher level of service from a contracted relationship.

***When, if ever, should the City consider researching contracted Police, Fire or Harbor services again?***

There are certainly some who would answer “never”, and those voices should be heard. More to the point though, City Councils change every two years and even ordinances enacted by one Council can be changed by the next. So, a statement of “never” is in effect “never - until the next election”.

It is appropriate, though, for this City Council to make a thoughtful statement with regard to this question. This is especially important since our Police, Fire and Harbor officers have lives, must make employment decisions, and would likely prefer not to work in a situation in which the City may or may from one year to the next consider outsourcing these departments.

That said, the economy and fiscal conditions in the city can change, as can the priorities of the community.

Considering Morro Bay’s current finances, our 10-year budget forecast and the current priorities in our community, staff recommends the Council not only determine not to further research outsourcing Police, Fire or Harbor Operations now, but also take this questions off the table for the foreseeable future.

### **CONCLUSION and RECOMMENDATION**

While outsourcing the Morro Bay Police Department might result in savings of up to \$500,000 per year, money that could be spent on other City priorities such as improving streets, it is highly unlikely that the City will see an improvement in the level of law enforcement services currently provided by the Morro Bay Police Department.

Further, the value the community places on in-house, versus contracted, police services is likely higher than the value the community places on streets. That is, were a \$500,000 savings possible, the community would likely choose in-house police over improved streets.

Further, this assessment is likely accurate not only for Morro Bay Police but also for the Fire Department and Harbor Patrol Operations.

In August 2015 the City Council determine to consider research Management Partners recommendations with regard to outsourcing Police, Fire and Harbor in 2017.

Based on the above, the staff recommends the Council determine to not consider a contracted relationship for the delivery of Police, Fire or Harbor Operations until 2025, or such a time as the financial situation of the City changes in a way that requires substantial cuts achievable only through outsourcing and possible service reductions.



AGENDA NO: C-2

MEETING DATE: August 9, 2016

## Staff Report

**TO:** Honorable Mayor and City Council **DATE:** August 3, 2016

**FROM:** Mike Nunley, PE – Water Reclamation Facility Program Manager

**SUBJECT:** Water Reclamation Facility (“WRF”) Program Update and Quarterly Budget Report

### **RECOMMENDATION**

Staff recommends City Council review the current status of the WRF program and the quarterly budget report.

### **ALTERNATIVES**

No alternatives are recommended.

### **FISCAL IMPACT**

No additional fiscal impact is proposed within this update. All work is proceeding within the City’s fiscal year budget for the Water Reclamation Facility.

### **DISCUSSION**

On June 14, 2016, following a fairly long pause to review options, the City Council identified the South Bay Boulevard (Tri-W) site as their preferred location for the City’s new Water Reclamation Facility. Staff is now moving forward decisively to complete construction within the 5-year timeline specified in our community’s project goals.

This report is the first of what staff recommends are detailed quarterly reports to Council on the status and progress of the project. Staff also intends to continue to provide the WRFCAC detailed monthly reports and will summarize those WRFCAC reports on a monthly basis for the City Council.

This report includes the following updates:

- Review of what has occurred to date. See the list of major milestones or accomplishments since the last update to City Council below. This summary is typically provided each month.
- Quarterly budget update for the fourth quarter of fiscal year (FY) 15/16 (4Q15/16)

Prepared By: \_\_\_MN\_\_\_ Dept Review: \_\_\_  
City Manager Review: \_\_\_DWB\_\_\_  
City Attorney Review: \_\_\_\_\_

- Overview of the Adopted FY 16/17 City Budget for the WRF Program
- Program Schedule for FY 16/17

The City's Program Management team will provide an overview of this staff report and program schedule at the Aug 9 Council meeting.

**Accomplishments and Milestones**

The City's Program Management team and technical consultants performed the following tasks since the July 12<sup>th</sup> program update:

- Scheduled the Environmental Impact Report (EIR) Scoping Meeting for Tuesday, August 16, 2016 at 4 PM at the Morro Bay Veterans Memorial Building
- Prepared draft postcard notifying City residents and property owners of the August 16<sup>th</sup> EIR Scoping Meeting
- Developed Notice of Preparation for the EIR
- Completed preliminary geotechnical assessment of the South Bay Boulevard site for the Facility Master Plan team
- Developed preliminary pipeline alignments, field notes, and maps with utility conflicts for use by the Facility Master Plan team
- Led informal kickoff of the Master Water Reclamation Plan with City staff
- Prepared preliminary assessment of Morro Valley water reuse alternatives and developed work plan for groundwater model and Chorro Valley assessment. This work will supplement the Master Water Reclamation Plan.
- Continued compiling water quality and flow data for use by design/construction teams during the proposal process for the Phase I WRF
- Met with property owners adjacent to the South Bay Boulevard site to discuss architectural input from City workshops and overall program schedule
- Met with City staff to update the 2008 Needs Assessment for the Public Works Department and identify space requirements for shared facilities at the South Bay Boulevard site
- Completed draft Salinity Control Plan

**Quarterly Budget Update – 4Q15/16**

As discussed at the last City Council meeting, a budget update for the fourth quarter of fiscal year 2015/16 (4Q15/16) has been prepared. MKN and City staff developed a budget and expense report format with input from the WRFCAC Financial Subcommittee. The summary is attached, and includes all City expenses (including staff time with benefits, copies, and other office expenses) in addition to consultant contracts. The second page provides a higher level of detail on budget status of individual consultant contracts. This report will be provided quarterly to City Council and WRFCAC, and currently represents expenses through June 30, 2016.

The following sections provide an analysis and overview of the City's WRF budget for 4Q15/16. The budget summary presents budget information on quarterly, annual (based on the fiscal year for the City between July and June) and total project time periods.

EXPENDITURES: The following table describes the line items from Attachment 1, as well as any

comments regarding budget status.

<b>Object Name (from Attachment 1)</b>	<b>Description</b>	<b>Comments</b>
Past Siting Studies	Contractual services for studies completed prior to initiating the Facility Master Plan process (2013-2015)	These work efforts were completed, contracts expired, and there are no further encumbrances
Current Consultant Contracts	Summary of Page 2 from Attachment 1	Work efforts are under budget for FY 15/16, but major contracts (ex. Facility Master Plan and CEQA/Permitting) for the planning and permitting phase of the program were delayed by the City's site selection process. Contract amounts will be fully utilized, and in some cases required amendments (ex. Facility Master Plan) but delays resulted in contracts rolling over to the new FY 16/17
Water Rights Legal Support	Contract attorney fees for input on water reuse alternatives and legal constraints	--
Labor and Benefits	City staff labor and benefits (also called "fully burdened labor") for the WRF Program	Current FY 15/16 efforts included wastewater sampling, meeting attendance, administrative support, collection system flow monitoring, and all activities related to the WRF Program
Laboratory/Sampling	Contract laboratory services for wastewater analysis to support Facility Master Plan and future detailed design efforts	--
Printing and Advertising	Costs from outside vendors for copies, printing, and postage to develop and distribute WRF Program materials	
Software License and Fees	Fee for Procore Project/Construction Management Software	Procore software is used to manage and track consultant budgets and contracts, store program documents and deliverables, coordinate and record meetings, and track work efforts during the planning/permitting phase. During construction, the software will be used for tracking contractor submittals, pay requests, field observations, and other work efforts. Annual fee is \$42,205 over the next 5

		to 8 years.
Property Acquisition	Cost to purchase property options and appraisals	A nonrefundable fee of \$25,000 was spent for an option to purchase the Righetti Property. The option expired in July 2016. A total of \$5500 has been spent in appraisal fees.
Program Office Equipment	Copier, monitor, telephone, and other office equipment to equip the Program Office in the City Hall Annex	--

REVENUE: At this time, the City is funding the project through user rates, the Recycled Water Facilities Planning Grant, and Supplemental Environmental Project (SEP) money from California Department of Corrections and Rehabilitation for California Men’s Colony. SEP funds were intended to offset costs for the CMC evaluations completed last year.

User rates fund the City’s sewer enterprise, including efforts not related to the new WRF. Incoming revenue is not directed into a specific fund for the WRF. Therefore, the budget table includes the revenue anticipated for the WRF which is 75% of \$75M, or \$56.25M, with 25% of debt service coverage (assumed in the Rate Study) to increase the projected available revenue up to \$70.4. This assumes debt service coverage would be reduced and/ reallocated by reprioritizing other wastewater capital projects.

The goal of the Facility Master Plan is to develop a more refined Phase I WRF project budget than the estimates from the 2014 Site Options Report (which is the origin of the \$75M budget in the 2015 Rate Study).

**FY 16/17 WRF Program Budget**

Attachment 2 includes excerpts from the Adopted FY 16/17 City Budget for the WRF Program. The attachment also provides a brief description of each of the major cost items. The Project Schedule section (below) identifies the major efforts, milestones and decision points for City Council within the FY.

**Program Schedule for FY 16/17**

FY 16/17 activities are primarily planning, permitting, and procurement of consultants for elements of the Phase I WRF. Specific objectives include completion of the Facility Master Plan, Master Water Reclamation Plan, technical studies and initial drafts of the Environmental Impact Report, and procurement of the State Revolving Fund Planning and Design Loan. The updated program schedule is provided as Attachment 3.

The following outreach activities will take place throughout FY 16/17, as detailed in the Outreach Plan (Attachment 4 - June 28, 2016):

- Technical presentations on the Master Reclamation Plan process and content
- Community Workshops on the Master Reclamation Plan (at least 2 workshops)
- Formal EIR process (including providing comments on the Draft EIR)
- WRFCAC and City Council study sessions as needed
- Permitting agency consultation (as needed)
- Resource organization outreach (as needed, in support of the permitting process)
- Website updates and educational materials
- Community and stakeholder outreach (as needed)

The anticipated schedule for significant milestones and Council decisions within this FY is summarized below:

EIR Notice of Preparation	August 2016
EIR Scoping Meeting	August 16, 2016
Community Workshop/Input on Phase I WRF Architecture	October 2016
Draft Facility Master Plan	November 2016
Final Facility Master Plan	December 2016
Council Selection of Delivery Method for Phase I WRF	January 2017
Draft Master Water Reclamation Plan	March 2017
Confirmation of Phase I and Phase II WRF Budget	April 2017
Council Selection and Award for Phase I WRF Offsite Improvements (Lift Station and Pipelines)	April 2017

### **Program Updates for City Council**

While the WRFCAC will be meeting on a monthly basis to review the status of the WRF Project, the Program Management team proposes the following schedule for regular updates to Council through February of 2017:

- Aug 9 – Council presentation – Quarterly WRF Update and Budget Report
- Sep 13 – Monthly WRF Update on Consent Agenda
- Oct 11 - Monthly WRF Update on Consent Agenda
- Nov 15 - Council presentation – Quarterly WRF Update and Budget Report
- Dec 13 – Monthly WRF Update on Consent Agenda
- Jan 10 – Monthly WRF Update on Consent Agenda
- Feb 14 - Council presentation – Quarterly WRF Update and Budget Report

**ATTACHMENTS**

1. 4Q 15/16 WRFCAC Budget Report and Commitment Summary
2. FY 16/17 Excerpts from Adopted City Budget Related to WRF Program
3. Program Schedule
4. Community Outreach Program Update (6-28-2016)

City of Morro Bay														
Water Reclamation Facility Advisory Committee (WRFAC) Quarterly Budget Review Summary 4Q15/16 (preliminary)														
EXPENDITURES														
Key Definitions														
		Quarter Projected Budget	Portion of Fiscal Year Budget Management Expects Necessary to Meet Quarter Expenditures		YTD Projected Budget	Sum Of Current Quarter Projected Budget and All Prior Quarter Projected Budgets		Encumbrance Balance	Sum Of All Project Contracts Less Actual Expenditures Against Contracts (See Note 3)					
Accounts		Current Quarter				Fiscal Year To Date (YTD)				Total Project				
Fund/Code	Object Name	Projected Budget	Expenditures	Percent Expended	Variance	Projected Budget	YTD Expenditures	Percent Expended	Variance	Amended Budget	Expenditures	Encumbrance Balance	Percent Expended	Variance
<b>599-8312</b>	<b>Contractual Services</b>													
6105	Past Siting Studies (Completed - no further encumbrance)	--	--	--	--	--	--	--	--	\$534,418	\$448,057	\$0	83.84%	\$86,361
6105	Current Consultant Contracts (see P. 2)	\$200,000	\$248,052	124.03%	(\$48,052)	\$2,409,968	\$1,209,444	50.19%	\$1,200,524	\$2,409,968	\$1,209,444	\$1,200,524	50.19%	\$1,200,524
6105	Water Rights Legal Support (See Note 2)	--	\$0	--	--	--	\$0	--	--	--	\$7,880	--	--	--
	Subtotal	\$200,000	\$248,052	124.03%	(\$48,052)	\$2,409,968	\$1,209,444	50.19%	\$1,200,524	\$2,944,386	\$1,657,501	\$1,200,524	56.29%	\$1,286,885
<b>599-8312</b>	<b>Labor (Fully Burdened)</b>													
4910,4999	Labor and Benefits	\$12,500	\$18,508	148.07%	(\$6,008)	\$50,000	\$70,035	140.07%	(\$20,035)	\$400,000	\$210,711	--	52.68%	\$189,289
	Subtotal	\$12,500	\$18,508	148.07%	(\$6,008)	\$50,000	\$70,035	140.07%	(\$20,035)	\$400,000	\$210,711	--	52.68%	\$189,289
<b>599-8312</b>	<b>Other Costs</b>													
6105, 6162	Laboratory/Sampling	\$25,000	\$318	1.27%	\$24,682	\$100,000	\$17,159	17.16%	\$82,841	\$200,000	\$17,159	--	--	\$182,841
5199,6106, 6105,6710	Printing and Advertising	--	\$8,873	--	--	--	\$9,048	--	--	--	\$13,359	--	--	--
5199	Software license and fees	\$0	\$0	--	--	\$42,205	\$42,205	100.00%	\$0	\$371,205	\$42,205	\$329,000	11.37%	\$329,000
5199,7101	Property Acquisition	\$31,000	\$0	0.00%	\$31,000	\$31,000	\$25,000	80.65%	\$6,000	--	\$30,500	--	--	--
5199, 6106, 6750	Program office equipment	\$0	\$2,616	--	--	\$0	\$3,746	--	--	--	\$3,746	--	--	--
5199, 6514	Travel expense	--	\$266	--	--	--	\$266	--	--	--	\$379	--	--	--
	Subtotal	\$56,000	\$12,073	21.56%	\$43,927	\$173,205	\$97,424	56.25%	\$75,781	\$571,205	\$107,348	\$329,000	18.79%	\$463,857
	<b>TOTALS</b>	<b>\$268,500</b>	<b>\$278,633</b>	<b>103.77%</b>	<b>(\$10,133)</b>	<b>\$2,633,173</b>	<b>\$1,376,904</b>	<b>52.29%</b>	<b>\$1,256,270</b>	<b>\$3,915,591</b>	<b>\$1,975,561</b>	<b>\$1,529,524</b>	<b>50.45%</b>	<b>\$1,940,031</b>
REVENUE														
Key Definitions														
		Quarter Projected Budget	Portion of Fiscal Year Budget Management Expects To Be Recognized During Quarter		YTD Projected Budget	Sum of Current Quarter Projected Budget and All Prior Quarter Projected Budgets								
Accounts (See Note 1)		Current Quarter				Fiscal Year To Date (YTD)				Total Project				
Funding Source	Revenue Name	Projected Budget	Recognized Revenue	Percent Recognized	Variance	Projected Budget	YTD Recognized Revenue	Percent Recognized	Variance	Amended Budget	Recognized Revenue	Encumbrance Balance	Percent Recognized	Variance
<b>SWRCB</b>	<b>Grants</b>													
	Recycled Water Grant (Pending)	\$0	\$0	0.00%	\$0	\$0	\$0	--	\$0	\$75,000	\$0	--	0.00%	(\$75,000)
	Subtotal	\$0	\$0	0.00%	\$0	\$0	\$0	--	\$0	\$75,000	\$0	--	0.00%	(\$75,000)
<b>SWRCB</b>	<b>Supplemental Environmental Project</b>													
	SEP from California Men's Colony	\$0	\$0	0.00%	\$0	\$87,361	\$87,361	100.00%	\$0	\$87,361	\$87,361	--	100.00%	\$0
	Subtotal	\$0	\$0	0.00%	\$0	\$87,361	\$87,361	100.00%	\$0	\$87,361	\$87,361	--	100.00%	\$0
<b>User Rates</b>	<b>User Rates</b>													
	User Rates (Allocated for WRF per May 2015 Rate Study)									\$70,312,500	*Cannot be separated from City's sewer revenue			
	Subtotal									\$70,312,500	*Cannot be separated from City's sewer revenue			
	<b>TOTALS</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>\$87,361</b>	<b>\$87,361</b>	<b>100.00%</b>	<b>\$0</b>	<b>\$70,474,861</b>	<b>\$87,361</b>	<b>--</b>	<b>0.12%</b>	<b>(\$70,387,500)</b>

Notes:  
 1) Unless shown otherwise, current project expenses are funded by revenue from user rates and fees. There is no separate revenue fund for the WRF.  
 2) Budgets for water rights legal support and property acquisition have not yet been established. Detailed budget development will take place after completing the project descriptions in the Facility Master Plan and Master Reclamation Plan.  
 3) Encumbrance balance is only calculated for projects with contracts.

**City of Morro Bay**

**Water Reclamation Facility Advisory Committee (WRFCAC) Quarterly Budget Review Summary 4Q15/16 (Thru April 30, 2016)**

**Current Consultant Contracts**

<b>Number</b>	<b>Title</b>	<b>Status</b>	<b>Total</b>	<b>Approved Change Orders</b>	<b>Total With Approved Change Orders</b>	<b>Draw Requests</b>	<b>Total Payments</b>	<b>Total Remaining</b>	<b>% Paid</b>	<b>Pending Change Orders</b>	<b>Vendor</b>
SC--001	Facility Master Plan	Approved	\$710,123.00	\$0.00	\$710,123.00	\$623,925.04	\$521,631.55	\$188,491.45	73.46%	\$0.00	Black & Veatch
SC--002	CEQA/NEPA Documentation and Consulting	Approved	\$346,538.00	\$0.00	\$346,538.00	\$10,542.69	\$9,407.94	\$337,130.06	2.71%	\$0.00	ESA
SC--003	MacElvaine Property - Fatal Flaw - Cultural Resources	Approved	\$18,260.87	\$0.00	\$18,260.87	\$18,260.87	\$9,979.23	\$8,281.64	54.65%	\$0.00	Far Western
SC--004	Righetti Property - Fatal Flaw - Cultural Resources	Approved	\$6,485.59	\$0.00	\$6,485.59	\$0.00	\$0.00	\$6,485.59	0.00%	\$0.00	Far Western
SC--005	MacElvaine Property - Fatal Flaw - Biological Resources	Approved	\$12,835.00	\$0.00	\$12,835.00	\$11,240.00	\$11,240.00	\$1,595.00	87.57%	\$0.00	Kevin Merk Associates
SC--006	Survey - Righetti Property	Approved	\$15,644.00	\$0.00	\$15,644.00	\$12,502.50	\$12,502.50	\$3,141.50	79.92%	\$0.00	JoAnn Head Land Surveying
SC--007	Survey - Highway 41 and MacElvaine Property	Approved	\$45,050.00	\$0.00	\$45,050.00	\$47,820.50	\$47,820.00	(\$2,770.00)	106.15%	\$0.00	JoAnn Head Land Surveying
SC--008	Salinity Identification Study	Approved	\$23,640.00	\$37,080.00	\$60,720.00	\$40,989.08	\$32,469.08	\$28,250.92	53.47%	\$0.00	Larry Walker Associates
SC--009	MacElvaine Property (SE) - Fatal Flaw - Geotech and Initial Hydrologic Field Testing	Approved	\$38,600.00	\$47,800.00	\$86,400.00	\$86,364.95	\$86,364.95	\$35.05	99.96%	\$0.00	Fugro
SC--010	Grant and Loan Funding - Tracking and SRF Support	Approved	\$65,752.00	\$0.00	\$65,752.00	\$33,823.47	\$33,823.47	\$31,928.53	51.44%	\$0.00	Kestrel
SC--011	2015 Program Management	Approved	\$920,808.00	\$0.00	\$920,808.00	\$486,397.55	\$426,915.88	\$493,892.12	46.36%	\$0.00	MKN & Associates, Inc.
SC--012	Evaluate Alternative Concepts for Disposal of Treated Effluent	Approved	\$22,000.00	\$0.00	\$22,000.00	\$21,992.24	\$8,671.97	\$13,328.03	39.42%	\$0.00	GSI Water Solutions
SC--013	Geotechnical Services Righetti II Site	Approved	\$35,902.00	\$0.00	\$35,902.00	\$27,325.35	\$8,617.50	\$27,284.50	24.00%	\$0.00	Yeh and Associates
SC--014	Survey Services for South Bay Blvd Site	Approved	\$29,850.00	\$0.00	\$29,850.00	\$6,182.50	\$0.00	\$29,850.00	0.00%	\$0.00	JoAnn Head Land Surveying
SC--015	Geotechnical Services South Bay Blvd Site	Approved	\$33,600.00	\$0.00	\$33,600.00	\$12,193.31	\$0.00	\$33,600.00	0.00%	\$0.00	Yeh and Associates
<b>Total</b>			<b>\$2,325,088.46</b>	<b>\$84,880.00</b>	<b>\$2,409,968.46</b>	<b>\$1,439,560.05</b>	<b>\$1,209,444.07</b>	<b>\$1,200,524.39</b>	<b>50%</b>	<b>\$0.00</b>	

Note: Contracts SC--006 and SC--007 for JoAnn Head Land Survey are one amended contract with the City and balance with \$371.50 remaining.

**CITY OF MORRO BAY**  
**SCHEDULE OF WASTEWATER TREATMENT CAPITAL PROJECT**

**WATER RECLAMATION FACILITY (WRF)**

	<b>Prior Years Actual</b>	<b>2015/16 Amended Budget</b>	<b>2016/17 Budget</b>
Beginning cash balance	\$ -	\$ (677,324)	\$ (3,153,424)
Revenues from:			
State grants:			
RWQCB Supplemental Env Project award	-	87,361	-
Recycled Water Planning Grant	-	-	75,000
SRF Planning Loan	-	-	10,375,000
Total revenues	<u>-</u>	<u>87,361</u>	<u>10,450,000</u>
Expenditures:			
Program Management	-	(920,808)	(900,000)
Staff Support	(142,885)	(150,000)	(200,000)
Supplies	(3,788)	-	-
Central coast AgAppraisal - righetti	(5,500)	-	-
ASAP - printing	(655)	-	-
Outside counsel	(7,880)	-	-
Abalone Coast Analytical	(1,728)	-	-
Kestrel (Grant Spt)	(8,380)	(65,752)	(32,000)
Procore Software	-	(42,204)	(42,204)
Preliminary Engineering:			
Carollo	(87,361)	-	-
Facility Master Plan	-	(710,123)	(205,018)
Cleath-Harris	(18,348)	-	-
GSI Water	-	(22,000)	(165,000)
Yeh and Associates	-	(35,902)	(53,902)
Fugro	(7,093)	(86,400)	-
J.Head Surveying	-	(60,694)	(60,000)
Bridging/ Procurement Docs	-	-	(300,000)
Planning/CEQA/Permitting:			
JFR	(352,229)	-	-
LWA	(35,991)	(60,720)	(45,000)
KMA	(3,245)	(12,835)	-
Far Western Archeo	(2,241)	(12,000)	(6,000)
Far Western Archeo - Righetti	-	(6,485)	(6,485)
ESA	-	(346,538)	(338,000)
Property Acquisition	-	-	(2,400,000)
Righetti Option and Appraisal	-	(31,000)	-
Tri-W Option	-	-	(25,000)
Lift Station & Force Main Design (60%)	-	-	(1,100,000)
Total expenditures	<u>(677,324)</u>	<u>(2,563,461)</u>	<u>(5,878,609)</u>
Revenues over (under) expenditures	<u>(677,324)</u>	<u>(2,476,100)</u>	<u>4,571,391</u>
Ending cash balance	\$ <u>(677,324)</u>	\$ <u>(3,153,424)</u>	\$ <u>1,417,967</u>

## WATER RECLAMATION FACILITY (WRF) NOTES:

1. Staff support budget (\$200,000) includes outside counsel, sampling, analysis, staff time, reproduction, and other City support
2. Procore Software is program management software; budget is for the annual fee (\$42,204)
3. All consultant budgets (including Project Management) include carryover from FY 16/17
4. Preliminary Engineering
  - a. Prior year cost for Carollo are for the California Mens Colony (CMC) evaluation and cost option
  - b. Black & Veatch contract - FY 16/17 budget (\$205,018) includes scope amendment
  - c. Prior year cost of Cleath-Harris is for the water supply benefit study of Chorro and Morro Valley for Site Options Report and CMC Evaluation
  - d. GSI Water Solutions: 2015/16 and 2016/17 budgets are for groundwater recharge evaluation and alternatives
  - e. Yeh and Associates: 2015/16 and 2016/17 budgets are for geotechnical constraints study for Madonna and South Bay Blvd sites
  - f. Prior year and 2015/16 costs for Fugro Consultants Geotechnical are for constraints of MacElvaine property and initial hydrogeologic evaluation of Morro Valley
  - g. J. Head Surveying (\$60,000) is for the topographic survey and base mapping for sites and pipeline alignments
5. Bridging and procurement documents (\$300,000): bid documents for procuring design/construction team for Phase I WRF
6. Planning/CEQA/Permitting
  - a. Prior year cost of John F. Rickenbach (JFR) Consulting (\$352,229) for site options report and project management support prior to procuring Project Management team
  - b. Larry Walker Associates (LWA) costs are for salinity identification and control plan
  - c. Kevin Merk Associates (KMA) prior year and 2015/16 costs are for biological studies at potential sites
  - d. Far Western Archeo costs are for archeological studies at MacElvaine and along pipeline alignment
  - e. Far Western Archeo – Righetti are specific archeological studies at Righetti property
  - f. Environmental Science Associates (ESA) 2015/16 and 2016/17 costs are for CEQA/NEPA services including EIR









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JFRickenbach@aol.com

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## Memorandum

**Date:** August 3, 2016 (updates original September 22, 2015 memo)

**To:** Morro Bay City Council; Water Reclamation Facility Citizen Advisory Committee

**From:** WRF Program Management Outreach Team (John Rickenbach, AICP; and Debbie Rudd, AICP)

**Subject:** City of Morro Bay Water Reclamation Facility, Community Outreach Program

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Community outreach throughout the City of Morro Bay (City) Water Reclamation Facility (WRF) Program is key to helping the process run smoothly and with success. The following memorandum describes the outreach strategy that the Project Team is undertaking to engage the community throughout the WRF process. This outreach program includes involving a broad cross-section of the greater Morro Bay community, in a variety of ways and settings, to get quality feedback. The primary components of the program include:

1. *Key stakeholder interviews and neighborhood workshops*
2. *Community workshops*
3. *Technical presentations*
4. *Water Reclamation Facility Citizens Advisory Committee (WRFCAC) meetings*
5. *City Council study sessions and hearings*
6. *Formal Environmental Review process*
7. *Coordination with outside permitting agencies*
8. *WRF Program website and promotional materials*

Though this program outlines various likely outreach activities, it is important to remain flexible and allow for redirection and variations of the exercises and activities as the process evolves. This will allow the Program Management Team to learn from the community and customize the workshop and meetings to optimize their effectiveness.

### A. Overall Strategic Framework

The success of the outreach program depends on reaching a variety of audiences, each with its own interests relative to implementing the new facility. **Table 1** summarizes the key stakeholder groups, their objectives in the context of the project, and how the program intends to involve them in the overall process.

<b>Table 1. Strategic Framework for Targeting Key Stakeholders</b>		
<b>Stakeholder Group</b>	<b>Objectives for the Group</b>	<b>Outreach Approach(es)</b>
General Public	<ul style="list-style-type: none"> <li>• Education on City process</li> <li>• Understand impacts to water rates</li> <li>• Project updates</li> <li>• Receive feedback to guide program</li> </ul>	<ul style="list-style-type: none"> <li>• Informal communication</li> <li>• Stakeholder interviews</li> <li>• Workshops/farmer's markets/ open houses</li> <li>• Website/Newsletters/postcard updates/E-blasts/Surveys</li> </ul>
Neighborhoods and Individuals Living Near Potential WRF sites	<ul style="list-style-type: none"> <li>• Education, updates and feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Interviews/site visits/meetings</li> <li>• Focused Neighborhood Workshops/meetings (HOA meeting, open forum)</li> </ul>
City Council/WRFCAC	<ul style="list-style-type: none"> <li>• Affirmation of stated goals</li> <li>• Education on City process</li> <li>• Project updates</li> <li>• Present technical information</li> <li>• Receive feedback and direction</li> <li>• Relationship of risk, cost, schedule</li> </ul>	<ul style="list-style-type: none"> <li>• Workshops/Study Sessions</li> <li>• Status reports</li> <li>• Formal Presentation of Draft Deliverables</li> </ul>
Potential Recycled Water Customers	<ul style="list-style-type: none"> <li>• Education on City process</li> <li>• Determine level of interest</li> <li>• Identify key motivations to participate</li> <li>• Identify critical path items to achieve reclamation</li> </ul>	<ul style="list-style-type: none"> <li>• Informal communication</li> <li>• Stakeholder interviews</li> <li>• Technical workshops</li> </ul>
Interested Public Agencies	<ul style="list-style-type: none"> <li>• Education on City process</li> <li>• Identify permitting requirements</li> <li>• Identify needs and constraints</li> <li>• Project updates</li> <li>• Investigate recycled water opportunities</li> <li>• Identify and complete critical path items</li> <li>• Prevent surprises</li> </ul>	<ul style="list-style-type: none"> <li>• Informal communication/meetings</li> <li>• Ongoing updates</li> <li>• Formal consultation</li> <li>• Workshops</li> </ul>
Industry	<ul style="list-style-type: none"> <li>• Promote fair competition</li> <li>• Get best value for City</li> <li>• Reduce risk to City</li> </ul>	<ul style="list-style-type: none"> <li>• Technical workshops</li> <li>• Website with registration/ contact sharing</li> </ul>

## B. Outreach Program Components and Timing

As noted in the introduction, our team is using a variety of approaches and forums to reach the various general stakeholder groups described in **Table 1** above, and we intend to gain feedback through the life of the program. This is crucial in order to allow both the technical team and elected officials to adjust the program as needed to respond to evolving perspectives in the community.

Although we have a very good idea how the next several months are likely to proceed, it is not possible to accurately predict what long-term outreach strategies will need to be employed in order to most effectively realize the City's overall goals. For that reason, our plan addresses both short-term and long-term approaches, and the likely timeframe associated with the use of the various outreach methods. We intend to update this program periodically as the overall process evolves.

The intent and conceptual understanding of each outreach approach is briefly described below. **Table 2** then summarizes how each component would be used during the program, and its timing in the context of the overall program schedule. Note also that each approach is color-coded in the descriptions below (and keyed to its inclusion within **Table 2**) to more clearly show how the various outreach components relate to one another over the length of the program.

**1. Key Stakeholder Interviews and Neighborhood Workshops.** Communicating with stakeholders early in the process allows stakeholders to express any concerns, issues, and ideas in a private setting before we hold the community workshop and before we begin designing. These interviews open up the communication paths for future connections throughout the process.

The PM team has already completed extensive stakeholder interviews and/or neighborhood workshops on several occasions in 2015 and 2016, notably before various groups or individuals with interests in the following issues or sites:

- Facility Master Plan contents, reclamation issues, and other project input (stakeholder interviews; October 2015)
- Righetti site (neighborhood workshop; February 2016)
- Open House/Farmers Markets—4 total meetings (April 2016)
- Madonna site (stakeholder interviews; March-April 2016)
- South Bay Blvd (Tri-W) site (stakeholder interviews and community outreach; May-June 2016)
- Updates via newsletters and postcard mailers (March and May 2016)

Debbie Rudd of RRM Design Group is leading the stakeholder interviews and neighborhood outreach, supported by John Rickenbach.

2. *Community workshops.* The program management team will facilitate community workshops that focus on two key aspects of the program:

- *Facilities Master Plan*
- *Master Water Reclamation Plan*

In the near term, workshops will focus on different aspects of the Facilities Master Plan (FMP). Specifically, we will be seeking input from the community on possible amenities that could be included in the facility or on the site, as well as the visual aspects of the design, including architectural and massing issues to ensure community compatibility. We will convey this input to the FMP team, who will use it to inform the overall master plan, in the context of achieving adopted city goals related to these issues. Once we have a draft plan available, a second workshop will be conducted to present the key plan components, which will provide the community an opportunity to confirm whether or not we are on the right track from their perspective. The WRFCAC and City Council can then use this feedback to fine-tune their stated goals, if needed, as the project moves forward.

Workshops related to the Master Water Reclamation Plan will follow once the FMP is near completion, and the wastewater treatment aspects of the project are well understood. In all likelihood, these workshops will occur in 2016, and follow a similar pattern to those associated with the FMP: an initial workshop to educate and receive feedback, with a second workshop to convey how the draft Master Water Reclamation Plan responded to this input, with more feedback as needed.

John Rickenbach and Debbie Rudd are leading the community workshops.

3. *Technical presentations.* The program includes a variety of presentations that describe various technical aspects of the FMP or the Master Water Reclamation Plan. Many of these were completed in late 2015, focused on a variety of technical memoranda that are essential to the production of the FMP. Others will focus on the Master Reclamation Plan. These have been (or will be) conducted as public workshops, with a primary focus on education, so that the general public and decisionmakers can understand provide meaningful feedback far in advance of the completion of these technical documents, which form the basis of the overall project that will be implemented.

The primary authors of the reports will conduct these presentations: Black & Veatch in the case of the FMP, and MKN in the case of the Master Water Reclamation Plan.

4. *Water Reclamation Facility Citizens Advisory Committee (WRFCAC) meetings.* The WRFCAC has both a key technical and advisory role in the overall process. The WRFCAC has been, and will continue to be, a crucial forum to present technical information, gain crucial feedback, and make recommendations to the City Council to move the WRF program forward. WRFCAC meetings are held monthly, but when additional input is needed, we expect that their meeting schedule may be accelerated. This was the case, for example, during the preparation of the FMP. At other times, fewer

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meetings may be needed, when there is less to report on, such as during the preparation of the Draft EIR.

5. *City Council study sessions and hearings.* Similar to the WRFCAC, the City Council has several important roles in the overall process. In addition to approving contracts and providing general direction guiding the process, the City Council's most important role is to set the goals that drive the entire program. The Council will be asked from time to time to affirm or modify these goals as needed to respond to evolving conditions associated with implementing the WRF program. The City Council serves as an important forum for various study sessions related both to community workshop and interview input, as well as technical input from consultants associated with the overall process. The City Council will have an ongoing role throughout the entire process.

6. *Formal environmental review (CEQA and NEPA) process.* The project will be subject to formal environmental review under the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA).

The CEQA process includes a formal public scoping meeting, as well as coordination of public and agency comments regarding the scope received during a 30-day period following the release of the Notice of Preparation. Once the Draft Environmental Impact Report (EIR) is released to the public, a 45-day review period begins, during which the City and its environmental consulting team will formally respond to comments, which will ultimately be considered in the Final EIR. This process has the potential to result in changes to the proposed project that would lessen potential impacts to the environment.

7. *Coordination with outside permitting agencies.* The WRF will require a variety of permits from state and federal resource regulatory agencies. It is crucial to initiate a dialogue with these agencies from the outset, in order to better understand their permitting requirements, and whatever critical path items there may be in order to secure needed permits.

Key resource regulatory permitting agencies for this project could include:

- *State Water Resources Control Board*
- *Regional Water Quality Control Board*
- *California Department of Fish and Wildlife*
- *U.S. Army Corps of Engineers*
- *NOAA Fisheries*
- *Bureau of Reclamation*
- *San Luis Obispo County Air Pollution Control District (SLOCAPCD)*
- *State Historic Preservation Office (SHPO)*

The WRF will also require a variety of permits from state and federal land use permitting agencies, notably the California Coastal Commission among others. Annexation of the project site will also require coordination with San Luis Obispo Local Agency Formation Commission (LAFCo). Coordination with San Luis Obispo County will also be required, because while the facility is allowed at that location under its

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LCP, a specific alternatives analysis will be required to support that finding. In addition, a Caltrans encroachment permit would be needed if pipelines will be located within the Caltrans right-of-way.

As with the resource regulatory agencies, early consultation will be crucial, which will help define and guide the most time-effective approach to implementing the WRF. Key land use permitting agencies could include:

- *California Coastal Commission*
- *LAFCo (annexation to the City)*
- *City of Morro Bay (consistency with GP/LCP and local land use permits)*
- *San Luis Obispo County (coordination on LCP consistency and Morro Bay Golf Course recycled water use opportunities)*
- *California Department of Transportation (Caltrans Encroachment Permit)*

It is anticipated that coordination with these permitting agencies will occur throughout the process, and will consist of informal meetings, formal consultation, and the permit application process. In many cases, the permit application process will need to be coordinated with the environmental review process.

In addition, we are coordinating with several resource-oriented organizations, whose input will be crucial for developing the WRF. Input from these organizations will also be useful in the permitting process. These include:

- *Coastal San Luis Resource Conservation District*
- *Morro Bay National Estuary Program*
- *Coastal Conservancy*

8. *WRF Program website and promotional materials.* The entire program depends on clear communication and easy access to the many reports and other materials associated with the effort. To this end, the program management team, led by Konig Media and MKN, have put together a website dedicated to the WRF program. This functions as a platform for the dissemination of program materials, and will also be used to inform the public about the schedule, upcoming events, and future opportunities to participate in the process.

The team, led by RRM Design Group, has also provide a logo design to brand the WRF program and use on documents, website, and exhibits. As the program moves forward, the team will also prepare graphics and exhibits to put on the website, e-blasts, newsletters, postcard updates, and use during meetings.

**Table 2** summarizes these key outreach components and how they would be coordinated within the schedule of the overall WRF program.

<b>Table 2. Summary of Outreach Program and Schedule</b>			
<b>Forum</b>	<b>Purpose</b>	<b>Key Topics</b>	<b>Timing</b>
<b>Completed Outreach</b> (Aug 2015-June 2016)			
City Council study session	Education and Feedback	<ul style="list-style-type: none"> <li>• Overall Program</li> <li>• Near-Term Schedule</li> <li>• Outreach Concept</li> <li>• Master Reclamation Plan</li> </ul>	August 17, 2015
WRFCAC meeting	Education and Feedback	<ul style="list-style-type: none"> <li>• Facility Master Plan Update</li> <li>• CEQA/NEPA Consultant Selection</li> <li>• Concept on Outreach Program</li> </ul>	September 1, 2015
Interagency coordination (various agencies and locations)	Public Agency Outreach: <ul style="list-style-type: none"> <li>• Gain input on permitting needs, critical path items, and agency concerns</li> <li>• Gain input on funding opportunities</li> </ul>	Informal meetings with the following agencies: <ul style="list-style-type: none"> <li>• California Coastal Commission</li> <li>• SLO County</li> <li>• RWQCB</li> <li>• State Water Resources Control Board (including Division of Drinking Water)</li> <li>• LAFCo</li> <li>• CDFW</li> <li>• Army Corps of Engineers</li> <li>• NOAA Fisheries</li> <li>• Caltrans</li> <li>• Bureau of Reclamation</li> </ul>	Ongoing from Sept 2015 through life of project;  Formal meetings TBD as needed
City Council study session	Education and Feedback	<ul style="list-style-type: none"> <li>• Outreach Program</li> <li>• FMP Progress Update</li> </ul>	September 22, 2015
Website development and promotional materials	<ul style="list-style-type: none"> <li>• Program Branding</li> <li>• Creating Mechanisms for Distributing Information</li> <li>• Industry Outreach</li> </ul>	<ul style="list-style-type: none"> <li>• Website creation</li> <li>• Program Logo</li> <li>• Newsletters/Flyers</li> <li>• E-Blasts</li> <li>• Registration for potential industry to facilitate teaming and sharing of information</li> </ul>	<ul style="list-style-type: none"> <li>• Media created Sept-Nov 2015</li> <li>• Information sharing ongoing</li> </ul>
WRFCAC meeting	Review and Feedback	<ul style="list-style-type: none"> <li>• Review CEQA/NEPA scope</li> <li>• Update on grant/loan opportunities</li> </ul>	October 6, 2015
City Council hearing	Feedback	<ul style="list-style-type: none"> <li>• Selection of CEQA/NEPA consultant</li> </ul>	October 13, 2015
Stakeholder Interviews	Feedback	<ul style="list-style-type: none"> <li>• Get focused feedback on: <ul style="list-style-type: none"> <li>✓ Key Concerns in Process</li> <li>✓ Facilities to include</li> <li>✓ Reclamation Issues</li> </ul> </li> </ul>	October 14-15, 2015
Technical Presentation #1:	Education	<ul style="list-style-type: none"> <li>• Technical presentation on Alternative Delivery approaches</li> </ul>	October 17, 2015
WRFCAC meeting	Technical Review	<ul style="list-style-type: none"> <li>• Interim report on progress of FMP</li> </ul>	October 20, 2015
Community Workshop #1:	Process and Goals Review, Education and Feedback	<ul style="list-style-type: none"> <li>• Review of City goals</li> <li>• Overview of FMP Process</li> <li>• Community input on:</li> </ul>	October 29, 2015

Table 2. Summary of Outreach Program and Schedule			
Forum	Purpose	Key Topics	Timing
		<ul style="list-style-type: none"> <li>✓ facilities programming</li> <li>✓ visual/design issues</li> </ul>	
WRFCAC meeting	Technical Review	<ul style="list-style-type: none"> <li>• Receive comments from WRFCAC on Technical Memoranda 2 (Flows and Loadings), 3 (WWTP Decommissioning), and presentation from prior meeting</li> <li>• FMP Tech Memorandum 6 (Biosolids Treatment)</li> </ul>	November 3, 2015
City Council study session	Education and Update	<ul style="list-style-type: none"> <li>• Program budget and schedule update</li> <li>• Property research and negotiation update</li> <li>• WRFCAC input on FMP</li> </ul>	November 2015
WRFCAC meeting	Technical Review	<ul style="list-style-type: none"> <li>• FMP Tech Memoranda 7 (Liquid Treatment Processes) and 8 (Future Potable Reuse)</li> </ul>	November 17, 2015
Technical Presentation #2: (joint Council/WRFCAC)	Education	<ul style="list-style-type: none"> <li>• Liquid treatment technologies evaluated in FMP</li> </ul>	December 1, 2015
Technical Presentation #3:	Education	<ul style="list-style-type: none"> <li>• Organic waste disposal and energy conversion</li> </ul>	Dec 2015 - Jan 2016
City Council study session	Education and Update	<ul style="list-style-type: none"> <li>• Program budget and schedule update</li> <li>• Property research and negotiation update</li> </ul>	January 2016
Neighborhood Workshop	Discussion of Righetti site with neighbors	<ul style="list-style-type: none"> <li>• Input on Righetti site</li> </ul>	February 25, 2016
WRFCAC meeting	Technical Review	<ul style="list-style-type: none"> <li>• Consideration of Potential WRF sites</li> </ul>	March 1, 2016
Stakeholder Interviews and Community Outreach	Feedback	<ul style="list-style-type: none"> <li>• Get focused feedback on: <ul style="list-style-type: none"> <li>✓ Madonna Site</li> </ul> </li> </ul>	March and April 2016
Community Outreach (newsletter and postcard mailer)	Education	<ul style="list-style-type: none"> <li>• Provide communitywide project updates</li> </ul>	March and May 2016
Community Workshop #2:	Presentation and Feedback	<ul style="list-style-type: none"> <li>• WRF Site selection</li> <li>• Community feedback</li> </ul>	April 7 and 10, 2016
Farmer's Market Outreach	Education and feedback	<ul style="list-style-type: none"> <li>• WRF Site selection</li> <li>• Community feedback</li> </ul>	April 9 and 14, 2016
WRFCAC meeting	Presentation and feedback	<ul style="list-style-type: none"> <li>• WRF Site Selection</li> <li>• Feedback and recommendation to Council for WRF site selection</li> </ul>	May 3, 2016
City Council hearing	Presentation and feedback	<ul style="list-style-type: none"> <li>• Receive Community Input on WRF site selection</li> </ul>	May 10, 2016
Stakeholder Interviews and Community Outreach	Feedback	<ul style="list-style-type: none"> <li>• Get focused feedback on: <ul style="list-style-type: none"> <li>✓ South Bay Blvd Site</li> </ul> </li> </ul>	May and June 2016

<b>Table 2. Summary of Outreach Program and Schedule</b>			
<b>Forum</b>	<b>Purpose</b>	<b>Key Topics</b>	<b>Timing</b>
City Council hearing	Presentation and feedback	<ul style="list-style-type: none"> <li>WRF site selection</li> </ul>	June 14, 2016
<b>Short-Term Program</b> <i>(July-Dec 2016)</i>			
Release of NOP for EIR	CEQA Notice of Preparation for EIR	<ul style="list-style-type: none"> <li>No meeting; begins 30-day public review period for scope</li> </ul>	August 2016
EIR Scoping meeting	Formal CEQA scoping meeting	<ul style="list-style-type: none"> <li>Public feedback on EIR scope</li> </ul>	August 16, 2016
WRFCAC meeting	Presentation and feedback	<ul style="list-style-type: none"> <li>Progress update</li> </ul>	August 2016
General Plan/LCP Workshop	Education and feedback	<ul style="list-style-type: none"> <li>Describe General Plan/LCP concepts in the context of the FMP</li> <li>Discuss common issues and coordination</li> </ul>	TBD; Sept-October 2016
WRFCAC meeting	Presentation and feedback	<ul style="list-style-type: none"> <li>Progress update</li> </ul>	October 2016
Community Workshop #3:	Presentation and Feedback	<ul style="list-style-type: none"> <li>Preliminary site concepts for draft FMP</li> <li>Visual simulations for WRF site and influent lift station site</li> <li>Community feedback</li> </ul>	October 2016 (date TBD)
WRFCAC meeting	Presentation and feedback	<ul style="list-style-type: none"> <li>Draft FMP</li> <li>Feedback and recommendation to Council</li> </ul>	November 2016
City Council Study Session	Presentation and feedback	<ul style="list-style-type: none"> <li>Draft FMP</li> <li>Input from WRFCAC</li> </ul>	November 2016
City Council hearing	Presentation, feedback and FMP adoption	<ul style="list-style-type: none"> <li>Adoption of FMP as project basis</li> <li>Direction to Program Management team for completing the FMP</li> <li>Provide direction on Master Reclamation Plan</li> <li>Formal update of schedule, budget, and cashflow</li> </ul>	December 2016
<b>Long-Term Program</b> <i>(2017 and beyond)</i>			
Community Workshops #4 and #5	Process and Goals Review, Education and Feedback	<ul style="list-style-type: none"> <li>Input on Master Water Reclamation Plan;</li> <li>Presentation of Plan in response to feedback</li> </ul>	Early to mid-2017
Environmental Review Process	Formal environmental documentation and public review	Environmental review of FMP and Master Reclamation Plan (likely CEQA+ process)	Jan-Dec 2017; includes formal public review and workshops
Technical Presentation #4:	Education	<ul style="list-style-type: none"> <li>Reclamation Opportunities and Best Options for moving forward</li> </ul>	Early 2017

<b>Table 2. Summary of Outreach Program and Schedule</b>			
<b>Forum</b>	<b>Purpose</b>	<b>Key Topics</b>	<b>Timing</b>
WRFCAC meetings	Various; TBD	<ul style="list-style-type: none"> <li>• Technical memos</li> <li>• Reclamation Plan</li> <li>• CEQA/NEPA documentation</li> <li>• Recommendation for selection of Alternative Delivery Design team</li> </ul>	Monthly (or as needed) in 2017 and beyond
City Council study sessions and hearings	Various; TBD	<ul style="list-style-type: none"> <li>• Confirmation of project goals;</li> <li>• Modifications to WRF Program as needed</li> <li>• Technical memos</li> <li>• Review and adoption of Reclamation Plan</li> <li>• Review and Certification of CEQA/NEPA documentation</li> <li>• Request for Proposal Review and approval of contractors for design and alternative delivery</li> <li>• Select Alternative Delivery Design team</li> </ul>	As needed in 2017 and beyond
<b>Additional Community Workshops</b>	<b>Various; TBD</b>	<b>TBD</b>	<b>TBD, as needed</b>
Interagency coordination (various agencies and locations)	Public Agency Outreach: <ul style="list-style-type: none"> <li>• Gain input on permitting needs, critical path items, and agency concerns</li> <li>• Initiate permitting process as appropriate</li> </ul>	Informal and formal consultation and permitting as needed with the following agencies: <ul style="list-style-type: none"> <li>• California Coastal Commission</li> <li>• SLO County</li> <li>• RWQCB</li> <li>• State Water Resources Control Board (including Division of Drinking Water)</li> <li>• LAFCo</li> <li>• CDFW</li> <li>• Army Corps of Engineers</li> <li>• NOAA Fisheries</li> <li>• Caltrans</li> <li>• Bureau of Reclamation</li> </ul>	2017 and beyond, as needed
Resource And Conservation Organization coordination (various organizations and locations)	Organization Outreach: <ul style="list-style-type: none"> <li>• Coordinate project design related to resource conservation</li> <li>• Coordinate water reclamation efforts</li> <li>• Gain input that will be useful in the formal permitting process</li> </ul>	Coordination and outreach as needed with the following organizations: <ul style="list-style-type: none"> <li>• Coastal San Luis Resource Conservation District</li> <li>• Morro Bay National Estuary Program</li> <li>• Coastal Conservancy</li> </ul>	2017 and beyond, as needed
Website development and promotional material	Update as needed	TBD	2017 and beyond, as needed



AGENDA NO: C-3

MEETING DATE: August 9, 2016

# Staff Report

**TO:** Honorable Mayor and Council Members      **DATE:** August 3, 2016  
**FROM:** Susan Slayton, Administrative Services Director  
**SUBJECT:** Discussion of Financing Street Repairs by Dedicating District Transaction Tax (Measure Q) Monies for Debt Service Payments

## **RECOMMENDED ACTION**

Staff recommends the Council:

- a) Provide Staff guidance for a final report and direct staff to return to Council for a decision in September, or,
- b) Direct staff wait until after the Nov 2016 election (which includes the County-wide streets self-help measure) before considering a streets financing option.

## **BACKGROUND**

One of the City's top goals is to improve streets. Unfortunately, our current fiscal situation is such that the City can only afford around 33% of the spending needed to achieve this goal. Monies allocated to street rehabilitation and repair in FY15/16 was around \$500K. Monies allocated in the FY 16/17 budget is around \$590K. The City requires \$1.5M annually to keep our streets in their current condition and requires even more revenue to bring our streets up to an adequate condition. So, we have around a \$1M enduring gap between our requirements and our revenue. Further, the longer we wait to improve our streets the bigger the bill to fix them.

In February 2015, the City Council included an FY15/16 work plan objective to consider a City ballot measure to raise revenue for improving streets.

In June 2015, the City Council determined not to pursue a revenue-raising measure on the Nov 16 ballot, but to consider accelerating street improvement by financing work now that would be paid by the already approved "Measure Q" district transaction tax. Staff worked with both the Citizens Finance Advisory Committee ("CFAC") and the Public Works Advisory Board ("PWAB") on this objective.

In February 2016, the City Council determined not to further consider a streets financing option but to wait until after the Nov 2016 ballot to see the result of the SLOCOG initiated County-wide "self-help" tax measure.

Prepared By: SS      Dept Review: \_\_\_\_\_

City Manager Review: DWB

City Attorney Review: \_\_\_\_\_

At the July 12, 2016 Council meeting, the Council directed staff to return to Council quickly (August or early September) with updated information on possible streets financing. Councilmember Headding recommended the item based on current economic conditions and low interest rates, noting that this is somewhat time sensitive as rates are at/near historic lows.

**DISCUSSION**

Staff completed some quick research to provide the Council with some very basic information on the subject. The most efficient and effective way to achieve the Council’s intent is with a “Certificate of Participation” – a routinely used government financing vehicle that looks a lot like a typical loan.

Staff presents four possible scenarios for information at this time. These options include loan periods of 20 and 30 years, and payments of \$300 and \$500K.

Plan	Capital Raised	Term (years)	Annual Payment	Interest Rate	Total Cost
1	\$4.34M	20	~\$300K	2.77%	\$1.61M
2	\$5.36M	30	~\$300K	3.40%	\$3.57M
3	\$7.36M	20	~\$500K	2.78%	\$2.58M
4	\$9.07M	30	~\$500K	3.40%	\$5.85M

The question for the Council now is **when** to conduct further research on this issue:

If the Council is prepared to make a decision on streets financing before the results of the Nov 2016 “SLOCOG Self Help Ballot Measure”, staff will conduct additional research in the next month and present to Council for decision in September.

If the Council is not prepared to make a decision until the results of the 2016 election are known, staff will be prepared to bring this item back to Council in early 2017.

It is very likely any of these scenarios will save the City money of the long term. Likely savings include:

- Avoiding the substantial mobilization cost of conducting annual street repairs by consolidating much of our maintenance into 1– to 3-year period instead of over 20 years.
- Performing a substantial amount of work now and avoiding the increasing costs of street paving, costs that are increasing faster than the inflation rate.
- Fixing some streets now when the cost of fixing those streets is substantially less expensive than it would be if they were allowed to further deteriorate over the next 10-20 years before they are fixed.

Since the Council added this item to the agenda based on current economic conditions, staff wanted to get this initial information to the Council as soon as possible and looks forward to any guidance the Council may have on the timing of a decision.

**City of Morro Bay**  
**2016 Certificate of Participation**  
**Issuance Analysis**



**CASH FLOW SUMMARY**

<b>Sizing Based on Maturity Schedule</b>		
Maturity	20 Years	30 Years
Funds Raised for Street Projects	\$7,358,899	\$9,067,619
Rating Assumption	AA-	AA-
True Interest Cost (TIC)	2.78%	3.40%
Debt Service Reserve Fund	\$0	\$0
Cost of Issuance (Estimate)	\$200,000	\$200,000
Maximum Annual Debt Service	\$499,000	\$499,750
Annual Payments (12/1)		
2017	\$495,900	\$495,650
2018	\$496,800	\$498,150
2019	\$495,500	\$499,250
2020	\$496,900	\$498,850
2021	\$497,900	\$498,250
2022	\$498,500	\$497,450
2023	\$498,700	\$496,450
2024	\$498,500	\$495,250
2025	\$495,250	\$497,250
2026	\$496,500	\$498,750
2027	\$497,000	\$499,750
2028	\$496,750	\$495,250
2029	\$495,750	\$495,500
2030	\$499,000	\$495,250
2031	\$496,250	\$499,500
2032	\$497,750	\$498,000
2033	\$498,250	\$496,000
2034	\$497,750	\$498,500
2035	\$496,250	\$495,250
2036	\$498,750	\$496,500
2037		\$497,000
2038		\$496,750
2039		\$495,750
2040		\$499,000
2041		\$496,250
2042		\$497,750
2043		\$498,250
2044		\$497,750
2045		\$496,250
2046		\$498,750
<b>Total Debt Service</b>	<b>\$9,943,950</b>	<b>\$14,918,300</b>

Note: This financing was evaluated at "AA-" certificate of participation spreads to the generic "AAA" municipal yield index ('MMD') +15 basis points beginning in 2017 increasing to +55 basis points in 2028 to maturity of the bonds. The interest rates assumed in this presentation are based on current market conditions and similar credits as of July 28, 2016. The actual results may differ, and Stifel makes no commitment to underwrite at these levels.

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**City of Morro Bay**  
**2016 Certificate of Participation**  
**Issuance Analysis**



**CASH FLOW SUMMARY**

Sizing Based on Maturity Schedule		
Maturity	20 Years	30 Years
Funds Raised for Street Projects	\$4,338,667	\$5,357,480
Rating Assumption	AA-	AA-
True Interest Cost (TIC)	2.77%	3.40%
Debt Service Reserve Fund	\$0	\$0
Cost of Issuance (Estimate)	\$185,000	\$185,000
Maximum Annual Debt Service	\$299,750	\$300,000
Annual Payments (12/1)		
2017	\$299,000	\$296,650
2018	\$296,500	\$295,150
2019	\$297,750	\$297,900
2020	\$297,550	\$299,700
2021	\$297,150	\$296,300
2022	\$296,550	\$297,900
2023	\$295,750	\$299,300
2024	\$299,750	\$295,500
2025	\$296,750	\$295,750
2026	\$298,500	\$295,750
2027	\$299,750	\$295,500
2028	\$295,500	\$300,000
2029	\$296,000	\$299,000
2030	\$296,000	\$297,750
2031	\$295,500	\$296,250
2032	\$299,500	\$299,500
2033	\$297,750	\$297,250
2034	\$295,500	\$299,750
2035	\$297,750	\$296,750
2036	\$299,250	\$298,500
2037		\$299,750
2038		\$295,500
2039		\$296,000
2040		\$296,000
2041		\$295,500
2042		\$299,500
2043		\$297,750
2044		\$295,500
2045		\$297,750
2046		\$299,250
<b>Total Debt Service</b>	<b>\$5,947,750</b>	<b>\$8,922,650</b>

Note: This financing was evaluated at "AA-" certificate of participation spreads to the generic "AAA" municipal yield index ('MMD') +15 basis points beginning in 2017 increasing to +55 basis points in 2028 to maturity of the bonds. The interest rates assumed in this presentation are based on current market conditions and similar credits as of August 2, 2016. The actual results may differ, and Stifel makes no commitment to underwrite at these levels.

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Stifel is providing information and is declaring to the proposed municipal issuer and any obligated person that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm’s-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its’ own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

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**ORDINANCE NO. 606**

**AN ORDINANCE OF THE CITY COUNCIL OF THE  
CITY OF MORRO BAY, CALIFORNIA, AMENDING  
VARIOUS PROVISIONS OF THE MORRO BAY MUNICIPAL CODE  
RELATING TO CITY ORGANIZATIONAL MATTERS,  
USE OF CITY PARKS AND RECREATION EQUIPMENT  
AND PROVIDING OTHER CLARIFICATIONS**

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

**WHEREAS**, the Morro Bay Municipal Code (MBMC) establishes laws and rules to govern the City;

**WHEREAS**, since the years of the City's incorporation provisions have been added to the MBMC that may go beyond that purpose;

**WHEREAS**, staff periodically reviews the MBMC and recommends changes for Council consideration to update and streamline the MBMC; and

**WHEREAS**, this Ordinance makes such changes to the MBMC.

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

**SECTION 1:** Sections 2.16.040 and 2.16.050 are hereby repealed

**SECTION 2:** Section 2.16.090 is added to the MBMC to read as follows:

Section 2.16.090 – Finance Director.

The city manager shall appoint a finance director, who shall serve and perform the duties of the city's chief financial officer and city treasurer, as set forth in Government Code relating to obligations of a city treasurer. Pursuant to Government Code section 37209, the finance director shall also carry out the duties imposed on the city clerk by Government Code sections 37203 and 37208.

**SECTION 3:** Section 2.20.105 of the MBMC is amended to read as follows:

2.20.015 - Additional compensation for mayor.

The mayor, in addition to the compensation enumerated in Section 2.20.010 shall receive the sum of two hundred dollars, per month, as additional compensation as provided by California Government Code 36516.1.

**SECTION 4:** Sections 2.20.20 of the MBMC is hereby amended to read as follows:

2.20.020 - Officers and employees.

The salaries and compensation of officers and employees of the city shall be as fixed and determined by resolution of the city council, after due consideration of employees' bargaining rights, as established by the Meyers-Milias-Brown Act, except those fixed in this chapter.

**SECTION 5:** Sections 2.20.030 and 2.20.020 are hereby repealed.

**SECTION 6:** The title of Chapter 2.24 of the MBMC is hereby amended to read as follows:

**Chapter 2.24 – USE OF CITY PARKS**

**SECTION 7:** Sections 2.24.010, 2.24.020 and 2.24.090 are hereby repealed.

**SECTION 8:** Section 2.24.030 of the MBMC is hereby amended to read as follow:

2.24.030 - Use of parks.

All city parks are intended for the recreational use of the residents of the city of Morro Bay. When not in use for city business or recreation programs, the parks may be used by local groups and individuals for social, cultural and recreational activities, subject to rules and policies recommended by the Recreation and Parks Commission and approved by the City Council (the "Park Rules and Regulations").

**SECTION 9:** Section 2.24.040 of the MBMC is hereby amended to read as follows:

2.24.040 - Uses of parks requiring permits.

A. Except to the extent the use is in conjunction with some other permitted event occurring at the park, any person, group or organization desiring to use any portion of a park for any of the purposes listed in this subdivision must first obtain a permit, pursuant to this section and in accordance with the Park Rules and Regulations:

1. to erect or maintain a table, booth or similar structure,
2. for a group exceeding seventy-five persons,
3. to reserve a park for exclusive use,

4. to use the park for commercial purposes,
5. to hold a contest, demonstration or exhibit in a park for which an admission or entrance fee is charged,
6. to engage in the sale or consumption of an alcoholic beverage, as defined in Chapter 9.18 of this code or
7. before dawn or after dusk.

B. If an application for a permit is found in good order and in compliance with the Park Rules and Regulations, then the person, group or organization shall be granted use of the park, as requested.

C. In the event the manager of the Recreation Services Division, or his/her written designee, refuses to grant the permit, the applicant may appeal such refusal in writing to the Recreation and Parks Commission by filing notice thereof in writing with the City Clerk within thirty days following refusal of the permit. The Recreation and Parks Commission shall consider such appeal at a public meeting to be held no more than 15 days after the appeal is properly filed. The Recreation and Parks Commission, by majority vote, may affirm or overrule the refusal and may, if overruling, impose such conditions or changes as the Recreation and Parks Commission deems reasonable.

D. Each permit issued pursuant to this chapter is to be honored by all persons, groups and organizations upon presentation of a valid copy of the permit.

**SECTION 10:** Section 2.24.050 of the MBMC is hereby amended to read as follows:

2.24.050 - Use of City recreational equipment.

In accordance with the Park Rules and Regulations, the manager of the Recreation Services Division, or his/her designee, may issue a permit for a person, group or organization to use City-owned recreational equipment for a period not exceeding four consecutive days after the date of issuance of the permit

**SECTION 11.** This Ordinance shall take effect 30 days after its adoption. The City Clerk, or her duly appointed deputy, shall attest to the adoption of this Ordinance and shall cause this Ordinance to be published and posted in the manner required by law.

**INTRODUCED** at a regular meeting of the City Council of Morro Bay, held on the 12<sup>th</sup> day of July, 2016, by motion of Council Member Smukler, seconded by Council Member Heading.

**PASSED AND ADOPTED** on the \_\_\_ day of \_\_\_\_\_, 2016, by the following vote:

AYES:

NOES:

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 that the foregoing ordinance was duly and regularly introduced at a meeting of the City Council on the 12th day of July, 2016, and hereafter the said 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

**CHANGES TO VARIOUS SECTIONS OF CHAPTERS 2.16, 2.20 and 2.24  
OF THE MORRO BAY MUNICIPAL CODE,  
AS APPROVED BY ORDINANCE NO. 606**

(Additions noted as double underline; deletions noted as ~~strikethrough~~)

**~~2.16.040 – City clerk – Bond.~~**

~~The city clerk upon the entry to his duties of office shall execute a bond to the city in conformity with bonds of public officers, and in conformity with the provisions of the Government Code of the state relating thereto, in the amount of seven thousand five hundred dollars.~~

**~~2.16.050 – City treasurer – Bond.~~**

~~The city treasurer upon the entry of office shall execute a bond to the city in conformity with bonds of public officers, and in conformity with provisions of the Government Code of the state relating thereto, in the amount of one hundred thousand dollars.~~

**Section 2.16.090 – Finance Director.**

The city manager shall appoint a finance director, who shall serve and perform the duties of the city's chief financial officer and city treasurer, as set forth in Government Code relating to obligations of a city treasurer. Pursuant to Government Code section 37209, the finance director shall also carry out the duties imposed on the city clerk by Government Code sections 37203 and 37208.

**2.20.015 - Additional compensation for mayor.**

The mayor, in addition to the compensation enumerated in Section 2.20.010 shall receive the sum of two hundred dollars, per month, as additional compensation as provided by California Government Code 36516.1.

**~~2.20.030 – City treasurer.~~**

~~The city treasurer shall receive a salary of one dollar per month.~~

**~~2.20.040 – City clerk.~~**

~~The city clerk shall receive a salary of one dollar per month.~~

**2.20.020 - Officers and employees.**

The salaries and compensation of officers and employees of the city shall be as fixed and determined by resolution of the city council, after due consideration of employees' bargaining rights, as established by the Meyers-Milias-Brown Act, except those fixed in this chapter.

**Chapter 2.24 – USE OF CITY PARKS RECREATION AND PARKS DEPARTMENT**

**~~2.24.010 – Recreation and parks department established.~~**

~~A recreation and parks department is established for the city. The functions of this department are to provide opportunities for wholesome, year-round public recreation service for all age groups. The recreation and parks department shall further be responsible for development and maintenance of park and recreation facilities, and the planning of facilities and standards in the city.~~

**~~2.24.020 – Recreation and parks director.~~**

~~The city manager shall appoint a recreation and parks director to administer the recreation and parks department under the direction of the city manager. The recreation and parks director, or a duly appointed representative, shall be responsible for permitting use of parks and facilities by persons or organizations provided such person or organization makes application as required.~~

**2.24.030 - Use of parks/facilities.**

All city parks and facilities are intended for the recreational use of the residents of the city of Morro Bay. When not in use for city business or recreation programs, the parks and facilities may be used by local groups and individuals for social, cultural and recreational activities, subject to rules and policies recommended by the Recreation and Parks Commission and approved by the City Council (the “Park Rules and Regulations”).

## 2.24.040 - Uses of parks/~~facilities~~ requiring permits.

A. ~~Except to the extent the use is in conjunction with some other permitted event occurring at the park, a~~Any persons, ~~group~~ or organizations ~~desiring to must obtain a permit for use of any portion of any public recreational facilities, parks or other public property of the city for any of the purposes listed in this subdivision must first obtain a permit, pursuant to this section and in accordance with the Park Rules and Regulations: provided in this chapter, in the manner set forth by the recreation and parks commission.~~

1. ~~to erect or maintain a table, booth or similar structure,~~
2. ~~for a group exceeding seventy-five persons,~~
3. ~~to reserve a park for exclusive use,~~
4. ~~to use the park for commercial purposes,~~
5. ~~to hold a contest, demonstration or exhibit in a park for which an admission or entrance fee is charged,~~
6. ~~to engage in the sale or consumption of an alcoholic beverage, as defined in Chapter 9.18 of this code or~~
7. ~~before dawn or after dark.~~

B. If application for permit is found in good order and in compliance with the Park Rules and Regulations, ~~then guidelines adopted by the recreation and parks commission~~, the persons, ~~group~~ or organizations shall be granted use of the ~~facility, park and/or city land,~~ as requested.

C. In the event the manager of the Recreation Services Division, ~~director or his/her written designee, a duly appointed representative~~ refuses ~~to~~ grant the permit, the applicant may appeal such refusal in writing to the Recreation and Parks Commission by filing notice thereof in writing with the City Clerk ~~director~~ within thirty days following refusal of the permit. The Recreation and Parks Commission shall consider such appeal at its next meeting following the filing of such appeal. The Recreation and Parks Commission, by majority vote, may affirm or overrule the ~~refusal action of the director~~ and may, ~~ifn~~ ~~overruling~~, impose such conditions or changes as the Recreation and Parks Commission deems reasonable.

D. ~~Uses requiring a person or organization to obtain a permit include the following:~~

1. ~~Persons or groups proposing to erect or maintain a table, booth or similar structure;~~
2. ~~Groups of persons, exceeding seventy five in number;~~
3. ~~Persons or groups desiring to reserve a facility or park for a limited time for their exclusive use;~~
4. ~~Any persons or groups desiring to make solicitations or sales;~~
5. ~~Any person or group desiring to hold a contest, demonstration or exhibit in a park or facility for which an admission or entrance fee is charged;~~

6. ~~Any person or group engaging in the sale or consumption of an alcoholic beverage as defined in Chapter 9.18 of this code.~~

E. ~~Each~~ All permits issued pursuant to this chapter ~~is~~ are to be honored by all persons, ~~or groups and organizations upon presentation of~~ when presented with a valid copy of ~~the~~ is permit.

**2.24.050 - Use of City ~~personal property~~ — rRecreational equipment.**

In accordance with the Park Rules and Regulations, the manager of the Recreation Services Division, or his/her designee, Personal property, specifically play or recreational equipment, may be issued a permit for a person, to any group or organization individual to use City-owned recreational equipment for a period not exceeding four consecutive days from the date of issuance of the permit by the director of recreation and parks or a duly appointed representative, in accordance with regulations for use of such equipment.



AGENDA NO: C-5

MEETING DATE: August 9, 2016

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** July 21, 2016

**FROM:** Joseph W. Pannone, City Attorney

**SUBJECT:** Adoption of Ordinance No. 607, which Amends Section 3.34.010 of the Morro Bay Municipal Code Relating to the City's Master Fee Schedule

### **RECOMMENDATION**

Staff recommends Council discuss and adopt, by second reading by title only and with further reading waived, Ordinance No. 607: An Ordinance of the City Council of the City of Morro Bay, California, Amending Section 3.34.010 of the Morro Bay Municipal Code Relating to the City's Master Fee Schedule.

### **FISCAL IMPACT**

Ordinance No. 607 will allow the City Council to impose some fees that are market driven, which may be more than the actual costs for the services provided.

### **BACKGROUND/DISCUSSION**

At your meeting of July 12, 2016, Ordinance No. 607 was introduced for first reading. That ordinance updates Morro Bay Municipal Code, section 3.34.010, as permitted by Proposition 26, to allow the Council to have the option of charging market rate for certain fees, such as for harbor slip fees, park use fees, City activity fees and equipment rental fees.

### **CONCLUSION**

Staff recommends Council adopt Ordinance No. 607, by the second reading by title only.

### **ATTACHMENTS**

Proposed Ordinance No. 607

01181.0001/305371.1

Prepared By: JWP

Dept Review: JWP

City Manager Review: \_\_\_\_\_

City Attorney Review: JWP

**ORDINANCE NO. 607**

**AN ORDINANCE OF THE CITY COUNCIL OF THE  
CITY OF MORRO BAY, CALIFORNIA, AMENDING  
SECTION 3.34.010 OF THE MORRO BAY MUNICIPAL CODE  
RELATING TO THE CITY'S MASTER FEE SCHEDULE**

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

**WHEREAS**, Section 3.34.010 of the Morro Bay Municipal Code (MBMC) establishes a Master Fee Schedule is to be adopted by the City Council;

**WHEREAS**, that section also states the Master Fee Schedule shall not establish a fee that exceeds the cost of the City of providing the service reimbursed by that fee and refers to Article XIII B, section 8(c) of the California Constitution;

**WHEREAS**, that Section of the Constitution and stated limitation does not reflect the authority the City has, pursuant to Proposition 26, to set certain fees based on market rates; and

**WHEREAS**, this Ordinance amends the MBMC to reflect the current state of the law regarding City fees.

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

**SECTION 1:** Sections 3.34.010 of the MBMC is hereby amended to read as follows:

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 all applicable provisions of state and city laws.

**SECTION 2:** This Ordinance shall take effect 30 days after its adoption. The City Clerk, or her duly appointed deputy, shall attest to the adoption of this Ordinance and shall cause this Ordinance to be published and posted in the manner required by law.

**INTRODUCED** at a regular meeting the of the City Council of Morro Bay, held on the 12th day of July, 2016, by motion of Mayor Irons, seconded by Councilmember Headding.

**PASSED AND ADOPTED** on the \_\_ day of \_\_\_\_\_, 2016, by the following vote:

AYES:  
NOES:  
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 that the foregoing ordinance was duly and regularly introduced at a meeting of the City Council on the 12th day of July, 2016, and hereafter the said 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