



CITY OF MORRO BAY CITY COUNCIL AMENDED AGENDA

The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.

Regular Meeting - Tuesday, May 9, 2017 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 - None
CLOSED SESSION REPORT
MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS
CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS
PRESENTATIONS

- Chamber of Commerce 2017 1st Quarter Report

PUBLIC COMMENT PERIOD

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 FOR THE MARCH 28, 2017 JOINT CITY COUNCIL AND PLANNING COMMISSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE MARCH 28, 2017 CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE APRIL 11, 2017 SPECIAL CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 APPROVAL OF MINUTES FOR THE APRIL 11, 2017 CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-5 APPROVAL OF MINUTES FOR THE APRIL 25, 2017 SPECIAL CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-6 APPROVAL OF MINUTES FOR THE APRIL 25, 2017 CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-7 ADOPTION OF RESOLUTION NO. 19-17 APPROVING THE FISCAL YEAR 2017/18 BUSINESS TAX SCHEDULE; (FINANCE)

RECOMMENDATION: Council adopt Resolution No. 19-17.

A-8 AWARD OF CONTRACT TO CAROLLO ENGINEERS, INC. (CAROLLO) FOR ENGINEERING SERVICES FOR THE DEVELOPMENT OF AN INTEGRATED WATER, WASTEWATER AND STORMWATER MASTER PLAN, ALSO KNOWN AS A ONEWATER PLAN; (PUBLIC WORKS)

RECOMMENDATION: Council award a contract to Carollo for Program Management for the development of a OneWater Plan for a not-to-exceed amount of \$711,150, including contingency; authorize the Public Works Director to execute that contract; and direct staff to set up a "capital project" for the OneWater planning effort and allocate funds as indicated in the staff report.

B. PUBLIC HEARINGS

B-1 ADOPTION OF RESOLUTION NO. 20-17 APPROVING THE ENGINEER'S REPORT AND DECLARING THE INTENT TO LEVY THE ANNUAL ASSESSMENT FOR THE CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS)

RECOMMENDATION: Council adopt Resolution No. 20-17 declaring the intent to levy the annual assessment for the maintenance of the Cloisters Park and Open Space for fiscal year 2017/18 and approving the Engineer's Report, and provide direction as to the future funding of activities performed in the assessment district, including the following options:

- a. *Begin the process to increase the Cloisters Assessments,*
- b. *Subsidize the assessment with funding from the City's general fund, or*
- c. *Reduce the level of maintenance that can be performed within the confines of the existing assessment*

B-2 ADOPTION OF RESOLUTION NO. 21-17 APPROVING THE ENGINEER'S REPORT AND DECLARING THE INTENT TO LEVY THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS)

RECOMMENDATION: Council adopt Resolution No. 21-17 approving the Engineer's Report and declaring the intent to levy the annual assessment for maintenance of the North Point Natural Area.

C. BUSINESS ITEMS

C-1 APPROVAL OF FIRE MARSHAL JOB DESCRIPTION AND AUTHORIZATION TO ADD ONE FULL-TIME EQUIVALENT EMPLOYEE; (FIRE)

RECOMMENDATION: Council approve the job description and salary range for the proposed Fire Marshal job classification and to increase the Fire Department's full-time equivalent (FTE) staff by one from 12.75 to 13.75.

C-2 AUTHORIZATION TO ADD ONE FULL-TIME EQUIVALENT BUDGET & ACCOUNTING MANAGER POSITION IN THE FINANCE DEPARTMENT BEGINNING FISCAL YEAR 2017/18; (FINANCE)

RECOMMENDATION: Council approve an increase in the City's Full-Time Equivalent (FTE) staff in the Finance Department by one from five to six. This position is a new request to add 1.0 FTE Budget & Accounting Manager on a four-year limited-term basis, beginning July 1, 2017, and terminating June 30, 2021.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

There will be a Special Closed Session Council Meeting on **Wednesday, May 10, 2017, at 3:30 p.m.** in the City Hall Conference Room located at 595 Harbor Street, Morro Bay, California. The next Regular Meeting will be held on **Tuesday, May 23, 2017 at 6:00 p.m.** 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 REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

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MINUTES – MARCH 28, 2017
 JOINT MEETING OF THE CITY COUNCIL
 AND PLANNING COMMISSION
 MORRO BAY VETERAN’S HALL
 209 SURF STREET – 3:30 P.M.

PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Heading	Council Member
	Matt Makowetski	Council Member
	Marlys McPherson	Council Member
	Robert Tefft	Planning Commission Chair
	Michael Lucas	Planning Commissioner
	Gerald Luhr	Planning Commissioner
	Joseph Ingraffia	Planning Commissioner
	Richard Sadowski	Planning Commissioner
STAFF:	Scot Graham	Community Development Director
	Joe Pannone	City Attorney
	Dana Swanson	City Clerk
	Cindy Jacinth	Associate Planner

ESTABLISH QUORUM AND CALL TO ORDER

A quorum was established by the City Council with all members present.
 A quorum was established by the Planning Commission with all members present.

PUBLIC COMMENT

<https://youtu.be/FUt5F0jG2EE?t=4m24s>

Rigmore, Morro Bay, expressed the importance of preserving natural areas along the water front.

Glenn Silloway, Morro Bay resident and Chair of Morro Bay Open Space Alliance, shared input received during a recent community meeting regarding Study Area 1. Of the 90 who attended, 21 preferred to leave the Chevron property in the County but would accept some level of sphere of influence. Most were opposed to commercial development in that area; 70% were open to campground type development. There was unanimous support for biking/hiking trails.

David Shoemaker, Morro Bay, was concerned about the sale and potential development of the Chevron property and recommended an independent geological study to analyze risk of landslide. He suggested the development of homes on Panorama in trade for hiking / biking trails on other parts of the property could put existing homes at risk.

Robert Walker, Morro Bay, confirmed with staff 3300 Panorama will be zoned R-1.

John Brukner, Morro Bay, opposed any development aside from a campground, hiking and biking trails on Lots 33-41 (Chevron property).

Don Headland, Morro Bay, asked if zoning and density for the pump station would be decided at this meeting. He was pleased the zoning had been changed to R-1 with density of 4-7 homes per acre.

Tina Metzger, Morro Bay, asked for clarification regarding the City's Mission Statement adopted on February 28th.

Peter Behman, Morro Bay resident and business owner, requested the City consider rezoning three small homes located at 965 Pelican Place, currently zoned visitor service, due to lack of space for extra parking.

Vic Montgomery, Chevron Corporation, provided an update on current discussions and potential future uses for 3,000 acres identified in Study Area #1.

Evans Cowan, Morro Bay, asked if there would be additional meetings to discuss potential land uses and expressed an interest in participating.

Dan Knight, representing a property owner on Island Street, offered support for the synopsis on Site E and the plan to move commercial development onto Main Street in an elongated manner, drawing it out of the neighborhoods. Regarding the Chevron parcel, he supported a geological study and joint effort between Chevron and the neighboring property owners.

Roy Cinowalt, owner of an apartment building a 3100 Main, spoke regarding the need for code enforcement to prevent illegal garage conversions from being used for income property and ensure the master plan and building codes are adhered to.

The public comment period was closed.

SPECIAL MEETING AGENDA ITEM:

I. LAND USE ALTERNATIVES
<https://youtu.be/FUt5F0jG2EE?t=33m49s>

Community Development Director Graham introduced Jeff Henderson and Amy Sinsheimer of Michael Baker International, who provided a project update and overview of Preferred Land Use Alternatives for input and discussion. (The slide presentation can be found [here](#).)

Existing Land Use Map.
<https://youtu.be/FUt5F0jG2EE?t=41m8s>

Comments by the Planning Commission and Council included the following:

- Confirmed land use designations with PD overlays will be replaced with PD zones defined through the zoning code. General Plan will include a range of anticipated uses and the zoning code will define the specific uses.
- Confirmed high density would be 15-27 units per acre.
- Regarding the Mixed Use category, suggested any decisions be provisional at this point, then revisit as we move forward.
- Suggested combining golf course with recreational / open space.

Opportunity Sites (within City limits)
<https://youtu.be/FUt5F0jG2EE?t=1h5m25s>

Site A – Dynegy Power Plant

Comments by the Planning Commission and Council included the following:

- Consider a larger envelope, across the creek to Highway 41. As proposed, it may be too restrictive for potential future development.
- Suggested including the intake building and providing more connection with north Embarcadero. A full master plan of this site may be warranted.
- Suggested an interim designation be made with the understanding a specific plan will be developed in the future.
- Property along Scott Street could be included to provide access to power plant property.
- Would like to see power plant property linked to the Measure D area, perhaps offsetting visitor serving use here against losses in other areas.
- Economic viability is key – the City must adapt to a proposal that meets community needs.
- Use less defined “bubbles” to illustrate proposed mix of uses, subject to future master plan. Include adjacent power plant property on southern side.

Site B – Existing Wastewater Treatment Plant (WWTP), Desal Plant, Lila Keiser Park & RV areas

The proposal is primarily a mix of visitor serving / commercial and open space / recreation use.

Comments by the Planning Commission and Council included the following:

- Would like a vision statement for natural resources and expanding or enhancing the ESHA.
- Referring to a flood study from 2009 Facility Master Plan, suggested using Highway 41 as an inversion to guide flood waters.
- Confirmed the existing RV Park conforms with proposed land use.
- Suggested the WWTP site be studied in conjunction with power plant for master plan.
- Suggested the two open space areas be connected.

Summary: As proposed, with an open space connection between the two open space areas, with the understanding master plan process will occur, with RV park on the west side of the map to be designated visitor serving commercial.

Site C – Proposed Water Reclamation Facility (WRF)

There were no comments regarding this site.

Site D – Downtown Waterfront Strategic Plan (DWSP)

Changed land use designations from Visitor Serving Commercial to Mixed Use to accommodate a range of potential catalyst projects. Following discussion, it was agreed more time was needed to review and discuss this area.

Site E – North Main Corridor

Comments by the Planning Commission and Council included the following:

- Supported high density in this location, gathering commercial around Spencer’s.

- Any development must be tied to upsizing infrastructure in this area. Traffic issues must also be considered.
- Design guidelines are needed.
- Specific areas outlined as nodes should be reexamined and well-defined. Areas where commercial doesn't work should be defined as residential.
- Suggested entryway to City on southern end be incorporated into that opportunity site, rather than the rest of north Main.
- Concerned designating the whole length of Main as neighborhood commercial would not be successful – does not want to limit options.

II. REVIEW OF PUBLIC MEETING PROCESS

<https://youtu.be/FUt5F0jG2EE?t=2h16m40s>

Mayor Irons requested this discussion item following the March 7th Planning Commission meeting to reinforce City policies and procedures to control public outbursts, such as cheering and clapping, and ensure everyone has the opportunity to speak during public comment.

Commissioner Tefft added it is incumbent upon members of the public to observe time limits, speak only one on an item, and be respectful of other speakers.

ADJOURNMENT

The joint meeting of the City Council and Planning Commission concluded at 5:56 p.m.

Recorded by:

Dana Swanson
City Clerk

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – MARCH 28, 2017
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-2

MEETING DATE: May 9, 2017

PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Headding	Council Member
	Matt Makowetski	Council Member
	Marlys McPherson	Council Member
STAFF:	Dave Buckingham	City Manager
	Joe Pannone	City Attorney
	Dana Swanson	City Clerk
	Ikani Taumoepeau	Deputy City Manager
	Craig Schmollinger	Finance Director
	Rob Livick	Public Works Director
	Scot Graham	Community Development Director
	Jody Cox	Acting Police Chief
	Steve Knuckles	Fire Chief
	Eric Endersby	Harbor Director

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:09 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION – None.

CLOSED SESSION REPORT – No Closed Session Meeting was held.

MAYOR AND COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS
CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PRESENTATIONS - Month of the Child Proclamation

<https://youtu.be/w5NxxUIprWU>

Mayor Irons presented the Month of the Child Proclamation to Haila Hafley-Kliver from Cuesta College Children's Center and Britney Ogden from the SLO County Child Care Planning Council.

PUBLIC COMMENT

<https://youtu.be/w5NxxUIprWU?t=22m16s>

Dr. Raffy Dorian, Central Coast Veterinary Services, provides mobile veterinary care for dogs, cats and horses. His primary goal is to provide high quality personalized veterinary care in the comfort of your own home or farm. More info is available at www.ccoastvet.com or by calling (805) 316-1990.

Carol Swain, Morro Bay, spoke regarding the Water Reclamation Facility (WRF), encouraging the Council to move forward with the proposed project, noting many months have been spent studying factors to determine best path. She understands it will be expensive but water will become even more expensive and no one plan will please everyone.

Carole Truesdale, Morro Bay, announced a fundraiser to support 97.3 The Rock will take place Friday, March 31st at the Veteran's Memorial Hall.

Lexie Bell, Morro Bay National Estuary Program, announced events scheduled during the month of April in honor of State of the Bay Month. Visit www.mbnep.org for more information.

Robert Walker, Morro Bay, requested reports related to the WRF be published earlier to allow time for a meaningful review and public input.

Meredith Bates, Morro Bay, spoke in support of Homeshare SLO, a local non-profit organization that provides opportunities to match those in need of housing with those who have extra space. She also appreciated the City's dedication to water conservation.

Cynthia Hawley speaking on behalf of Together We Will Indivisible Morro Bay Action Team, submitted a public record request for 2015 – 16 City expenditure reports.

Rigmor, Morro Bay, thanked the City Council and Planning Commission for the joint meeting held earlier today, noting the input and comments were invaluable.

The public comment period was closed.

A. CONSENT AGENDA
<https://youtu.be/w5NxxUIprWU?t=35m42s>

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 MARCH 1, 2017 CITY COUNCIL SPECIAL WORK SESSION; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FROM THE MARCH 14, 2017 SPECIAL CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FROM THE MARCH 14, 2017 CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 APPROVAL OF MINUTES FROM THE MARCH 15, 2017 CITY COUNCIL SPECIAL CLOSED SESSION; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-5 CHILD OF THE MONTH PROCLAMATION; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-6 ADOPTION OF RESOLUTION NO. 12-17 AUTHORIZING FISCAL YEAR 2016-17 BUDGET AMENDMENTS; (FINANCE)

RECOMMENDATION: Council adopt Resolution No. 12-17 Authorizing Fiscal Year 2016-17 Budget Amendments

A-7 ADOPTION OF RESOLUTION NO. 13-17 AUTHORIZING THE CITY OF MORRO BAY TO ENTER INTO A \$250,000 BOAT LAUNCHING FACILITY GRANT AGREEMENT WITH THE DIVISION OF BOATING AND WATERWAYS; (HARBOR)

RECOMMENDATION: Council approve Resolution No. 13-17, authorizing the City Manager to execute the \$250,000 grant agreement #C4128033 with the Division of Boating and Waterways for the first phase (design, engineering and permitting) of a \$1.7 Million grant-funded Boat Launching Facility rehabilitation project.

A-8 ADOPTION OF RESOLUTION NO. 14-17 AUTHORIZING EXECUTION OF A DEED OF TRUST FOR LEASE AGREEMENT ON LEASE SITE 144/144W (MORRO BAY OYSTER CO., LLC – 1287 EMBARCADERO); (HARBOR)

RECOMMENDATION: Council adopt Resolution No. 14-17, authorizing the Mayor to execute a Deed of Trust for Lease Site 144/144W with Morro Bay Oyster Company, LLC, and Cihan Corporation, a California Corporation, for a small loan to cover operating expenses at Lease Site 144/144W, located at 1287 Embarcadero.

A-9 WATER RECLAMATION FACILITY (WRF) PROGRAM UPDATE; (PUBLIC WORKS)

RECOMMENDATION: Council receive and file the status report of the WRF program.

The public comment period was opened; seeing none, the public comment period was closed.

Council Member Davis pulled Item A-8, Council Member Headding pulled Item A-7 and Council Member McPherson pulled Item A-9.

MOTION: Council Member Headding moved the Council approve Items A-1 through A-6 on the Consent Agenda. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

A-7 ADOPTION OF RESOLUTION NO. 13-17 AUTHORIZING THE CITY OF MORRO BAY TO ENTER INTO A \$250,000 BOAT LAUNCHING FACILITY GRANT AGREEMENT WITH THE DIVISION OF BOATING AND WATERWAYS; (HARBOR)
<https://youtu.be/w5NxxUJprWU?t=36m44s>

Council Member Headding commented on language in Item 6 of the grant agreement and encouraged staff to incorporate launch features that provide access for kayaks and other non-motorized vessels. Council Member Makowetski asked Harbor Director Endersby to discuss the long-term plan, noting these grant funds will be used for planning and design to prepare an engineer's estimate needed to apply for phase 2 funding for construction. Funding for phase 2 is anticipated to occur in 2018/19.

MOTION: Council Member Headding moved the Council approve Item A-7. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

A-8 ADOPTION OF RESOLUTION NO. 14-17 AUTHORIZING EXECUTION OF A DEED OF TRUST FOR LEASE AGREEMENT ON LEASE SITE 144/144W (MORRO BAY OYSTER CO., LLC – 1287 EMBARCADERO); (HARBOR)
<https://youtu.be/w5NxxUJprWU?t=41m9s>

Council Member Davis pulled the item to discuss the intended use of funds for operating expenses and confirm if Morro Bay Oyster Company defaults on the loan, then the City would be prepared to have Cihan Corporation take over the lease.

MOTION: Council Member Davis moved the Council approve Item A-8. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

A-9 WATER RECLAMATION FACILITY (WRF) PROGRAM UPDATE; (PUBLIC WORKS)
<https://youtu.be/w5NxxUIprWU?t=44m23s>

Council Member McPherson asked staff to highlight facts related to the project, including the site selection process and estimated site costs, estimated construction cost for phase 1 treatment facility (\$120M), phase 2 reclamation facility (\$10M), and groundwater injection alternatives (\$17.5M). Staff anticipates 10-20% of project could potentially be grant funded and noted a rate study is currently underway, but based on a \$166M project it is estimated rates for a single-family residence would be approximately \$160 to \$185 per month. The status of loan applications, potential cost of project delays and maximum penalties from the State Water Resources Control Board were also discussed.

MOTION: Council Member McPherson moved for approval of Item A-9. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

B. PUBLIC HEARINGS – None.

C. BUSINESS ITEMS

C-1 CONSIDERATION OF DRAFT MASTER WATER RECLAMATION PLAN PRESENTATION; (PUBLIC WORKS)
<https://youtu.be/w5NxxUIprWU?t=55m11s>

WRF Deputy Program Manager Rickenbach, WRF Program Manager Nunley, and Senior Engineer Eileen Shields presented the staff report and responded to Council inquiries.

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

Robert Walker, Morro Bay, expressed concern about the anticipated rate increases and urged the Council to economize.

Cynthia Hawley shared her concern about process including noticing issues, authorization of expenditures, and coastal development permit requirements.

Meredith Bates, Morro Bay, asked the Council to schedule an informational meeting for the public and looked forward to reading the executive summary document.

Bob Keller, Morro Bay, supported moving forward with the Water Reclamation Facility Master Plan presented in order to gain water independence.

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

Staff responded to questions raised during public comment.

Council Member Heading understood community concerns about the potential rate increase but agreed water independence is important based on the uncertainty of future supply and cost. He suggested looking for opportunities to value engineer the project to something more affordable for the community.

Council Member McPherson looked forward to receiving the rate study and moving forward with a Prop 218 process that will inform the Council what the community will accept. She also supported some method of helping low-income residents.

Mayor Irons stated there will be more opportunities for public input, including public workshops scheduled on June 4 & 5. He pointed to a May 2016 staff report which provided a cost comparison for the various sites, noting Tri-W was predicted to be \$145M at that time.

No formal action was taken by the City Council.

The Council took a short recess at 9:18 p.m. The meeting reconvened at 9:29 p.m.

C-2 PRESENTATION AND DISCUSSION OF FISCAL YEAR 2015-16 CITY AUDIT REPORTS; (FINANCE)

<https://youtu.be/w5NxxUIprWU?t=3h11m51s>

Finance Director Schmollinger presented a brief overview and introduced Kenneth Pun of The Pun Group, who presented the 2015/16 Fiscal Year Audit Report and responded to Council inquiries.

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

The Council appreciated the comprehensive report. Council Member Heading was concerned little progress had been made on issues identified in previous audit reports. He requested staff provide quarterly reports to Council to identify resources necessary to make progress in those areas. Mayor Irons agreed and noted increased financial oversight for the WRF was also important.

MOTION: Mayor Irons moved the Council receive and file the FY 2015/16 City Audit Report. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

C-3 DIRECTION REGARDING THE MARKET PLAZA REQUEST FOR QUALIFICATIONS; (COMMUNITY DEVELOPMENT)

<https://youtu.be/w5NxxUIprWU?t=4h8m10s>

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

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

Cherise Hansson, Morro Bay, urged the Council to continue the RFP process for Off the Hook and not include that in the Market Plaza project.

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

There was Council consensus to move forward with the Request for Qualifications, as presented, and to keep the Off the Hook lease site RFP on its separate track.

The Council suggested some changes to the RFQ, including a broader project description that would encourage other ideas; evaluation of the proposer's ability to operate a successful business; and modified evaluation criteria including clear financial history, how they financed other

projects, etc.; successful development of other similar projects; successful history of operation of a similar project; their understanding of who we are, what we're looking for and quality of the team.

Under Project Goals, Mayor Irons suggested including parking options for proposed boutique hotels on water side lease sites (Rose's, Libertine and Off the Hook). He also wanted to ensure a level playing field with all proposals focused on just this site.

MOTION: Mayor Irons moved the meeting continue past 11:00 p.m. The motion was seconded by Council Member Headding.

Council Member Davis agreed to continue until 11:10 p.m. due to the importance of this project, but was otherwise opposed. The motion carried 3-2 with Council Members Davis and Makowetski opposed.

Regarding the Evaluation Scale in Section 6.2, the Council directed increasing the finance factor to 20% and lowering the experience factor to 35%.

MOTION: Council Member Headding moved to direct staff to continue the RFQ process, as presented, with changes elaborated, summarized and agreed upon during discussion. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

C-4 ADOPTION OF ORDINANCE NO. 611, REAUTHORIZING THE PUBLIC, EDUCATIONAL AND GOVERNMENTAL ACCESS CHANNEL FEE; (CITY ATTORNEY/FINANCE)
<https://youtu.be/w5NxxUJprWU?t=4h51m9s>

City Attorney Pannone presented the staff report.

The public comment period for Item C-4 was opened; seeing none, the public comment period was closed.

MOTION: Council Member Davis moved the Council adopt, after reading by title only and with further reading waived, Ordinance No. 611: An Uncodified Ordinance of the City of Morro Bay, California, Reauthorizing the Public, Educational and Governmental (PEG) Access Channel Fee. The motion was seconded by Council Member Headding and carried unanimously, 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
<https://youtu.be/w5NxxUJprWU?t=4h52m12s>

Council Member McPherson requested discussion of the marijuana survey in order to provide staff direction on how to administer the survey. There was full Council support for this item.

Council Member Headding requested the Council review the noise ordinance to address concerns regarding noise concerns, in particular garbage pick-up times, the street sweeper and dredging noise. There was full support for this item.

E. ADJOURNMENT

The meeting adjourned at 11:14 p.m. The next Regular Meeting will be held on Tuesday, April 11, 2017 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

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MINUTES - MORRO BAY CITY COUNCIL
SPECIAL MEETING – APRIL 11, 2017
VETERANS MEMORIAL HALL
209 SURF STREET – 3:00 P.M.

AGENDA NO: A-3
MEETING DATE: May 9, 2017

PRESENT:	Jamie Irons Robert Davis John Headding Matt Makowetski Marlys McPherson	Mayor Council Member Council Member Council Member Council Member
STAFF:	Dave Buckingham Joe Pannone Dana Swanson Ikani Taumoepeau Craig Schmollinger Eric Endersby Rob Livick Scot Graham Jennifer Little Kirk Carmichael	City Manager City Attorney City Clerk Deputy City Manager Finance Manager Harbor Director Public Works Director Community Development Director Tourism Manager Recreation Services Division Coordinator

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Irons established a quorum and called the meeting to order at 3:02 p.m. with all Members present.

PUBLIC COMMENT

Mayor Irons opened the public comment period for items on the agenda; seeing none, the public comment period was closed.

SPECIAL MEETING AGENDA ITEMS:

- I. **ADVISORY BOARD INTERVIEWS**
<https://youtu.be/KM-oeRxK0lc?t=1m14s>
 - a. Citizens Oversight & Citizens Finance Committee interviews to fill a current vacancy for a term ending 1/31/22.
 - b. Water Reclamation Facility Citizens Advisory Committee (WRFCAC) interview to fill a current vacancy.

Clerk Swanson announced Deborah Adams was unable to attend the interview due to previously scheduled travel plans and explained the Council Policies provide the option to make a motion to excuse the absence and consider her application.

MOTION: Council Member Davis moved the Council excuse Ms. Adams absence and consider her for a position on the Citizens Oversight & Citizens Finance Committee (CFAC). The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

The following applicants were interviewed to fill one current vacancy on the CFAC: John Martin and Malcolm McEwen. Following interviews, the Council voted by written ballot and Ms. Swanson read the results. Mr. Martin received four votes (Irons, Headding, Makowetski, McPherson) and

Mr. McEwen received one vote (Davis). Mr. Martin was appointed to the CFAC for a term ending January 31, 2022.

Ms. Fullerton was interviewed to fill a current vacancy on the WRFAC. Following interviews, the Council voted unanimously (5-0) to appoint Ms. Fullerton to that Committee.

II. **DISCUSS DRAFT ADVISORY BOARD WORK PLANS (TIMES ARE APPROXIMATE)**
<https://youtu.be/KM-oeRxK0lc?t=28m45s>

3:40 p.m. – Harbor Advisory Board

4:00 p.m. – Public Works Advisory Board (PWAB)

4:20 p.m. – Planning Commission

4:40 p.m. – Tourism Business Improvement District (TBID) Advisory Board

5:00 p.m. – Citizens Oversight and Citizens Finance Advisory Committee

5:20 p.m. – Recreation & Parks Commission

The Council discussed a need to provide advisory board members with additional training regarding their role and relationship to Council, meeting procedures, and how to seek public input. Mayor Irons agreed and plans to bring Advisory Board Policies to Council for consideration of those and other updates. Ms. Swanson shared staff is developing an advisory board orientation program that could be reviewed at that time.

Harbor Advisory Board (HAB) – The HAB was represented by Chair Ron Reisner and Harbor Director Eric Endersby.
<https://youtu.be/KM-oeRxK0lc?t=39m54s>

There was general discussion and review of the draft work plan. The HAB requested direction from Council regarding development of a Morro Bay Eelgrass Mitigation Plan, establishing a working waterfront, and resolving Measure D ambiguities.

The Council suggested the list of objectives be shortened to a workable one-year list and brought back for Council discussion.

Public Works Advisory Board (PWAB) – The PWAB was represented by Chair Ric Deschler and Public Works Director Rob Livick.
<https://youtu.be/KM-oeRxK0lc?t=1h22m45s>

Council Member Heading suggested looking to IWMA for garbage and recycling education materials and Mayor Irons asked the PWAB evaluate public trash container closures. Regarding street repair funding, Council Member McPherson commented she would ask Council to agendaize discussion of SB-1. It was suggested the Streets Tax Measure be moved from Quarter 1 to Quarter 3 to stay in line with Council directed activity. Council Member Davis suggested adding review of unmet bicycle needs in Quarter 3. Mayor Irons agreed and suggested SLOGO initiatives be reviewed at that time.

Planning Commission – The Planning Commission was represented by Chair Robert Tefft and Community Development Director Scot Graham.
<https://youtu.be/KM-oeRxK0lc?t=1h51m6s>

There was general discussion of the draft work plan and a suggestion to add an item related to housing affordability. Commissioner Tefft agreed and suggested the Planning Commission review develop some general approaches to provide affordable housing for Council input and prioritization. Council Member Heading suggested the City's approach on code enforcement be included.

Tourism Business Improvement District (TBID) Advisory Board – The TBID was represented by Board Member Taylor Newton and Tourism Manager Jennifer Little.
<https://youtu.be/KM-oeRxK0lc?t=2h8m14s>

There was discussion regarding adding vacation rentals and RV parks to the assessment district. Staff confirmed with approval of this item, the City would move forward in that direction.

Citizens Oversight & Citizens Finance Advisory Committee (CFAC) – The CFAC was represented by Chair Barbara Spagnola and Finance Director Craig Schmollinger.
<https://youtu.be/KM-oeRxK0lc?t=2h20m13s>

Council Member Heading asked the CFAC review the audit report management letter and confirm appropriate actions are taken by staff. Council Member McPherson suggested the committee, or an ad hoc committee, be assigned to review and provide recommendations on items that have a significant impact on City finances. Chair Spagnola commented that with a full committee they will be able to form subcommittees and do more of their own research and create reports.

Recreation & Parks Commission (RPC) – The RPC was represented by Chair Drew Sidaris and Recreation Services Division Coordinator Kirk Carmichael.
<https://youtu.be/KM-oeRxK0lc?t=2h33m58s>

Council stressed the importance of working with the Community Foundation and local businesses to keep programs affordable; the future impact minimum wage increases will have on these programs in future years; and the need to stay in close contact with the school district regarding community use of the pool.

ADJOURNMENT

The meeting adjourned at 5:49 p.m.

Recorded by:

Dana Swanson
City Clerk

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PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Headding	Council Member
	Matt Makowetski	Council Member
	Marlys McPherson	Council Member
STAFF:	Dave Buckingham	City Manager
	Joe Pannone	City Attorney
	Dana Swanson	City Clerk
	Ikani Taumoepeau	Deputy City Manager
	Craig Schmollinger	Finance Director
	Rob Livick	Public Works Director
	Scot Graham	Community Development Director
	Jody Cox	Acting Police Chief
	Eric Endersby	Harbor Director

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:06 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION - None

CLOSED SESSION REPORT – No Closed Session Meeting was held.

MAYOR AND COUNCIL MEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS
CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PRESENTATIONS

<https://youtu.be/E7ACbPATyks?t=20m36s>

The RISE Sexual Assault Awareness Month Proclamation was presented to Megan Revoire, the Outreach and Events Manager for RISE.

PUBLIC COMMENT

<https://youtu.be/E7ACbPATyks?t=28m5s>

Julie Neva from Pacific Diagnostic Laboratories provided the business spot. Pacific Diagnostic Laboratories is an outpatient lab located near The Dollar Store and Albertson's. They accept Medicare, Medi-Cal, and all three Covered California plans. They do not accept CCPN or Physicians Choice HMOs. They are owned by Cottage Health Systems in Santa Barbara and partner with the Mayo Clinic.

Maria Villalvazo, parent of a Morro Bay High School (MBHS) student, invited the public to attend a Cinco de Mayo fundraiser on May 5th from 4:00 – 7:00 p.m. at MBHS. The event will help raise scholarship funds for English learners who want to continue their education after high school.

Amelia Rivera, member of the English Learner Advisory Committee (ELAC), shared the Cinco De Mayo event will help raise money for student scholarships. Tickets are \$5.00 each and will be available prior to and at the event.

Meredith Bates, Morro Bay resident and member of Morro Bay Huddle, asked the City to produce documentation of its expenses, particularly funds spent on travel for staff and the Council.

Jen Ford, Morro Bay, announced tickets for the Cinco De Mayo event are available by contacting Chris Jones at MBHS, and a women's march to support Syrian refugees is planned on Thursday, April 13 at Mission Plaza. On April 29, the "Walk a Mile in her Shoes" event will be held in San Luis Obispo. Visit www.womensmarchslo.com for more information.

Julie Kliegl, Morro Bay, commented that speaking of millions of dollars for the sewer project is insensitive to economically challenged residents.

Sharon O'Leary, Community Resource Connections, thanked the City for its support of the Mobile Assistance and Services for the Homeless program (MASH), hosted at Veteran's Hall on February 27. The event was sponsored by the Department of Social Services and the data gathered will help provide services to those in need.

Cynthia Hawley, requested monthly expenditure reports for 2015 and 2016 and was concerned the City does not account for expenditures in that manner.

Ken Vesterfelt, Morro Bay, announced the 21st Annual Cruisin' Morro Bay Car Show on May 4-7. He was concerned about the increase in City fees this year and frustrated with not being able to use City signs for traffic control. He suggests the City partner to support the event.

The public comment period was closed.

Staff responded to concerns raised during the public comment period.

A. CONSENT AGENDA
<https://youtu.be/E7ACbPATyks?t=57m48s>

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

A-1 RISE SEXUAL ASSAULT AWARENESS MONTH PROCLAMATION;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 STATUS REPORT ON PARKING IN-LIEU FEE WAIVERS; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Receive and file.

A-3 ADOPTION OF RESOLUTION NO. 16-17 INITIATING PROCEEDINGS TO LEVY THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA – LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS)

RECOMMENDATION: Council adopt Resolution No. 16-17 ordering the preparation of an Engineer's Report detailing the expenses projected for Fiscal Year 2017-18 for the maintenance of the North Point Natural Area under the provisions of the "Landscaping and Lighting Act of 1972."

A-4 ADOPTION OF RESOLUTION NO. 15-17 INITIATING PROCEEDINGS TO LEVY THE ANNUAL ASSESSMENT FOR THE CLOISTERS PARK AND OPEN SPACE – LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS)

RECOMMENDATION: Council adopt Resolution No. 15-17 ordering the preparation of an Engineer's Report detailing the expenses projected for Fiscal Year 2017-18 for the maintenance of the Cloisters Park and Open Space under the provisions of the "Landscaping and Lighting Act of 1972."

A-5 ADOPTION OF 2017-18 CITY GOALS AND PROGRAM OBJECTIVES; (CITY MANAGER)

RECOMMENDATION: Council adopt the 2017-18 City Goals and Objectives, as presented.

Council Member McPherson pulled Item A-5.

MOTION: Council Member Headding moved the Council approve Items A-1 through A-4 on the Consent Agenda. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

A-5 ADOPTION OF 2017-18 CITY GOALS AND PROGRAM OBJECTIVES; (CITY MANAGER)

<https://youtu.be/E7ACbPATyks?t=58m39s>

City Manager Buckingham noted one item brought forward at the April 4th City Council work session was inadvertently left off the revised list provided in the staff report. The corrected document was provided to Council at the meeting and made available for public review.

MOTION: Council Member McPherson moved the Council approve Items A-5. The motion was seconded by Council Member Headding.

Council Member Davis brought attention to Goal 4, Objective G, regarding the Estero Marine Terminal Site and noted the Morro Bay Open Space Alliance website (www.mbosa.org) provides good information regarding the possibilities for this property.

The motion carried unanimously, 5-0.

B. PUBLIC HEARINGS

B-1 PUBLIC HEARING AND ADOPTION OF RESOLUTION NO. 11-17, WHICH RESCINDS RESOLUTION NO. 61-16 AND AMENDS AND ADOPTS THE COMPLETE 2017/18 MASTER FEE SCHEDULE; (FINANCE)

<https://youtu.be/E7ACbPATyks?t=1h2m35s>

Finance Director Schmollinger presented the staff report and responded to Council inquiries. Staff noted a typographical error on page 35 of 76--the Janitorial Fee for group size 100-200 participants should be \$149/event, not \$1,149.

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

Carole Truesdale, Morro Bay, expressed concern about the proposed fee increases and asked the Council leave the existing fees in place.

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

There was Council support to approve the fee schedule as presented. Mayor Irons requested previously adopted resolutions and policies that identify the process for establishing fees be included with this item in the future.

MOTION: Council Member Davis moved the Council adopt Resolution 11-17, which rescinds Resolution No. 61-16 and amends and adopts the 2017/18 Master Fee Schedule, including the correction to janitorial fees in the Recreation Division noted during staff presentation. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

C. BUSINESS ITEMS

C-1 MARIJUANA POLICY OUTREACH AND SURVEY DISCUSSION AND DIRECTION;
(CITY MANAGER)
<https://youtu.be/E7ACbPATyks?t=1h44m9s>

Deputy City Manager Taumoepeau presented the staff report and responded to Council inquiries.

The public comment period for Item C-1 was opened

Adam Pinterits, Director of Government Outreach for Ethnobotanica, commented this subject has been on this Council's agenda several times and he has not heard any concerns expressed, Measure B in 2010 opposing medical marijuana dispensaries was defeated, and last year Proposition 64 passed in Morro Bay by 62.4%. He encouraged the Council to move forward with low-cost survey options and consider indications of local support for marijuana use.

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

Council Member McPherson appreciated the opportunity to work with staff and review the draft survey. After attending a SLO County Mayors Meeting on this topic, she suggested moving forward with a public workshop to educate residents about the implications of various options. Council Member Davis agreed and suggested using the survey as a guideline to gather input, then prepare a draft ordinance and invite public comment on that document. There was Council consensus to proceed in this matter, bring results of the public workshop to one Council meeting for discussion, then craft an ordinance.

MOTION: Council Member Heading moved the City conduct no survey, conduct one public workshop similar to that held for goals, use the survey template to gather information, take results to a noticed meeting to discuss results, then craft an ordinance based upon that public input, no later than July 31, 2017. The motion was seconded by Council Member Davis.

Council Member McPherson suggested the deadline be moved to August 30, 2017. Council Member Heading amended the deadline to August 30, 2017. Council Member Davis seconded the amended motion.

The motion passed unanimously, 5-0.

The Council took a short recess at 8:32 p.m. The meeting reconvened at 8:44 p.m.

C-2 DISCUSSION AND POSSIBLE AWARD OF RFP AND APPROVAL OF CONDITIONAL
CONSENT OF LANDOWNER PERTAINING TO LEASE SITE 87-88/87W-88W

LOCATED AT 833 EMBARCADERO (OFF THE HOOK); (HARBOR/COMMUNITY DEVELOPMENT)

<https://youtu.be/E7ACbPATyks?t=2h28m56s>

Community Development Director Graham presented the staff report and, along with Harbor Director Endersby, responded to Council inquiries.

The public comment period for Item C-2 was opened.

Madeline Moore, Central Coast Investments, felt her proposal was responsive and suggested complicated issues, such as parking, could be discussed further during negotiations. She noted her proposal included statements of interest from her bank to demonstrate financial capacity for the project.

Chris Parker, Morro Bay resident and architect for TLC, provided an overview of the proposed structure and layout, which provides a view corridor on both sides of the building.

George Leage, Morro Bay, spoke in support of the TLC project and Ms. Hanson's successful history as a waterfront business owner.

Cherise Hansson, Morro Bay, shared some of the key design elements of the TLC proposal, which are focused on family and maximizing public benefit. She stated finances are in place to complete the project.

Travis Leage, Morro Bay, added TLC had put together a project future developers will look at as the standard. He plans to be the contractor/developer, working with architect, Chris Parker.

The Council invited Ms. Moore and Ms. Hansson to the podium to ask additional questions.

The public comment period for Item C-2 was closed.

Following discussion, there was Council consensus to move forward with the TLC proposal, for staff to bring back refined proposal and recommended Consent of Landowner language that would include performance measures and project milestones for Council review and approval. Director Graham invited the Council to provide individual input regarding the proposed project to staff in the coming week.

Agenda Items C-3 and C-4 were continued to a future meeting.

C-3 REVIEW OF PREFERRED LAND USE ALTERNATIVES FOR THE GENERAL PLAN/ LOCAL COASTAL PROGRAM UPDATE AND REVIEW OF PROJECT TIMELINE AND FUNDING; (COMMUNITY DEVELOPMENT)

C-4 COUNCIL OUTREACH DISCUSSION AND DIRECTION; (CITY MANAGER)

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/E7ACbPATyks?t=4h44m18s>

Council Member McPherson requested discussion of the potential financial impact of SB-1. There was Council support for this item.

Council Member Makowetski requested discussion of the Harbor Advisory Board's request for direction regarding working waterfront designation and Measure D language. There was full Council support for this item.

E. ADJOURNMENT

The meeting adjourned at 10:58 p.m. The next Regular Meeting will be held on Tuesday, March 14, 2017 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

MINUTES - MORRO BAY CITY COUNCIL
SPECIAL MEETING – APRIL 25, 2017
VETERANS MEMORIAL HALL
209 SURF STREET – 3:30 P.M.

AGENDA NO: A-5
MEETING DATE: May 9, 2017

PRESENT:	Jamie Irons Robert Davis John Headding Matt Makowetski Marlys McPherson	Mayor Council Member Council Member Council Member Council Member
STAFF:	Dave Buckingham Chris Neumeyer Dana Swanson Ikani Taumoepeau Craig Schmollinger Scot Graham Jody Cox	City Manager Assistant City Attorney City Clerk Deputy City Manager Finance Director Community Development Director Acting Police Chief

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Irons established a quorum and called the meeting to order at 3:34 p.m. with all Members present.

PUBLIC COMMENT

Mayor Irons opened the public comment period for items on the agenda; seeing none, the public comment period was closed.

SPECIAL MEETING AGENDA ITEM:

ECONOMIC DEVELOPMENT STRATEGIC PLAN REVIEW AND DISCUSSION

<https://youtu.be/fdzN8ZdxRjg>

Audrey Taylor and Fawn McLaughlin from Chabin Concepts presented the report and responded to Council inquiries. (The presentation is available [here](#).)

The Mayor reopened public comment:

Juliana Morris, Operations Manager for the Morro Bay Chamber of Commerce, shared the Chamber is excited about the vision and proposals contained in the Chabin report and will be meeting with community stakeholders to review in more detail.

Rick Sauerwein, Morro Bay, has been looking at development opportunities up and down the coast and learned how the General Plan effort is one key to generating interest and commitment to move projects forward. He agreed the information presented was on target to developing a shared vision for the community, but was concerned the meeting wasn't better attended.

Carole Truesdale, Morro Bay, shared many residents are working and unable to attend daytime meetings.

The public comment period was closed.

The consultants, Council and staff provided closing comments.

ADJOURNMENT

The meeting adjourned at 5:29 p.m.

Recorded by:

Dana Swanson
City Clerk

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – APRIL 25, 2017
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-6

MEETING DATE: May 9, 2017

PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Heading	Council Member
	Matt Makowetski	Council Member
	Marlys McPherson	Council Member
STAFF:	Dave Buckingham	City Manager
	Chris Neumeyer	Assistant City Attorney
	Dana Swanson	City Clerk
	Ikani Taumoepeau	Deputy City Manager
	Craig Schmollinger	Finance Director
	Rob Livick	Public Works Director
	Scot Graham	Community Development Director
	Jody Cox	Acting Police Chief
	Steve Knuckles	Fire Chief
	Eric Endersby	Harbor Director
	Jennifer Little	Tourism Manger

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:01 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION -None

CLOSED SESSION REPORT – No Closed Session Meeting was held.

MAYOR AND COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PRESENTATIONS

<https://youtu.be/zVTEyxRSgws?t=12m37s>

- Morro Bay Transit Week Proclamation – A Proclamation declaring May 1 – May 6, 2017 “Morro Bay Transit Week” was presented to Camille Watson from MV Transportation.
- SLOCOG Rideshare Bike Month Presentation – Sarah Trauger, SLOCOG Rideshare Coordinator, announced Bike Month events planned during the month of May.

PUBLIC COMMENT

<https://youtu.be/zVTEyxRSgws?t=24m8s>

Richard Sadowski, Morro Bay, spoke regarding the Water Reclamation Facility stating alternatives are available, including a potential joint project with Cayucos. He suggested the City continue to consider the most economical options.

Meredith Bates, Morro Bay, appreciated the input and information provided at Council Member Heading's town hall. Regarding Item C-1, she was concerned the proposed timing would limit advisory board input and urged the Council to keep the project within budget.

Jeff Heller, Morro Bay, expressed concern regarding the City's financial condition and asked the Council how it plans to address the \$4M General Fund deficit.

John Solu, Morro Bay resident and business owner, announced the upcoming Kite Festival and Morro Bay Car Show. Regarding Item B-1, he appreciated the City increasing its contribution to tourism and shared the TBID has recommended the City incorporate vacation rentals and RV parks into the business improvement district. Regarding Item C-1, he was concerned the proposed rates would have a negative impact on commercial properties.

Rigmor, Morro Bay, had listened to the 3:30 Council Meeting regarding economic development and agreed the City needs an ombudsman to assist those who want to start a business, or who own commercial property and need assistance. She also attended the town hall meeting and believes more information is needed regarding the WRF.

Homer Alexander, Morro Bay, provided historical information regarding the City's participation in State Water, including the City's portion in the Chorro valley pipeline which will be retired in five years. He suggested the City not walk away from that investment.

Bill Martony, Morro Bay, commented on the economic benefit of a joint project with Cayucos and suggested the current WWTP would be perfect for mariculture.

The public comment period was closed.

The Council and staff responded to points raised during the public comment period.

A. CONSENT AGENDA
<https://youtu.be/zVTEyxRSgws?t=49m26s>

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

A-1 PROCLAMATION HONORING MORRO BAY TRANSIT'S 40TH ANNIVERSARY AND DECLARING MAY 1 THROUGH MAY 6, 2017, AS "MORRO BAY TRANSIT WEEK"; (PUBLIC WORKS)

RECOMMENDATION: Approve as submitted.

A-2 PROCLAMATION DECLARING THE MONTH OF APRIL "FAIR HOUSING MONTH"; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Approve as submitted.

A-3 WATER RECLAMATION FACILITY (WRF) PROGRAM UPDATE; (PUBLIC WORKS)

RECOMMENDATION: Receive and file.

A-4 ADOPTION OF RESOLUTION NO. 17-17 AUTHORIZING SUBMISSION OF APPLICATION TO THE FEDERAL FISCAL YEAR 2017 FEDERAL TRANSIT ADMINISTRATION (FTA) SECTION 5339 DISCRETIONARY BUS PROGRAM AND EXECUTION OF RELATED DOCUMENTS UPON AWARD; (PUBLIC WORKS)

RECOMMENDATION: Council adopt Resolution No. 17-17.

A-5 APPROVAL OF WEBCAM LICENSE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND SURFLINE, INC.; (HARBOR)

RECOMMENDATION: Council approve the renewed webcam license agreement between the City and Surfline, Inc.

Mayor Irons pulled Item A-3.

MOTION: Council Member Heading moved the Council approve Items A-1, A-2, A-4 and A-5. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

A-3 WATER RECLAMATION FACILITY (WRF) PROGRAM UPDATE; (PUBLIC WORKS)
<https://youtu.be/zVTEyxRSgws?t=50m>

Mayor Irons requested the full project history be included in future monthly update staff reports, and asked staff to verify both the Los Osos and Cayucos wastewater plants will be included as alternates in the evaluation process.

MOTION: Council Member McPherson moved for approval of Item A-3. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

The public comment period for the Consent Agenda was opened.

Jeff Heller, Morro Bay, felt the staff report needed more depth, particularly in terms of soft costs. He urged the Council to not receive and file the report until more information was provided.

The public comment period for the Consent Agenda was closed.

The Council took a brief recess at 6:55 p.m. The meeting reconvened at 7:04 p.m.

B. PUBLIC HEARINGS

B-1 ADOPTION OF RESOLUTION NO. 18-17 DECLARING THE INTENTION TO CONTINUE THE PROGRAM AND LEVY ASSESSMENTS FOR THE FISCAL YEAR 2017/18 FOR THE MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT (MBTBID) AND SCHEDULING A PUBLIC HEARING TO LEVY THE ASSESSMENTS; (DEPUTY CITY MANAGER)
<https://youtu.be/zVTEyxRSgws?t=57m10s>

Deputy City Manager Taumoepeau and Tourism Manager Little presented the staff report and responded to Council inquiries.

The public comment period for Item B-1 was opened; seeing none, the public comment period was closed.

There was Council consensus to support the staff recommendation then begin outreach to consider bringing in vacation rentals and RV parks into the assessment district next fiscal year. Staff confirmed the Council was not approving the budget outlined in the annual report at this time as it would be brought forward during the budget process.

MOTION: Mayor Irons moved the Council adopt Resolution No. 18-17 approving the MBTBID FY 2017/18 annual report as presented in the staff report, and set the public hearing for May 23, 2017, to continue the MBTBID activities and assessments for FY 2017/18. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

C. BUSINESS ITEMS

C-1 DISCUSSION OF PRELIMINARY FINDINGS FROM THE DRAFT SEWER AND WATER RATE STUDY UPDATE; (PUBLIC WORKS)

<https://youtu.be/zVTEyxRSgws?t=1h41m36s>

WRF Program Deputy Manager Rickenbach, City Manager Buckingham, Program Manager Nunley, and Alex Handlers of Bartle Wells presented the report and responded to Council inquiries.

Mayor Irons provided background information on the WRF project, information gleaned through his work with Council Member McPherson on the WRF Council subcommittee, and desired items to be completed at this meeting.

The Council took a brief recess at 9:30 p.m. The meeting reconvened at 9:37 p.m.

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

Bill Alpert, Morro Bay resident and business owner, urged the Council to provide an opportunity for all residents to participate in the process and to explore every alternative.

Ed Griggs, Morro Bay, appreciated the Council's sensitivity to those on fixed income. Based on the proposed cost, he would oppose the project.

Carole Truesdale, Morro Bay, asked the Council to step back and consider other project alternatives.

Alice Kolb, Morro Bay, asked the Council to seek a second opinion on the cost of the facility and its operation, and to find a project that is more affordable.

Bill Martony, Morro Bay, urged the Council to consider other alternatives, including Los Osos, Cayucos, or the portion of Tri-W that is within the City limits.

Kerrigan Mahan, Morro Bay, spoke in opposition to the project and urged the Council to consider other alternatives.

Terry Simons, Morro Bay, urged the Council to move forward with the proposed project and believes a phased approach would be more expensive.

Betty Winholtz, Morro Bay, stated the estimated cost for the base plant is the issue, not the additional cost for reclamation. She recommended changing the goals to support a more cost-effective project.

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

Following discussion regarding information gleaned from the rate study and concerns about community affordability, there was Council consensus to consider moving forward with a phased approach, focusing on the wastewater treatment facility (phase 1) with a recycling component added later. There was also interest in revisiting the proposed technology and costs for phase 1, and gathering input from the WRFCAC, Citizens Finance Advisory Committee and Public Works Advisory Board.

MOTION: Mayor Irons moved the meeting go past 11:00 p.m. The motion was seconded by Council member Davis, provided it was limited to a time certain of 11:30 p.m. Mayor Irons approved the amended motion, which passed unanimously, 5-0.

Council Member Davis preferred moving forward with the full project, stating the value of water independence could be achieved for an incremental cost of \$35 per month. He also noted there was a better chance of receiving grant funding for the project if recycling were included and that financial assistance may be available through the utility discount program.

MOTION: Council Member McPherson moved the meeting go past 11:30 p.m. The motion was seconded by Mayor Irons.

The motion was amended to set a time certain of 12:00 a.m. The amended motion passed unanimously, 5-0.

MOTION: Council Member McPherson moved the Council direct staff to assemble team of local experts to review current project, then return with two revised cost proposals for Phase 1 of the WRF project only, with cost basis analysis and user rate implications, and based on a careful examination of the Facilities Master Plan to identify cost savings. The two alternatives are: 1) full secondary treatment that allows for tertiary with additional treatment at a later date; and 2) full tertiary. The proposals should also include a revised timeline that includes robust public outreach, including two public workshops and flyers/notices, and a proposed date for the Prop 218 hearing. The motion was seconded by Mayor Irons.

Staff clarified the team of experts would provide direction on key aspects of the cost estimates for consultant review and assessment.

The motion carried 3-2 with Council Members Davis and Heading voting no.

MOTION: Council Member Heading moved the Council direct staff to focus solely on building a treatment plant at that the new site. The motion was seconded by Mayor Irons.

Staff clarified that based on the Council action, certain project goals would be considered in phase 2 and others would be removed.

The motion passed 5-0.

C-2 REVIEW OF PREFERRED LAND USE ALTERNATIVES FOR THE GENERAL PLAN/ LOCAL COASTAL PROGRAM UPDATE AND REVIEW OF PROJECT TIMELINE AND FUNDING; (COMMUNITY DEVELOPMENT)
<https://youtu.be/zVTEyxRSgws?t=5h36m48s>

Mayor Irons confirmed the presentation would focus only on the portion of the item related to project timeline and funding.

Community Development Director Graham 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.

MOTION: Mayor Irons moved the Council approve adding funding for approximately 12 additional GPAC meetings and 6 Planning Commission and/or Council meetings for a total cost of \$29,340 to be paid from the General Fund accumulation fund. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
<https://youtu.be/zVTEyxRSgws?t=5h43m46s>

Council Member Headding requested the Council agendaize discussion regarding implementation of the Economic Development Strategic Plan. There was full Council support for this item.

E. ADJOURNMENT

The meeting adjourned at 11:56 p.m. The next Regular Meeting will be held on Tuesday, May 9, 2017 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-7

MEETING DATE: May 9, 2017

Staff Report

TO: Honorable Mayor and City Council **DATE:** May 3, 2017

FROM: Craig Schmollinger, Finance Director/City Treasurer

SUBJECT: Adoption of Resolution No. 19-17 Approving the Fiscal Year 2017/18 Business Tax Schedule

RECOMMENDATION

Staff recommends the Council review the Business Tax schedule and adopt Resolution No. 19-17, setting the Fiscal Year (FY) 2017/18 Business Tax Schedule.

FISCAL IMPACT

There is a natural increase in revenue from Business Taxes that is assumed as the result of annual Consumer Price Index (CPI) increase, as provided by the municipal code as approved by the voters. That increase has been included in the proposed FY 2017/18 budget submittal for Council consideration. That increase is noted at 2% above FY 2016/17 levels, which is a combination of slightly more business tax certificates being issued for next FY based on trending figures, coupled with that CPI increase.

BACKGROUND

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

5.04.050 - Business tax payment required

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

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

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

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

November 2014. Further, the Fiscal Year 2015/16 Business Tax Schedule adopted in July 2015 was modified to calculate the allowable increase in cents, rather than whole dollars.

DISCUSSION

The Business Tax rates set in July 2016 have been adjusted by the percentage change in the March 2017 Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County area, per the Municipal Code 5.04.050(B). The CPI change from March 2016 to March 2017 was 2.7%.

Staff has applied the CPI change to all taxes that can be legally adjusted, and is presenting those new amounts in the attached draft FY 2017/18 Business Tax Schedule for Council approval.

CONCLUSION

Staff recommends the City Council adopt Resolution No. 19-17, and establish the FY 2017/18 Business Tax Rate Schedule. That rate schedule begins July 1, 2017, with renewals and new applications.

ATTACHMENTS

1. Resolution No. 19-17 - Fiscal Year 2017/18 Business Tax Rate Schedule
2. Updated Business Tax Schedule – Current to Proposed
3. CPI for March 2017

RESOLUTON NO. 19-17

**RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF MORRO BAY, CALIFORNIA,
ESTABLISHING THE FISCAL YEAR 2017/18 BUSINESS TAX RATE SCHEDULE**

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

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

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

WHEREAS, the March 2017 annual CPI change was 2.7%, a copy of which is attached to this Resolution; and

WHEREAS, staff has applied the 2.7% CPI to the rates, previously set, and those adjusted rates are presented in the attached draft Fiscal Year 2017/18 Business Tax Rate Schedule.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Morro Bay, Resolution No. 19-17 is adopted, establishing the Fiscal Year 2017/18 Business Tax Rate Schedule, attached herewith, and direct staff to implement these new rates beginning with the July 1, 2017, renewals and new applications.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9th day of May 2017, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

CONSUMER PRICE INDEXES PACIFIC CITIES AND U. S. CITY AVERAGE
March 2017
ALL ITEMS INDEXES
(1982-84=100 unless otherwise noted)

MONTHLY DATA	All Urban Consumers (CPI-U)						Urban Wage Earners and Clerical Workers (CPI-W)					
	Indexes			Percent Change			Indexes			Percent Change		
				Year ending	1 Month ending					Year ending	1 Month ending	
Mar 2016	Feb 2017	Mar 2017	Feb 2017	Mar 2017	Mar 2017	Mar 2016	Feb 2017	Mar 2017	Feb 2017	Mar 2017	Mar 2017	
U. S. City Average.....	238.132	243.603	243.801	2.7	2.4	0.1	232.209	237.477	237.656	2.8	2.3	0.1
(1967=100).....	713.339	729.727	730.320	-	-	-	691.681	707.371	707.906	-	-	-
Los Angeles-Riverside-Orange Co.....	247.873	253.815	254.525	2.7	2.7	0.3	239.146	244.254	244.932	2.5	2.4	0.3
(1967=100).....	732.326	749.881	751.980	-	-	-	706.751	721.845	723.848	-	-	-
West	245.404	252.252	252.949	3.0	3.1	0.3	237.415	243.810	244.489	3.0	3.0	0.3
(Dec. 1977 = 100)	396.681	407.752	408.878	-	-	-	381.987	392.277	393.369	-	-	-
West - A*.....	251.941	259.316	260.092	3.2	3.2	0.3	242.272	248.896	249.591	3.1	3.0	0.3
(Dec. 1977 = 100)	410.825	422.851	424.116	-	-	-	392.191	402.914	404.039	-	-	-
West - B/C**(Dec. 1996=100).....	144.264	147.451	147.880	2.3	2.5	0.3	143.516	146.832	147.298	2.5	2.6	0.3

BI-MONTHLY DATA	All Urban Consumers (CPI-U)						Urban Wage Earners and Clerical Workers (CPI-W)					
	Indexes			Percent Change			Indexes			Percent Change		
				Year ending	2 Months ending					Year ending	2 Months ending	
Feb 2016	Dec 2016	Feb 2017	Dec 2016	Feb 2017	Feb 2017	Feb 2016	Dec 2016	Feb 2017	Dec 2016	Feb 2017	Feb 2017	
San Francisco-Oakland-San Jose.....	262.600	269.483	271.626	3.5	3.4	0.8	257.141	263.222	265.569	3.0	3.3	0.9
(1967=100).....	807.306	828.464	835.053	-	-	-	783.017	801.534	808.680	-	-	-
Seattle-Tacoma-Bremerton.....	250.942	256.821	259.503	2.6	3.4	1.0	246.464	252.286	255.471	2.5	3.7	1.3
(1967=100).....	764.970	782.889	791.065	-	-	-	731.011	748.282	757.726	-	-	-

* A = 1,500,000 population and over

** B/C = less than 1,500,000 population

Dash (-) = Not Available.

Release date April 14, 2017. The next monthly and bi-monthly releases are scheduled for May 12, 2017.

Please note: Customers can receive hotline information by calling the BLS West Region Information Office: (415) 625-2270.

This card is available on the day of release by electronic distribution. Just go to www.bls.gov/bls/list.htm and sign up for the free on-line delivery service. For questions, please contact us at BLInfoSF@BLS.GOV or (415) 625-2270.

City of Morro Bay Business Certificate Tax Rate Schedule

Effective July 1, 2017 through June 30, 2018

All amounts are annual unless otherwise noted, and adjusted by March CPI for the Los Angeles-Riverside-Orange County area.

All taxpayers are required to pay a \$1 SB1186 ADA charge in addition to the business tax amount listed below

Morro Bay Municipal Code Sections are listed after category name.

	Current	Proposed
Common Business Categories		
Apartment, Motel, Hotel, Multiple Dwellings, Rest Homes, Rooming Houses, Hospitals & Sanitariums of 4 or more units (5.080.30)		
Basic license	\$138.23	\$141.96
Plus each employee, if applicable	\$32.96	\$33.85
Art, Hobby or Handicraft Show & Exhibitions, Farmers Market, Special Events (5.08.040)		
Basic license for sponsor/organizer, per day per event	\$138.23	\$141.96
Additional for each unit, dwelling, room or person cared for in excess of 3	\$5.49	\$5.64
Contractor/Consultant (5.08.080)		
Primary General Contractor/Consultant	\$275.56	\$283.00
Primary General Contractor one job only	\$138.23	\$141.96
Sub-Contractor/Consultant	\$138.23	\$141.96
Sub-Contractor one job only	\$36.24	\$37.22
Delivery by vehicle (5.08.090)		
1 or more conveyances	\$138.23	\$141.96
Garage or yard sale (5.08.120)		
Limited to 2 per year, with permit	\$0.00	\$0.00
More than 2 per year	\$138.23	\$141.96
Home Occupation (5.08.130)		
Basic Home Occupation		
Business License	\$138.23	\$141.96

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	Current	Proposed
Home Occupation (5.08.130) - continued		
Required, one-time Permit Processing Fee	\$66.82	\$68.62
Home Occupation Exception Business License; must qualify by submitting latest tax return, including Schedule C		
Occupations which are intended to augment or supplement primary source of income	\$58.02	\$59.59
Required, one-time Permit Processing Fee	\$66.82	\$68.62
Low Revenue Business; must qualify annually by submitting latest tax return, including Schedule C, or estimate if new business (Ord No. 590)		
Gross receipts under \$12,000 per year for all work conducted in Morro Bay	\$32.71	\$33.59
Required, one-time Permit Processing Fee (only if Home Occupation)	\$66.82	\$68.62
Very Low Revenue Business; must qualify initially by submitting latest tax return, including Schedule C, or estimate if new business (Ord No. 597)		
Gross receipts under \$4,000 per year for all work conducted in Morro Bay; no requirement to complete business tax certificate		
Real Estate (5.08.170)		
Calif. Licensed Broker	\$138.23	\$141.96
Each Salesman or Agent	\$32.96	\$33.85
Each Employee	\$24.17	\$24.82
Trailer House, RV or Mobile Home Park (5.08.210)		
Rental Spaces 1-3	\$138.23	\$141.96
Plus additional per space	\$5.49	\$5.64
Non-Profit Organizations (5.04.050), exempt from Business Tax; must pay SB1186		
All Other Business Categories		
Ambulance		
	\$112.96	\$116.01
Auctioneers (5.08.050)		
Per day, no fixed place of business	\$138.23	\$141.96

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	Current	Proposed
Fixed place of business	\$138.23	\$141.96
Bingo (9.12.050)		
Per game	\$67.92	\$69.75

City of Morro Bay Business Certificate Tax Rate Schedule

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All taxpayers are required to pay a \$1 SB1186 ADA charge in addition to the business tax amount listed below

Morro Bay Municipal Code Sections are listed after category name.

	Current	Proposed
Carnival and/or Circus, per day (5.08.060)	\$554.61	\$569.58
Covers all activities within the perimeter of the event		
Coin-Operated Vending Machine(s) (5.08.070)		
Gross receipts for all machines	1%	
Fire, Wreck or Bankrupt Sale (5.08.100)		
Each sale	\$195.37	\$200.64
Additional in excess of 3 days, per day	\$112.96	\$116.01
Flea Markets (5.08.110)		
Minimum per Salesperson	\$10.98	\$11.28
Money Lenders & Pawnshops (5.08.140)	\$554.61	\$569.58
Non-Profit Organizations (5.04.050), exempt from Business Tax; must pay SB1186		
Public Utilities (5.08.160)	\$138.23	\$141.96
Exception: when City Franchise Tax is greater than annual Business Tax Rate		
Private Patrol (5.04.330)	\$69.01	\$70.87
Rides, Shows, Public Dances, and Exhibitions (5.08.180)		
Exhibiting Animals or Trick Riding, Wire Dancing or other Exhibitions (Exception No Fee or Admission), per day	\$58.02	\$59.59
Merry-Go-Round, Revolving Wheel Chute, Tobaggan, Slide, Mechanical Riding Contrivance or Pony Ride	\$58.02	\$59.59
Public Dance (Exception No Fee or Admission), per day	\$58.02	\$59.59
Tent Show or Itinerant Show (Exception No Fee or Admission), per day	\$138.23	\$141.96
Wrestling or Boxing Show, per day	\$58.02	\$59.59
Secondhand Store or Junkdealer (5.08.190)	\$138.23	\$141.96
Skating Rink (5.08.200)	\$138.23	\$141.96

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All taxpayers are required to pay a \$1 SB1186 ADA charge in addition to the business tax amount listed below

Morro Bay Municipal Code Sections are listed after category name.

	Current	Proposed
Taxicabs (5.24.140)		
License Per Cab	\$75.60	\$77.64
Driver	\$10.98	\$11.28
Transient, Solicitor, Itinerant Merchant (5.08.150)		
Transient		
Per day	\$8.58	\$8.81
Per weekend	\$14.09	\$14.47
Annual	\$47.05	\$48.32
Solicitor		
Basic charge per day	\$112.96	\$116.01
Itinerant Merchant		
Per day	\$59.13	\$60.73
Per week	\$116.25	\$119.39
Per month	\$172.28	\$176.93
Per quarter	\$226.12	\$232.23
For 180 days	\$283.25	\$290.90
Administrative Charges		
Duplicate or replacement Business License Certificate	\$2.00	\$2.00
Transferring a Business License	\$2.00	\$2.00
Business License listing, per list	\$15.34	\$15.75

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AGENDA NO: A-8
 MEETING DATE: May 9, 2017

Staff Report

TO: Honorable Mayor and City Council DATE: April 26, 2017

FROM: Rob Livick, PE/PLS – Public Works Director/City Engineer

SUBJECT: Award of Contract to Carollo Engineers, Inc. (Carollo) for Engineering Services for the Development of an Integrated Water, Wastewater and Stormwater Master Plan, also known as a OneWater Plan

RECOMMENDATION

Staff recommends the City Council:

1. Review the report and award a contract to Carollo Engineers, Inc. (Carollo) for Program Management for the development of an Integrated Water, Wastewater and Stormwater Master Plan, also known as a OneWater Plan for a not-to-exceed amount of \$711,150, including contingency,
2. Authorize the Public Works Director execute that contract, and
3. Direct staff to set up a “capital project” for the OneWater planning effort and allocate funds with as indicated in Table 1.

ALTERNATIVES

- a. Review the proposed scope, budget, and schedule and provide any direction to staff for revision.
- b. Choose not to approve this contract and cease work on one water planning. (Should the Council provide this direction they should also delete goal 2.g. - one water planning)

FISCAL IMPACT

The project will be funded through use of accumulation from both the water and wastewater enterprise funds, along with a small amount from the General Fund for that portion of the project related to stormwater.

Funding Source	Amount
321 Wastewater Accumulation	\$345,575
311 Water Accumulation	\$345,575
001-5205-6105 Engineering Consulting Services ⁽¹⁾	\$10,000
001-5235-6105 SD Consulting Services ⁽¹⁾	\$10,000
Total	\$711,150
⁽¹⁾ Allocated from the FY 2016/2017 Budget	

Prepared By: RL Dept Review: RL
 City Manager Review: DWB City Attorney Review: JWP

BACKGROUND/DISCUSSION

When completed, the OneWater plan will be critical in determining the necessary maintenance, improvements for the water and wastewater systems along with recommending the make-up of the City's future water portfolio to meet goals adopted by City Council since 2016. Additionally, this plan will inform the General Plan and Local Coastal Plan update regarding water and wastewater resources to accommodate future growth.

The City's 2015/2016 goal #9 was to improve water supply diversification included the following objectives that relate to OneWater Planning:

- a. State Water. Conduct an assessment of the long-term requirements for continued participation in the State Water Project, conduct initial determination what level of participation is appropriate, and identify timeline for contract renewal.*
- g. Groundwater Improvement. Evaluate Morro and Chorro Creek groundwater basins for salts and nutrients and identify strategies to improve water quality and annual capacity of water source.*

The City's 2016/2017 goal #9 also continued the theme of water supply diversification, included the following objectives:

- a) State Water Planning. Assess the long-term requirements for continued participation in the State Water Project, conduct initial determination what level of participation is appropriate, and identify timeline for contract renewal.*
- d) "OneWater" Planning. In concert with the GP/LCP update, complete Master Plans for Water Supply, Water System, Wastewater Collection, and stormwater as a "One Water" Plan.*

And the upcoming fiscal year has the following goal with the associated OneWater objective:

Goal #2 (Essential Goal) – Complete WRF Project and "OneWater" Program Description: This essential City goal centers around completion of the City's Water Reclamation Facility (WRF) and includes implementation of a fiscally conservative, comprehensive water resource policy, program and infrastructure to ensure a sustainable water future. Key items include building the WRF and associated reclamation system, developing a "OneWater" policy, and diversifying our water supply toward achieving water independence.

g. Budget for, select a consultant, complete, and bring to Council for initial consideration, a "OneWater" plan for the City that considers all water resources from storm water to groundwater to waste water - as a single "water resource."

Consultant Selection Process

The City issued a Request for Proposal on January 24, 2017. The RFP requested respondents address the following scope of services:

- A. The consultant is encouraged to prepare a straightforward, concise proposal that specifically relates to the project. The City desires to retain the services of a qualified California Licensed Civil Engineering firm to prepare the OneWater Plan.
- B. Using an integrated approach, the OneWater Plan will be required to include and/or address the following:
 - 1. Review the adequacy of the City's current water supply, anticipated future water supply scenarios and what treatment requirements may be necessary based on what future water quality regulations may be mandated by regulatory agencies.
 - 2. Review the adequacy of the City's current water storage capacity.

3. Review adequacy of the City's existing water treatment facilities.
 4. Review the adequacy of the City's current or planned water storage and pumping capabilities.
 5. Review the adequacy of the City's current and/or planned water distribution, wastewater collection, and stormwater collections systems.
 6. Based on the review of the City's current facilities and those facilities currently being developed or implemented, create a short term (years 1 thru 10) Capital Improvement Program, and a second section outlining a long term (years 11-50) Capital Improvement Program.
 7. Any other related services as deemed necessary by the City.
- C. The Consultant selected must provide a wide range of professional service to complete the efforts as outlined above. Services will include, but not limited to the following:
1. Project Management - Manage the overall scope of the master planning project. Ensure project schedule is maintained. Coordinate all planning issues with City staff and other utilities and government agencies.
 2. Plan Development - The Consultant must provide all engineering and other professional disciplines necessary to complete the project, including all necessary modeling, mapping, water quality studies and analysis required to produce a complete usable planning tool the City can use to implement all water, wastewater, and stormwater infrastructure needs.
 3. Meetings - The Consultant must meet with City staff and, at a minimum, conduct the meeting on the following occasions:
 - i. Project Kick-off meeting
 - ii. Biweekly progress meetings
 - iii. 50% presentation to City staff
 - iv. 90% presentation to City staff
 - v. Admin Draft presentation to City staff
 - vi. Final Draft presentation to the Public and Planning Commission
 - vii. Final Draft presentation to the Public and Public Works Advisory Board
 - viii. Final Draft presentation to the Public and City Council
 - ix. Final Plan submittal presentation to Public and City Council
- D. Submittals - Provide the following during the course of the project:
1. Provide a project schedule within 15 working days of notice to proceed. Schedule must reflect anticipated milestone dates (i.e. submittals, etc.) and completion of the Integrated Master Plan no later than ten months from the date of the notice to proceed. Any request for schedule revision must be approved by the City.
 2. Provide 50% draft plan submittal to include:
 - i. Preliminary plan recommendations, modeling data, maps and any other necessary exhibits necessary and present a presentation for City staff to properly review and evaluate the plan (6 sets).
 - ii. Findings of the review of the current infrastructure and possible short and long term necessities resulting from the findings.
 3. At the 90% draft plan submittal to plan with items included in the 50% plan submittal as well as specific short term and long term Capital Improvement Plan (CIP) project recommendations and cost estimates (10 sets).
 4. 100% submittal to include a complete integrated Master Plan for use by the City to aid in the development, planning and implementation of the Capital Improvement Program for the water, wastewater, and stormwater infrastructure (30 complete sets and 2 complete electronic copies of the plan and all associated modeling data and exhibits used in the plan development in file formats determined by the City).
- E. Plan Coordination - The Consultant will be responsible for contacting and coordinating

with local government agencies and/or other associate parties during the integrated plan development.

The City's Public Works Advisory Board reviewed the RFP at its regular meeting on February 15, 2017 and appointed Board Member Christopher Parker to assist staff with the review and analysis of proposals.

Two proposals were received by the submittal deadline of February 24, 2017, one from Michael K Nunley and Associates ("MKN") and the other from Carollo Engineers ("Carollo").

During the week of March 6, 2017, both firms were interviewed by a panel that consisted of the following people: Rob Livick, Damaris Hanson, Joe Mueller, Whitney McIlvaine, and Christopher Parker. The proposal and interview of MKN and Carollo were evaluated based on the following criteria:

- Understanding of the scope of work
- Past performance and related experience of the firm
- Expertise of technical and professional team members assigned to the project
- Proposed project approach
- Recent experience in successfully performing similar services in the Coastal Zone
- Demonstrated ability to conform to City requirements

Following review of the submitted thorough and responsive proposals, both demonstrating they were fully capable of performing the work, the Carollo team was deemed to have the most experience in the preparation of integrated water resource or OneWater plan and the selection team voted unanimously to recommend the OneWater contract be awarded to Carollo.

Their review team offered the following commentary:

- *The diversity and depth of their staff is impressive*
- *Excellent team with relevant experience and proven ability to manage large budget projects and deliver projects on time and within budget*
- *They were thoughtful and engaging throughout the process.*

City staff has spent the past two weeks reviewing and negotiating a scope, budget, and schedule with Carollo. The proposed final scope of work items is attached to this staff report. The primary areas of negotiation included the following:

Task 1: Task 1 includes a total of 8 in-person meetings and workshops in addition to 12 monthly progress meetings. This is a total of 20 meetings in addition to management of the team and subconsultants. The increase in fee is due to the additional workshops and in-person meetings with PWAB, City Council, other consultants, etc.

Task 2: Additional effort was added to this task based on our review of the City's existing GIS data.

Task 3: Like Task 2, additional effort was added to this task based on our review of the City's existing GIS data. Approximately \$8,000 was added to allow for surveying (manhole dips, etc.) to supplement the information available. Field visits were also added to allow for verification of field conditions where needed (total of 3 days).

Task 5: *This task was previously included as part of Task 9. The effort for this task was increased significantly following the interview and scoping meeting, and included completely new elements such as Desalination (\$32,000), State Water Reliability and Cost Evaluation (\$9,000), etc.*

Task 10: Inclusion of a Condition Assessment elements for water (Task 10.1.2) and sewer (Task 10.2.2) are what are contributing to the increase in fee for Task 10.

Task 13: The deliverable for Task 12 was moved into this task and we have included additional work for deliverables as they relate to Task 5.

Task 14: *New task for desalinization facility permit assistance that was discussed at the interview and scoping meeting and was completely absent from the proposal.*

Task 15: *Optional task that was added as a result of the scoping meeting. While optional, the \$9,000 for this task is included in the total fee of \$655,500. This could be moved below the total line and does not have to be authorized now (reducing total fee to \$646,500).*

The following table identifies the revised cost estimates required by the proposed scope of work modifications:

Task	Description	Proposal Estimate			Revised Estimate			Increase in Fee for Existing Tasks	Increase in Fee for New Tasks	Total Increase
		Labor	Subs	Total	Labor	Subs	Total			
Task 1	Project Management and Meetings	\$ 30,500	\$ 7,400	\$ 37,900	\$ 60,900	\$ 8,300	\$ 69,200	\$ 31,300		
Task 2	Data Collection and Background Review	\$ 12,500	\$ 1,000	\$ 13,500	\$ 22,700	\$ 1,300	\$ 24,000	\$ 10,500		
Task 3	Planning Data Analysis	\$ 7,300	\$ 900	\$ 8,200	\$ 30,300	\$ 9,600	\$ 39,900	\$ 31,700		
Task 4	Historical Water Demands and Wastewater Flows	\$ 13,000	\$ 1,300	\$ 14,300	\$ 20,800	\$ 1,300	\$ 22,100	\$ 7,800		
New Task 5	Water Supply Evaluation				\$ 77,800	\$ 4,400	\$ 82,200		\$ 82,200	
Task 5.1	Review and Incorporate Recycled Water Feasibility Study				\$ 5,100	\$ 300	\$ 5,400			
Task 5.2	State Water Reliability and Cost Evaluation				\$ 8,400	\$ 500	\$ 8,900			
Task 5.3	Evaluation of Groundwater Supply				\$ 8,900	\$ 500	\$ 9,400			
Task 5.4	Evaluation of Stormwater as a Supply Source				\$ 9,700	\$ 500	\$ 10,200			
Task 5.5	Desalination Relocation, Outfall Analysis, and Optimization Study				\$ 30,300	\$ 1,700	\$ 32,000			
Task 5.6	Development and Evaluation of Supply Portfolios				\$ 15,400	\$ 900	\$ 16,300			
Task 6	Hydraulic and Hydrologic Modeling	\$ 54,500	\$ 7,000	\$ 61,500	\$ 66,800	\$ 4,400	\$ 71,200	\$ 9,700		
Task 7	Flow Monitoring Data and I/I Mitigation Analysis	\$ 14,800	\$ 2,300	\$ 17,100	\$ 19,800	\$ 1,300	\$ 21,100	\$ 4,000		
Task 8	Planning and Design Criteria	\$ 21,500	\$ 1,500	\$ 23,000	\$ 21,700	\$ 1,200	\$ 22,900	\$ (100)		
Task 9	Determine Existing System Capacities	\$ 44,700	\$ 5,500	\$ 50,200	\$ 69,500	\$ 4,200	\$ 73,700	\$ 13,500		
Task 10	Develop Improvement and Future Service Project Portfolios	\$ 53,600	\$ 4,900	\$ 58,500	\$ 68,700	\$ 4,200	\$ 72,900	\$ 14,400		
Task 11	Develop Capital Improvement Program	\$ 25,600	\$ 2,400	\$ 28,000	\$ 41,300	\$ 2,100	\$ 43,400	\$ 15,400		
Task 12	Financial Sustainability	\$ 20,700	\$ 1,800	\$ 22,500	\$ 15,700	\$ 900	\$ 16,600	\$ (6,700)		
Task 13	Project Deliverables	\$ 45,300	\$ 8,000	\$ 53,300	\$ 71,900	\$ 7,400	\$ 79,300	\$ 26,000		
New Task 14	Desalination Permitting Assistance				\$ 7,600	\$ 400	\$ 8,000		\$ 8,000	
New Task 15	Additional Meetings				\$ 8,500	\$ 500	\$ 9,000		\$ 9,000	
Total		\$ 354,000	\$ 44,800	\$ 398,800	\$ 604,000	\$ 51,500	\$ 655,500	\$ 157,500	\$ 99,200	\$ 256,700

The City typically develops professional services authorizations with a 10% contingency to cover additional, unforeseen services that may be required as a project proceeds. The base fee requested by Carollo for this first year is \$646,500. With 10% contingency, including the scope identified in Task 15 and any direct expenses, the total authorization would be \$711,150.

CONCLUSION

Staff recommends award of the contract for the preparation of this critical resource document that will steer the City's OneWater policy to the Carollo Engineers Inc. based on the solicitation and review process that took place over the past three months.

ATTACHMENTS

1. Draft Contract Including Proposed Scope and Budget from Carollo for the City's OneWater Plan
2. [Proposal from Carollo](#) (link to large file, please be patient)

City of Morro Bay
OneWater Plan
SCOPE OF WORK

This scope of work includes the preparation of the City's OneWater Plan, which will include elements of a water supply evaluation, water distribution system analysis, sewer system analysis, and stormwater system analysis. The scope of work is divided into tasks describing the corresponding work, workshops, and deliverables.

TASK 1 - PROJECT MANAGEMENT

The objective of this task is to provide project management activities required to coordinate engineering disciplines and related services required for activities outlined in this scope of work.

Task 1.1 – Project Management Meetings: Carollo will participate in the following meetings:

- Monthly project progress meetings via teleconference with key City staff to discuss project status, action items, and potential areas of concern.
- Two (2) workshops with City staff, Master Reclamation Plan (MRP) consultant, and Facility Master Plan (FMP) consultant. These meetings are intended to cover selected aspects of the OneWater Plan.
- One (1) Public Works Advisory Board (PWAB) workshop and one (1) PWAB status update presentation. These meetings are intended to cover selected aspects of the OneWater Plan.
- One (1) public stakeholder workshop and one (1) public stakeholder status update presentation. These meetings are intended to cover selected aspects of the OneWater Plan.
- One (1) City Council workshop presentation. This meeting is intended to cover selected aspects of the OneWater Plan.

Task 1.2 – Project Management, Progress Reporting, Cost and Schedule Control: Carollo will manage its engineering task efforts to track time and budget, work elements accomplished, work items planned for the next period, and staffing needs. Carollo will prepare monthly project progress reports that update the City on the current status of the project including updates of technical, schedule, and budget issues.

Task 1.3 - Project Coordination and Integration of Work Efforts: Carollo will communicate, interact, and coordinate with the City, as needed, to plan for the completion of activities related to the development of the OneWater Plan.

Task 1.4 - Kickoff Meeting: The project will be launched at a kick-off meeting between City staff and the Carollo team. This meeting will be attended by Carollo's Project Manager and Project Engineer in-person. Leads for the Water Supply Evaluation, Desalination Evaluation, and Hydraulic Model Development will participate via conference call. The following objectives will be accomplished at this meeting:

- Confirm project objectives
- Develop guidelines for defining the system performance criteria

- Provide list of needed data for completion of the study
- Review previous work and studies
- Discuss and document existing conditions and identify known system deficiencies
- Define project roles and distribute project roster
- Schedule project milestones
- Distribute project management plan

Assumptions:

- It is anticipated that the project activities will last approximately twelve (12) months.
- Carollo's Project Manager and Project Engineer will attend the face-to-face meetings or other coordination meetings.
- One (1) kick-off meeting with City staff.
- Six (6) additional meetings and workshops have been budgeted.
- Monthly conference calls will be held with the City. Twelve (12) monthly progress meetings/conference calls have been budgeted.
- A total of twelve (12) monthly progress reports will be prepared (including schedule updates).

Deliverables:

- Agendas for Monthly Meetings and other identified meetings and workshops.
- Meeting minutes for Monthly Meetings and other identified meetings and workshops.
- Monthly Project Management, Cost, and Schedule Control Reports to accompany invoices.

TASK 2 - DATA COLLECTION AND BACKGROUND REVIEW

Task 2.1 - Data Collection: Carollo will review available relevant reports and other data for use in this project, as well as other relevant information including but not limited to:

- City's General Plan including the land use, housing, population, and circulation elements.
- Relevant electronic maps extracted from the City's GIS.
- Water, wastewater collection, and stormwater systems utility GIS database and/or platt maps with service area boundaries.
- Improvement plans/as-built drawings for recent water, sewer, or stormwater projects that may not be included in the City's GIS or Platt Maps.
- Design standards or design manuals for the water, sewer, and stormwater systems.
- Recent hydrant fire flow reports (if available).
- Monthly water usage reports for the past 5 complete years.
- Metered water usage information for the last complete year by billing category including: public, commercial, industrial, multi-family, and single family.
- Water operational data and records.
- Pertinent information related to the condition and capacity of the City's existing brackish and seawater desalination facility.
- Recent well efficiency reports and pump curves for all active wells.
- Recent construction unit costs for pipelines, pump stations, wells, and other relevant infrastructure.

- Monthly and daily sewer flow measurements at the wastewater treatment plant for the past 5 years.
- Hourly flow measurement at the wastewater treatment plant for the past 18 months (if available).
- Pump station/lift station flow metering data and physical characteristics (invert elevations, wet well size, pump capacities, etc.).
- Any available CCTV data from the wastewater collection system
- Pump/lift station maintenance records.

Carollo will develop a data collection matrix that will be presented at the project kick-off meeting. Carollo will update the data collection matrix as items are received and will update the City on outstanding items remaining for the project.

Carollo will also work closely with the City to understand the work completed to date, as well as the decisions and policies that are currently in place that will partially guide the decision-making process.

Assumptions:

- Project schedule is highly dependent on timely collection of requested data.
- Sewer and storm drain model development is based on accurate and complete invert elevation data within the City's GIS database. Should significant portions of the City's GIS data require population, Carollo will work with the City to develop an appropriate approach to collect the required data.

TASK 3 - PLANNING DATA ANALYSIS

Task 3.1 - Base Mapping/Land Use: Carollo will work closely with the City's planning department to develop a digital land use inventory. The land use inventory will form the basis for the water demand and wastewater flow projections. The General Plan Buildout land use will be the target for future water supply and wastewater generation needs, as well as the required stormwater drainage facilities. The General Plan Land Use street layouts, and development patterns will also guide the locations of future facilities, and any potential lands that could be used for conjunctive use.

Task 3.2 - Update Utility Mapping for Hydraulic Models: Update electronic mapping of water, sewer, and stormwater facilities that are needed to create the City's utility hydraulic models. ArcView (GIS) is the graphical environment that will be used for the mapping tasks. The electronically produced maps will be compatible and suitable for use in the City's GIS. Carollo will also coordinate with a survey contractor to conduct field survey of identified sewer and storm drain facilities that are missing invert or other critical data. It is also assumed that Carollo will utilize the City's existing digitized storm drain basins for the construction of the watershed aspects of the storm drain model.

Task 3.3 - Water, Sewer, and Stormwater Facilities: Carollo will use the City's existing GIS as the baseline for development of the electronic utility maps. Carollo will review the existing GIS files, and record drawings as well as conduct meetings with City staff to develop an understanding of the water, sewer, and stormwater systems facilities. The GIS will form the basis for the water, sewer, and storm water systems hydraulic models.

Task 3.4 - Field Visits: Carollo will conduct up to three days of field visits to gather additional information on the City's water, sewer, and stormwater systems. Key City staff will be interviewed as needed to gather additional information and to resolve any questions. In particular, interviews with operation and maintenance staff will be used to develop a better understanding of known or suspected operation and maintenance problems such as low water pressure areas or capacity issues. These visits will also be used to verify connectivity issues identified in Task 3.2 and obtain a thorough understanding of the City's operating strategies and controls.

Assumptions:

- Sewer and storm drain model development is based on accurate and complete invert elevation data within the City's GIS database. Should significant portions of the City's GIS data require population, Carollo will work with the City to develop an appropriate approach to collect the required data.
- It is assumed that City staff will be available to tour City facilities with Carollo staff, including open manhole lids, tour pump station, storage, or other above ground facilities.
- Carollo will contract with a field survey firm to collect invert data for the sewer and storm drain collection systems. Carollo assumes \$7,000 in the fee estimate for this task.
- Carollo will not provide traffic control.

TASK 4 - HISTORICAL WATER DEMANDS AND WASTEWATER FLOWS

Task 4.1 - Update Land Use Inventory and Projections: The City General Plan has defined land use categories. The land use categories and acreages will be used to determine acreage for current and buildout service area projections. This study will update the land use conditions to the most recently available General Plan. It is assumed that the general plan land use data will be obtained from the City's GIS. Population projections and growth rates will be revised accordingly. Anticipated changes to the City's current service area will be considered.

Task 4.2 - Obtain Rainfall Data: The City's flow monitoring program will include the installation of rainfall gauges within the City service area to collect data needed for measurement of infiltration/inflow for the collection system. The rain gauges should be installed as part of the flow monitoring program at no additional cost to the City. Carollo will also review local available historical rainfall data and evaluate other hydrologic methods to determine an appropriate storm data scenario for the wastewater and stormwater hydraulic model. Carollo will submit recommended rainfall data to be used for the model to City staff for approval.

Task 4.3 - Historical Water Demands

Task 4.3.1 - Water Demand Analysis: Carollo will use historical water production, consumption, and state water usage data to develop water demand trends. The analysis will help determine the usage rates and overall trends that are expected moving forward. This analysis will also help define the water usage rates per acre per each land use type, as well as any large industrial users.

Task 4.3.2 - Establish Unit Water Demands and Peaking Factors: Per-acre unit water demands will be developed for each consolidated land use category. These unit demands will be based on recent metered water production records. The water demand peaking factors for maximum day and peak hour conditions will be determined.

Task 4.3.3 - Define Fire Flow and Emergency Scenarios: Appropriate fire flow demands for each land use category and residual pressure requirements will be defined. These criteria will be established through discussions with the City's Fire Marshall, review of current Insurance Service Office (ISO) guidelines, and Carollo's experience. This subtask also includes defining emergency operating scenarios such as power outages and well closures.

Task 4.3.4 - Water Demand Projections: This task includes the development of water demand projections for the current City water supply service area. The City is currently in the process of updating its General Plan, and therefore it will be necessary to develop service area expansion scenarios to determine a range of water demands that may be expected based on growth and development scenarios. Carollo assumes that up to three growth scenarios will be developed as a means to develop the range of water demand projections. The water demand projections will be developed based on the development of water demand factors and the peaking factors developed as part of other tasks, and will consider other factors such as the City's water conservation goals as defined in the 2015 Urban Water Management Plans.

Task 4.4 - Historical Wastewater Flows

Task 4.4.1 - Wastewater Flow Analysis: Carollo will use historical influent flows at the wastewater treatment plant to develop wastewater production trends. The analysis will help determine the overall trends that are expected moving forward. This analysis will also help define the wastewater generation rates per acre per each land use type, as well as any large industrial users.

Task 4.4.2 - Wastewater Flow Projections: This task includes the development of sewer flow projections for the current City sewer service area. The City is currently in the process of updating its General Plan, and therefore it will be necessary to develop service area expansion scenarios to determine a range of sewer flows that may be expected based on growth and development scenarios. Carollo assumes that up to three growth scenarios will be developed as a means to develop the range of flow projections. The flow projections will be developed based on the development of wastewater generation factors and the peaking factors developed as part of other tasks. Other factors, such as future water conservation as defined in the 2015 Urban Water Management Plans and wet weather infiltration and inflow (I/I) reduction, will be considered if appropriate/necessary.

Task 4.5 - Stormwater Flows

Task 4.5.1 - Stormwater Flow Projections: Storm runoff shall be calculated from an appropriate storm event and runoff coefficients, and other hydrologic parameters built into the stormwater hydrologic and hydraulic model. Staff interviews, historical record, and antidotal evidence will be used to verify model accuracy and storm drain model predictions.

Assumptions:

- A temporary flow monitoring program is not included as part of Carollo's scope of services. It is assumed that the City is contracting separately to perform the flow monitoring work as a separate but related study.

TASK 5 - WATER SUPPLY EVALUATION

Carollo will conduct a supply analysis that evaluates the existing supply capacity as it relates to current average and peak water demands including factors for redundancy. The evaluation will include a review of opportunities to improve potable supply reliability, water quality concerns, as well as challenges with groundwater overdraft. The evaluation will consider opportunities for delivering desalinated seawater to users on a regular basis. The evaluation will include infrastructure and operations and maintenance (O&M) planning-level costs for necessary upgrades and relocation of the existing desalination plant, costs for supply lines from the plant to the seawater extraction wells and from the plant to the City's water distribution system. The supply evaluation will also include the cost of continuing to purchase state water and historical availability. The evaluation includes the following subtasks:

Task 5.1 - Review and Incorporation of Recycled Water Feasibility Study: Carollo will coordinate with the City's recycled water feasibility consultant to incorporate the findings from the Recycled Water Feasibility Study Draft Report (RWFS, March, 2017). Carollo will review the findings and evaluate how the recommendations and costs will incorporate into the City's OneWater Plan. Carollo will use the findings from other supply evaluation elements in conjunction with the findings from the RWFS to see if recommended changes should be modified to fit with the City's overall OneWater goals, and supply portfolios.

Task 5.2 - State Water Reliability and Cost Evaluation: Carollo will conduct a review of the current state of California State Water Project supply reliability, and costs. Carollo will use historical data, climate change predictions, as well as existing reports and other available data to develop an educated assumption for the future supply reliability and potential costs of State Water. Carollo will estimate the cost of reliability in terms of the consequence of failure of the supply source, as well as the likelihood of failure and determine reliability in terms of risk to the City.

Task 5.3 - Evaluation of Groundwater Supply: Carollo will use existing reports on groundwater quantity, quality, and basin characteristics to perform a desk top analysis of the reliability and costs of future increased utilization the City's two groundwater basins (Morro and Chorro Basins). Carollo will determine the treatment required to utilize poor quality groundwater from the basins and develop planning level costs associated with the treatment alternatives. The costs and findings from this task will be incorporated into water supply portfolios.

Task 5.4 - Evaluation of Stormwater as a Supply Source: Carollo will conduct an evaluation on the feasibility of using stormwater to supplement the City's water supply sources. Carollo will review the main sources of stormwater, potential regulation's associated with stormwater capture, and determine if there is a case for beneficial uses to supplement water supply. The analysis will rely on existing subsurface geotechnical data of the city's two groundwater basins, and existing historical data on surface water runoff and potential stormwater capture. Carollo will determine conceptual infrastructure that would be required to implement identified stormwater facilities that would be needed.

Task 5.5 - Desalination Relocation, Outfall Analysis, and Optimization Study

The City is currently contracted with MKN to perform an evaluation of the existing desalination facility. The purpose of this evaluation is to develop an Operations Plan and associated capital improvements necessary for routine operation of the facility.

As recommended in the Recycled Water Feasibility Study Draft Report, Carollo will perform an optimization study for the desalination facility to determine opportunities for significant upgrades that may be needed to replace unreliable or obsolete equipment or technology or may dramatically increase efficiency of the facility. A cost estimate will be developed for any optimizations that are recommended for the desalination facility. The cost of any recommended optimizations will be considered when developing supply portfolios (Task 5.6). One (1) site visit has been budgeted to accompany this effort.

Coastal Development Permit (CDP) 9-16-0849 approved November 04, 2016 identified the need to protect the desalination facility from inundation from flooding or tsunami as a result of its location in the coastal hazard area. In order to accurately determine the costs of desalination as a supply option, Carollo will identify up to three (3) options for relocation of the desalination facility and develop planning-level cost estimates associated with each of the alternatives.

The Regional Water Quality Control Board (RWQCB) has expressed concern with the existing desalination facility outfall configuration. In order to support long-term, routine operation of the facility, Carollo will identify up to three (3) alternatives to the configuration of the existing outfall and develop planning-level cost estimates associated with each of the alternatives.

Task 5.6 - Development and Evaluation of Supply Portfolios: Based on the results of the MRP, the Recycled Water Feasibility, and the tasks above, Carollo will develop up to four water supply portfolios. The portfolios will be established based on the findings from Tasks 5.1 through 5.6. Each supply portfolio will be evaluated based on a set of criteria agreed upon by the City and Carollo. Final supply portfolio recommendations will be determined based on the findings from the water, sewer, and storm drain infrastructure needs to implement the supply sources identified in each portfolio.

TASK 6 - HYDRAULIC AND HYDROLOGIC MODELING

Task 6.1 - Water Hydraulic Model

Task 6.1.1 - Develop Water Hydraulic Model: Carollo will utilize the City's GIS data, as verified in Task 3 to assemble the water system modeled network. The GIS model network (GIS) will be imported into the. The model and relevant data will be compatible with the City's current GIS software.

Task 6.1.2 - Calibrate Water Hydraulic Models: The City's water system hydraulic model will be calibrated against hydrant test data as well as temporary pressure logger data that will be collected as part of this study. Carollo will install up to fifteen (15) hydrant pressure loggers to measure pressure variations in the distribution system. Carollo will also request that the City conduct a series of hydrant flushing tests to calibrate pressure drop and friction factors within the water distribution system model. Once calibration has been achieved, the systems can then be evaluated.

Task 6.2 - Sewer Hydraulic Model

Task 6.2.1 - Develop Sewer Hydraulic Model: Carollo will utilize the City's GIS data, as verified in a previous task to assemble the sewer system facility maps. The utility maps (GIS) will be used to develop the corresponding hydraulic model. The model and relevant data will be compatible with the City's current GIS software.

Task 6.2.2 - Calibrate Sewer Hydraulic Model: Carollo will calibrate the sewer model to the data collected as part of the flow monitoring program, as well as influent flow data from the wastewater treatment plant. The model will be calibrated to both dry and wet weather conditions for flow, velocity, and level at all the metering sites. The calibration will be based on the Wastewater Planners Users Group (WaPUG), model calibration standards. Once calibration has been achieved, the systems can then be evaluated using the selected hydraulic models.

Task 6.3 - Stormwater Hydrologic Model

Task 6.3.1 - Develop Stormwater Hydrologic Model: Carollo will formulate a hydrologic computer model of the primary watersheds, sub-basins, and facilities within the City. The hydrologic computer model shall be prepared pertinent to the 10, and 100-year storm events.

The 10-year and 100-year peak discharge rates shall be determined at key points of drainage concentration within the study area. Land use assumptions will consider buildout in conformance with the City's General Plan Update. The hydraulic model shall include the City's storm drainage pipelines and other major storm drain facilities.

TASK 7 - FLOW MONITORING DATA AND I/I MITIGATION ANALYSIS

Task 7.1 - Coordination with Flow Monitoring Consultant: Carollo will work with the City's contracted flow monitoring firm to collect and analyze the wet weather flow data collected as part of the temporary flow monitoring program. The flow data will be compared to winter water production data, which can be used as a reasonable approximation of sanitary wastewater flows. Dry weather peaking factors will be determined.

Task 7.2 - I/I Reduction Strategies: Carollo will help identify areas of the system where I/I mitigation projects will provide the biggest value in terms of flow reduction to the Water Reclamation Facility (WRF). Review of I/I hydrographs will help determine the types of I/I (inflow, infiltration, or combined I/I) entering the system and how best to further pinpoint sources and mitigation methods.

TASK 8 - PLANNING AND DESIGN CRITERIA

Task 8.1 - Review Water Design Standards and Develop Planning Criteria: This task defines the methodologies for evaluating the water system for sizing the proposed improvements, and for developing the capital projects. Carollo will review the City's existing design standards for water transmission, and recommend evaluation criteria to be used as part of the water system evaluations.

Task 8.2 - Establish Water System Hydraulic Criteria: Criteria for pipe friction factors, minimum/maximum velocities, pump station capacities and redundancies, residual pressures, and other criteria governing the hydraulic adequacy of the water distribution system will be recommended.

Task 8.3 - Review Sewer Design Standards and Develop Planning Criteria: This task defines the methodologies for evaluating the sewer systems for sizing the proposed improvements, and for developing the capital projects. Carollo will review the City's existing design standards for sewer collection, and recommend evaluation criteria to be used as part of the master plan evaluations.

Task 8.4 - Establish Sewer Design Flow Criteria: The monitored flow data will be analyzed to determine dry weather base wastewater flows, per acre wastewater flow generation factors, dry weather peaking factors, and diurnal curves. Design flow criteria will be recommended and will consider consistency with unit water demands, the age, and condition of the sewers.

Task 8.5 - Establish Sewer Hydraulic Criteria: Criteria for pipe friction factors, minimum/maximum velocities, pump/lift station capacities and redundancies, allowable depth of surcharging, roughness coefficients for different piping materials, and other criteria governing the hydraulic adequacy of the sewer system will be developed as part of this task. This criteria will be used for the evaluation of the sewer system.

TASK 9 - DETERMINE EXISTING SYSTEM CAPACITIES

Task 9.1 - Evaluate Existing Water System: Following model calibration, the existing system will be modeled under scenarios identified by City staff and the project team. These scenarios will be used for identifying existing system deficiencies. Special consideration will be given to those facilities in which known system deficiencies already exist, and/or have been targeted by the City to be modified. The water system model will be used to conduct hydraulic analysis and to identify any deficiencies in the existing and buildout water systems. Deficiencies can include low residual pressures due to insufficient supply, pipeline capacity constraints, or operational issues.

Task 9.2 - Evaluate Existing Sewer System: Following model calibration, the existing systems will be modeled under scenarios identified by City staff and the project team. These scenarios will be used for identifying existing system deficiencies. Special consideration will be given to those facilities in which known system deficiencies already exist, and/or have been targeted by the City to be modified. The sewer system model will be run to simulate flows in the system under average dry weather and peak hour flow scenarios for the existing and build out scenarios. Model runs will be performed for peak flow conditions to determine the capacity deficiencies. Special considerations will be given to those facilities in which known system deficiencies already exist and/or have been targeted by City to be replaced.

Task 9.3 - Evaluate Existing Stormwater System: Carollo will evaluate the existing storm drainage system based on the determined criteria. Appropriate hydraulic boundary conditions will be established at each discharge point to assess the backwater effects on the storm drainage system. Carollo will meet with City staff to discuss preliminary results; in particular, areas that the model predicts localized flooding. Input from City staff will be necessary to identify areas of flooding and assist in refining the model results.

TASK 10 - DEVELOP IMPROVEMENT AND FUTURE SERVICE PROJECT PORTFOLIOS

Task 10.1 - Water System

Task 10.1.1 - Provide Recommendations for Water System Enhancements: Based on the hydraulic model evaluations, Carollo will make recommendations to mitigate the identified deficiencies in the existing water system. The deficiencies will be summarized and descriptions will be provided for each proposed improvement. Carollo will also develop the required

infrastructure to serve existing and future customers under each supply portfolio developed in Task 5. The required capital projects for each supply portfolio will be the basis for the evaluation and cost development for each supply portfolio.

Task 10.1.2 - Desktop Risk Evaluation of Pipelines: Using the data available, Carollo will conduct a desktop analysis of the City's water system using the development of likelihood of failure and consequence of failure metrics to calculate a risk score for individual pipeline segments within the City's GIS. Data to be used includes pipeline age, material, and any readily available maintenance records. This task does not include field assessments or other inspections.

Task 10.2 - Sewer System

Task 10.2.1 - Provide Recommendations for Sewer System Enhancements: Based on the hydraulic model evaluations, Carollo will make recommendations to mitigate the identified deficiencies in the existing sewer system, and develop projects to serve future customers. Improvements identified in Task 7. The deficiencies will be summarized and descriptions will be provided for each proposed improvement. Should separate improvements be required for the supply portfolios discussed on Task 5, the required infrastructure will be developed and included in the supply portfolios.

Task 10.2.2 - Condition Assessment: Using the data available, Carollo will conduct a desktop analysis of the City's sewer system using the development of likelihood of failure and consequence of failure metrics to calculate a risk score for individual pipeline segments within the City's GIS. Data to be used includes pipeline age, material, and any readily available maintenance records such as existing CCTV assessment scores. This task assumes that the CCTV scores are in the PAPC format, and link to individual pipeline segments in the City's GIS database. This task does not include field assessments or other inspections. Risk scores for the City's above ground wastewater collection facilities will be based on a desktop approach and will not include site assessment.

Task 10.2.2 - Recommendations to Serve Proposed Water Reclamation Facility: Modifications to the sewer facilities necessary to accommodate the new location of the WRF will be identified and verified with hydraulic modeling. The facilities will be mapped electronically (GIS), and summarized in tables and exhibits for future reference. Project alternatives, when feasible, will be identified and discussed. Benefits for the selected preferred alternatives will be presented to City staff for approval.

Task 10.3 - Stormwater System

Task 10.3.1 - Provide Recommendations for Stormwater System Enhancements: Based on the hydraulic model evaluations, Carollo will make recommendations to mitigate the identified deficiencies in the existing stormwater system. The deficiencies will be summarized and descriptions will be provided for each proposed improvement. Should water supply projects identify storm drain projects to enhance water supply portfolios, they will also be developed as part of this task.

TASK 11 - DEVELOP CAPITAL IMPROVEMENT PROGRAM

Task 11.1 - Project Portfolio Evaluation: Based on the findings from the tasks above, Carollo will finalize the development and identification of the complete project portfolios. Carollo will work closely with the City to develop a set of criteria and scoring methodology to rank and determine the relative strengths and weaknesses of each portfolio. Carollo will use an evaluation matrix to determine the recommended alternatives and detail the final recommended

portfolio. This task will set the bases for the development of the final list of capital projects to be prioritized in Task 11.2.

Task 11.2 - Capital Projects Prioritization

Needed system improvements will be phased based on Near-Term, Mid-Period and Long-Term needs. Near-Term improvements are those needed within the next 5 years, Mid-Period improvements are needed between Near-Term and those needed for the ultimate developments within the Urban Growth Boundary of the General Plan (Long-Term). These improvements will be summarized, phased, and prioritized for the water system. The mid-period projects will be identified based on expected development patterns and target growth areas identified by the City.

It should be noted that the proposed projects will distinguish between the improvements needed to correct existing deficiencies and those needed to service future developments. This will assist the City in establishing updated development impact fees. Improvements will be prioritized based on severity of deficiency being corrected and timing of service to future users.

Costs associated with each proposed improvement will be based on recommended unit costs approved by City staff.

TASK 12 - FINANCIAL SUSTAINABILITY

Task 12.1 - Financial Model Development: Carollo will create a financial model for water, sewer, and stormwater that meets the needs of City staff. As part of the model, various funding and rate alternatives will be evaluated. The model will be developed and rates determined to provide sufficient funding and increased financial resilience, while also maintaining financial sustainability for the City's ratepayers. For each of the three enterprises, rates will be designed to generate sufficient cash flow for O&M, R&R, and meet necessary funding and debt service obligations. Carollo will perform an affordability survey to compare the determined rates against other municipalities in the Central Coast. Carollo will also make a recommendation regarding the frequency of future, formal rate studies for the City.

The purposes of this analysis will be to determine the appropriate rate increases that will ensure sustainability of the City's water utilities and assess the affordability of these rates for the City's ratepayers. This effort does not constitute a formal rate study that is required to support the Proposition 218 process for rate increases. The City is currently undertaking this effort as part of the WRF project.

TASK 13 - PROJECT DELIVERABLES

This project will produce stand-alone documents that will be the main planning document for the City's water capital programs.

Task 13.1 - Prepare and Submit Draft OneWater Plan Report: Detailed report outlines of the proposed OneWater Plan Report will be submitted to City staff for review and comment, prior to the completion of the Draft Report. The Executive Summary sections will bring forward the most significant findings of the project. One electronic copy of each document will be submitted to the City.

Task 13.2 - City Staff Review Draft OneWater Plan Report

Following the submittal of the Draft OneWater Plan Report, City staff will review and provide written comments. Following the review period, Carollo will meet with City staff and review comments.

Task 13.3 - Prepare and Submit Final OneWater Plan Report

City comments on the Draft OneWater Plan Report documents will be reviewed and incorporated into the final documents. One electronic copy and ten (10) hard copies of the Final OneWater Plan Report document will be submitted to the City.

Task 13.4 - Meetings with City Council

One (1) presentation will be prepared by Carollo and delivered to the City Council at the completion of the OneWater Plan. The presentation will discuss the identified deficiencies, proposed improvements, and capital improvement program.

TASK 14 - DESALINATION PERMITTING ASSISTANCE

As a result of the findings of the OneWater Plan, Carollo will identify a permitting pathway to support the long-term operation of the desalination facility. Carollo will develop a technical description of the permitting process, intermediate steps, applicable coastal permit impacts, cost estimate, and schedule.

TIME OF PERFORMANCE

This scope of work shall be completed within twelve (12) months following notice to proceed.

PAYMENT

Payment shall be on a lump sum basis. Payment for services rendered shall be billed monthly, based on the percent of work completed. The budget for this scope of work is six hundred and fifty five thousand, five hundred dollars (\$655,500) and includes all expenses.

OPTIONAL TASKS**TASK 15 - ADDITIONAL MEETINGS**

Task 15.1 – Workshops: Carollo will participate in the following additional meetings as required to support development of the OneWater Plan:

- Two (2) additional workshops or presentations that may include either the PWAB or public stakeholders. These meetings are intended to cover selected aspects of the OneWater Plan

CITY OF MORRO BAY
ONE WATER PLAN
FEE ESTIMATE
APRIL 14, 2017

Task	Description	Project Manager Eric Casares	Project Engineer Tim Loper	Alternatives Analysis/WRF Integration Inge Wiersema	Alternative Supply Analysis Lydia Holmes	Stormwater Analysis Elisa Garvey	Hydraulic Modeling Ryan Orjill	Financial Sustainability Robb Grantham	Hydrogeology David Harkins	Desalination Tom Seacord	Staff Engineers	GIS Specialists	Document Processing	Total Hours	Labor	PECE	Printing/ Travel	Subs/ Direct Cost + 10%	Subs and Other Direct Expenses ⁽¹⁾	Estimated Fee
	2017 Rates	\$252	\$252	\$252	\$252	\$243	\$205	\$252	\$252	\$168	\$176	\$111				\$ 11.70	Other			
Task 1	Project Management and Meetings	94	70	0	0	0	32	0	0	0	40	18	28	196	\$ 60,900	\$ 3,299	\$ 5,000	\$ -	\$ 8,300	\$ 69,200
Task 1.1	Project Management Meetings	60	56	0	0	0	30	0	0	0	38	16	10	210	\$ 45,700	\$ 2,457	\$ 5,000	\$ -	\$ 7,500	\$ 53,200
Task 1.2	Project Management, Progress Reporting, Cost and Schedule Control	16	0	0	0	0	0	0	0	0	0	0	4	20	\$ 4,500	\$ 234		\$ -	\$ 200	\$ 4,700
Task 1.3	Project Coordination and Integration of Work Efforts	16	12	0	0	0	0	0	0	0	0	0	12	40	\$ 8,400	\$ 468	\$ -	\$ -	\$ 500	\$ 8,900
Task 1.4	Kick-off Meeting	2	2	0	0	0	2	0	0	0	2	2	2	12	\$ 2,300	\$ 140		\$ -	\$ 100	\$ 2,400
Task 2	Data Collection and Background Review	4	24	4	6	6	20	2	4	4	24	4	2	104	\$ 22,700	\$ 1,217	\$ 100	\$ -	\$ 1,300	\$ 24,000
Task 2.1	Data Collection	2	8	2	2	2	8	0	2	2	12	2	2	44	\$ 9,300	\$ 515	\$ 100	\$ -	\$ 600	\$ 9,900
Task 2.2	Background Data Review	2	16	2	4	4	12	2	2	2	12	2	0	60	\$ 13,400	\$ 702		\$ -	\$ 700	\$ 14,100
Task 3	Planning Data Analysis	4	12	0	0	0	34	0	0	0	84	28	2	164	\$ 30,300	\$ 1,919	\$ -	\$ 7,700	\$ 9,600	\$ 39,900
Task 3.1	Base Mapping/Land Use	2	4	0	0	0	6	0	0	0	12	4	2	30	\$ 5,700	\$ 351		\$ -	\$ 400	\$ 6,100
Task 3.2	Update Utility Mapping for Hydraulic Models	0	2	0	0	0	4	0	0	0	24	16	0	46	\$ 8,200	\$ 538		\$ 7,700	\$ 8,200	\$ 16,400
Task 3.3	Water, Sewer, and Stormwater Facilities	2	2	0	0	0	8	0	0	0	24	8	0	44	\$ 8,100	\$ 515		\$ -	\$ 500	\$ 8,600
Task 3.4	Field Visits	0	4	0	0	0	16	0	0	0	24	0	0	44	\$ 8,300	\$ 515		\$ -	\$ 500	\$ 8,800
Task 4	Historical Water Demands and Wastewater Flows	5	12	0	2	4	20	0	2	0	46	10	8	109	\$ 20,800	\$ 1,275	\$ -	\$ -	\$ 1,300	\$ 22,100
Task 4.1	Update Land Use Inventory and Projections	2	4	0	0	0	6	0	0	0	8	4	2	26	\$ 5,000	\$ 304		\$ -	\$ 300	\$ 5,300
Task 4.2	Obtain Rainfall Data	0	2	0	0	0	2	0	0	0	2	0	0	6	\$ 1,300	\$ 70		\$ -	\$ 100	\$ 1,400
Task 4.3	Historical Water Demands	1	2	0	2	0	4	0	2	0	12	2	2	27	\$ 5,200	\$ 316		\$ -	\$ 300	\$ 5,500
Task 4.4	Historical Wastewater Flows	1	2	0	0	0	4	0	0	0	12	2	2	23	\$ 4,200	\$ 269		\$ -	\$ 300	\$ 4,500
Task 4.5	Stormwater Flows	1	2	0	0	4	4	0	0	0	12	2	2	27	\$ 5,100	\$ 316		\$ -	\$ 300	\$ 5,400
Task 5	Water Supply Evaluation	30	50	6	24	10	52	0	6	48	108	16	22	372	\$ 77,800	\$ 4,352	\$ -	\$ -	\$ 4,400	\$ 82,200
Task 5.1	Review and Incorporate Recycled Water Feasibility Study	2	4	2	2	0	4	0	2	0	4	2	2	24	\$ 5,100	\$ 281		\$ -	\$ 300	\$ 5,400
Task 5.2	State Water Reliability and Cost Evaluation	4	6	2	4	0	8	0	0	2	12	0	2	40	\$ 8,400	\$ 468		\$ -	\$ 500	\$ 8,900
Task 5.3	Evaluation of Groundwater Supply	2	6	0	4	0	8	0	4	0	16	2	2	44	\$ 8,900	\$ 515		\$ -	\$ 500	\$ 9,400
Task 5.4	Evaluation of Stormwater as a Supply Source	2	6	0	4	8	8	0	0	2	12	2	2	46	\$ 9,700	\$ 538		\$ -	\$ 500	\$ 10,200
Task 5.5	Desalination Relocation, Outfall Analysis, and Optimization Study	16	16	0	2	0	8	0	0	42	40	8	12	144	\$ 30,300	\$ 1,685		\$ -	\$ 1,700	\$ 32,000
Task 5.6	Development and Evaluation of Supply Portfolios	4	12	2	8	2	16	0	0	2	24	2	2	74	\$ 15,400	\$ 866		\$ -	\$ 900	\$ 16,300
Task 6	Hydraulic and Hydrologic Modeling	6	12	0	0	4	72	0	0	0	240	30	8	372	\$ 66,800	\$ 4,352	\$ -	\$ -	\$ 4,400	\$ 71,200
Task 6.1	Water Hydraulic Model	2	4	0	0	0	24	0	0	0	80	6	8	124	\$ 21,800	\$ 1,451		\$ -	\$ 1,500	\$ 23,300
Task 6.2	Sewer Hydraulic Model	2	4	0	0	0	24	0	0	0	80	8	0	118	\$ 21,300	\$ 1,381		\$ -	\$ 1,400	\$ 22,700
Task 6.3	Stormwater Hydraulic Model	2	4	0	0	4	24	0	0	0	80	16	0	130	\$ 23,700	\$ 1,521		\$ -	\$ 1,500	\$ 25,200
Task 7	Flow Monitoring Data and I/I Mitigation Analysis	2	6	0	0	0	28	0	0	0	48	20	4	108	\$ 19,800	\$ 1,264	\$ -	\$ -	\$ 1,300	\$ 21,100
Task 7.1	Coordination with Flow Monitoring Consultant	0	2	0	0	0	12	0	0	0	24	12	2	52	\$ 9,300	\$ 608		\$ -	\$ 600	\$ 9,900
Task 7.2	I/I Reduction Strategies	2	4	0	0	0	16	0	0	0	24	8	2	56	\$ 10,500	\$ 655		\$ -	\$ 700	\$ 11,200
Task 8	Planning and Design Criteria	10	18	2	2	2	26	0	0	0	30	10	10	110	\$ 21,700	\$ 1,287	\$ -	\$ -	\$ 1,200	\$ 22,900
Task 8.1	Review Water Design Standards and Develop Planning Criteria	2	4	0	0	0	6	0	0	0	4	2	2	20	\$ 4,000	\$ 234		\$ -	\$ 200	\$ 4,200

CITY OF MORRO BAY
ONE WATER PLAN
FEE ESTIMATE
APRIL 14, 2017

Task	Description	Project Manager Eric Casares	Project Engineer Tim Loper	Alternatives Analysis/WRF Integration Inge Wiersema	Alternative Supply Analysis Lydia Holmes	Stormwater Analysis Elisa Garvey	Hydraulic Modeling Ryan Orgill	Financial Sustainability Robb Grantham	Hydrogeology David Harkins	Desalination Tom Seacord	Staff Engineers	GIS Specialists	Document Processing	Total Hours	Labor	PECE	Printing/ Travel	Subs/ Direct Cost + 10%	Subs and Other Direct Expenses ⁽¹⁾	Estimated Fee
Task 8.2	Establish Water System Hydraulic Criteria	2	4	2	2	2	4	0	0	0	8	2	2	28	\$ 5,700	\$ 328		\$ -	\$ 300	\$ 6,000
Task 8.3	Review Sewer Design Standards and Develop Planning Criteria	2	4	0	0	0	6	0	0	0	4	2	2	20	\$ 4,000	\$ 234		\$ -	\$ 200	\$ 4,200
Task 8.4	Establish Sewer Design Flow Criteria	2	2	0	0	0	6	0	0	0	2	2	2	16	\$ 3,100	\$ 187		\$ -	\$ 200	\$ 3,300
Task 8.5	Establish Sewer Hydraulic Criteria	2	4	0	0	0	4	0	0	0	12	2	2	26	\$ 4,900	\$ 304		\$ -	\$ 300	\$ 5,200
Task 9	Determine Existing System Capacities	6	24	2	2	4	120	0	4	8	180	12	0	362	\$ 69,500	\$ 4,235	\$ -	\$ -	\$ 4,200	\$ 73,700
Task 9.1	Evaluate Existing Water System	2	8	2	2	0	40	0	4	8	60	4	0	130	\$ 25,500	\$ 1,521		\$ -	\$ 1,500	\$ 27,000
Task 9.2	Evaluated Existing Sewer System	2	8	0	0	0	40	0	0	0	60	4	0	114	\$ 21,500	\$ 1,334		\$ -	\$ 1,300	\$ 22,800
Task 9.3	Evaluate Existing Stormwater System	2	8	0	0	4	40	0	0	0	60	4	0	118	\$ 22,500	\$ 1,381		\$ -	\$ 1,400	\$ 23,900
Task 10	Develop Improvement and Future Service Project Portfolios	12	36	12	6	6	74	0	4	6	138	48	12	354	\$ 68,700	\$ 4,142	\$ -	\$ -	\$ 4,200	\$ 72,900
Task 10.1	Water System	4	12	4	6	0	24	0	4	6	48	16	4	128	\$ 25,300	\$ 1,498		\$ -	\$ 1,500	\$ 26,800
Task 10.2	Sewer System	4	12	4	0	0	30	0	0	0	48	16	4	118	\$ 22,500	\$ 1,381		\$ -	\$ 1,400	\$ 23,900
Task 10.3	Stormwater System	4	12	4	0	6	20	0	0	0	42	16	4	108	\$ 20,900	\$ 1,264		\$ -	\$ 1,300	\$ 22,200
Task 11	Develop Capital Improvement Program	6	24	16	16	12	32	0	0	4	60	24	8	202	\$ 41,300	\$ 2,147	\$ -	\$ -	\$ 2,100	\$ 43,400
Task 11.1	Project Portfolio Evaluation	2	12	8	8	4	16	0	0	4	48	16	4	122	\$ 24,100	\$ 1,427		\$ -	\$ 1,400	\$ 25,500
Task 11.2	Capital Project Prioritization	4	12	8	8	8	16	0	0	0	12	8	4	80	\$ 17,200	\$ 720		\$ -	\$ 700	\$ 17,900
Task 12	Financial Sustainability	2	4	0	0	0	8	24	0	0	36	0	4	78	\$ 15,700	\$ 913	\$ -	\$ -	\$ 900	\$ 16,600
Task 12.1	Financial Model Development	2	4	0	0	0	8	24	0	0	36	0	4	78	\$ 15,700	\$ 913		\$ -	\$ 900	\$ 16,600
Task 13	Project Deliverables	18	38	10	10	10	60	0	4	4	144	42	40	380	\$ 71,900	\$ 4,446	\$ 3,000	\$ -	\$ 7,400	\$ 79,300
Task 13.1	Prepare and Submit Draft OneWater Plan Report	8	16	8	8	8	48	0	4	4	120	32	24	280	\$ 52,300	\$ 3,276	\$ 3,000	\$ -	\$ 6,300	\$ 58,600
Task 13.2	City Staff Review of Draft OneWater Plan Report	2	2	0	0	0	0	0	0	0	0	0	0	4	\$ 1,000	\$ 47		\$ -	\$ -	\$ 1,000
Task 13.3	Prepare and Submit Final OneWater Plan Report	4	12	2	2	2	12	0	0	0	24	8	12	78	\$ 14,800	\$ 913		\$ -	\$ 900	\$ 15,700
Task 13.4	Presentation to City Council	4	8	0	0	0	0	0	0	0	0	2	4	18	\$ 3,800	\$ 211		\$ -	\$ 200	\$ 4,000
Task 14	Desalination Permitting Assistance	2	2	0	0	0	0	0	0	20	4	0	8	36	\$ 7,600	\$ 421	\$ -	\$ -	\$ 400	\$ 8,000
Task 14	Desalination Permitting Assistance	2	2	0	0	0	0	0	0	20	4	0	8	36	\$ 7,600	\$ 421	\$ -	\$ -	\$ 400	\$ 8,000
Task 15	Additional Meetings	12	12	0	0	0	0	0	0	0	8	4	4	40	\$ 8,500	\$ 468	\$ -	\$ -	\$ 500	\$ 9,000
Task 15	Additional Meetings	12	12	0	0	0	0	0	0	0	8	4	4	40	\$ 8,500	\$ 468	\$ -	\$ -	\$ 500	\$ 9,000
Total Hours and Fee		213	344	52	68	58	578	26	24	94	1190	266	160	2987	\$ 604,000	\$ 35,738	\$ 8,100	\$ 7,700	\$ 51,500	\$ 655,500

Notes:

(1) Other direct expenses include mileage travelling to/from meetings at IRS Federal Rate, reproduction at cost plus 5%, and Project Equipment and Communication Expense billed at \$11.70 per hour.

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AGENDA NO: B-1

MEETING DATE: May 9, 2017

Staff Report

TO: Honorable Mayor and City Council

DATE: May 3, 2017

FROM: Rob Livick, PE/PLS – Public Works Director/City Engineer

SUBJECT: Adoption of Resolution No. 20-17 Approving the Engineer’s Report and Declaring the Intent to Levy the Annual Assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District

RECOMMENDATION

Staff recommends City Council:

1. Adopt Resolution No. 20-17 declaring the intent to levy the annual assessment for the maintenance of the Cloisters Park and Open Space for fiscal year 2017/18 and approving the Engineer’s Report.
2. Provide direction as to the future funding of activities performed in the assessment district, including the following options:
 - a. *Begin the process to increase the Cloisters Assessments,*
 - b. *Subsidize the assessment with funding from the City’s general fund, or*
 - c. *Reduce the level of maintenance that can be performed within the confines of the existing assessment*

FISCAL IMPACT

Based on the Engineer’s Report, which estimates the annual costs of maintaining the Cloisters Park and Open Space for the upcoming year, the maximum fiscal impact is \$148,944. Those costs will be offset by the collection of an assessment for the same amount from the parcel owners in the Cloisters Subdivision.

The original formation of the assessment district in 1996 set the fixed assessment of \$1,241.20 per parcel or \$148,944 for the entire Cloisters Landscape Lighting Maintenance Assessment District. In 1996, the Consumer Price Index (CPI) was 156.70 and today (3/2017) the CPI is at 243.01. This has resulted in a thirty-six percent drop in the purchasing power of the assessment district funds. Therefore, what was \$148,944 as the required amount to maintain the Cloisters AD in 1996 is \$96,043 in today’s dollars. With this year’s proposed budget staff is estimating that the fund will reach over \$112,031.85 and has a balance of \$88,136.14 as of May 1, 2017.

SUMMARY

On April 11, 2017, City Council adopted Resolution No. 15-17, which initiated the proceedings to levy the annual assessment to fund the maintenance of the Cloisters Park and Open Space. As required by law, an Engineer’s Report has been prepared detailing the estimated annual assessment for the parcel owners for fiscal year 2017/18 and expenditures for the District. Staff

Prepared By: <u>RL</u>	Dept Review: <u>RL</u>
City Manager Review: _____	City Attorney Review: <u>JWP</u>

intends to continue to outsource certain maintenance tasks within the Assessment District, which may redistribute the expenditure estimates. Upon adoption of Resolution No. 20-17, the next and final step in the annual levy of assessment process is the public hearing after which City Council orders the levy of assessment.

BACKGROUND/DISCUSSION

Tract 1996, known as the Cloisters development, is a 124-lot subdivision bounded by State Highway One at the east, Atascadero State Beach at the west, Morro Bay High School at the south, and Azure, Coral, and San Jacinto Streets at the north.

It was well known, any development at the Cloisters was going to require a balance between continuation of lateral and vertical access within and through the property, while at the same time conserving the sensitive plant and wildlife resources present.

Zoning on most of the Cloisters site is Planned Development, Single-Family Residential with the sand dunes and wetlands zoned Environmentally Sensitive Habitat (ESH). The purpose of the Planned Development (PD) overlay zone is to provide for detailed and substantial analysis of development on parcels, which because of location, size or public ownership, warrant special review. That overlay zone was also intended to allow for the modification of, or exemption from, the development standards of the primary zone, which would otherwise apply if such action would result in better design or other public benefit.

On September 23, 1996, City Council passed Resolution No. 69-96, which accepted the final map for Tract 1996 known as the Cloisters Subdivision, consisting of 124 lots. Lots 1 through 120 were for single-family residential purposes, Lots 121, 122 (APN 065-386-005 & 016 on attached Assessor's Map) were for the 27.75-acre park and open space, Lot 124 was dedicated for a fire station and Lot 123 was offered to the state.

The findings and conditions of approval for the project were numerous. For example, City Council made findings the Cloisters project could cause significant environmental impacts relating to land use, visual/aesthetics, affordable housing, traffic generation, air quality noise, geology, drainage and water quality, ecological resources, and public services; but those impacts were mitigated by the recommended conditions. In addition, City Council made further findings the Cloisters project was in compliance with the specific policies of the General Plan/Land Use Plan (GP/LUP) and Zoning Ordinance with respect to protection of views, environmentally sensitive resources, public access, circulation, hazards and other requirements so long as the environmental impacts were mitigated. Finally, City Council made other findings the Cloisters project complies with the Morro Bay Municipal Code (MBMC) with respect to optional subdivision design and related improvements, and the optional design is justified in order to contribute to a better community environment through the dedication of extensive public areas, restoration of the ESH area, provision of scenic easements, provision of larger than usual lots adjacent to such areas, and maintenance of a consistent lot layout pattern adjacent to existing development on the north side of Azure Street.

In order to mitigate the environmental impacts of the project, and to provide a greater than public benefit as required in a PD overlay zone, the conditions of approval for the project required the applicant to form an assessment district for the maintenance of the public park, bicycle pathway, right-of-way landscaping, coastal access ways, ESH restoration areas and any other improved common areas to be privately held or dedicated to the City. The public park area, as well as all open space improvements and the assessment district, were part of many detailed discussions during City and Coastal Commission hearings.

The assessment district formation proceedings began in August 1996, with all of the owners of the real property within the proposed district petitioning the City and consenting in writing to the formation of the district pursuant to the Landscape and Lighting Act of 1972. The assessment district formation proceedings concluded with the final public hearing for formation on September 23, 1996, which levied the annual assessment of \$148,944 for the maintenance of the 27.75 acres of park and open space.

In preparing the various purchase and sale documents for each individual lot, including the Conditions, Covenants, and Restrictions, the developer was especially careful to call out the existence of the assessment district and to make certain the existence of the assessment district would not come as a surprise to anyone who purchased one of the lots. The Developer assured the City "There will be no surprises to prospective owners about the assessments or their amounts."

In drafting all the project documents, the City and the developer reinforced the special benefits for the residents of the Cloisters Project with the public amenities and easements. Each Cloister's lot directly benefits from the public park, bicycle pathway, right-of-way landscaping, coastal access ways, ESH restoration areas and coastal access ways. There was also created and reserved in favor of each owner in the Cloisters Development, Conservation Space in parcels 065-386-005 & 0065-386-016, and a Scenic Conservation Easement in parcel 065-386-020 for view, open space, scenic, passive recreation and coastal access, none of which will be developed with any improvements or structures, unless necessary and proper for the restoration and maintenance of the Environmentally Sensitive Habitat Area.

Each year since its formation, the City has used the same assessment rates and methodology, and assessed the Cloisters homeowners \$148,944 for the continued maintenance and operation of the public park, bicycle pathway, right-of-way landscaping, coastal access ways, ESH restoration areas and coastal access ways as required by the conditions of approval and pursuant to the Landscape and Lighting Act of 1972. Unfortunately, the assessment district does not have a built-in cost of living increase, so each year the assessment does not automatically increase. The assessment has remained at the original \$148,944, even though costs to maintain the accessed parcels (065-386-005 & 065-386-016) have consistently increased over the years.

The Cloisters Assessment District was first incorporated into the City's Annual operating budget in FY 99/00 (CPI=166.2). A comparison between the spending in the first budget year versus present day (CPI=243.801) is depicted in the table below. The analysis shows that while the costs to maintain relatively new park and other facilities in FY99/00 (inflated to today's dollars) results in a funding differential of nearly \$70,000. To accommodate this differential, Staff sees three options the Council should consider and provide direction:

1. *Begin the process to increase the Cloisters Assessments.*
This would increase the assessment on each parcel by approximately \$605/year. It would also require approval from a majority of the current property owners. We would also recommend that Council include an inflation factor in the assessment formulae, so inflationary increases are accounted for in the future.
2. *Subsidize the assessment with funding from the City's General Fund.*
Starts at \$70,000 per year and is estimated to escalate to over \$110,000 in 20 years at historical inflation rates
3. *Reduce the level of maintenance that can be performed within the confines of the existing assessment.*

Item	FY 99/00 Cost	FY 99/00 Inflated to Current Day	FY 17/18 Budget	Difference between Inflated and FY 17/18 Budget
Personnel Services	76,285	111,903	51,748	<61,153>
Supplies	14,859	\$21,797	7,000	<14,991>
Services	50,800	\$74,519	66,300	<8,885>
Capital/Reserve	7,000	10,268	23,896	+13,536
Total	148,944	218,487	148,944	<69,543>

CONCLUSION

The process for the annual levy of assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District requires the City Council receive the Engineer's Report, approve and/or modify the report and adopt a Resolution of Intention. The Resolution of Intention gives notice of the time, date and place for a public hearing by the City Council on the issue of the levy of assessment. The public hearing has been set for June 27, 2017, at the Veteran's Memorial Building. A summary of the Resolution of Intention shall be published in the newspaper as a legal notice of public hearing, to which all interested parties are afforded the opportunity to be heard either through written or oral communication. Upon completion of the public hearing on June 27, 2017, the City Council may adopt the resolution ordering the levy of the annual assessment.

ATTACHMENT

Engineer's Report

RESOLUTION NO. 20-17

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
DECLARING THE CITY'S INTENTION TO LEVY THE ANNUAL ASSESSMENT FOR
CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT
PURSUANT TO THE "LANDSCAPING AND LIGHTING ACT OF 1972" (STREETS AND
HIGHWAYS SECTIONS 22500 ET.SEQ.)**

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

WHEREAS, all property owners of the Cloisters subdivision requested the City of Morro Bay form a maintenance assessment district to fund the maintenance of the Cloisters Park and Open Space; and

WHEREAS, the Landscaping and Lighting Act of 1972 (Streets and Highways Code sections 22500 et. seq.) (the "Act") enables the City to form assessment districts for the purpose of maintaining public improvements; and

WHEREAS, pursuant to Section 22623 of the Act, the City Engineer has filed in the Office of the City Clerk, and submitted for review to the City Council, a report entitled "Engineer's Report - Cloisters Landscaping and Lighting Maintenance Assessment District", dated May 1, 2017, prepared in accordance with Article 4 of the Act, commencing with Section 22565; and

WHEREAS, pursuant to Section 22608.2 of the Act, the subdivider was required by City Ordinance to install improvements for which an assessment district was required in order to assure continued and uninterrupted maintenance of the Cloisters Park and Open Space; and

WHEREAS, pursuant to the intent of Article XIII, Section 4, of the California Constitution, the property owners have elected to form the Cloisters Landscaping and Lighting Maintenance Assessment District.

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

Section 1. The City Council approves the Engineer's Report.

Section 2. It is the intent of the Council to order the annual levy and collection of assessments for the Cloisters Landscaping and Lighting Maintenance Assessment District at a public hearing to be held at the Regular City Council Meeting on June 27, 2017 in the Veteran's Memorial Building, 209 Surf Street, Morro Bay, CA.

Section 3. The improvements to be maintained at the Cloisters Park and Open Space are specified in the Engineer's Report dated May 1, 2017, which is hereby approved.

Section 4. The assessment upon assessable lots within the district is proposed to total \$148,944 or \$1,241.20 per assessable parcel for Fiscal Year 2017/18.

Section 5. Staff is directed to continue a Major Maintenance Program that will address items requiring significant expenditures in FY 2017/18.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting held on this 9th day of May 2017 by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

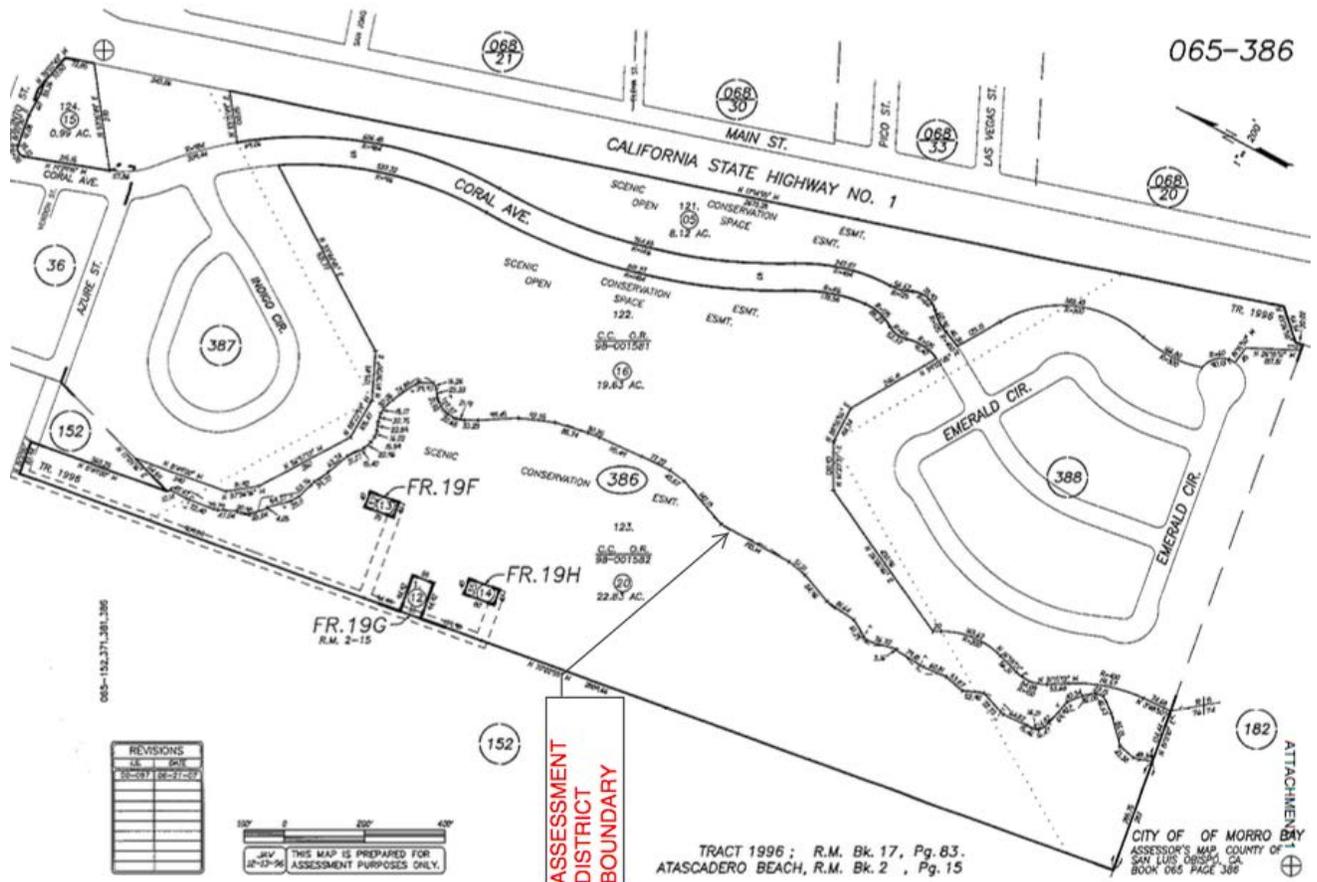
JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

EXHIBIT A
 CLOISTERS
 LANDSCAPING AND LIGHTING
 MAINTENANCE ASSESSMENT DISTRICT
 DISTRICT BOUNDARY DIAGRAM

The boundary diagrams for the District have previously been submitted to the City Clerk in the format required under the 1972 Act and, by reference, are hereby made part of this Report. The boundary diagrams are available for inspection at the office of the City Clerk during normal business hours. The following diagram provides an overview of the District.





CITY OF MORRO BAY

**CLOISTERS
LANDSCAPING AND LIGHTING
MAINTENANCE ASSESSMENT DISTRICT**

2017/2018 ENGINEER'S ANNUAL LEVY REPORT

DRAFT

May 1, 2017

AFFIDAVIT FOR 2017/2018 ENGINEER'S ANNUAL LEVY REPORT

CITY OF MORRO BAY

**CLOISTERS
LANDSCAPING AND LIGHTING
MAINTENANCE ASSESSMENT DISTRICT**

This report describes the proposed maintenance, improvements, budgets, zone of benefit and assessments to be levied on parcels of land within the Cloisters Landscaping and Lighting Maintenance Assessment District for the fiscal year 2017/2018, as the same existed at the time of the passage of the Resolution of Intention. Reference is hereby made to the San Luis Obispo County Assessor's maps for a detailed description of the lines and dimensions of parcels within the District. The undersigned respectfully submits the enclosed Report as directed by the City Council and, to the best of my knowledge, information, belief, the report, the assessments and diagrams have been prepared and computed in pursuant to the Landscaping and Lighting Act of 1972.

Dated this 1st day of May , 2017

Rob Livick, PE/PLS – Public Works Director/City Engineer



CITY OF MORRO BAY

CLOISTERS

LANDSCAPING AND LIGHTING

MAINTENANCE ASSESSMENT DISTRICT

ENGINEER’S REPORT

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I. Overview

A. Introduction

The City Council of the City of Morro Bay (hereafter referred to as “City”), County of San Luis Obispo, State of California, previously formed and has levied and collected annual assessments for the district designated as:

CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT

(hereafter referred to as “District”) pursuant to the provisions of the Landscaping and Lighting Act of 1972, being Part 2 of Division 15 of the California Streets and Highways Code, commencing with Section 22500 (hereafter referred to as the “1972 Act”), and in compliance with the provisions of the California State Constitution Articles XIIC and XIID (hereafter referred to as the “Constitution” or “Proposition 218”).

This Report has been prepared in accordance with Chapter 1, Article 4 (commencing with Section 22565) of the 1972 Act and describes the District and changes to the District including: territories annexed; modifications to the improvements or organization; and the proposed budgets and assessments applicable for fiscal year 2017/2018.

Project History

Tract 1996, known as the Cloisters development, is a 124 lot subdivision bounded by State Highway One at the east, Atascadero State Beach at the west, Morro Bay High School at the south, and Azure, Coral, and San Jacinto Streets at the north (the “Cloisters”).

The Cloisters, prior to development, was a privately owned 80-plus acre expanse of open land. The property was historically used for lateral and vertical access and contained a large area of sensitive sand dunes abutting the eastern edge of Atascadero State Beach. Over the years, it was the subject of various land development proposals including an RV park, a 390-unit condominium development, a 466-unit single family residential development, a 455-unit mixed residential development, and a 213-unit residential development. The City approved none of these development proposals.

It was well known that any development at the Cloisters was going to require a balance between continuation of lateral and vertical access within and through the property, while at the same time conserving the sensitive plant and wildlife resources present. In addition, the negative impacts of development on the site would have to be sufficiently offset by public resources and public amenities from the site.

Zoning on most of the Cloisters site is Planned Development, Single-Family Residential with the sand dunes and wetlands zoned Environmentally Sensitive Habitat (ESH). The purpose of the Planned Development (PD) overlay zone is to provide for detailed and substantial analysis of development on parcels, which because of location, size or public ownership, warrant special review. This overlay zone is also intended to allow for the modification of, or exemption from, the

development standards of the primary zone which would otherwise apply if such action would result in better design or other public benefit.

On September 23, 1996, the City Council passed Resolution No. 69-96, which accepted the final map for Tract 1996, known as the Cloisters Subdivision, consisting of 124 lots. Lots 1 through 120 were for single-family residential purposes; Lots 121,122 and 124¹ (dedicated for a fire station) were offered to the City subject to the completion of the public improvements; and Lot 123 was offered to the State.

The findings and conditions of approval for the project were numerous. For example, the City Council made findings that the Cloisters project could cause significant environmental impacts relating to land use, visual/aesthetics, affordable housing, traffic generation, air quality, noise, geology, drainage and water quality, ecological resources, and public services; but that these impacts could be mitigated by the recommended conditions. In addition, the City Council made further findings that the Cloisters project was in compliance with the specific policies of the General Plan/Local Coastal Plan (GP/LCP) and zoning ordinance with respect to protection of views, environmentally sensitive resources, public access, circulation, hazards and other requirements so long as the environmental impacts were mitigated. Finally, the City Council made further findings that the Cloisters project complied with MBMC with respect to optional subdivision design and related improvements, and that the optional design was justified in order to contribute to a better community environment through the dedication of extensive public areas, restoration of the ESH area, provision of scenic easements, and provision of larger than usual lots adjacent to such areas, and maintenance of a consistent lot layout pattern adjacent to existing development on the north side of Azure Street.

In order to mitigate the environmental impacts of the project and to provide a greater public benefit as required in a PD overlay zone, the conditions of approval for the project required the applicant to form an assessment district for the maintenance of the public park, bicycle pathway, right of way landscaping, coastal access ways, ESH restoration areas and any other improved common areas to be privately held or dedicated to the City. The public park area, as well as all open space improvements and the assessment district were part of many detailed discussions during each City and Coastal Commission hearing. Without this Condition of Approval and the creation of the assessment district, the project would not have been approved and there would not be a Cloisters Development.

B. Assessment History and Current Legislation

In November 1996, California voters approved Proposition 218 that established specific requirements for the ongoing imposition of taxes, assessments and fees. The provisions of the Proposition are now contained in the California Constitutional Articles XIII C and XIII D. All assessments described in this Report and approved by the City Council are prepared in accordance with the 1972 Act and in compliance with these provisions of the Constitution.

¹ Lot 124 has been sold and is going through the entitlement process for development of several single family homes, which will become part of the District.

Pursuant to the Article XIID Section 5 of the Constitution, certain existing assessments were exempt from the substantive and procedural requirements of the Article XIID Section 4, and property owner balloting is not required until such time that a new or increased assessment is proposed. Specifically, the City determined that the annual assessments originally established for the Cloisters were imposed in accordance with a consent and waiver as part of the original development approval for the properties within these areas. As such, pursuant to Article XIID Section 5b, all the property owners approved the existing District assessments at the time the assessments were created (originally imposed pursuant to a 100% landowner petition). Therefore, the pre-existing assessments (the maximum assessment rates adopted prior to the passage of Proposition 218) for this district is exempt from the procedural requirements Article XIID Section 4. However, any new or increased assessment for the Cloisters shall comply with both the substantive and procedural requirements of Article XIID Section 4 before such assessments are imposed.

The assessment district formation proceedings began in August 1996, and concluded with the final public hearing on September 23, 1996 for formation of the District pursuant to the 1972 Act. This formation led to the annual assessment levy of \$148,944 (the "Assessment") for the maintenance of the thirty-four (34) acres of public resource lands including open space and natural lands, wetland area and pond used for drainage mitigation for homes constructed in Cloisters, median landscaping, trees, a neighborhood park and recreation area, fencing and other public improvements. The maximum assessment rates that existed and were adopted in fiscal year 1996/1997 did not include the assessment range formulae (inflationary adjustment) for their maximum assessment rates and therefore will remain static unless the assessee vote to increase the assessments. Refer to section III D – "Maintenance Costs" for an analysis of the decision to not include an inflationary adjustment in the formulae.

In preparing the various purchase and sale documents for each individual lot, including the Conditions, Covenants, and Restrictions, the owners and developer were especially careful to call out the existence of the assessment district and to make certain that the existence of assessment district was disclosed to anyone who purchased one of these lots. In drafting all the project documents, the City and the developer reinforced the special benefits for the residents of the Cloisters Project from the public amenities and easements maintained by the assessment.

II. Description of the District

A. Improvements Authorized by the 1972 Act

As applicable or may be applicable to this proposed District, the 1972 Act defines improvements to mean one or any combination of the following:

- the installation or planting of landscaping
- the installation or construction of statuary, fountains, and other ornamental structures and facilities
- the installation or construction of public lighting facilities
- the installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof, including, but not limited to, grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities
- the maintenance or servicing, or both, of any of the foregoing
- the acquisition of any existing improvement otherwise authorized pursuant to this section.

Incidental expenses associated with the improvements including, but not limited to:

- the cost of preparation of the report, including plans, specifications, estimates, diagram, and assessment
- the costs of printing, advertising, and the publishing, posting and mailing of notices
- compensation payable to the County for collection of assessments
- compensation of any engineer or attorney employed to render services
- any other expenses incidental to the construction, installation, or maintenance and servicing of the improvements
- any expenses incidental to the issuance of bonds or notes pursuant to Section 22662.5²
- costs associated with any elections held for the approval of a new or increased assessment.

The 1972 Act defines "Maintain" or "maintenance" to mean furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement, including:

- repair, removal, or replacement of all or any part of any improvement
- providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury
- the removal of trimmings, rubbish, debris, and other solid waste
- the cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

B. Maintenance Items

The ongoing maintenance for the District, and the costs thereof, paid from the levy of the annual assessments, are generally described below.

Replacement, maintenance and servicing of improvements include, but are not limited to, turf,

² There is no existing bond debt nor is any anticipated at this time.

ground cover, shrubs, trees, other landscaping, irrigation systems, fencing, signage, trails, walkways, recreation facilities, lighting, restroom facilities, parking and all necessary appurtenances, and labor, materials, supplies, utilities and equipment. The public resources maintained by the assessments from the District are further summarized as follows:

- Parkland: 4 Acres
- Open space meadow and natural land: 18.15 Acres
- Wetland: 5.5 Acres
- Medians and parkways within the public right-of-ways: 1.6 Acres

Within those areas, the following items are maintained through the levy of assessments:

1. Landscaping

- a. Turf
- b. Planted medians
- c. Planter beds (formerly demonstration garden)
- d. Drainage systems, including gabion channels
- e. Irrigation system (spray and drip)
- f. Scrub/meadow plantings
- g. Trees & shrubs along the sound wall
- h. Willows
- i. Wetland area plantings and pond

2. Hardscaping

- a. Asphalt path system
- b. Concrete walkways
- c. Parking lot
- d. Decomposed granite paths
- e. Play area surfacing
- f. Bridge on City owned property

3. Facilities and miscellaneous

- a. Barbeques
- b. Bike rack
- c. Benches
- d. Directional signs
- e. Drinking fountains
- f. Fences:
 - i. 6' and 3' solid – Bike Path and Fire Access Fencing
 - ii. Habitat Area (ESHA) fencing and keep out signs
- g. Interpretive panels
- h. Light bollards
- i. Monuments with lights
- j. Observation pier at pond
- k. Picnic tables
- l. Play equipment and sand lot
- m. Restroom
- n. Sound wall
- o. Trash cans

III. Method of Apportionment

A. General

This section of the Engineer's Report includes an explanation of the special benefits to be derived from the installation, maintenance and servicing of the improvements and the methodology used to apportion the total assessment to properties within the District.

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements which include the construction, maintenance and servicing of public lights, landscaping and appurtenant facilities. The 1972 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

“The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements.”

The proceeds from the District are used to fund the maintenance and upkeep of public resources within the Cloisters development project for the special benefit of the properties located within the project. The continued maintenance and upkeep of these important items is a distinct and special benefit to properties within the District.

Easements were created and reserved in favor of each owner in the Cloisters Development for view, open space, scenic, passive recreation and coastal access across the entirety of Lots 121, 122 and 123; these lots shall not be developed with any improvements or structures unless necessary and proper for the restoration and maintenance of the ESHA. This is another distinct and special benefit conferred on property within the District.

B. Benefit Analysis

Each of the proposed improvements, the associated costs and assessments have been carefully reviewed, identified and allocated based on special benefit pursuant to the provisions of the Constitution and 1972 Act. The improvements associated with the District have been identified as necessary, required and/or desired for the orderly development of the properties within the District to their full potential, consistent with the proposed development plans and applicable portions of the City GP/LCP as identified previously in this report. As such, these improvements would be necessary and required of individual property owners for the development of such properties, and the ongoing operation, servicing and maintenance of these improvements would be the financial obligation of those properties. Therefore, the improvements and the annual costs of ensuring the maintenance and operation of the improvements are of direct and special benefit to the properties. The method of apportionment (method of assessment) is based on the premise that each assessed parcel within the District receives special benefit from various improvements provided by the District. The desirability and security of properties is enhanced by the presence of local improvements in close proximity to those properties. The special benefits associated with

landscaped improvements are specifically:

- enhanced desirability of properties through association with the improvements
- improved aesthetic appeal of properties providing a positive representation of the area
- enhanced adaptation of the urban environment within the natural environment from adequate green space and landscaping.

C. Maintenance Tasks

A list of maintenance tasks required to maintain the District in acceptable condition for public use was developed based on maintenance standards established for existing parks within the City and is included in this report as Attachment A. The list has since been divided into Janitorial and Landscaping Maintenance Tasks, with an additional section for Deferred Maintenance Tasks/Capital Replacement Projects.

It is clear, as illustrated in the next section, the purchasing power of the assessments has severely eroded over the last twenty-one years as have the level of maintenance activities.

D. Maintenance Costs

The estimated annual cost of maintaining the District was originally developed by the Recreation and Parks Department based on the tasks required and the City’s Flat Rate Manual for Parks Maintenance. District costs include labor, utilities, insurance, engineering services and depreciation/reserves. The annual cost of maintenance, including any reserves, for the 2016/17 fiscal year is estimated to be \$148,944. The cost estimate is included in this report as Attachment B. This estimate reflects a major reduction in maintenance services when compared to the initial

The Cloisters Assessment District was first incorporated into the City’s Annual operating budget in FY 99/00 (CPI=166.2). A comparison between the spending in the first budget year versus present day (CPI=243.801) is depicted in the table below. The analysis shows that while the costs to maintain relatively new park and other facilities in FY99/00 (inflated to today’s dollars) results in a funding differential of nearly \$70,000.

Item	FY 99/00 Cost	FY 99/00 Inflated to Current Day	FY 17/18 Budget	Difference between Inflated and FY17/18 Budget
Personnel Services	76,285	111,903	51,748	<61,153>
Supplies	14,859	\$21,797	7,000	<14,991>
Services	50,800	\$74,519	66,300	<8,885>
Capital/Reserve	7,000	10,268	23,896	+13,536
Total	148,944	218,487	148,944	<69,543>

E. Apportionment of Assessment

The total assessment for the District is apportioned equally to each of the one hundred and twenty residential lots. Lots 121 and 122 (Parcel 1) Cloisters Park and Open Space, Lot 124 (dedicated for a fire station, declared as surplus by the City and sold - currently vacant, but new owner is going through the entitlement process to develop several single-family homes) and Lot 123 (now Parcel 2) offered to the State are not assessed. Individual assessments are listed in the table shown in Attachment C.

Attachment A

CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT

DETAILED MAINTENANCE TASKS

Task	Weekly	Twice Weekly	Monthly	Twice Annually	Annually	As Needed
I <i>Turf Maintenance</i>						
Mow						XX
Edge/Trim						XX
Fertilize				XX		XX
Aerate/Seed				XX		XX
II <i>Other Landscape Maint.</i>						
Prune plants/shrubbery				XX		XX
Maintain weed free						XX
Maintain bark mulch						XX
Rake/distribute gravel/sand			XX			XX
Fertilize				XX		
III <i>Tree Maintenance</i>						
Prune trees					XX	
Maintain tree supports						XX
Remove dead trees						XX
IV <i>Irrigation</i>						
Maintain/repair irrigation system						XX
Program/check controllers			XX			XX
Hand water as required						XX
Monitor water usage			XX			
V <i>Weed control</i>						
Mow open areas				XX		XX
Remove noxious weeds				XX		
Weed identified areas				XX		XX
VI <i>Wetlands</i>						
Coordinate maint. with city						XX
VII <i>Paths, walkways, parking lot maintenance</i>						
Conduct general safety inspection					XX	XX
Remove foreign objects						XX
Trim/spray pathways						XX

**CLOISTERS
LANDSCAPING AND LIGHTING
MAINTENANCE ASSESSMENT DISTRICT**

DETAILED MAINTENANCE TASKS (cont.)

Task	Weekly	Twice Weekly	Monthly	Twice Annually	Annually	As Needed
VII <i>Paths, walkways, parking lot maintenance (cont.)</i>						
Inspect hardscape for damage			XX			XX
Remove dog litter						XX
VIII <i>Pest/Disease Control</i>						
Control pests/rodents and plant diseases						XX
IX <i>Litter/trash control</i>						
Litter pick up throughout						XX
Remove trash from garbage cans		XX				
Empty ashes from bbq's		XX				
X <i>Restroom</i>						
Clean/sanitize/service	Daily M-F					
Maintain roof						XX
Maintain plumbing						XX
Paint structure						XX

Attachment B

**CLOISTERS
LANDSCAPING AND LIGHTING
MAINTENANCE ASSESSMENT DISTRICT**

DISTRICT BUDGET - FISCAL YEAR 2017/2018

NAME: Cloisters Landscaping and Lighting Maintenance Assessment District

DIAGRAM: Attached, as Attachment D

PLANS AND SPECIFICATIONS: On file in the Office of the City Engineer.

ESTIMATED COST OF MAINTENANCE: The table on the following page outlines the estimated budget for the maintenance of the District for fiscal year 2017/18. It also provides a look back at the three previous fiscal years including the current year with expenses as of March 31, 2016.

CONTRACT SERVICES

Includes all daily and routine tasks as well as non-routine maintenance and repair costs.

PERSONNEL SERVICES

Includes contract supervision of daily and routine tasks as well as non-routine maintenance and repair costs.

SUPPLIES

Includes all supplies used in daily tasks as well as non-routine repair and maintenance.

SERVICES

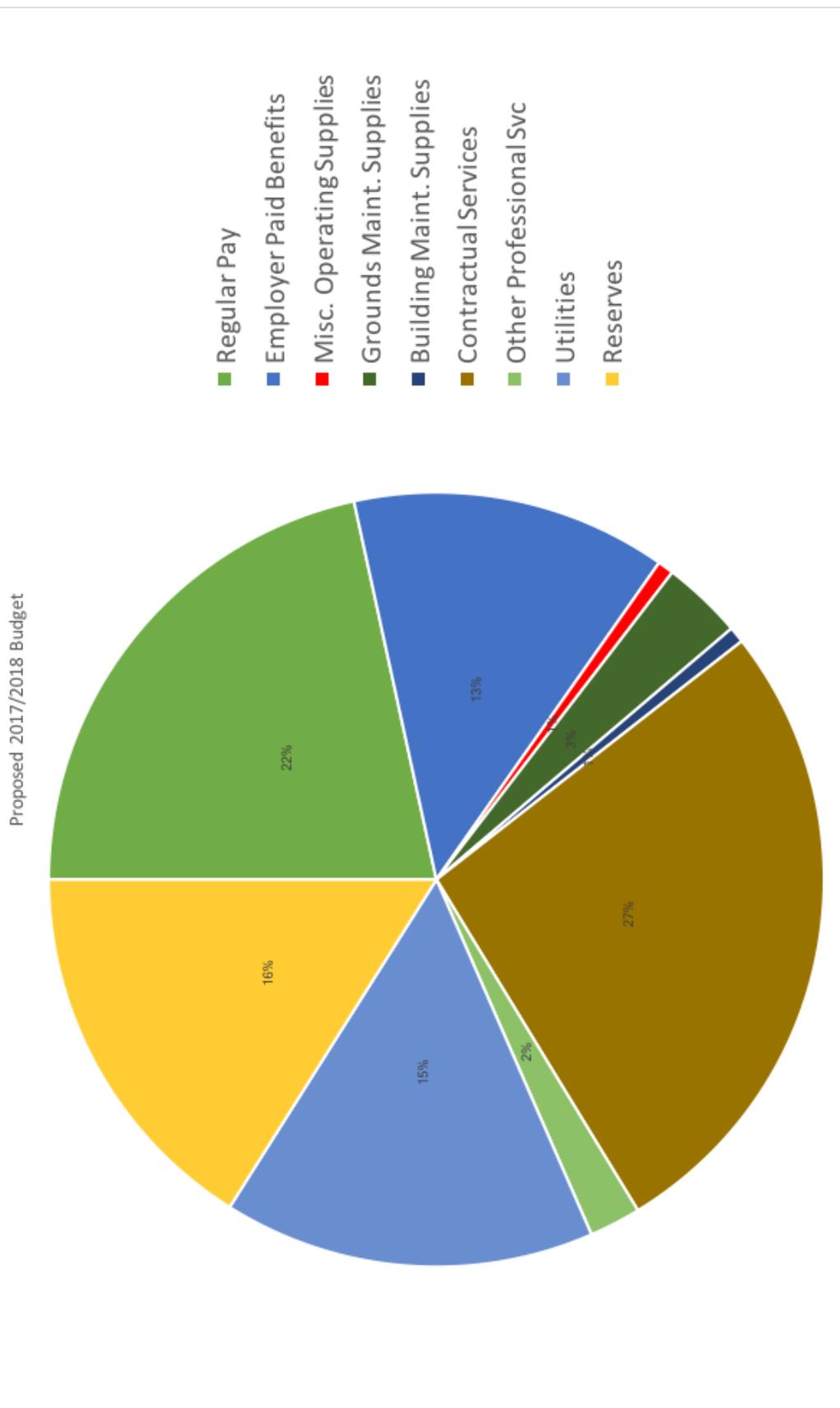
Includes utilities, outside engineering, insurance and contract services.

CAPITAL/DEFERRED MAINTENANCE RESERVE

Accumulated funds to be directed at capital projects, permits, and other one-time expenses (as described in Attachment A).

TOTAL ASSESSMENT:	\$148,944
PER PARCEL YEARLY ASSESSMENT (\$148,944/120 parcels)	\$ 1,241.20
OPERATING FUND CASH BALANCE (1 May 2017)	\$68,957.85
ACCUMULATION FUND BALANCE (30 June 2016)	\$88,136.14

Account Number	Account Description	2015 Actual Amount	2016 Actual Amount	2017 Amended Budget	2017 Actual Amount	2018 Level 1
Fund: 570 - Cloisters Park Maint AD						
REVENUES						
Department: 6167 - Cloisters Park						
300-Rev Taxes - Revenues From Taxes						
5018	Property Tax Special Assess	148,327.40	163,133.31	148,944.00	98,092.80	148,944.00
	Account Classification Total: 300-Rev Taxes - Revenues From Taxes	\$148,327.40	\$163,133.31	\$148,944.00	\$98,092.80	\$148,944.00
	Department Total: 6167 - Cloisters Park	\$148,327.40	\$163,133.31	\$148,944.00	\$98,092.80	\$148,944.00
	REVENUES Total					
EXPENSES						
Department: 6167 - Cloisters Park						
10-Personnel - Personnel Services						
4110	Regular Pay					32150.49
4910	Employer Paid Benefits	\$1,452.70	\$3,408.62	3,000.00	3,519.85	19,597.80
4999	Labor Costs Applied	\$3,199.02	\$8,492.40	8,000.00	11,036.93	
	Account Classification Total: 10-Personnel - Personnel Services	\$4,651.72	\$11,901.02	\$11,000.00	\$14,556.78	\$51,748.29
60-Supplies - Supplies						
5199	Misc. Operating Supplies	\$21.83	\$3,706.33	4,000.00	134.49	1,000.00
5501	Grounds Maint. Supplies	\$1,763.08	\$2,163.15	2,500.00	815.91	5,000.00
5502	Building Maint. Supplies	\$3,309.12		500.00	0.00	1,000.00
	Account Classification Total: 60-Supplies - Supplies			\$7,000.00	\$950.40	\$7,000.00
70-Services - Services						
6106	Contractual Services	\$95,575.26	\$91,067.00	99,000.00	11,962.80	40,000.00
6199	Other Professional Svc	\$6.43	\$760.00	1,500.00	0.00	3,200.00
6300	Utilities	\$16,793.61	\$24,563.10	22,000.00	18,329.71	23,100.00
6710	Notices & Publications	\$298.32	\$0.00			0.00
6810	Equipment Rental	\$0.00	\$0.00			0.00
	Account Classification Total: 70-Services - Services	\$112,673.62	\$116,390.10	\$122,500.00	\$30,292.51	\$66,300.00
	Department Total: 6167 - Cloisters Park	\$117,325.34	\$128,291.12	\$140,500.00	\$45,799.69	\$125,048.29
	EXPENSES Total	\$117,325.34	\$128,291.12	\$140,500.00	\$45,799.69	\$125,048.29
Fund REVENUE	Total: 570 - Cloisters Park Maint AD	\$148,327.40	\$163,133.31	\$148,944.00	\$98,092.80	\$148,944.00
Fund EXPENSE	Total: 570 - Cloisters Park Maint AD	\$117,325.34	\$128,291.12	\$140,500.00	\$45,799.69	\$125,048.29
Fund Total: 570 - Cloisters Park Maint AD		\$31,002.06	\$34,842.19	\$8,444.00	\$52,293.11	\$23,895.71



Attachment C

**CLOISTERS
LANDSCAPING AND LIGHTING
MAINTENANCE ASSESSMENT DISTRICT**

PARCEL/ASSESSMENT TABLE

Lot Number	County Assessor's Parcel Number	Annual Assessment
1	065-387-001	\$1,241.20
2	065-387-002	\$1,241.20
3	065-387-003	\$1,241.20
4	065-387-004	\$1,241.20
5	065-387-005	\$1,241.20
6	065-387-006	\$1,241.20
7	065-387-007	\$1,241.20
8	065-387-008	\$1,241.20
9	065-387-009	\$1,241.20
10	065-387-010	\$1,241.20
11	065-387-011	\$1,241.20
12	065-387-012	\$1,241.20
13	065-387-013	\$1,241.20
14	065-387-014	\$1,241.20
15	065-387-015	\$1,241.20
16	065-387-016	\$1,241.20
17	065-387-017	\$1,241.20
18	065-387-018	\$1,241.20
19	065-387-019	\$1,241.20

Lot Number	County Assessor's Parcel Number	Annual Assessment
20	065-387-053	\$1,241.20
21	065-387-054	\$1,241.20
22	065-387-055	\$1,241.20
23	065-387-023	\$1,241.20
24	065-387-024	\$1,241.20
25	065-387-025	\$1,241.20
26	065-387-026	\$1,241.20
27	065-387-027	\$1,241.20
28	065-387-028	\$1,241.20
29	065-387-029	\$1,241.20
30	065-387-030	\$1,241.20
31	065-387-031	\$1,241.20
32	065-387-032	\$1,241.20
33	065-387-033	\$1,241.20
34	065-387-034	\$1,241.20
35	065-387-035	\$1,241.20
36	065-387-036	\$1,241.20
37	065-387-037	\$1,241.20
38	065-387-038	\$1,241.20
39	065-387-039	\$1,241.20
40	065-387-040	\$1,241.20
41	065-387-041	\$1,241.20
42	065-387-042	\$1,241.20
43	065-387-043	\$1,241.20

Lot Number	County Assessor's Parcel Number	Annual Assessment
44	065-387-044	\$1,241.20
45	065-387-045	\$1,241.20
46	065-388-001	\$1,241.20
47	065-388-002	\$1,241.20
48	065-388-003	\$1,241.20
49	065-388-004	\$1,241.20
50	065-388-005	\$1,241.20
51	065-388-006	\$1,241.20
52	065-388-007	\$1,241.20
53	065-388-008	\$1,241.20
54	065-388-009	\$1,241.20
55	065-388-010	\$1,241.20
56	065-388-011	\$1,241.20
57	065-388-012	\$1,241.20
58	065-388-013	\$1,241.20
59	065-388-014	\$1,241.20
60	065-388-015	\$1,241.20
61	065-388-016	\$1,241.20
62	065-388-017	\$1,241.20
63	065-388-018	\$1,241.20
64	065-388-019	\$1,241.20
65	065-388-020	\$1,241.20
66	065-388-021	\$1,241.20
67	065-388-022	\$1,241.20

Lot Number	County Assessor's Parcel Number	Annual Assessment
68	065-388-023	\$1,241.20
69	065-388-024	\$1,241.20
70	065-388-025	\$1,241.20
71	065-388-026	\$1,241.20
72	065-388-027	\$1,241.20
73	065-388-028	\$1,241.20
74	065-388-029	\$1,241.20
75	065-388-030	\$1,241.20
76	065-388-031	\$1,241.20
77	065-388-032	\$1,241.20
78	065-388-033	\$1,241.20
79	065-388-034	\$1,241.20
80	065-388-035	\$1,241.20
81	065-388-036	\$1,241.20
82	065-388-037	\$1,241.20
83	065-388-038	\$1,241.20
84	065-388-039	\$1,241.20
85	065-388-040	\$1,241.20
86	065-388-041	\$1,241.20
87	065-388-042	\$1,241.20
88	065-388-043	\$1,241.20
89	065-388-044	\$1,241.20
90	065-388-045	\$1,241.20
91	065-388-046	\$1,241.20

Lot Number	County Assessor's Parcel Number	Annual Assessment
92	065-388-047	\$1,241.20
93	065-388-048	\$1,241.20
94	065-388-049	\$1,241.20
95	065-388-050	\$1,241.20
96	065-388-051	\$1,241.20
97	065-388-052	\$1,241.20
98	065-388-053	\$1,241.20
99	065-388-054	\$1,241.20
100	065-388-055	\$1,241.20
101	065-388-056	\$1,241.20
102	065-388-057	\$1,241.20
103	065-388-058	\$1,241.20
104	065-388-059	\$1,241.20
105	065-388-060	\$1,241.20
106	065-388-061	\$1,241.20
107	065-388-062	\$1,241.20
108	065-388-063	\$1,241.20
109	065-388-064	\$1,241.20
110	065-388-065	\$1,241.20
111	065-388-066	\$1,241.20
112	065-388-067	\$1,241.20
113	065-388-068	\$1,241.20
114	065-388-069	\$1,241.20
115	065-388-070	\$1,241.20

Lot Number	County Assessor's Parcel Number	Annual Assessment
116	065-388-071	\$1,241.20
117	065-388-072	\$1,241.20
118	065-388-073	\$1,241.20
119	065-388-074	\$1,241.20
120	065-388-075	\$1,241.20
121	065-386-005	0
122 (Parcel 1)	065-386-016	0
123 (Parcel 2)	065-386-017 065-386-018 065-386-019 065-386-012 065-386-013 065-386-014 065-386-010	0
124	065-386-015	0

Attachment D

CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT

DISTRICT BOUNDARY DIAGRAM

The boundary diagrams for the District have previously been submitted to the City Clerk in the format required under the 1972 Act and, by reference, are hereby made part of this Report. The boundary diagrams are available for inspection at the office of the City Clerk during normal business hours. The following diagram provides an overview of the District.





AGENDA NO: B-2

MEETING DATE: May 9, 2017

Staff Report

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

FROM: Rob Livick, PE/PLS – Public Works Director/City Engineer

SUBJECT: Adoption of Resolution No. 21-17 Approving the Engineer’s Report and Declaring the Intent to Levy the Annual Assessment for the North Point Natural Area Landscaping and Lighting Maintenance Assessment District

RECOMMENDATION

Staff recommends City Council adopt Resolution No. 21-17 approving the Engineer’s Report and declaring the intent to levy the annual assessment for maintenance of the North Point Natural Area.

FISCAL IMPACT

Based on the Engineer’s Report, which estimates the annual costs of maintaining the North Point Natural Area for the upcoming fiscal year, the fiscal impact is estimated at \$5,645. Those costs will be offset by the collection of an assessment for the same amount from the parcel owners in the North Point Subdivision.

The original formation of the assessment district in 1996 set the fixed assessment of \$564.50 per parcel or \$5,645 for the entire North Point Landscape Lighting Maintenance Assessment District. In 1997, the Consumer Price Index (CPI) was 160.3 and today (3/2017) the CPI is at 243.801. That has resulted in a thirty-six percent drop in the purchasing power of the assessment district funds. Therefore, what was \$5,645 as the required amount to maintain the North Point AD in 1997 is \$3,712 in today’s dollars.

SUMMARY

On April 11, 2017 City Council adopted Resolution No. 16-17, which initiated the proceedings to levy the annual assessment to fund the maintenance of the North Point Natural Area. Additionally, staff was directed to have an Engineer’s Report prepared, detailing the estimated annual assessment for the parcel owners for fiscal year 2016/17. Upon adoption of Resolution No. 21-17, the next and final step in the annual levy of assessment process is the public hearing after which the City Council orders the levy of assessment.

BACKGROUND/DISCUSSION

As part of the annual assessment process, staff is required to provide an Engineer’s Report, which is an estimate of costs for maintenance of the North Point Natural Area. The cost estimates are based on the maintenance standards currently adhered to in existing parks within Morro Bay and included in the Flat Rate Manual for Parks Maintenance, as well as maintenance costs from the current fiscal year. The estimate for maintenance of the North Point Natural Area is \$5,645 or \$564.50 per parcel for fiscal year 2017/18.

Prepared By: <u>RL</u>	Dept. Review: <u>RL</u>
City Manager Review: _____	City Attorney Review: <u>JWP</u>

Personnel costs, as well as supplies and services, have risen significantly in the last several years. However, due to the small acreage, natural landscaping and little irrigation in the North Point Natural Area, the assessment amount collected is currently adequate to cover the costs of maintenance.

The North Point Assessment District was first incorporated into the City's Annual operating budget in FY 97/98 (CPI=160.3). A comparison between the spending in the first budget year versus present day (CPI=243.801) is depicted in the table below. The analysis shows that while the costs to maintain relatively new park and other facilities in FY97/98 (inflated to today's dollars) results in a funding differential of \$3,047. Staff sees three options that Council should consider and provide direction:

1. *Begin the process to increase the North Point Assessments*
This would increase the assessment on each parcel by approximately \$305/year. We would also recommend that Council include an inflation factor in the assessment formulae, so the assessment amount can keep pace with inflation.
2. *Subsidize the assessment with funding from the City's General Fund.*
Starts at \$3,047 per year and is estimated to escalate to over \$4,900 in 20 years at historical inflation rates
3. *Reduce the level of maintenance that can be performed within the confines of the existing assessment.*

Item	FY 97/98 Cost	FY 97/98 Inflated to Current Day	Proposed FY 17-18 Budget	Difference between Inflated and FY17/18 Budget
Personnel Services	4,595	7,075	3,309	<3,766>
Supplies	150	231	200	<31>
Services	900	1,386	2100	714
Capital/Reserve	0	0	36	36
Total	5,645	8,692	5,645	<3,047>

CONCLUSION

The process for the annual levy of assessment for the North Point Natural Area Landscaping and Lighting Maintenance Assessment District requires the City Council to receive the Engineer's Report, approve and/or modify the report and adopt a Resolution of Intention. The Resolution of Intention gives notice of the time, date and place for a public hearing by the City Council on the issue of the levy of assessment. The public hearing has been set for the Regular City Council meeting on June 27, 2017, in the Veteran's Memorial Building, at which all interested parties will be afforded the opportunity to be heard either through written or oral communication. Upon completion of the public hearing on June 27, 2017, the City Council may adopt the resolution ordering the levy of the annual assessment.

ATTACHMENT

Engineer's Report

RESOLUTION NO. 21-17

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
APPROVING THE ENGINEER'S REPORT AND DECLARING
THE CITY'S INTENTION TO LEVY THE ANNUAL ASSESSMENT FOR THE
MAINTENANCE OF THE NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING
MAINTENANCE ASSESSMENT DISTRICT PURSUANT TO THE "LANDSCAPING AND
LIGHTING ACT OF 1972" (STREETS AND HIGHWAYS SECTIONS 22500 *ET SEQ.*)**

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

WHEREAS, all property owners of the North Point subdivision requested the City of Morro Bay form a maintenance assessment district to fund the maintenance of the North Point Natural Area; and

WHEREAS, the Landscaping and Lighting Act of 1972, commencing with Streets and Highways Code section 22500 (the "Act") enables the City to form assessment districts for the purpose of maintaining public improvements; and

WHEREAS, pursuant to Section 22623 of the Act, the City Engineer has filed in the Office of the City Clerk, and submitted for review to the City Council, a report entitled "Engineers Report North Point Natural Area Landscaping and Lighting Maintenance Assessment," dated May 3, 2017, prepared in accordance with Article 4 of the Act, commencing with Section 22565 (the "Engineer's Report"); and

WHEREAS, pursuant to Section 22608.2 of the Act, the subdivider was required by City ordinance to install improvements for which an assessment district was required in order to assure continued and uninterrupted maintenance of the North Point Natural Area; and

WHEREAS, pursuant to the intent of Article XIII, Section 4, of the California Constitution, the property owners have elected to form the North Point Natural Area Landscaping and Lighting Maintenance Assessment District.

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

Section 1. The City Council approves the Engineer's Report.

Section 2. It is the intent of the Council to order the annual levy and collection of assessments for the North Point Natural Area Landscaping and Lighting Maintenance Assessment District generally located as shown in Exhibit "A" attached hereto at a public hearing to be held at the Regular City Council meeting on June 27, 2017 in the Veteran's Memorial Building, 209 Surf Street, Morro Bay, CA.

Section 3. The improvements to be maintained at the North Point Natural Area are specified in the Engineer's Report dated May 3, 2017 which is hereby approved.

Section 4. The assessment upon assessable lots within the district is proposed to total \$5,645 or \$564.50 per assessable parcel for fiscal year 2017/18.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held this 9th of May 2017 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk



CITY OF MORRO BAY

**NORTH POINT NATURAL AREA
LANDSCAPING AND LIGHTING
MAINTENANCE ASSESSMENT DISTRICT**

2017/2018 ENGINEER'S ANNUAL LEVY REPORT

May 3, 2017

DRAFT

AFFIDAVIT FOR 2017/2018 ENGINEER'S ANNUAL LEVY REPORT

CITY OF MORRO BAY

**NORTH POINT NATURAL AREA
LANDSCAPING AND LIGHTING
MAINTENANCE ASSESSMENT DISTRICT**

This report describes the proposed maintenance, improvements, budgets, zone of benefit and assessments to be levied on parcels of land within the North Point Natural Area Landscaping and Lighting Maintenance Assessment District for the fiscal year 2017/2018, as the same existed at the time of the passage of the Resolution of Intention. Reference is hereby made to the San Luis Obispo County Assessor's maps for a detailed description of the lines and dimensions of parcels within the District. The undersigned respectfully submits the enclosed Report as directed by the City Council and, to the best of my knowledge, information, belief, the report, the assessments and diagrams have been prepared and computed in pursuant to the Landscaping and Lighting Act of 1972.

Dated this 3rd day of May, 2017

Rob Livick, PE/PLS – Public Works Director/City Engineer



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I. Overview

A Introduction

The City Council of the City of Morro Bay (hereafter referred to as “City”), County of San Luis Obispo, State of California, previously formed and has levied and collected annual assessments for the district designated as:

NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT

(hereafter referred to as “District”) pursuant to the provisions of the Landscaping and Lighting Act of 1972, being Part 2 of Division 15 of the California Streets and Highways Code, commencing with Section 22500 (hereafter referred to as the “1972 Act”), and in compliance with the provisions of the California State Constitution Articles XIIC and XIID (hereafter referred to as the “Constitution” or “Proposition 218”).

This Report has been prepared in accordance with Chapter 1, Article 4 (commencing with Section 22565) of the 1972 Act and describes the District and changes to the District including: territories annexed; modifications to the improvements or organization; and the proposed budgets and assessments applicable for fiscal year 2017/2018.

History

As a condition of approval for Tract No. 2110, the North Point subdivision, the developers were required to offer to the City for dedication Lot 11 of the subdivision for park purposes, and to construct improvements on Lot 11 including a paved parking area, a stairway providing access to the beach, benches, landscaping and irrigation, lighting, and other improvements. The subdivision was also conditioned to provide maintenance of the park by establishing an assessment district. Lot 11 of Tract No. 2110 is identified as the North Point Natural Area.

B Assessment History and Current Legislation

In November 1996, California voters approved Proposition 218 that established specific requirements for the ongoing imposition of taxes, assessments and fees. The provisions of the Proposition are now contained in the California Constitutional Articles XIIC and XIID. All assessments described in this Report and approved by the City Council are prepared in accordance with the 1972 Act and in compliance with these provisions of the Constitution.

Pursuant to the Article XIID Section 5 of the Constitution, certain existing assessments were exempt from the substantive and procedural requirements of the Article XIID Section 4, and property owner balloting is not required until such time that a new or increased assessment is proposed. Specifically, the City determined that the annual assessments originally established for the North Point were imposed in accordance with a consent and waiver as part of the original development approval for the properties within these areas. As such, pursuant to Article XIID Section 5b, all the property owners approved the existing District assessments at the time the assessments were created (originally imposed pursuant to a 100% landowner petition). Therefore, the pre-existing assessments (the maximum assessment rates adopted prior to the passage of Proposition 218) for this district is exempt from the procedural requirements Article XIID Section 4. However, any new or increased assessment for the North Point Natural Area shall comply with

both the substantive and procedural requirements of Article XIID Section 4 before such assessments are imposed.

II. Description of the District

A. Improvements Authorized by the 1972 Act

As applicable or may be applicable to this proposed District, the 1972 Act defines improvements to mean one or any combination of the following:

- The installation or planting of landscaping.
- The installation or construction of statuary, fountains, and other ornamental structures and facilities
- The installation or construction of public lighting facilities.
- The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof, including, but not limited to, grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities.
- The maintenance or servicing, or both, of any of the foregoing.
- The acquisition of any existing improvement otherwise authorized pursuant to this section.

Incidental expenses associated with the improvements including, but not limited to:

- The cost of preparation of the report, including plans, specifications, estimates, diagram, and assessment;
- The costs of printing, advertising, and the publishing, posting and mailing of notices;
- Compensation payable to the County for collection of assessments;
- Compensation of any engineer or attorney employed to render services;
- Any other expenses incidental to the construction, installation, or maintenance and servicing of the improvements;
- Any expenses incidental to the issuance of bonds or notes pursuant to Section 22662.5.
- Costs associated with any elections held for the approval of a new or increased assessment.

The 1972 Act defines "Maintain" or "maintenance" to mean furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement, including:

- Repair, removal, or replacement of all or any part of any improvement.
- Providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury.
- The removal of trimmings, rubbish, debris, and other solid waste.
- The cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

B. Maintenance Items

A list of maintenance tasks required to maintain the North Point Natural Area in acceptable condition for public use was developed by the City Recreation and Parks Department based on maintenance standards established for existing parks within the City.

III. Method of Apportionment

A General

This section of the Engineer's Report includes an explanation of the special benefits to be derived from the installation, maintenance and servicing of the improvements and the methodology used to apportion the total assessment to properties within the District.

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements which include the construction, maintenance and servicing of public lights, landscaping and appurtenant facilities. The 1972 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

“The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements.”

The proceeds from the District are used to fund the maintenance and upkeep of public resources within the North Point development project for the special benefit of the properties located within the project. The continued maintenance and upkeep of these important items is a distinct and special benefit to properties within the District.

B. Benefit Analysis

Each of the proposed improvements, the associated costs and assessments have been carefully reviewed, identified and allocated based on special benefit pursuant to the provisions of the Constitution and 1972 Act. The improvements associated with the District have been identified as necessary, required and/or desired for the orderly development of the properties within the District to their full potential, consistent with the proposed development plans and applicable portions of the City General Plan and Local Coastal Plan as identified previously in this report. As such, these improvements would be necessary and required of individual property owners for the development of such properties, and the ongoing operation, servicing and maintenance of these improvements would be the financial obligation of those properties. Therefore, the improvements and the annual costs of ensuring the maintenance and operation of the improvements are of direct and special benefit to the properties. The method of apportionment (method of assessment) is based on the premise that each assessed parcel within the District receives special benefit from various improvements provided by the District. The desirability and security of properties is enhanced by the presence of local improvements in close proximity to those properties. The special benefits associated with landscaped improvements are specifically:

- Enhanced desirability of properties through association with the improvements.
- Improved aesthetic appeal of properties providing a positive representation of the area.
- Enhanced adaptation of the urban environment within the natural environment from adequate open space and landscaping.

C. Maintenance Tasks

A list of maintenance tasks required to maintain the North Point Natural Area in acceptable

condition for public use was developed by the Public Works Department based on maintenance standards established for existing parks within the City and is included in this report as Attachment A.

D. Maintenance Costs

The estimated annual cost of maintaining the North Point Natural Area was originally developed by the Recreation and Parks Department based on the tasks required and the City’s Flat Rate Manual for Parks Maintenance. Annual maintenance is currently provided through contract services and is supplemented by City Public Works staff. Assessment district costs include labor, utilities, insurance, engineering services and depreciation/reserves. The annual cost of maintenance, including any reserves, for the 2016/17 fiscal year is estimated to be \$24,000, including reserve. The cost estimate is included in this report as Attachment B.

The North Point Assessment District was first incorporated into the City’s Annual operating budget in FY 97/98 (CPI=160.3). A comparison between the spending in the first budget year versus present day (CPI=243.801) is depicted in the table below. The analysis shows that while the costs to maintain relatively new park and other facilities in FY97/98 (inflated to today’s dollars) results in a funding differential of nearly \$72,000.

Item	FY 97/98 Cost	FY 97/98 Inflated to Current Day	Proposed FY 17-18 Budget	Difference between Inflated and FY17/18 Budget
Personnel Services	4,595	7,075	3,309	<3,766>
Supplies	150	231	200	<31>
Services	900	1,386	2100	714
Capital/Reserve	0	0	36	36
Total	5,645	8,692	5,645	<3,047>

E. Apportionment of Assessment

The total assessment for the District is apportioned to each of the ten residential lots equally. Lot 11, the North Point Natural Area; Lot 12, a private street; and Lot 13, an open space parcel to be granted to the State of California; are not assessed. Individual assessments are listed in Attachment C.

Attachment A

NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT MAINTENANCE TASKS

Routine Maintenance Tasks

- Review for vandalism/repair
- Pick-up - paper
- trash
- cigarette butts
- Empty - trash cans
- Clean - benches
- beach access stairway
- bike rack
- lights
- planting hillside, erosion

Weekly or as needed

- Blow paths, parking lot
- Monthly or as needed
- Check trees
- Check/repair sprinkler system
- Trim trees and bushes as needed
- Critical parts inspections

Annually or as needed

- Paint beach access stairway, public access signage
- New plantings (replacement)
- General safety inspection
- Annual tree pruning
- Remove graffiti
- Mow open space
- Pest/gopher control
- Trim and spray paths
- Repair public access signage

Attachment B

NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT

NAME: North Point Natural Area Landscaping and Lighting Maintenance Assessment District

DIAGRAM: Attached

PLANS AND SPECIFICATIONS: For a detailed description of the improvements, refer to the plans and specifications for Tract 2110 on file in the office of the City Engineer. No bonds or notes will be issued for this Maintenance Assessment District.

ESTIMATED COST OF MAINTENANCE: The following outlines the estimated budget for the maintenance of the North Point Natural Area for fiscal year 2017/18.

TOTAL ASSESSMENT:	\$5,645.00
PER PARCEL YEARLY ASSESSMENT (\$5,645/10 parcels)	\$564.50
ACCUMULATION FUND BALANCE (May 1, 2017)	~\$26,000.00

REVENUES						
Department: 6162 - North Point Park						
<i>300-Rev Taxes - Revenues From Taxes</i>						
3018	Property Tax Special Assess	\$5,645.00	\$4,795.25	\$5,645.00	\$3,955.50	\$5,645.00
<i>Account Classification Total: 300-Rev Taxes - Revenues From Taxes</i>						
		\$5,645.00	\$4,795.25	\$5,645.00	\$3,955.50	\$5,645.00
Department Total: 6162 - North Point Park						
		\$5,645.00	\$4,795.25	\$5,645.00	\$3,955.50	\$5,645.00
EXPENSES						
Department: 6162 - North Point Park						
<i>10-Personnel - Personnel Services</i>						
	<i>4910 Regular Pay</i>			\$0.00	\$35.92	\$1,963.75
4910	Employer Paid Benefits	\$53.29	\$202.86	\$0.00	\$35.92	\$1,345.45
4999	Labor Costs Applied	\$174.28	\$899.66	\$800.00	\$120.20	
<i>Account Classification Total: 10-Personnel - Personnel Services</i>						
		\$227.57	\$1,102.52	\$800.00	\$156.12	\$3,309.20
<i>60-Supplies - Supplies</i>						
5501	Grounds Maint. Supplies			\$2,000.00	\$0.00	\$300.00
<i>Account Classification Total: 60-Supplies - Supplies</i>						
				\$2,000.00	\$0.00	\$200.00
<i>70-Services - Services</i>						
6300	Utilities	\$2,338.44	\$2,494.89	\$2,000.00	\$1,800.27	\$2,100.00
6710	Notices & Publications	\$293.80				
<i>Account Classification Total: 70-Services - Services</i>						
		\$2,632.24	\$2,494.89	\$2,000.00	\$1,800.27	\$2,100.00
Department Total: 6162 - North Point Park						
EXPENSES Total						
		\$2,859.81	\$3,597.41	\$4,800.00	\$1,956.39	\$5,609.20
		\$2,859.81	\$3,597.41	\$4,800.00	\$1,956.39	\$5,609.20
	Fund REVENUE Total: 500 - Assessment Districts	\$5,645.00	\$4,795.25	\$5,645.00	\$3,955.50	\$5,645.00
	Fund EXPENSE Total: 500 - Assessment Districts	\$2,859.81	\$3,597.41	\$4,800.00	\$1,956.39	\$5,609.20
		\$2,785.19	\$1,197.84	\$845.00	\$1,999.11	\$35.80

Attachment C

PARCEL/ASSESSMENT TABLE

Lot Number	County Assessor's Parcel Number	Annual Assessment
1	065-082-10	\$564.50
2	065-082-11	\$564.50
3	065-082-12	\$564.50
4	065-082-13	\$564.50
5	065-082-14	\$564.50
6	065-082-15	\$564.50
7	065-082-16	\$564.50
8	065-082-17	\$564.50
9	065-082-18	\$564.50
10	065-082-19	\$564.50
11	065-082-20	\$ 0.00
12	065-082-21	\$ 0.00
13	065-082-22	\$ 0.00

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AGENDA NO: C-1

MEETING DATE: May 9, 2017

Staff Report

TO: Honorable Mayor and City Council

DATE: May 3, 2017

FROM: Steven C. Knuckles, Fire Chief

SUBJECT: Approval of Fire Marshal Job Description and Authorization to Add One Full-Time Equivalent Employee

RECOMMENDATION

Staff recommends the City Council approve the job description and salary range for the proposed Fire Marshal job classification and to increase the Fire Department's full-time equivalent (FTE) staff by one from 12.75 to 13.75.

ALTERNATIVES

The Council may direct staff to move forward with one of the following alternatives, which are described in more detail below:

- Hire part-time replacement at 30 hours a week
- Use outside company to provide Fire Marshal duties

FISCAL IMPACT

This proposed full-time Fire Marshal position increases regular pay by \$91,543, benefits by \$55,675 and projected overtime by \$7,922 for a total cost of \$155,140. The approved 2017/18 Master Fee Schedule supports an increase of \$84,598, and elimination of the part-time Fire Marshal position at \$34,816 and afternoon receptionist at \$21,662, result in a \$14,064 expense increase in the FY 17/18 budget proposal.

BACKGROUND

The City's current part-time Fire Marshal, Tom Prows, has a 46-year history working as a public servant and is highly regarded in our community and SLO County for his diplomatic skills, problem solving, and knowledge of the government and fire codes needed for a Fire Marshal. Like most part-time Fire Marshals, Tom had a complete career as a Fire Fighter and retired from the Camp Roberts Fire Department, which is a State agency. There is a CalPERS prohibition on retired annuitants working more than 960 hours in a fiscal year for any CalPERS agency, and they are also prevented from holding enduring positions that could be filled by non-retired personnel. Tom has stayed under the 960-hour limit but recent CalPERS changes now prohibit "permanent" part-time (under 960 hour) employment of CalPERS annuitants on a multi-year basis. The City is now essentially forced to find a replacement for Tom to avoid significant risk relating to CalPERS.

Prepared By: <u>SK</u>	Dept Review: _____
City Manager Review: <u>DWB</u>	City Attorney Review: <u>JWP</u>

DISCUSSION

A Fire Marshal must possess thorough knowledge of the theory, principles, practices and techniques related to fire prevention, and fire suppression as outlined in National Fire Protection Association (NFPA) 1031, 1033, and 921. Essential knowledge of the content and application of our local Morro Bay Municipal Code and 2016 California Fire Code, codes and standards related to building construction, fire detection and suppression systems, general fire protection, the handling and storage of ignitable fluids and explosives, and the storage and use of hazardous materials are very important to our community's safety. Knowledge of criminal laws and practices that may influence the investigation of fire, explosive, or hazardous material events are key in our community with two state highways and an active harbor front. The Fire Marshal is active in our community's hazard abatement program, reviewing building and engineering plans, and reviewing and approving fire sprinkler plans and site inspections. The Fire Marshal is also involved in the process of issuing operational and special permits for events like the Harbor Festival, filming permits, and public firework displays and can assist in emergency operations during greater alarm events.

Recommendation - Hire FTE Fire Marshal at a Fire Captain rank

Staff is proposing the addition of a FTE Fire Marshal position to the Fire Department. The position would have the responsibility for the Fire Department's fire and life safety risk management programs. Additional critical fire prevention and safety inspections in our high life risk and economic sensitive areas of our community can be addressed with the additional hours of a full-time Fire Marshal. With the approved FY 2017/18 Fire Department Fee Schedule, this position will be funded 75% by permit and inspection fees. Additionally, this proposed new FTE position will provide the necessary flexibility for our Fire Department by assisting during greater alarm emergency events. With the elimination of our current part-time Fire Marshal and afternoon receptionist with increases in the Fee Schedule, we will have a \$14,064 expense increase in our FY17/18 proposed budget.

If approved, the City would conduct an open recruitment to fill the proposed Fire Marshal position which will be the rank of a Fire Captain and be a member of Morro Bay Fire Fighters Association (MBFFA). The City has met and conferred the pertinent bargaining unit, as required by law, and inclusion of the Fire Marshall position in the firefighters bargaining unit has been approved.

Alternative #1 - Hire part-time replacement at 30 hours a week.

Nearly all Fire Marshals have extensive job experience in firefighting before they receive training in the fire prevention field. Most, if not all, Fire Marshals interested in part-time employment are retired and have had complete careers with another fire department that would likely be a part of the CalPERS system, or a system recognized by CalPERS, and, therefore, not be eligible to fill an enduring position. We have found non-CalPERS retirees are usually from out of state or part of a larger department that may not use the California Fire Code or have the training and experience needed to oversee a complete fire prevention program in a small and complex harbor city.

Alternative #2 - Use private outsourced Fire Marshal Duties

Staff researched options to outsource Fire Marshal duties and identified firms that currently charge between \$176 to \$200 per hour for those services. Private firms can provide countless hours for plan reviews, but attending meetings, setting schedules and working with the public and City employees would be limited. Currently, our Fire Marshal does outsource some plan reviews with hydraulic engineering or other special circumstances for time efficiency. To the extent those firms hire CalPERS retired annuitants, the same restrictions noted above would apply.

It is staff's assessment that using a private firm for the full range of Fire Marshal duties would be restrictive and very costly.

CONCLUSION

Staff recommends the City Council approve the new job description and salary range for the proposed new Fire Marshal job class, and to increase the Fire Department's full-time equivalent (FTE) staff by one from 12.75 to 13.75.

ATTACHMENTS

Proposed Fire Marshal Job Description
Proposed Fire Marshal Salary Schedule

FIRE MARSHAL

CITY OF MORRO BAY

FIRE MARSHAL

DEFINITION

Under general direction of the Fire Chief, plans, supervises, reviews and performs a variety of inspection and code enforcement duties to ensure compliance with fire and life safety codes for new and existing construction, residential occupancies, and commercial or industrial activities; performs administrative, investigative, supervisory and technical responsibilities in managing the Fire Prevention and Emergency Services programs of the City's Fire Department, including plan checks for compliance with fire codes and ordinances, hazardous materials management, fire investigation and hazard abatement; develops and implements educational programs to promote fire safety; assists the Fire Chief with special administrative duties.

DISTINGUISHING CHARACTERISTICS

This fire captain equivalent level position in the fire series is responsible for planning, directing and performing varied and sensitive code compliance work, including the review of plans and specifications, the physical inspection of facilities, and the development and implementation of a variety of fire prevention programs and projects. This position serves as an integral member of the department's management team, providing technical expertise and program support.

ESSENTIAL DUTIES & RESPONSIBILITIES

- Plans, organizes, assigns, and reviews the work of a comprehensive Fire Prevention program to ensure compliance with fire and life safety standards;
- Interprets, enforces and explains complex life and fire safety laws, codes, regulations and ordinances;
- Reviews plans and specifications for new construction, and the renovation, remodeling and other modification of residential, commercial and industrial properties for compliance with fire access and life safety laws, and local and state fire regulations;
- Confers with and represents the City in meetings with architects, engineers, developers and property owners and various groups, commissions and associations regarding difficult design and construction issues; provides a high level of customer service and resolves difficult and sensitive citizen inquiries and complex issues;
- Administers and participates in hazard abatement programs, assures code compliance, and issues citations;

FIRE MARSHAL

- Represents the department in meetings with commercial and industrial representatives to facilitate consensus on fire prevention measures, permit processing and customer service issues;
- Works cooperatively with the City Building Official, Community Development staff, the State Fire Marshal, and the community to assure thorough, organized and timely permit processing;
- Inspects commercial and industrial establishments construction sites, residences, public buildings and other facilities for the enforcement of laws and regulations;
- Reviews and inspects special permits for public firework displays, special effects, filming permits, and other permits identified in California Fire Code, section 105;
- Investigates fires to determine the cause, prepares reports on corrective actions needed, gathers evidence and works on case development with legal staff in arson cases;
- Serves as an effective team member in the Incident Command System (ICS) during greater alarms, major incidents, and Emergency Operations Center activations;
- Assists in analyzing municipal fire problems and develops and recommends plans and techniques to provide adequate fire and emergency services to the City;
- Keep accurate records on approved Fire Department fees for services;
- Performs related duties as required.

QUALIFICATIONS

Knowledge of:

Applicable laws, codes and regulations related to fire and life safety, access and hazardous materials handling and storage;

Fire prevention and basic fire suppression strategies, methods and equipment;

Current principles, materials and methods used in residential, commercial and industrial construction;

Basic budgetary principles and practices;

Principles and practices of fire investigation and prevention;

Computer applications related to the work;

Techniques for dealing with a variety of individuals in person and over the telephone, including dealing with individuals in stressful or confrontational situations.

FIRE MARSHAL

Ability to:

- Develop and administer an effective fire prevention compliance and educational program to enhance City and life / safety building and occupancy regulations and ordinances;
- Perform and document thorough and accurate facility inspections;
- Interpret, apply and explain complex fire and life safety laws, codes, regulations and ordinances;
- Effectively resolve building design and code compliance issues;
- Conduct arson investigations, including the collection of evidence and assisting legal staff in case preparation;
- Prepare accurate inspection and other reports, correspondence and other written materials;
- Read and interpret plans and specifications;
- Work effectively with businesses, property owners, permit applicants, residents and other City departments to assure timely and effective customer service;
- Make effective public presentations before a variety of civic groups, committees and the City Council;
- Use initiative and independent judgement within legal, policy and procedural guidelines;
- Either directly or indirectly, plan, assign, supervise, and evaluate fire programs and activities;
- Wear self-contained breathing apparatus.

Education and Experience:

Equivalent to include State Fire Marshal career training or graduation from a four-year college with major coursework in fire protection, public or business administration or a related field, plus;

- Two (2) years of fire prevention, fire investigation, and/or inspection experience;
- Prior supervisory or administrative experience is desirable;
- Additional fire suppression or fire prevention experience may be substituted for the education outlined above on a year-for-year basis;
- A minimum of seven years in progressively responsible position with a fire service agency resulting in firefighting, prevention, and investigation experience, including two or more years of supervisory responsibility;
- Any satisfactory equivalent combination of experience and training which ensures the ability to perform the work may substitute for the above;

Special Requirements:

- Possession of valid California Class C Motor Vehicle Operator's License;
- Possession and maintenance of a CPR and EMT-1;

FIRE MARSHAL

Desirable Certifications and Abilities:

Possession of the following California State Certifications: Company Fire Officer, Fire Investigator I, Fire Instructor I, Plan Examiner, Fire Inspector I & II, and 832 P.C. Certification.

Possession of strength and stamina sufficient to perform the duties of firefighting;

Possession of valid California Class B Motor Vehicle Operator's License;

Tools and Equipment Used:

Emergency medical aid unit, fire apparatus, fire pumps, hoses, and other standard firefighting equipment, ladders, first aid equipment, radio, cell phone, personal computer, telephone.

PHYSICAL DEMANDS

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Work is performed mostly in office settings. Must possess mobility to work in a standard office setting and to use standard office equipment, including a computer, strength and stamina to inspect various fire construction sites and attend meeting away from the Fire Department; vision to read printed materials and a computer screen; and hearing and speech to communicate in person, before groups and over the telephone. Hand-eye coordination is necessary to operate computers and various pieces of office equipment.

While performing the duties of this job, the employee is required to stand and walk; use hands to touch, grasp, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; speak and hear.

The employee must occasionally lift and/or move up to 10 pounds, and occasionally lift and/or move up to 100 pounds. Specific vision, depth perception, and the ability to adjust focus.

WORK ENVIRONMENT

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

FIRE MARSHAL

Work is performed primarily in office, vehicles, and outdoor settings, in all weather conditions, including temperature extremes, during day and night shifts. Work is often performed in emergency and stressful situations. Individual is exposed to hearing alarms and hazards associated with fighting fires and rendering emergency medical assistance, including smoke, noxious odors, fumes, chemicals, liquid chemicals, solvents, and oils.

The employee occasionally works near moving mechanical parts and in high, precarious places and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, toxic or caustic chemicals, risk of electrical shock, and vibration.

The noise level in the work environment is usually quiet in office settings, and loud at an emergency scene.

SELECTION GUIDELINES

Formal application, rating of education and experience; appropriate testing, oral interview and reference check; drug screening; polygraph and/or voice stress analysis examination; psychological examination; physical exam and other job related tests may be required.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and the employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Approved by the Morro Bay City Council on _____.

City of Morro Bay
 Salary Schedule
 7/1/2016 - 6/30/17

PROPOSED

Increase 2.25% per 2016 - 17 MOU
 9% PERS employee paid

1.0225

	Step	Annual	Monthly	Biweekly	Hourly
FIRE					
Fire Marshal	5	\$100,926	\$8,411	\$3,881.77	\$48.52
	4	\$96,120	\$8,010	\$3,696.92	\$46.21
	3	\$91,543	\$7,629	\$3,520.88	\$44.01
	2	\$87,184	\$7,265	\$3,353.22	\$41.92
	1	\$83,032	\$6,919	\$3,193.54	\$39.92
Captain	5	\$85,020	\$7,085	\$3,270.00	\$29.20
	4	\$80,971	\$6,748	\$3,114.27	\$27.81
	3	\$77,116	\$6,426	\$2,966.00	\$26.48
	2	\$73,443	\$6,120	\$2,824.73	\$25.22
	1	\$69,946	\$5,829	\$2,690.23	\$24.02
Engineer	5	\$73,962	\$6,164	\$2,844.69	\$25.40
	4	\$70,440	\$5,870	\$2,709.23	\$24.19
	3	\$67,086	\$5,591	\$2,580.23	\$23.04
	2	\$63,891	\$5,324	\$2,457.35	\$21.94
	1	\$60,849	\$5,071	\$2,340.35	\$20.90
Firefighter	5	\$67,652	\$5,638	\$2,602.00	\$23.23
	4	\$64,431	\$5,369	\$2,478.12	\$22.13
	3	\$61,363	\$5,114	\$2,360.12	\$21.07
	2	\$58,441	\$4,870	\$2,247.73	\$20.07
	1	\$55,658	\$4,638	\$2,140.69	\$19.11

Hourly = annual / 2,080 Fire Marshal
 Hourly = annual / 2,912

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AGENDA NO: C-2
MEETING DATE: May 9, 2017

Staff Report

TO: Honorable Mayor and City Council **DATE: May 3, 2017**
FROM: Craig Schmollinger, Finance Director/City Treasurer
SUBJECT: Authorization to Add One Full-Time Equivalent Budget & Accounting Manager Position in the Finance Department beginning Fiscal Year 2017/18

RECOMMENDATION

Staff recommends the City Council approve an increase in the City’s Full-Time Equivalent (FTE) staff in the Finance Department by one from five to six. This position is a new request to add 1.0 FTE Budget & Accounting Manager on a four-year limited-term basis, beginning July 1, 2017, and terminating June 30, 2021.

ALTERNATIVES

Staff is fully aware of the financial limitations the City is currently enduring, as made evident by the recent 10-Year Budget Forecast presented to the Council on February 28, 2017. As such, should the Council wish to not approve staff’s recommendation, the following options are available:

1. Approve the addition of a different position classification and/or a different limited term than four years (or no end date).
2. Allocate funding for a part-time person(s) to assist with some of the noted areas of need detailed above. This option is not recommended, given the difficulty in attracting qualified personnel in our locale for less than full-time work.
3. Maintain status quo. This option would need to confirm an acceptable level of financial risk from items such as audit findings and/or less financial oversight on specific areas of interest. Expectations would need to be adjusted based on not timely addressing the areas of need noted above, given short-staffing that has been enduring.

FISCAL IMPACT

The addition of the requested position, based on FY 2017/18 salary and benefit figures, including CalPERS pension system increases, total a salary top step of \$89,950, and benefits at CalPERS Tier 2 of \$31,670. This total cost of \$121,620 is assumed to have a breakdown as noted below:

1. General Fund (75%) = \$91,215
2. Non-General Fund (25%) = \$30,405 (Split between Water, Sewer, Harbor, and Waste Water Treatment Plant funded)

Prepared By: <u>CS</u>	Dept Review: _____
City Manager Review: <u>DWB</u>	City Attorney Review: <u>JWP</u>

Each component above are maximums where staff intends to defray portions of these costs at the maximum amount feasible with grant revenues. It should be noted that the proposed FY 2017/18 budget does not include cost increases for this position.

BACKGROUND/DISCUSSION

The intent of this position is to address numerous term-specific items as denoted below. Given the expectations tied to this position request, staff is recommending a four-year term for the position.

The Finance Department has been noted numerous times by outside professionals, as being short staffed. Notably, the 2015 Financial and Organizational Study completed by Management Partners, notes “*The Finance Division is very leanly staffed...*”, and “*Because of lean staffing, the department’s ability to provide financial and budgetary information and assistance to operating departments is limited.*” Further, the report states, “*In addition, the department has limited capacity for innovation and planning....*” Notably, the below paragraph addresses even routine expectations for standard expectation of running a Finance Department:

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

There are several other notations of Finance Department short-staffing in this report as well. During the presentation of the FY 2015/16 City Audit in March 2017 by the City’s Auditor’s, The Pun Group, this theme also came up several times during the presentation. Mr. Ken Pun from The Pun Group mentioned numerous times that Finance is short-staffed, and included very similar comments in the audit report itself.

Targeted term-specific position duties are aimed to complete the following:

1. **Implement the Purchase Order System** – The City purchased and installed a Purchase Order (PO) module for the Financial System (New World), but has yet to implement the module. Short staffing, coupled with a lack of comprehensive financial policies & procedures (noted in #2 below), has prevented implementation of this system. Having a PO system is a best practice for both financial and purchasing functions, and was noted in the FY 2015/16 Audit as something the City very much should do (part of a “finding”).
2. **Create and Implement Comprehensive Financial Policies & Procedures** – As noted, the City lacks a comprehensive set of financial policies and procedures. Like #1 above, this has not been completed due to short-staffing, and the significant time required to create and implement such policies. While new staff in the Finance Department is actively working in this direction, we do not have the manpower to get this accomplished in the near-future.
3. **More Direct Water Reclamation Facility (WRF) Involvement** - This additional FTE would allow either this new individual, or existing Finance department staff, to be more directly involved in WRF financial related matters. Finance Department staff is currently involved in

the WRF financial related matters, but having this additional staff member would allow time for more direct involvement.

4. **Implement Priority Based Budgeting (PBB)** – Additional staffing will allow staff to transition to PBB, a best-practice in public-sector budgeting. This would include a “core-service breakdown”, where all costs are apportioned to each service the City provides, so we can get a firm handle on what each service costs, along with the level of service provided. As future budget cuts are needed to address the noted budgetary shortfalls in upcoming year due to CalPERS increases and a smallish anticipated recession, having this information will be a great tool for the Council, staff, and the public.
5. **Centralized Grant Management and Coordination** – Currently, grant management and coordination functions are completed on a de-centralized basis. By adding an additional staff member, there would be capacity to centralize this service, and rely on someone with significant experience to manage this process. There is a great opportunity with this function to work with the San Luis Obispo County Workforce Investment Board and local Colleges to utilize students and interns to provide some basic level support in this area, along with helping provide some great experience for these individuals. It is anticipated that the City would see a significant rise in awarding grant funding from moving in this direction; however, that amount cannot be quantified at this time.
6. **Professional Development/Innovation** – As noted in the Management Partners study from 2015, lean staffing levels do not allow staff the time and resource for professional development and innovation. This additional FTE would allow the time for both functions, with professional development being very important given that four out of five FTE’s in the Finance Department are new to the City since October 2016.

These functions can help solidify the areas noted above and staff is confident that these areas could be accomplished over a four-year period.

CONCLUSION

Staff recommends Council approve the requested action, or provide direction to proceed as appropriate.