



CITY OF MORRO BAY CITY COUNCIL 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, June 13, 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

- "State of the Bay" by Lexie Bell, Morro Bay National Estuary Program

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 REVISED MINUTES FOR THE APRIL 4, 2017 SPECIAL CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE MAY 9, 2017 CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE MAY 23, 2017 SPECIAL CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 APPROVAL OF MINUTES FOR THE MAY 23, 2017 CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-5 APPROVAL OF MINUTES FOR THE MAY 24, 2017 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-6 PROPOSED PARTNERSHIP AGREEMENT WITH PROJECT SURF CAMP; (DEPUTY CITY MANAGER)

RECOMMENDATION: Council authorize the City Manager to enter into a partnership agreement with Project Surf Camp.

A-7 APPOINTMENT OF VOTING DELEGATE(S) TO THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY; (ADMINISTRATION)

RECOMMENDATION: Council appoint the Mayor as the official representative of the City of Morro Bay on the California Joint Powers Insurance Authority (CJPIA) Board of Directors. It is also recommended that the Risk Manager be appointed as first alternate, and the City Manager as second alternate.

A-8 ADOPTION OF RESOLUTON NO. 26-17 APPROVING COOPERATION AGREEMENT WITH THE URBAN COUNTY (CDBG PROGRAM) FOR FISCAL YEARS 2018-2020; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Council adopt Resolution No. 26-17, approving a Cooperation Agreement with the Urban County for Fiscal Years 2018-2020.

A-9 ADOPTION OF RESOLUTION NO. 27-17 AUTHORIZING SAN LUIS OBISPO COUNTY ASSESSOR TO ASSESS AMOUNTS DUE ON DELINQUENT SOLID WASTE COLLECTION ACCOUNTS AS TAX LIENS AGAINST THE PROPERTIES; (PUBLIC WORKS)

RECOMMENDATION: Council adopt Resolution No. 27-17.

A-10 APPROVAL OF LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND STATE OF CALIFORNIA DEPARTMENT OF FISH & WILDLIFE FOR EXCLUSIVE TIE-UP SPACE ON THE NORTH T-PIER FOR A PATROL VESSEL ACCOMMODATION DOCK; (HARBOR)

RECOMMENDATION: Council adopt Resolution No. 29-17 and two-year Lease Agreement with the State of California Department of Fish and Wildlife (DFW) for dedicated pier space on the North T-Pier for their patrol vessel BLUEFIN dock.

A-11 CITY RESPONSE TO CITIZENS FOR AFFORDABLE LIVING REGARDING ALLEGED BROWN ACT VIOLATION; (ADMINISTRATION)

RECOMMENDATION: Receive and file.

A-12 APPROVAL OF RECOMMITMENT LETTER REQUEST FOR PEOPLES' SELF-HELP HOUSING EXTENDING AFFORDABILITY OF SEQUOIA APARTMENTS (365 SEQUOIA ST) AND PACIFIC VIEW APARTMENTS (495/500 MAIN ST); (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Authorize City Manager or his designee to provide a recommitment letter to Peoples Self-Help Housing for purposes of applying for Federal tax credit funding for the Sequoia Apartments and Pacific View Apartments.

A-13 WATER RECLAMATION FACILITY PROGRAM UPDATE – PEER REVIEW PROCESS; (PUBLIC WORKS)

RECOMMENDATION: Council receive and file the status report of the Water Reclamation Facility (WRF) program, specifically related to the peer review process.

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

C-1 ADOPTION OF RESOLUTION NO. 30-17 APPROVING THE FISCAL YEAR 2017/18 OPERATING AND CAPITAL BUDGETS; (FINANCE)

RECOMMENDATION: Council adopt Resolution No. 30-17 approving the 2017/18 Fiscal Year Operating and Capital Budgets, including any amendments approved by the Council.

C-2 REVIEW AND CONSIDERATION OF THE 2016 ANNUAL WATER REPORT AND RECOMMENDATION FOR ALLOCATION OF WATER EQUIVALENCY UNITS (WEUS) FOR 2017 AND ADOPTION OF RESOLUTION NO. 28-17; (PUBLIC WORKS)

RECOMMENDATION: Council review the annual water report and allocation of the 2017 Water Equivalency Units (WEUs) and adopt Resolution No. 28-17 with the following recommendations:

1. Suspend the two-to-one off-set for WEUs due to the City receiving its full allocation of State Water Supply and the Governor rescinding the emergency drought declaration, and reevaluate the off-set program after the OneWater plan reevaluates the City's water portfolio and WEU allocation program.
2. Allocate the 115 WEUs for 2017
3. Modify water conservation requirements to "moderately restricted" from "severely restricted" supply conditions.

C-3 REVIEW AND DISCUSSION OF FY18 ADVISORY BOARD WORK PLANS; (ALL)

RECOMMENDATION: Review and discuss Advisory Board Work Plans for FY 17-18 and provide direction to staff.

C-4 DIRECTION REGARDING BROKER REPRESENTATION FOR MARKET PLAZA; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Council review the staff report, receive the presentation by staff, and provide direction in relation to marketing the Market Plaza project through broker representation, using California Hotel Brokers (Aaron Graves).

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

There will be a Special Closed Session City Council Meeting on **Wednesday, June 14, 2017, at 4:00 p.m.** in the City Hall Conference Room located at 595 Harbor Street, Morro Bay, California, followed by a Special City Council Community Forum on Marijuana Regulations at **6:00 p.m.** at the Veterans' Memorial Hall located at 209 Surf Street, Morro Bay, California.

The next Regular Meeting will be held on **Tuesday, June 27, 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.

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
	Ikani Taumoepeau	Deputy City Manager
	Craig Schmollinger	Finance Manager
	Scot Graham	Community Development Director
	Lori Kudzma	Deputy City Clerk

ESTABLISH QUORUM AND CALL TO ORDER

<https://youtu.be/eO4AZYa33Cw?t=35s>

Mayor Irons established a quorum and called the meeting to order at 3:01 p.m. with all Members present.

Mayor Irons welcomed everyone and City Manager Buckingham gave the overview of the meeting format and the goals.

<https://youtu.be/eO4AZYa33Cw?t=1m34s>

SPECIAL MEETING AGENDA ITEM:

I. DISCUSSION AND ADOPTION OF 2017-18 CITY GOALS AND PROGRAM OBJECTIVES

City Manager Buckingham went over Goal #1 - Achieve Economic and Fiscal Sustainability

<https://youtu.be/eO4AZYa33Cw?t=5m19s>

Mayor Irons opened public comment.

<https://youtu.be/eO4AZYa33Cw?t=7m58s>

Adam Pinterits, Director of Government and Community Relations at EthnoBotanica, spoke urging the Council to prioritize taxation of cannabis.

Public Comment was closed.

Mayor Irons opened the discussion for Goal #1.

<https://youtu.be/eO4AZYa33Cw?t=9m43s>

The Council re-worked the wording of Goal #1 and City Manager Buckingham read the re-worded goal back to the Council.

There was Council consensus on the re-worded Goal #1.

<https://youtu.be/eO4AZYa33Cw?t=55m21s>

The Council discussed the objectives for Goal #1.

The Council re-worked the wording for Objective A. There was Council consensus on the re-worded Objective A.

<https://youtu.be/eO4AZYa33Cw?t=1h10m5s>

The Council discussed Objective B and re-worded the objective. There was Council consensus on the re-worded Objective B.

<https://youtu.be/eO4AZYa33Cw?t=1h30m26s>

The Council discussed Objective C and chose to combine with objectives D & E.

<https://youtu.be/eO4AZYa33Cw?t=1h34m20s>

Objective F was removed.

Objectives G was combined with a re-worded Objective H (this became the new Objective D). Two additional Objectives were added regarding cost reductions and fiscal emergencies.

<https://youtu.be/eO4AZYa33Cw?t=1h42m31s>

Goal #2 – WRF Project & OneWater Program.

<https://youtu.be/eO4AZYa33Cw?t=1h58m46s>

There was no input or Council concerns stated.

Goal #3 – Improve Infrastructure and Public Spaces

<https://youtu.be/eO4AZYa33Cw?t=1h58m55s>

There was a discussion regarding removing Objective B.

There was a wording change to Objective F.

Goal #4 – Review & Update Significant City Land Use Plans

<https://youtu.be/eO4AZYa33Cw?t=2h25m5s>

There was discussion regarding objectives listed under Goal #4.

Mayor Irons opened public comment.

<https://youtu.be/eO4AZYa33Cw?t=2h27m8s>

Meredith Bates, Morro Bay resident, commented on how carefully words are being chosen. Thanked Council and staff for their hard work. Ms. Bates asked about the State water allocation and mentioned OneWater policy concerns.

Carole Truesdale, Morro Bay resident, spoke regarding a wording change to Goal #1.

Julie Klegl, Morro Bay resident, spoke regarding parking, electric trolleys and getting away from alcohol based events.

Public Comment was closed.

Council discussion continued regarding Goal #4.

Objective E – Director Graham shared the law was changed and the ordinance became obsolete. Council Member Davis spoke regarding adding an objective regarding the Chevron property.

Public Comment was opened.

<https://youtu.be/eO4AZYa33Cw?t=2h51m59s>

Carole Truesdale spoke regarding the aquarium grant application.

City Manager Buckingham addressed the question regarding the aquarium.

There was continued discussion regarding the objectives for Goal #4.

City Manager Buckingham will consolidate all changes discussed tonight and bring back on the consent calendar for Council adoption at the next meeting.

<https://youtu.be/eO4AZYa33Cw?t=2h59m11s>

THE MAYOR READ THE AGENDA TITLE FOR THE CLOSED SESSION ITEM.

<https://youtu.be/eO4AZYa33Cw?t=3h17s>

PUBLIC COMMENT – None.

<https://youtu.be/eO4AZYa33Cw?t=3h49s>

The Council recessed at 6:04 p.m.

The Council reconvened at 595 Harbor Street at 6:13 p.m.

PUBLIC COMMENT – None.

CS-1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: One matter

ADJOURNMENT

The meeting adjourned at 7:22 p.m.

Recorded by:

Lori M. Kudzma
Deputy City Clerk

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MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – MAY 9, 2017
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-2

MEETING DATE: June 13, 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 6:03 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 – Chamber of Commerce 2017 1st Quarter Report

<https://youtu.be/jPToY1fMvvk?t=19m46s>

Erica Crawford, Morro Bay President and CEO, provided the quarterly report for 1st quarter of 2017.

PUBLIC COMMENT

<https://youtu.be/jPToY1fMvvk?t=29m27s>

Kristen House, Manager of the Grape Leaf Deli & Market, provided the business spot. They serve middle eastern cuisine using products sourced from local farms and recipes handed down from generation to generation by the owner's family in Palestine. The Grape Leaf Deli & Market is located across from Coalesce Books on Main Street.

Ken Greene, Morro Bay, spoke regarding the Water Reclamation Facility (WRF), thanking the Council for taking a pause to reconsider plans. He also expressed concern regarding potholes along the course for the upcoming Amgen Tour.

Terry Simons, Morro Bay, requested the Council pull Item A-8 for discussion and recommended the Council follow Alternative A to conduct a full public hearing on this item.

Carole Truesdale, Morro Bay, spoke regarding Item A-8, expressing concern about consultant fees that deplete the water and sewer accumulation fund.

Rigmor, Morro Bay, urged the Council to move forward on the WRF. She also thanked the Historical Society for their efforts to collect items from Morro Bay's early days.

Robert Walker, Morro Bay, expressed concern about the proposed WRF project and suggested the accumulation fund be audited to ensure expenditures are in keeping with the Proposition 218 vote previously taken.

Anne Marie Schnetzer, Morro Bay, spoke regarding the WRF and asked the Council to consider less expensive alternatives.

Richard Sadowski, Morro Bay, announced a 24-hour bike relay to be held on May 20 to support the Morro Bay High School track team. Regarding the WRF, he urged the Council to consider other options.

Barry Branin, Morro Bay, stated the proposed project is not affordable and the City should build a project based on the current rates previously approved.

Cynthia Hawley, speaking on behalf of Citizens for Affordable Living, suggested action taken by the City Council on Item C-1 at the April 25th meeting violated the Brown Act, and would submit a letter to that effect.

David Nelson, Morro Bay, spoke in opposition to Item A-8 and urged the Council to consider a package plant with a proven track record, such as PERC.

Jim Hayes, Morro Bay, stated the wastewater treatment plant should have been built in its current location and urged the Council to stop spending money on plans.

Jan Goldman, Morro Bay, noted Kristen from the Grape Leaf Deli & Market brought a tray of food that is available on the back table.

Richard Rowe, Morro Bay, stated the proposed plant is not affordable and a compromise should be considered. He urged the Council to pause and allow an opportunity for community input.

The public comment period was closed.

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

A. CONSENT AGENDA
<https://youtu.be/jPToY1fMvvk?t=1h12m11s>

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

A-1 APPROVAL OF MINUTES FOR THE 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.

The public comment period for the Consent Agenda was opened.

Jeff Heller, Morro Bay, opposed approval of Item A-8 and requested an independent citizen committee review the WRF project and alternatives and report back to Council.

Cynthia Hawley, Morro Bay, asked the Council to pull Item A-6 to correct Council Member McPherson’s motion on Item C-1.

Kerrigan Mahan, Morro Bay, stated the WRF project is too expensive.

Paula Radke, Morro Bay, opposed approval of Item A-8 and urged the Council to reevaluate the WRF project.

Vickie Baggett, Morro Bay, opposed approval of Item A-8 and agreed with pausing the WRF project.

Melody DeMerritt, Morro Bay, expressed concern about Item A-8, contracting with Carollo Engineering for the OneWater Plan. Regarding the WRF, she suggested the Council issue an RFP for the design/build of a tertiary plant on South Bay Blvd., with the option for OneWater at a later date.

Linda Donnelly, Morro Bay, spoke to Item A-8, stating the OneWater Plan is premature. She supported continued participation in State Water based on the 1991 ballot measure supporting that project.

David Nelson, Morro Bay, spoke in opposition to Item A-8, a contract for the OneWater Plan.

Diane Playan, Morro Bay, opposed Item A-8 and asked why this item was on the agenda when the WRF Project was on pause.

The public comment period for the Consent Agenda was closed.

Mayor Irons pulled Item A-8. Council Member McPherson pulled Item A-6.

MOTION: Council Member Heading moved the Council approve Items A-1 through A-5 and Item A-7 on the Consent Agenda. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

A-6 APPROVAL OF MINUTES FOR THE APRIL 25, 2017 CITY COUNCIL MEETING;
(ADMINISTRATION)
<https://youtu.be/jPToY1fMvvk?t=1h36m2s>

Staff agreed to revisit the motion for Item C-1 and continue this item to the next meeting.

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)
<https://youtu.be/jPToY1fMvvk?t=1h36m19s>

Staff reaffirmed the WRF project is on pause as directed by the Council on April 25 and explained the OneWater Plan will evaluate all water resources for the future and provide details on master plans that haven't been updated for some time, including the Storm Drain Master Plan, Water Master Plan, and Sanitary Sewer Master Plan. These plans address the maintenance and capital needs for the entire system, not just the WRF. This item was a Council goal in FY 2015/16, FY 2016/17, and now in FY 2017/18. The OneWater Plan views waste water, potable water, and storm water holistically to make the most beneficial use for the community and the environment.

Mayor Irons expressed concern about information lacking in the staff report, including Council goals and advisory board input.

Staff responded to Council questions.

MOTION: Council Member Heading moved the Council not award the contract at this time, to reevaluate it once complete information and a decision on the wastewater treatment facility has been made, then look at the project scope and consider when it might be appropriate to do so. The motion was seconded by Council Member McPherson.

Council Member Davis was not in favor of postponing the project, noting the least expensive alternative would be to pay now, rather than pay more later. He supported approval of the contract. Council Member Makowetski agreed that awarding the contract now was the prudent and responsible thing to do. Mayor Irons agreed and commented this item was planned for and will not affect current rates.

Council Member McPherson suggested an alternative to approve the study at the originally budgeted amount of \$400,000. Council Member Heading was willing to consider an amendment to his motion to approve a cost not to exceed \$400,000.

Mayor Irons confirmed the approved rate structure pays for service and adds to the accumulation fund for capital projects. He supported moving forward with the contract as presented.

The motion failed 1-4 with Mayor Irons, Council Member Davis, Council Member Makowetski and Council Member McPherson voting no.

MOTION: Mayor Irons moved for approval of staff recommendation to allocate \$711,000 to Carollo Engineering to complete the OneWater Plan. The motion was seconded by Council Member Davis and passed 4-1 with Council Member Heading voting no.

The Council took a brief recess at 8:40 p.m. The meeting reconvened at 8:50 p.m. with all but Council Member Heading present. Council Member Heading rejoined the meeting at 8:52 p.m.

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)
<https://youtu.be/jPToY1fMvvk?t=2h46m21s>

Director Livick presented the staff report and responded to Council inquiries.

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

Audrey Gendron, Morro Bay, stated maintenance at Cloisters Park was severely lacking and believes it would be better to contract out the maintenance service. She suggested the City should pay its fair share of maintaining a park that is open to the public.

Dawn Beattie, Morro Bay, stated there appears to be plenty in the assessment as it has run a surplus the last couple years. She agreed the Cloisters Park should be maintained at the same level as other City parks and the City should contribute toward assessment district maintenance.

Tim Walters, Morro Bay resident and Principal at RRM Design Group, the firm that designed Cloisters Park, recalled the intent of the assessment was to supplement the Park's budget and requested the City approve Option B and supplement \$148,000 toward restoration of the Park.

Cal Nishinaka, Morro Bay, considers Cloisters Park to be flagship of all parks and one of the safest in Morro Bay. He objected to increasing the assessment amount.

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

There was Council consensus to continue the assessment at the current rate but to reconsider contracting maintenance work and to discuss whether the City should supplement the maintenance assessment, reduce the Engineer's Report to reflect the reduction in funding, or increase the assessment by CPI or some other accelerator in the future.

MOTION: Council Member Heading moved the 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. Additionally, include there begin robust conversation between representatives of the City and Cloisters development to determine the future possibility of increasing the Cloisters' assessment or subsidy or possibility of CPI and/or other. The motion was seconded by Council Member McPherson.

Council Member Makowetski was concerned second part of motion is nebulous in terms of the timing.

AMENDED MOTION: Council Member Heading moved the 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. Additionally, include there begin robust conversation between representatives of the City and Cloisters development to determine the future possibility of increasing the Cloisters' assessment or subsidy or possibility of CPI and/or other, and this action take place during the next year prior to the assessment. Council Member McPherson seconded the amended motion. The amended motion carried unanimously, 5-0.

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)
<https://youtu.be/jPToY1fMvvk?t=3h41m42s>

Director Livick presented the staff report and responded to Council inquiries.

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

MOTION: Council Member Makowetski moved the 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 Landscaping and Lighting Maintenance Assessment District. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

Council Member Heading suggested a friendly amendment to include the language incorporated into the Cloisters motion.

AMENDED MOTION: Council Member Makowetski moved the 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 Landscaping and Lighting Maintenance Assessment District. Additionally, there begin robust conversation between the representatives of the City and North Point development to determine the future possibility of increasing the North Point assessment or

subsidy or possibility of CPI and/or other, and this action take place during the next year prior to the assessment. Council Member Davis seconded the amended motion. The amended motion carried unanimously, 5-0.

C. BUSINESS ITEMS

C-1 APPROVAL OF FIRE MARSHAL JOB DESCRIPTION AND AUTHORIZATION TO ADD ONE FULL-TIME EQUIVALENT EMPLOYEE; (FIRE)
<https://youtu.be/jPToY1fMvvk?t=3h55m19s>

Fire Chief Knuckles presented the staff report and responded to Council inquiries.

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

Jeff Heller, Morro Bay, expressed concern about the City's financial condition and assumed the Council will manage that and protect the strength of the City as they consider both this and Item C-2.

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

MOTION: Mayor Irons moved the 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. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

C-2 AUTHORIZATION TO ADD ONE FULL-TIME EQUIVALENT BUDGET & ACCOUNTING MANAGER POSITION IN THE FINANCE DEPARTMENT BEGINNING FISCAL YEAR 2017/18; (FINANCE)
<https://youtu.be/jPToY1fMvvk?t=4h17m37s>

Finance Director Schmollinger 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.

There was Council consensus to continue this discussion through the budget process and explore ways to fund a full-time employee, with alternatives for funding a contract or part-time employee to focus on specific tasks.

MOTION: Council Member McPherson moved the meeting go past 11:00 p.m. to finish this item. The motion died for lack of a second.

No further action was taken on this item.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
<https://youtu.be/jPToY1fMvvk?t=4h55m8s>

Mayor Irons requested discussion of meeting structure regarding the 7:00 p.m. start time for public hearings. There was full Council support for this item.

Council Member Davis requested discussion of the resolution recently adopted by the Board of Supervisors about financing ground water management that might affect Morro Bay residents. There was full Council support for this item.

E. ADJOURNMENT

The meeting adjourned at 11:01 p.m. 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.

Recorded by:

Dana Swanson
City Clerk

MINUTES - MORRO BAY CITY COUNCIL
SPECIAL MEETING – MAY 23, 2017
VETERANS MEMORIAL HALL
209 SURF STREET – 3:30 P.M.

AGENDA NO: A-3
MEETING DATE: June 13, 2017

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

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Irons established a quorum and called the meeting to order at 3:32 p.m. with all Members present.

PUBLIC COMMENT

<https://youtu.be/9a4XJ6YWUo4?t=1m7s>

Mayor Irons opened the public comment period for items on the agenda.

Maria Lomeli, Morro Bay Police Department, spoke about the role of a School Resource Officer and urged the Council to continue fund the position.

Greg Allen, future Police Chief for the City of Morro Bay, restated the importance of the School Resource Officer program and the positive impact it has on the community.

The public comment period was closed.

SPECIAL MEETING AGENDA ITEM:

I. **FY 2017-18 BUDGET STUDY SESSION**
<https://youtu.be/9a4XJ6YWUo4?t=7m46s>

Acting City Manager Schmollinger presented the draft budget for FY 2017-18, focusing on updates made since the May 9 meeting, and responded to Council inquiries. (The presentation is available [here](#).)

There was Council discussion and concurrence on the following items: continue funding SRO position for FY 17-18 with 50% from General Fund and 50% from Measure Q; allocate funds to TBID in accordance with the existing Resolution in FY 17-18 and consider reformulating that policy in the year ahead; and support for staff changes as proposed on pages 6-7. Regarding the proposed Finance Manager position, Council requested staff return with funding options at the June 13 meeting. Commenting on the budget letter, the Council requested it be revised to clarify it is a balanced budget and the City is living within its means. General comments regarding future budget challenges should be captured, perhaps in the 10-year budget plan.

There was Council support for the following bequests to be paid from the Council budget or Housing in-Lieu Fund, as appropriate:

HomeShare SLO - \$5,000

Senior Nutrition - \$5,000

Housing Trust Fund - \$1,000

Economic Vitality Corporation (EVC) - \$5,000

Estero Bay Alliance for Care – fee waiver for use of Vet’s Hall for Monday night dinners

Community Resource Connections (CRC) - \$1,000

SCORE - \$500

MOTION: Council Member McPherson moved the Council continue the meeting past 5:30 for an additional five minutes. The motion was seconded by Council Member Davis and carried 4-1 with Council Member Heading voting no

There was consensus a 3rd Budget Study Session wasn’t necessary and staff was directed to bring the proposed budget back with changes discussed at the June 13 meeting.

ADJOURNMENT

The meeting adjourned at 5:39 p.m.

Recorded by:

Dana Swanson
City Clerk

PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Headding	Council Member
	Matt Makowetski	Council Member
	Marlys McPherson	Council Member
STAFF:	Craig Schmollinger	Acting City Manager
	Joe Pannone	City Attorney
	Dana Swanson	City Clerk
	Ikani Taumoepeau	Deputy City Manager
	Rob Livick	Public Works Director
	Scot Graham	Community Development Director
	Cindy Jacinth	Associate Planner
	Joan Gargiulo	Assistant Planner
	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 6:02 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 - None

PUBLIC COMMENT

https://youtu.be/--JQ_vZ9xlU?t=11m43s

Dr. Morenike Oshi-Ojuri, a Clinical Psychologist who recently opened an office at 485 Morro Bay Blvd., provided the business spot. Dr. Morenike specializes in multicultural issues as well as treating individuals who experience overwhelming emotions, including panic disorder, major depression, bipolar, PTSD, or borderline personality disorder.

Dave Albrecht, President of SLO Bicycle Club, shared a photo of the gift presented to Peter Sagan, winner of the Stage 3 finish in Morro Bay. He thanked the Council, staff and many volunteers for supporting this great event.

Meredith Bates, Morro Bay, expressed concern about the effect fireworks may have on wildlife in the bay, and suggested the event be moved to another location, such as the high school. She also asked for an update regarding the sink hole on Highway 1.

The public comment period was closed.

- A. CONSENT AGENDA
https://youtu.be/--JQ_vZ9xIU?t=17m28s

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

- A-1 APPROVAL OF REVISED MINUTES FOR THE APRIL 25, 2017 CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-2 APPROVAL OF MINUTES FOR THE APRIL 26, 2017 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-3 APPROVAL OF MINUTES FOR THE MAY 9, 2017 SPECIAL CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-4 APPROVAL OF MINUTES FOR THE MAY 10, 2017 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-5 APPROVAL OF MINUTES FOR THE MAY 12, 2017 SPECIAL CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-6 WATER RECLAMATION FACILITY (WRF) PROGRAM UPDATE; (PUBLIC WORKS)

RECOMMENDATION: Receive and file.

- A-7 REAPPOINTMENT OF VALERIE SEYMOUR TO THE VISIT SAN LUIS OBISPO COUNTY (VSLOC) BOARD OF DIRECTORS; (ADMINISTRATION)

RECOMMENDATION: Council reappoint Valerie Seymour as the City's representative on the VSLOC Board of Directors for a 3-year term ending June 20, 2020.

- A-8 ADOPTION OF RESOLUTION NO. 25-17 APPROVING THE RECORDS RETENTION SCHEDULE; (ADMINISTRATION)

RECOMMENDATION: Council adopt Resolution No. 25-17 rescinding Resolutions No. 37-83 and 03-02 and approving the City of Morro Bay Records Retention Schedule.

- A-9 AUTHORIZATION TO SIGN A LETTER TO SAN LUIS OBISPO COUNTY BOARD OF SUPERVISORS REGARDING PROPOSED COUNTY FORMATION OF A GROUNDWATER SUSTAINABILITY AGENCY (SUSTAINABLE GROUNDWATER MANAGEMENT ACT); (PUBLIC WORKS)

RECOMMENDATION: Council authorize the Mayor, on behalf of the City Council, to sign a letter to the San Luis Obispo County Board of Supervisors opposing the use of County General Funds for the proposed County Groundwater Sustainability Agency (Sustainable Groundwater Management Act – SGMA).

Mayor Irons pulled Item A-3 and noted a corrected version of the Minutes was available. Council Member Davis pulled Item A-5. Council Members Headding and McPherson pulled Item A-6.

MOTION: Council Member McPherson moved the Council approve Items A-1, A-2, A-4, and A-7 through A-9 on the Consent Agenda. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

A-3 APPROVAL OF MINUTES FOR THE MAY 9, 2017 SPECIAL CITY COUNCIL MEETING;
(ADMINISTRATION)

https://youtu.be/--JQ_vZ9xIU?t=18m24s

Copies of revised Minutes showing the corrected start time were provided to the Council and made available for public review.

MOTION: Mayor Irons moved for approval of Item A-3, as revised. The motion was seconded by Council Member Headding and carried unanimously, 5-0.

A-5 APPROVAL OF MINUTES FOR THE MAY 12, 2017 SPECIAL CITY COUNCIL MEETING; (ADMINISTRATION)

https://youtu.be/--JQ_vZ9xIU?t=18m52s

Council Member Davis commented he missed the May 12 meeting as noted in the Minutes, but received Emergency Operation Center (EOC) Policy Makers training from Chief Knuckles on Monday, May 22.

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

A-6 WATER RECLAMATION FACILITY (WRF) PROGRAM UPDATE; (PUBLIC WORKS)

https://youtu.be/--JQ_vZ9xIU?t=19m38s

Staff responded to Council inquiries regarding the timing and reason the wastewater treatment plant project transitioned from a remodel at the current site to building a new plant about 100 yards away. Staff also provided a verbal report on WRF next steps as directed by Council at its April 25, 2017 meeting. Residents can send suggestions and concerns regarding the WRF to Mr. Livick at rlivick@morrobayca.gov.

MOTION: Council Member Headding moved for approval of Item A-6. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

There was Council consensus to hear Item C-1 next.

C. BUSINESS ITEMS

C-1 APPROVAL OF PURCHASE AND SALE AGREEMENT FOR REAL PROPERTY IDENTIFIED AS 1 JORDAN TERRACE (CERRITO PEAK); APN: 066-221-001; (COMMUNITY DEVELOPMENT)

https://youtu.be/--JQ_vZ9xIU?t=30m29s

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

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

Susan Heinemann, Morro Bay, spoke in support of Item C-1 and thanked the Council for working to permanently preserve Cerrito Peak.

Michael Lucas, Morro Bay, supported Item C-1 as an amazing opportunity to preserve this distinctive geographic feature.

Eric Meyer, San Luis Obispo resident and Morro Bay property owner, supported the purchase of Cerrito Peak.

Ken Green, Morro Bay, thanked the Council and Mrs. Reddell for making this possible and supported keeping Cerrito Peak in its natural state with continued public access.

Stu Skiff, Morro Bay, opposed using City funds to purchase the property when there are other projects and issues that need to be addressed.

Anita Judd, Morro Bay, supported the City's purchase of Cerrito Peak and requested there not be fireworks this year.

John Thompson, Morro Bay, read a statement by Francis Villablanca, Professor of Biology Sciences at Cal Poly, supporting the purchase of Cerrito Peak and efforts to preserve the Western Monarch butterfly population.

Nicole Dorfman, Morro Bay, thanked the Council and Mrs. Reddell for the opportunity to purchase the property and committed to help fundraise to repay the City's General Fund Emergency Reserve.

Jeff Heller, Morro Bay, opposed using City funds to purchase the property long-term. He suggested the conservancy groups be allowed two years to purchase the property; if not sold by then, put it on the market.

Tim Crowley, Morro Bay, supported the purchase of Cerrito Peak and suggested it was a good location for additional bike trails.

Linda Donnelly, Morro Bay, opposed using emergency funds to purchase the property.

Glenn Silloway, Morro Bay, spoke on behalf of the Morro Bay Open Space Alliance (MBOSA), a 501(c)(3) organization dedicated to preserving open space in and around Morro Bay. MBOSA supports the City's plan to purchase Cerrito Peak with the intent of selling to conservancy group, and offered to be part of the effort to raise funds for this project.

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

The Council understood budget concerns that had been raised and the importance of fiscal responsibility, but agreed it was in the best interest of the community to purchase Cerrito Peak with the intent for it to be preserved as open space.

MOTION: Council Member Headding moved the Council authorize the purchase of property located at 1 Jordan Terrace, (APN 066-221-001), the expenditure of \$350,000 from the City's General Fund Emergency Reserve, and to consider a future agenda item to discuss the disposition of subject property. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

The Council took a short recess at 7:22 p.m. The meeting reconvened at 7:30 p.m.

There was Council consensus to hear Item B-2 next.

B. PUBLIC HEARINGS

B-2 ADOPTION OF RESOLUTION NO. 23-17 APPROVING MAJOR MODIFICATION TO CONDITIONAL USE PERMIT NO. UP0-359 FOR ROSE'S LANDING, 725 EMBARCADERO. PROJECT INCLUDES A 10-UNIT HOTEL WITH CONVERSION OF SECOND-FLOOR AND FIRST-FLOOR HOTEL LOBBY. PROJECT INCLUDES PREVIOUSLY APPROVED PUBLIC ACCESS IMPROVEMENTS AND 7 NEW FLOATING DOCK SLIPS AND GANGWAY; (COMMUNITY DEVELOPMENT)
https://youtu.be/--JQ_vZ9xIU?t=1h23m3s

Associate Planner Jacinth presented the staff report and responded to Council inquiries.

Council Members McPherson, Heading, Makowetski & Davis each disclosed having ex parte conversations with the applicant.

The public hearing was opened and the Council invited Steve Puglisi to speak on behalf of applicant, Doug Redican. He described project improvements in the area of lateral public access and accessibility, seating in the plaza area, and reconfiguration of the hotel check in area and number of rooms. He asked the Council to weigh in on visitor serving accommodations and parking issues. He requested 10 reserved parking spaces for guests located as close to the site as possible, available for as many hours as possible. He suggested the Council consider and provide input to the Coastal Commission on low cost visitor accommodations. He also noted trash receptacles with self-closing doors are not available so they will provide enclosures with lockable lids to meet the intent of that permit condition.

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

Cherise Hansson, Morro Bay resident and business owner, suggested parking spaces in front of each building on the Embarcadero be reserved for loading and unloading passengers and that employees park farther away, perhaps in the Market / Pacific Street lot. She also encouraged future discussion of paid parking using smart meters. She commented that reserved parking from 3:00 to 6:00 p.m. for hotel guests would support local retail and restaurants.

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

The Council was troubled by the affordable accommodation requirement imposed by the Coastal Commission and preferred the Commission take a more holistic view of affordable rooms available throughout the City. The Council directed staff to send a message to that effect to the Coastal Commission.

There was Council consensus to lease 10 parking spaces across from the hotel for reserved guest parking from 3:00 p.m. to 11:00 a.m., with a commitment to participate in future parking initiatives; provide 10-foot access on the south side, maintaining the planters, seating and fountain; and that no docks be allowed in the eelgrass area.

MOTION: Mayor Irons moved the Council adopt Resolution No. 23-17 making the necessary findings for the approval of Major Modification to Conditional Use Permit No. UP0-359 Concept Plan Approval, with the stated findings listed by Council to address low cost rooms; commitment to leasing parking spaces from 3:00 p.m. to 11:00 a.m.; 10' access corridor with planters, seating and fountain; and no docks on eelgrass area. The motion was seconded by Council Member Heading.

Staff requested clarification regarding the number of tables noted in Planning Commission Condition #12, and participation in future parking solutions.

AMENDED MOTION: Mayor Irons moved the Council adopt Resolution No. 23-17 making the necessary findings for the approval of Major Modification to Conditional Use Permit No. UP0-359 Concept Plan Approval, with the stated findings listed by Council to address low cost visitor accommodations; commitment to leasing the parking spaces reserved from 3:00 p.m. to 11:00 a.m.; 10' access corridor with planters, seating and fountain, as recommended by the Planning Commission; no docks on eelgrass area; and participation in future parking solutions. The amended motion was seconded by Council Member Heading.

There was further discussion regarding the preferred location for leased parking. It was agreed that close proximity was best and the City lot across the street was identified.

The amended motion carried 5-0.

The Council took a brief recess at 9:05 p.m. The meeting reconvened at 9:14 pm.

There was Council consensus to hear Item B-3 next.

B-3 APPEALS OF THE PLANNING COMMISSION APPROVAL OF CONDITIONAL USE PERMIT NO. UP0-468 FOR CONTINUED OPERATION OF AN EXISTING AUTO-BODY REPAIR AND PAINT SHOP IN OPERATION SINCE 1981 AND LOCATED WITHIN THE R-1/S.1 RESIDENTIAL ZONING DISTRICT AT 340 JAMAICA STREET. (APPELLANTS: ROY CINOWALT, EVANS COWAN, DANIEL KNIGHT, DARYL DOBSON) (APPLICANT: JASON PALL); (COMMUNITY DEVELOPMENT)
https://youtu.be/--JQ_vZ9xlU?t=2h59m52s

Assistant Planner Gargiulo presented the staff report and responded to Council inquiries.

Council Member Davis disclosed having a conversation with Jason Pall at a recent Chamber mixer where he explained he could not have further discussion with him as the appeal would come before the City Council. Council Member Heading disclosed he had silently wandered the surrounding neighborhood to assess the smell and noise issues then went into shop, introduced himself as a Council Member and asked if he could walk through. He did not have a discussion with the employees who were present.

The public hearing period was opened.

Appellant Roy Cinowalt, owner of the apartment building adjacent to the business, stated the apartments nearest the auto body business have the highest turnover rate. He believes this can be attributed to noise from the compressor which is located 20 feet from the bedrooms. Five of his tenants are shift workers and have a need to sleep during the day. He requested the Council deny the Conditional Use Permit.

Appellant Evans Cowan, Morro Bay, has lived near the body shop for 17 years and noticed a significant increase in production of services since the recent change in ownership. He is offended by the noise and toxins, and concerned by the lack of monitoring in the 32 years since the permit expired. He urged the Council to deny the Conditional Use Permit.

Appellant Daniel Knight spoke on behalf of the interest of the C. Knight Trust, urging the Council to deny the Conditional Use Permit (CUP), fast track and prioritize building permits to relocate the

business to the proper C-2 zoning district, and apply fees for the CUP application and reports to that building permit.

Britany Lee read a statement on Appellant Daryl Dobson's behalf, requesting the Council deny the Conditional Use Permit.

Applicant Jason Pall responded to questions that had been raised and provided information regarding APCD and hazardous waste reporting requirements and compliance. He expressed willingness to spend money on further improvements to meet the permit conditions upon approval.

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

Michael Garcia, Morro Bay, spoke in support of Auto-body Builders. He lives across the street from the business and has no issues with parking, noise or smell. He appreciated Mr. Pall's offer for residents to park in front of the business after hours.

Rick Young, Morro Bay, spoke in support of the auto body business and believes it is an asset to the community.

Diane Playan, Morro Bay, supported the staff recommendation to keep the auto body shop at this location. She lives next door to the business and has never had a problem with smells, extra dust, asthma or other health issues.

William Koskie, Morro Bay, supported the continued use at this location.

Caleb Blasingame, Morro Bay, has lived in the area for 1 ½ years and has no complaints about the auto body shop. He fully supported the business in north Morro Bay.

Ken Stollmeyer, Morro Bay, owned property in that neighborhood and found the location next to Highway 1 is louder than any business. He urged the City to approve the Planning Commission recommendation and allow Mr. Pall to continue doing business.

Mik Foley, Morro Bay, spoke in support of Jason Pall and Auto-body Builders.

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

The Council was understanding of the concerns that had been raised but found much of the information to be anecdotal and the direct opposite to statements by others living in the neighborhood. As the appellants did not clearly present a case to grant the appeals, the Council supported staff recommendation to deny the appeals.

Mayor Irons suggested a condition be added for the permit would sunset in five years or some limited timeframe, to allow time for the business to relocate to a location where there's room to grow.

There was Council support to revisit the permit, rather than sunset, in five years.

MOTION: Council Member Heading moved the Council deny all appeals and uphold the approval of Conditional Use Permit UP0-468 for Auto-Body Builders at 340 Jamaica Street by adopting Resolution No. 24-17 with the associated findings and conditions of approval, with the addition of reevaluation by the Planning Commission in five years of the business and its compliance with standards and regulations. The motion was seconded by Council Member Makowetski.

Mayor Irons stated he was not in support of the motion as stated, as he believes the permit should sunset in five years.

The motion passed 4-1 with Mayor Irons voting no.

B-1 ADOPT RESOLUTION NO. 22-17 CONTINUING THE PROGRAM AND LEVYING THE ASSESSMENTS FOR THE 2017/18 FISCAL YEAR FOR THE MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT (MBTBID); (DEPUTY CITY MANAGER)
https://youtu.be/--JQ_vZ9xIU?t=4h30m29s

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

Acting City Manager Schmollinger clarified the Council will ultimately adopt the budget for TBID and therefore staff requests the Council adopt Resolution No. 22-17 without Exhibit A.

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

City Attorney Pannone clarified the resolution would need to be corrected by revising the 8th Whereas clause to remove reference to Exhibit A and instead state, "as established by the budget adopted for FY 2017-18."

MOTION: Council Member Davis moved the Council adopt resolution No. 22-17 continuing MBTBID activities for FY 17/18, excluding Exhibit A, and to include the corrections as stated by the City Attorney in the 8th Whereas sentence. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
https://youtu.be/--JQ_vZ9xIU?t=4h39m32s
None.

E. ADJOURNMENT

The meeting adjourned at 10:54 p.m. The next Regular Meeting will be held on Tuesday, June 13, 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 CLOSED SESSION MEETING –
MAY 24, 2017
CITY HALL CONFERENCE ROOM–3:30 P.M.

AGENDA NO: A-5

MEETING DATE: June 13, 2017

PRESENT: Jamie Irons Mayor
Robert Davis Council Member
John Heading Council Member
Matt Makowetski Council Member

ABSENT: Marlys McPherson Council Member

STAFF PRESENT: Craig Schmollinger Acting City Manager
Joe Pannone City attorney

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

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

CLOSED SESSION PUBLIC COMMENT - Mayor Irons opened the meeting for public comment for items only on the agenda. Seeing none, the public comment period was closed.

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

CS-1 PUBLIC EMPLOYEE APPOINTMENT

Title: Interim City Manager and City Manager

CS-2 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: 1 Matter involving Citizens for Affordable Living's claim of a Brown Act violation by the Council at the April 25, 2017, Council meeting and an email from Cynthia Hawley regarding the same

RECONVENE IN OPEN SESSION - The City Council reconvened in Open Session and City Attorney reported the following:

No reportable action was taken on Item CS-1.

On Item CS-2, the Council decided there is no need to take any "cure and correct action" and a written response will be sent to Citizens for Affordable Living regarding its allegations a Brown Act violation occurred at the April 25, 2017, Council meeting.

ADJOURNMENT

The meeting adjourned at 5:06 p.m.

Recorded by:

Dana Swanson
City Clerk

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AGENDA NO: A-6

MEETING DATE: June 13, 2017

Staff Report

TO: Honorable Mayor and City Council

DATE: May 30, 2017

FROM: Ikani Taumoepeau, Deputy City Manager

SUBJECT: Proposed Partnership Agreement with Project Surf Camp

RECOMMENDATION

Staff recommends the City Council authorize the City Manager to enter into a partnership agreement with Project Surf Camp (PSC).

FISCAL IMPACT

Project Surf Camp (PSC) desires to continue its partnership with the City. Historically, the City has waived park and open space rental fees for the 5-week camp, totaling ~ \$10,400/year. In addition, the City has allowed the Camp to place a storage container and trailer on the Morro Creek property, totaling ~\$2,154 in waived storage costs.

BACKGROUND

Project Surf Camp (PSC) was formed in Fall 2007 and the City began partnering with the organization in 2011/12. PSC is not requesting anything new, but desires to formalize a partnership that has grown over the years. The City has supported the organization by waiving park & open space fees and storage fees of a container and trailer.

PSC is a 501(c)(3) charitable and educational, nonprofit organization designed specifically for individuals with special needs. Opportunities for special needs individuals in leisure or recreational activities are limited and can be difficult to access, especially on the Central Coast. PSC helps to introduce individuals with disabilities to the water who may otherwise never receive such an opportunity, or may have been deprived of such a privilege.

PSC is a charitable organization designed to educate individuals with special needs. Their mission is to build self-confidence, self-esteem, and self-efficacy. They provide opportunities to build social skills, improve physical fitness, develop healthy outlets for stress reduction, and foster independence. Outcomes are achieved through the modality of surf, paddle board instruction and/or beach and aquatic activities.

Camps are split into half-day sessions of 4-hours and each camp session for this year is full. PSC maintains a maximum of 12 campers per session and has a 3 camper to 1 specialist ratio, enhancing the intimate genuine relationships. These specialists are educated, trained, and have extensive experience working with the varying needs of campers in a number of different venues.

Volunteers averages about 20 per camp and staff size averages about 12. Total volunteers who came out last year to help PSC were approximately 450, which drew from 33 communities and five different states. The price this year per camper, for a 4-hour life changing experience is \$70. A

Prepared By: __IT__

City Attorney Review: __JWP__

City Manager Review: __CS__

unique quality of PSC is that it is open to siblings or other family members. Most existing organizations don't cater to the families. PSC is working towards building a family leisure activity that all members of the family can participate in.

One major goal is fostering independence for campers. PSC appreciates and will take returning families, but the ultimate goal is for families to be able to enjoy the ocean on their own without the need for support. PSC nudges families in that direction.

DISCUSSION

The City began partnering with PSC in 2011/12 and has supported the organization by waiving park and open space fees (since 2011/12) and storage fees of a container and trailer (since 2015). PSC desires to formalize a partnership that has molded over the years.

PSC is requesting the following services by the City:

- waive costs for open space rental and permit fees;
- allow the storage of one Surf Camp trailer and container on City property, free of charge;
- offer the link to the Surf Camp website on Recreation and Park's web page;
- provide access to a water tap at Coleman Park property during program dates;
- provide an updated contact list of lifeguards for Surf Camp to use;
- dispose of any trash bags and perform a spot check of the site;
- post no parking signs at Coleman parking lot.

For the 5-week camp schedule, the park and open space rental fees would amount to \$10,400 per year. PSC uses two sites for each camp session, Coleman Park – basketball courts and a section of Morro Rock Beach.

Days	Morro Rock Beach	Coleman Park
26	\$ 150.00	\$ 250.00
Park Fees	\$ 3,900.00	\$ 6,500.00
Total Fees	\$ 10,400.00	

The City currently charges \$2.95 per day for dry storage space (9x20) at the Morro Creek property (*photo below*). The City currently allows PSC to store two containers at these locations for ease and accessibility for the organization and campers. The charge for two spaces per day is \$5.90.



Morro Creek Storage		
Rates	1x Storage	2x Storage
Daily	\$ 2.95	\$ 5.90
Monthly	\$ 89.73	\$ 179.46
Yearly	\$ 1,076.75	\$2,153.50

PSC would like access to the water tap at Coleman Park to help clean wetsuits and equipment after each camp day. PSC's requested water demand would be filling two to three 7-gallon buckets for ~26 days.

There are some requests that would require nominal staff time, such as posting one to two 'no parking signs' at Coleman Park, spot checking the site, disposing of garbage bags after camp sessions, posting the PSC website link on RPD's web page, and providing a lifeguard contact list to the PSC.

CONCLUSION

Staff recommends the City Council approve the partnership policy with Project Surf Camp and authorize the City Manager to execute the agreement. Staff is making this recommendation to partner with PSC and waive fees, among other services, by requesting Council make a finding of public benefit from the program,

Several letters of support for Project Surf Camp were submitted to the City Council prior to the publishing of this staff report. Those received by the City Clerk's office as of noon on June 7, 2017, have been included as Attachment 4.

ATTACHMENTS

1. Partnership Agreement between the City and Project Surf Camp
2. Project Surf Camp Proposal
3. Project Surf Camp Schedule
4. Public Correspondence received as of 12:00 p.m. June 7, 2017

Partnership Agreement
between
Project Surf Camp, Inc. and the City of Morro Bay

The Agreement is made and entered into by Project Surf Camp, a 501(c)3 non-profit California corporation (“Surf Camp”) and the City of Morro Bay, a municipal corporation (“City”).

1. TERM

This Agreement shall commence on July 1, 2017 and shall remain and continue in effect until tasks described herein are completed, but in no event later than June 30, 2019, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

Surf Camp shall:

- a. provide ADA compliant adaptive programming for City’s Recreation and Parks Department (“RPD”) to be used by individuals using camping facilities operated by City and those who volunteer to assist RPD with those campgrounds,
- b. be responsible for all aspects of camp operations and camper participation,
- c. provide the volunteers, orientation and training required to interact with campers and their families,
- d. provide proof of insurance which names City and each of its officers, employees, agents and volunteers as additionally insured for camp related activities at all permitted locations,
- e. include City as a program sponsor in publication and/or advertisements,
- f. inform City staff of any damage, vandalism or maintenance requirements associated with the program areas, as soon as possible, but not more than 24 hours after an incident,
- g. not allow any activity in the area of designated Snowy Plover habitat, consequently, no activity will be allowed north of Morro Creek (pursuant to the State approved Snowy Plover Recovery Plan),
- h. collaborate with City’s Tourism Business Improvement District (TBID) to better inform Surf Camp participants regarding the amenities and lodging opportunities in City’s community,
- i. ensure each of its sites are clean after each session and bag any excess trash that cannot fit in City-provided trash receptacles, and neatly place those next to those receptacles.
- j. work with RPD’s office to reserve the area Surf Camp intends to utilize,
- k. post banners onsite for and remove them after each session,
- l. provide its own USLA-certified lifeguard for each camp. City shall provide an updated contact list of City’s lifeguards for Surf Camp’s use,
- m. from time to time, and with the prior written approval from City, utilize Coleman Park for fund raising activities,
- n. obtain all City required permits through the normal application process with City and
- o. provided services in accordance with the schedule attached hereto as Exhibit A, which by this reference is incorporated herein as though set forth in full. On or before July 1, 2018, a new schedule shall be attached as Exhibit A for the 2018/2019 period of this Agreement.

3. CITY SERVICES

City shall:

- a. offer the link to the Surf Camp website on RPD's web page;
- b. reserve the areas requested by Surf Camp and approved by City for use during program days and times;
- c. allow the storage of one Surf Camp trailer at the Coleman parking lot for five weeks of operation and one storage container at its current location on Morro Creek property during the term of this Agreement, each at locations specifically approved in writing by City; and
- d. provide access to tap water at Coleman Park property during program dates;
- e. provide an updated contact list of their lifeguards for Surf Camp to use;
- f. waive costs for open space rental and permit fees,
- g. dispose of any trash bags and perform a spot check of the site and
- h. post *no parking* signs at Coleman parking lot.

4. PERFORMANCE

Surf Camp shall at all times faithfully, competently and to the best of their ability, experience, and talent, perform all tasks described herein. Surf Camp covenants that it shall follow the highest professional standards in performing the work and services required hereunder and that all materials will be both of good quality as well as fit for the purpose intended.

5. CITY MANAGEMENT

City's City Manager (and Acting City Manager) shall represent City in all matters pertaining to the administration of this Agreement, including review and approval of all requests submitted by the Surf Camp.

6. USE OF CITY OPEN SPACE

To the extent Surf Camp makes application to use City open spaces for purposes of Surf Camp, City agrees to waive costs for open space rental fees. For other Surf Camp events, such as fundraising, City may also waive some or all of those fees if the City Manager or City Council determines that waiver is in the best interest of the City.

City costs resulting from such things as staff time, contracted hours, insurance and similar overhead items will not be included in the waiver of fees provided herein and shall be payable by Surf Camp.

7. DEFAULT OF SURF CAMP

- a. Surf Camp's failure to comply with any of the provisions of this Agreement shall constitute a default. City can terminate this Agreement by written notice to Surf Camp, as provided in subsection b., below, in the event Surf Camp is in default. If such failure by Surf Camp to make progress in the performance for work hereunder

arises out of causes beyond Surf Camp's control, and without fault or negligence of Surf Camp, then it shall not be considered a default.

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

8. DEFAULT OF CITY

- a. City's failure to comply with any of the provisions of this Agreement shall constitute a default. Surf Camp can terminate this Agreement by written notice to City, as provided in subsection b., below, in the event City is in default. If such failure by City to make progress in the performance for agreements or work hereunder arises out of causes beyond City's control, and without fault or negligence of City, then it shall not be considered a default.
- b. If Surf Camp determines City is in default in the performance of any of the terms or conditions of this Agreement, then it shall cause to be served upon the City Manager a written notice of the default. City shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that City fails to cure its default within such period of time, Surf Camp shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

9. RECORD KEEPING

Surf Camp shall maintain complete and accurate records with respect to sales, costs, expenses, and receipts that relate to the performance of services under this Agreement (the "Records"). The Records shall be maintained in accordance with generally accepted accounting principles, shall be complete and detailed, and shall be maintained in a format that enables the City's City Manager to evaluate the performance of the services. The Records shall be made available to City for review and copying, as reasonably requested by City's City Manager. If City requires an auditing of the Records due to another governmental agency's request, then Surf Camp shall make the Records available for that audit. The Records shall be maintained for a period of three years following completion of the services hereunder.

10. INDEPENDENT CONTRACTOR

- a. Surf Camp is and shall at all times remain as to City wholly independent. The personnel performing the services under this Agreement on behalf of Surf Camp shall at all times be under Surf Camp's exclusive direction and control. Neither City

nor any of its officers, employees, or agents shall have control over the conduct of Surf Camp or any of Surf Camp's officers, employees, or agents, except as set forth in this Agreement. Surf Camp shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of City. Surf Camp shall not incur or have the power to incur any debt, obligation, or liability whatever against City, or bind City in any manner.

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

11. NOTICES

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

For City of Morro Bay:

Craig Schmollinger
Acting City Manager
595 Harbor Street
Morro Bay, CA 93442

For Project Surf Camp, Inc.

John Taylor
Founder/Executive Director
1383 Bolton Dr.
Morro Bay, CA 93442

12. ASSIGNMENT

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

13. LICENSES

At all times during the term of this Agreement, Surf Camp shall have in full force and effect, all licenses and tax certificates required of it by law for the performance of the services

described in this Agreement.

14. GOVERNING LAW

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

15. ENTIRE AGREEMENT

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

16. AUTHORITY TO EXECUTE THIS AGREEMENT

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

17. INTERPRETATION

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of the Agreement or any other rule of construction which might otherwise apply.

18. INDEMNIFICATION

To the full extent permitted by law, Surf Camp agrees to indemnify, defend and hold harmless City, its officers, employees, agents and volunteers ("Indemnified Parties") against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations or activities provided herein of Surf Camp, its officers, employees, agents, subcontractors, invitees, or any individual or entity for which Surf Camp is legally liable ("indemnitors"), or arising from Surf Camp's or indemnitors' reckless or willful misconduct, or arising from Surf Camp's or indemnitors' negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, except claims or liabilities occurring as a result of City's sole negligence or willful acts or omissions. The indemnity obligation shall be binding on successors and assigns of Surf Camp and shall survive termination of this Agreement.

19. INSURANCE COVERAGE

Surf Camp shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement, including any extension thereof, the following policies of insurance, which shall cover all elected and appointed officers, employees and agents of City (through naming them as additional insureds on the policy listed in a., below):

- a. Commercial General Liability Insurance (Occurrence Form CG0001 or equivalent). A policy of comprehensive general liability insurance written on a per occurrence basis for bodily injury, personal injury and property damage. The policy of insurance shall be in an amount not less than \$1,000,000.00 per occurrence or if a general aggregate limit is used, either the general aggregate limit shall apply separately to this contract/location, or the general aggregate limit shall be twice the occurrence limit.
- b. Worker's Compensation Insurance. To the extent required by law, a policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for Surf Camp against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by Surf Camp in the course of carrying out the work or services contemplated in this Agreement.
- c. Automotive Insurance (Form CA 0001 (Ed 1/87) including "any auto" and endorsement CA 0025 or equivalent). To the extent Surf Camp utilizes any motor vehicles for the operations related to this Agreement, a policy of comprehensive automobile liability insurance written on a per occurrence for bodily injury and property damage in an amount not less than either (i) bodily injury liability limits of \$100,000 per person and \$300,000 per occurrence and property damage liability limits of \$150,000 per occurrence or (ii) combined single limit liability of \$1,000,000. Said policy shall include coverage for owned, non-owned, leased, hired cars, and any other automobile.

20. GENERAL INSURANCE REQUIREMENTS

All of the above policies of insurance shall be primary insurance and any insurance maintained by City or its officers, employees or agents may apply in excess of, and not contribute with Surf Camp's insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees and agents and their respective insurers. The insurance policy must specify where the primary insured does not satisfy the self-insured retention, any additional insured may satisfy the self-insured retention. All of said policies of insurance shall provide the insurance may not be amended or cancelled by the insurer or any party hereto without providing thirty-days' prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, Surf Camp shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Agreement to the City.

21. COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

22. SEVERABILITY

In the event any part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

23. NON-LIABILITY OF CITY OFFICERS AND EMPLOYEES.

No officer or employee of the City shall be personally liable to Surf Camp, or any successor in interest, in the event of any default or breach by the City or for any amount, which may become due to Surf Camp or to its successor, or for breach of any obligation of the terms of this Agreement.

City of Morro Bay
a municipal corporation

Project Surf Camp

By: _____
Craig Schmollinger, Acting City Manager

By: _____
Its _____

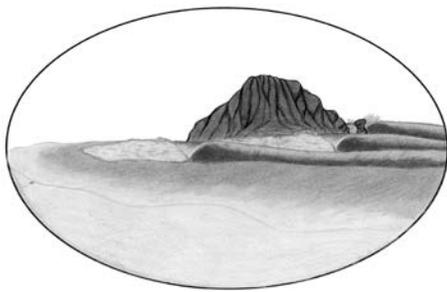
By: _____
Its _____

ATTEST:

Dana Swanson, City Clerk

APPROVED AS TO FORM

Joseph W. Pannone, Interim City Attorney



Project Surf Camp

Changing Lives

1383 Bolton Drive, Morro Bay, California 93442
(805) 235-1157 <http://www.projectsurfcamp.com>
john@projectsurfcamp.com

June 7, 2017

To: City of Morro Bay, co Ikani Taumoepeau

From: John W. Taylor, Founder/Executive Director, Project Surf Camp

Subject: Proposed agreement language between the City of Morro Bay and Project Surf Camp

Dear Ikani Taumoepeau,

This is proposed language for the contract between the City of Morro and Project Surf Camp. Official language will be finalized in the completed contract.

Proposed Language:

The City of Morro Bay has agreed to affiliate Project Surf Camp with the Recreation and Parks Department. This letter shall serve as an outline of requirements and expectations of both organizations. Based on the mission of the Recreation and parks Department and the past practice of community partnerships, the following affiliation plan is presented.

The Recreation and parks Department will perform the following in regard to Project Surf Camp 2017-2018:

1. A visual inspection of Coleman Park and the Embarcadero dirt extended on a daily basis.
2. Post restrictive parking signs at Coleman Park and Morro Creek Property.
3. Reserve those areas requested for exclusive use during program days and times.
4. Post calendar of events and description of program on Department web-site.
5. Provide space for program banners to be posted.
6. Allow for storage of trailer at Coleman Park and storage container at Morro Creek property during the 5 weeks of operation.
7. Provide for storage of trailer and storage container at Morro Creek property during the time between 2017-2018 camps.
8. Provide access to water supply at the Morro Creek property during program dates.
9. Provide one USLA-certified lifeguard for each camp. The City of Morro Bay Recreation and Parks Department will invoice Project Surf Camp at the end of the season for reimbursement.
10. Provide Coleman Park for up to four (4) single day events a year.
11. Waive permit fees for facility use.

Project Surf Camp agrees to provide surf/SUP camps for children and their families which struggle with special needs. Camp is scheduled to run from July 7, 2017 to August 5, 2017 and will meet on Tuesdays, Wednesdays, Thursdays, Fridays, and Saturdays. The camp activities will occur at Coleman Park, Coleman Beach, as well as the beach south of the Morro Creek outlet. Project Surf Camp will be responsible for the following duties:

1. Provide ADA compliant adaptive programing for the City of Morro Bay Recreation and Parks Department, the campers, their families, and volunteers.
2. Be responsible for all aspects of camp operations and camper participation.
3. Provide the needed volunteers and their orientation and training required to interact with campers and their families.
4. Provide proof of insurance which names the City of Morro Bay as additionally insured for camp related activities at all permitted locations.
5. Include the City of Morro Bay as a program sponsor in publication and/or advertisements.
6. Inform City staff of any damage, vandalism or maintenance requirements associated with the program areas as soon as possible.
7. Do not allow any activity in the area of designated Snowy Plover habitat, consequently, no activity will be allowed north of Morro Creek (pursuant to the State approved Snowy Plover Recovery Plan).
8. Collaborate with the Morro Bay's Tourism Business Improvement District (TBID) to better inform Project Surf Camp participants regarding the amenities Morro Bay has to offer.

Sincerely,

John Taylor
Founder/Camp Director
Project Surf Camp

Project Surf Camp
2017 Schedule

Date	Camper Groups Schedule	Volunteer Groups Scheduled
Friday, July 7 <i>Surf Camp</i>	9:00am-1:00pm	Pepsi 8:15am-1:00pm
Saturday, July 8 <i>Surf Camp</i>	9:00am-1:00pm	Pepsi 8:15am-1:00pm
Tuesday, July 11: SUP Camp	1:30pm-5:30pm	12:45pm-5:30pm (Do Not Schedule Group)
Wednesday, July 12: SUP Camp	1:30pm-5:30pm	12:45pm-5:30pm (Do Not Schedule Group)
Thursday, July 13: Surf Camp	1:30pm-5:30pm	12:45pm-5:30pm
Friday, July 14: Surf Camp	9:00am-1:00pm	8:15am-1:00pm
Friday, July 14: Surf Camp	Kinship 1:30pm-5:30pm	8:15am-1:00pm
Saturday, July 15: Surf Camp	9:00am-1:00pm	8:15am-1:00pm
Tuesday, July 18: SUP Camp	1:30pm-5:30pm	12:45pm-5:30pm (Do Not Schedule Group)
Wednesday, July 19: SUP Camp	1:30pm-5:30pm	12:45pm-5:30pm (Do Not Schedule Group)
Thursday, July 20: Surf Camp	1:30pm-5:30pm	12:45pm-5:30pm
Friday, July 21: Surf Camp	9:00am-1:00pm	8:15am-1:00pm
Friday, July 21: Surf Camp	Kinship 1:30pm-5:30pm	8:15am-1:00pm
Saturday, July 22: Surf Camp	9:00am-1:00pm	8:15am-1:00pm
Tuesday, July 25: SUP Camp	1:30pm-5:30pm	12:45pm-5:30pm (Do Not Schedule Group)
Wednesday, July 26: SUP Camp	1:30pm-5:30pm	12:45pm-5:30pm (Do Not Schedule Group)
Thursday, July 27: Surf Camp	1:30pm-5:30pm	12:45pm-5:30pm
Friday, July 28: Surf Camp	9:00am-1:00pm	American Karate School 8:15am-1:00pm
Friday, July 28: Surf Camp	Kinship 1:30pm-5:30pm	8:15am-1:00pm
Saturday, July 29: Surf Camp	9:00am-1:00pm	8:15am-1:00pm
Tuesday, August 1: SUP Camp	1:30pm-5:30pm	12:45pm-5:30pm (Do Not Schedule Group)
Wednesday, August 2: SUP Camp	1:30pm-5:30pm	12:45pm-5:30pm (Do Not Schedule Group)
Thursday, August 3: Surf Camp	1:30pm-5:30pm	12:45pm-5:30pm
Friday, August 4: Surf Camp	Kingsburg Elem. 9:00am-1:00pm	Kingsburg Elementary SD 8:15am-1:00pm
Friday, August 4: Surf Camp	Kinship 1:30pm-5:30pm	8:15am-1:00pm
Saturday, August 5: Surf Camp	9:00am-1:00pm	Pepsi 8:15am-1:00pm

Dana Swanson

From: Ryan Miller [REDACTED]
Sent: Wednesday, June 07, 2017 9:42 AM
To: Council
Subject: Project Surf Camp

I have had the opportunity to volunteer with Project Surf Camp for 3 years now through San Luis Sports Therapy and each year we have a blast. The impact that PSC has on the campers, families, volunteers and our local community is beyond what words can describe. I feel deeply humbled and appreciative to have experienced such joy, learning, and an increased sense of "anything is possible" while interacting with PSC staff and campers. There is nothing better than seeing a campers face the first time they ride a wave with all the volunteers cheering them on and as their parent or guardian looks upon them with utter happiness. That moment is quickly followed by the camper's response of "let's do that again!" I grew up surfing with my dad and found comfort in going to the beach and in the ocean. Being able to share this with others who don't have the ability or opportunity to do so is what makes this program so amazing. I sincerely hope the City of Morro Bay understands the greatness of this program and continues to increase it's support in the future so that campers and their families can continue to have the ability to interact with the ocean and all the wonderful people who make PSC what it is!

Thank you for your time,

Ryan Miller

Ryan Miller
Business Development Director
San Luis Sports Therapy
Phone: 949-290-7411 Fax: 805-788-0845



Dana Swanson

From: Colette Wagoner [REDACTED]
Sent: Wednesday, June 07, 2017 9:12 AM
To: Council
Cc: Project Surf Camp
Subject: Project Surf Camp & City Council Meeting
Attachments: City of Morro Bay Council Members.docx

City of Morro Bay Council Members:

I am writing to draw attention to Project Surf Camp – as an interest – a camp – a community life activity - which engages people, young and old alike.

This camp enables people with disabilities and their family members to attend and be a part of an activity that most people take for granted. People with disabilities and their family members struggle to identify activities/events where all family members are included. Recreational activities are even fewer and farther in between. How sad is this when one out of five people in our nation are people with disabilities.

Disability is a natural part of life, and we are more alike than different. People want to belong and fit in. Project Surf Camp embraces people with disabilities and exposes them to an outdoor activity and engages them. I witnessed this “experience” the summer of 2016 when I traveled from South Dakota with my son (age 18) and a niece (age 19) and nephew (age 23). They participated in the camp one day and the next few days they were volunteers working with the campers, working under the direction of John, Matt, Caleb, Hannah, Zoe, Cheryl, Cole, Violette, Hattie, and William.

Project Surf Camp promotes inclusion – individuals with disabilities of all ages participate alongside peers, those with and without disabilities. Project Surf Camp instills within its workers and volunteers - inclusion – which increases social acceptance – this touches all – student, volunteer, worker, friend, community member, spouse, partner, or a parent.

Project Surf Camp has identified an activity to be experienced by all, by eliminating barriers and promoting inclusion. I believe the picture below speaks volumes. “Our kids” wanting to be involved, having fun, experiencing the beach, surfing and paddle boarding.

Please consider assisting Project Surf Camp to continue their efforts of offering an inclusive recreational activity to all people.

Sincerely,
Colette Wagoner

[REDACTED]
Pierre, SD 57501



Dana Swanson

From: Robert Marquardt <[REDACTED]>
Sent: Wednesday, June 07, 2017 7:56 AM
To: Council
Subject: Project Surf Camp

Members of the Morro Bay City Council and Mayor Irons,

As a recently retired city employee, local surfer, and resident of Morro Bay, I have had the pleasure of working with, volunteering for, and observing the great work of Project Surf Camp. The opportunities provided by PSC are not only beneficial to the young student surfers, but to the families and the volunteers. Among the volunteers on any given PSC day there are a good amount of high school students getting a great lesson in service to the community. To have our town affiliated with this wonderful group is good for our image as a caring, forward-thinking community, also. Traveling all over the state as a high school coach, I have had people ask me what my t-shirt "Project Surf Camp" means and I proudly explain what they and my town, as partners, provide.

Please continue to renew that partnership.

Sincerely,

Bob Marquardt
[REDACTED]

Dana Swanson

From: B Burris [REDACTED]
Sent: Wednesday, June 07, 2017 6:51 AM
To: Council
Subject: Project Surf Camp

Project Surf Camp is a wonderful program to help children with disabilities and at-risk youth. It did change my life! As a volunteer, it is how I came to discover the charming community of Morro Bay. I have lived and taught in the area for over 5 years now because of an opportunity to volunteer at PSC. I have invited friends and families, recommended it to students, and look forward to being a part of the project again this summer. It is part of the Morro Bay "culture" and what makes this town unique, passion and involvement of the community members who live, work, and volunteer here. May it always be so

Thank You,
Beth Burris

Dana Swanson

From: liz linzmeier [REDACTED]
Sent: Wednesday, June 07, 2017 6:19 AM
To: Council
Subject: project surf camp

hi

my name is liz linzmeier and I have ben involved with project surf camp for seven years.Both my boys are special needs with adhd. I can not say enough about the volunteers. They work with the students on their level and don't push them beyond what they can do. I hope you will continue to support them because they do a lot for this community and those that drive a distance to come to morro bay and project surf camp

Dana Swanson

From: Kristina Smelser [REDACTED]
Sent: Tuesday, June 06, 2017 7:34 PM
To: Council
Subject: Project Surf Camp

C

City Council of Morro Bay:

In an effort to try and express the positive influence that PSC has had on me as a volunteer these past several years, I have included a personal story.

On a foggy summer morning, I pulled into the gravelled parking lot of Morro Bay beach, apprehensive about the task before me. However, from the moment I stepped into the meeting area I was cheerfully welcomed by fellow volunteers of all ages, whose bright attitudes were contagious. I soon found that at Project Surf Camp, we all shared a common, uniting objective - to help mentally disabled children learn how to safely surf and have fun in the ocean.

After hearing a brief orientation about ocean etiquette, I was paired up with a young, speech-impaired, autistic camper named Amelia whose anguished fear of the fifty degree water required endless coaxing and patience to conquer. The realization struck me, as she clenched my arm tightly and whimpered my name, that her well-being and safety rested solely in my hands. Such a responsibility compelled me to protect her at all costs and ensure that the trust between us remained intact. I gripped the back of the foam surfboard, adjusted Amelia's tiny frame so she was balanced, then pushed us into a small wave while shouting "Paddle!" Relief and salt water washed over me as I watched a delighted smile replace her wide-eyed fright when she turned to look back at me. I will always be honored that I gave Amelia that first unforgettable feeling of sheer freedom and elation.

The afternoon passed quickly as we continued to ride waves together and Amelia grew increasingly comfortable in the ocean. After many repetitions, she wobbled to her knees, then eventually even to her feet a couple times. I learned that by feeding off of my positivity and encouragement, Amelia achieved an astounding amount of progress in a mere four hours. The opportunity to serve as a catalyst in the development of her and

many other campers' self confidence, independence, and social skills has been the most humbling and rewarding aspect for me. Working with such optimistic and resilient children over the three years I have volunteered has constantly reminded me not only to appreciate my own circumstances, but also to match their inspiring strength in character.

Thank you for reading this testimonial and for your support for the awesome program!

Sincerely,
Kristina Smelser

Dana Swanson

From: Sarah [REDACTED]
Sent: Monday, June 05, 2017 11:09 PM
To: Council
Subject: Project Surf Camp

Hi,

I'm writing you to let you know why Project Surf Camp is special to our family. Our son, Keagan, is 9 years old and has numerous special needs. He has cerebral palsy and uses a wheelchair. We love living on the Central Coast, but we have found that our son isn't always able to enjoy our beautiful community as well as he'd like to because of his wheelchair. When we found out about Project Surf Camp, I was skeptical that Keagan could participate. We finally signed him up last year. We took him to Morro Bay, and met the team. Everyone was so nice and made sure Keagan was included. He had a blast and can't wait to go again this summer! He didn't feel different. He felt included. We love PSC for what they do!

Have a wonderful day!
-Sarah, Mark & Keagan Sullivan

Dana Swanson

From: MaryFranzmann [REDACTED]
Sent: Monday, June 05, 2017 9:50 PM
To: Council
Subject: Project Surf Camp

Hello
I am writing to share how much project surf camp means to the families of our community

From the families of the special needs children involved with the surf camp to the families of the volunteers.... it is a life changing experience. My children and I enjoyed our volunteer experience so much and it meant so much to each of my children We appreciate the folks at Project Surf Camp and appreciate the city of Morro Bay for partnering with Them Thank you so much!!

Here is a photo of my daughter volunteering and now she wants to be a teacher!!! This was her first volunteer experience!!



* Mary

Dana Swanson

From: Judy Setting [REDACTED]
Sent: Monday, June 05, 2017 4:00 PM
To: Council
Cc: Rocky Setting; Lisa Hawes
Subject: Partnering Contract with Project Surf Camp

Dear Council Members,

My husband, Rocky and I cannot stress enough the importance that Project Surf Camp plays in our Morro Bay community. PSC's commit to enhancing the lives of children and adults with special needs hits close to home as we have a granddaughter with Type 1 Diabetes. Our granddaughter's day of surfing has gone down in history as one of her all-time favorite memories. Not only did she benefit from others teaching her how to surf, she immediately started helping her peers.

In supporting this partnering contract with PSC you are creating a trickle-down of compassion, community, education and the heart to help others.

Rocky & Judy Setting
Sea Pines Golf Resort

Dana Swanson

From: Mike Aanerud [REDACTED]
Sent: Monday, June 05, 2017 1:28 PM
To: Council
Subject: Support for Project Surf Camp

Dear Council Members,

Today I wanted to write you this short email to show my overwhelming support for Project Surf Camp and their partners. I had the pleasure of working with them as a lead instructor in the very beginning and it has been absolutely amazing to see what has been accomplished. I am confident you will hear from hundreds of more supporters about the positive impact that this organization has had on people's lives but I also want to make sure it is noted the positive impact that it has on the city.

Project Surf Camp has been on national television as well as countless other media outlets as the best thing for people with special needs. Project Surf Camp was founded in Morro Bay and that tells a story about our community and the people that live in it. The city of Morro Bay has partnered with PSC for many years and I believe this is the foundation of what our city is all about. Helping people and providing a sense of community.

Please continue to help this great organization.

Kind regards,
Michael Aanerud

5 year Reserve/Seasonal Firefighter
Life-long residence
High school graduate
Realtor
Business Owner

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AGENDA NO: A-7

MEETING DATE: June 13, 2017

Staff Report

TO: Honorable Mayor and City Council

DATE: May 31, 2017

FROM: Dana Swanson, City Clerk/Risk Manager

SUBJECT: Appointment of Voting Delegate(s) to the California Joint Powers Insurance Authority

RECOMMENDATION

Staff recommends the City Council appoint the Mayor as the official representative of the City of Morro Bay on the California Joint Powers Insurance Authority (CJPIA) Board of Directors. It is also recommended the Risk Manager be appointed as first alternate, and the City Manager as second alternate.

ALTERNATIVES

The City Council can appoint a Council Member or other staff member(s) to serve as the City's representative or alternate(s) to the CJPIA Board of Directors.

FISCAL IMPACT

There is no fiscal impact associated with the requested action(s).

DISCUSSION

On June 23, 2003, the City Council adopted Resolution No. 38-03 approving the City's membership in CJPIA. The rules of CJPIA require each member agency to appoint a member of its governing board to serve as a representative to the CJPIA Board of Directors. The CJPIA also allows for member agency staff to serve as alternates. The full Board of Directors meets once a year in July, to elect officers and review claims history; this year the meeting is being held on Wednesday, July 19th at the CJPIA office in La Palma, California. Historically, the City has appointed the Mayor to fulfill the duties as the official representative on the CJPIA Board of Directors.

CONCLUSION

It is staff's recommendation the Council appoint the Mayor as the official representative to the CJPIA Board of Directors, the Risk Manager as the first alternate, and City Manager as second alternate.

ATTACHMENT

1. Resolution No. 38-03

Prepared By: DS

Dept Review: _____

City Manager Review: CS

City Attorney Review: JPW

CITY COUNCIL RESOLUTION NO. 38-03

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY,
COUNTY OF SAN LUIS OBISPO, CALIFORNIA, APPROVING EXECUTION OF THE
JOINT POWERS AGREEMENT CREATING CALIFORNIA JOINT POWERS INSURANCE
AUTHORITY, AND FURTHER APPROVING PARTICIPATION IN ITS JOINT
PROTECTION PROGRAM PROVIDING LIABILITY COVERAGE THROUGH SELF-
INSURANCE, LOSS POOLING AND EXCESS INSURANCE**

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

**THE CITY COUNCIL OF THE CITY OF MORRO BAY DOES HEREBY FIND AND
RESOLVE AS FOLLOWS:**

WHEREAS, pursuant to the provisions of Sections 990, 990.4, 990.8 and 6500 of the Government Code, CALIFORNIA JOINT POWERS INSURANCE AUTHORITY ("CALIFORNIA JPIA") has been created by a Joint Powers Agreement; and

WHEREAS, Article 21 of said Agreement provides for additional members to become parties to the Joint Powers Agreement creating the CALIFORNIA JPIA, after the first year of its operation, and thereupon enter the Joint Protection Program providing General and Automobile Liability Coverage through self-insurance and loss pooling; and

WHEREAS, the self-insurance and loss pooling programs of the CALIFORNIA JPIA, as well as its group insurance coverage programs, offer significant advantages to the City in terms of cost, protection, risk management and loss control advice and assistance, and entering such programs would be and is in the best interest of this City.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORRO BAY DOES
HEREBY RESOLVE, ORDER AND DETERMINE THE FOLLOWING:**

Section 1. That the Mayor of the City of Morro Bay is hereby authorized and directed to execute the Joint Powers Agreement on behalf of the City of Morro Bay binding the Member to the terms and conditions of said Agreement.

Section 2. That the City of Morro Bay hereby joins the Joint Protection Program of CALIFORNIA JPIA, providing self-insurance and loss pooling for General and Automobile Liability for a period of not less than three (3) years.

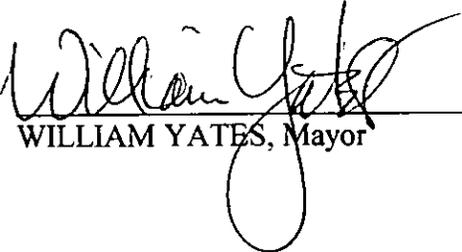
Resolution No. 38-03
Page Two

PASSED AND APPROVED by the City Council of the City of Morro Bay this
23rd day of June 2003 by the following vote:

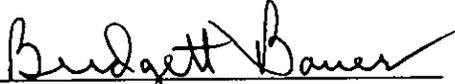
AYES: Elliott, Peirce, Peters, Winholtz, Yates

NOES: None

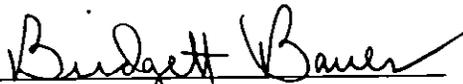
ABSENT: None


WILLIAM YATES, Mayor

ATTEST:


BRIDGETT BAUER, City Clerk

I hereby certify, under the penalty of perjury, that the above and foregoing is a true and correct copy of Resolution No.38-03 as adopted by the City Council of the City of Morro Bay, on the 23rd day of June 2003.


BRIDGETT BAUER, City Clerk

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AGENDA NO: A-8

MEETING DATE: June 13, 2017

Staff Report

TO: Honorable Mayor and City Council

DATE: May 30, 2017

FROM: Cindy Jacinth, Associate Planner

SUBJECT: Adoption of Resolution No. 26-17 approving Cooperation Agreement with the Urban County (CDBG program) for Fiscal Years 2018-2020

RECOMMENDATION:

Council adopt Resolution No. 26-17, approving a Cooperation Agreement with the Urban County for Fiscal Years 2018-2020.

ALTERNATIVES

The City Council may move to decline participation in the Urban County of San Luis Obispo which would decline federal formula CDBG allocation or entitlement and become an eligible applicant to the competitive State CDBG, HOME and ESG programs.

FISCAL IMPACT:

Fiscal impact is anticipated to be negligible as the amount of entitlement funding will be used to repay the advance of CDBG funds authorized via Council Resolution No. 75-15.

BACKGROUND/DISCUSSION:

Since 2011, the City of Morro Bay (City) has participated with other cities and the County of San Luis Obispo as an "Urban County" for purposes of U.S. Department of Housing and Urban Development (HUD) entitlement funding of Community Development Block Grant (CDBG) funds. The City's cooperation agreement with the Urban County runs in a 3-year cycle and currently expires June 30, 2018.

On March 29, 2017, the City received a letter (attachment 3) from the County announcing a notice of opportunity to be included again in the Urban County of San Luis Obispo for purposes of Federal CDBG, HOME, and ESG Funding Programs. Based on Council Resolution No. 75-15 which directed staff to pursue an advance of CDBG funds for the 2017-2019 program years for additional ADA Accessibility improvements and the resulting three-way agreement between the Cities of Morro Bay and Atascadero and the County of SLO signed on October 14, 2016 (Attachment 5), the City responded on March 30, 2017, with an intent to participate (Attachment 4).

For the next 3-year cycle, staff's recommends the City continue its participation with the Urban County. The estimated amount of the CDGB funding for 2018 is \$63,309, which is roughly consistent with previous years' entitlement allocations. The funds for program years 2017-2019 are earmarked for repayment of the \$236,420.47 advance as specified in the three-way agreement between the City, County of SLO, and City of Atascadero signed October 14, 2016.

The County of San Luis Obispo is the lead agency for the Urban County and its federal requirements.

Prepared By: <u> CJ </u>	Dept Review: <u> SG </u>
City Manager Review: <u> CS </u>	City Attorney Review: <u> JPW </u>

The County will perform most of the work in preparing the five-year consolidated plan, annual plans and the various federally required reports, conducting citizen participation efforts and providing training to City staff on federal CDBG requirements as consistent with previous cooperation agreement. City staff will still be responsible for some administrative activities in order to comply with federal requirements, and the City will be able to use a small portion of its CDBG allocation for those staff costs.

CONCLUSION:

Staff has attached Resolution No. 26-17, which approves the Cooperation Agreement (Attachment 2) between the County of San Luis Obispo and the City and authorizes the City Manager to sign. If the Resolution is adopted, then the Cooperation Agreement is scheduled to be presented to the County Board of Supervisors for its approval at the July 11, 2017, meeting.

ATTACHMENTS:

1. Resolution 26-17
2. Proposed Cooperation Agreement 2018-2020
3. March 29, 2017 Notice of Opportunity Letter
4. March 30, 2017 Intent to Participate Letter
5. October 14, 2016 Three-Way Agreement for Advance of CDBG funds

RESOLUTION NO. 26-17

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY,
CALIFORNIA APPROVING A COOPERATION AGREEMENT BETWEEN
THE COUNTY OF SAN LUIS OBISPO AND THE CITY OF MORRO BAY
FOR JOINT PARTICIPATION IN THE URBAN COUNTY FOR PURPOSES OF
RECEIVING FEDERAL FUNDING UNDER COMMUNITY DEVELOPMENT BLOCK
GRANT PROGRAM, THE HOME INVESTMENT PARTNERSHIP PROGRAM,
AND THE EMERGENCY SOLUTIONS GRANT PROGRAM,
FOR FISCAL YEARS 2018-2020**

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

WHEREAS, the County of San Luis Obispo, a political subdivision of the State of California (County), and the City of Morro Bay, a municipal corporation (the City), desire to participate in the Community Development Block Grant (CDBG) program (Program) administered by the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, the Program will promote the public health, safety and welfare by providing grant funds to be used by the City and County to improve housing opportunities for low and moderate- income households, to encourage economic reinvestment, to improve community facilities and public services, and to provide other housing-related facilities, or services; and

WHEREAS, the County submitted to the City a Notice of Opportunity to be included in the Urban County of San Luis Obispo for Purposes of Federal CDBG, HOME, and ESG Funding in a letter dated March 29, 2017; and

WHEREAS, the County's May 14, 2014, letter states that under HUD regulation, the City must notify the County in writing whether the City elects to participate in the Urban County; and

WHEREAS, the City desires to participate jointly with the County in said program and responded with an intent letter dated March 30, 2017; and

WHEREAS, City Council Resolution No. 75-15 authorized execution of a three-way agreement between the City, the City of Atascadero and the County signed on October 14, 2016, which allowed for an advance of future years' allocation of CDBG funding; and

WHEREAS, HUD requires those parties enter into a cooperation agreement to define their rights and obligations as a prerequisite of participation in the Program; and

WHEREAS, the proposed 2018-2020 cooperation agreement is consistent with the General Plan and with City and County policies encouraging cooperation between agencies

on issues of regional significance such as affordable housing and public improvements; and

WHEREAS, the proposed cooperation agreement will promote the public health, safety and welfare by enabling the City and County to participate in the Program under an “urban county” entitlement; thus making available funds for a variety of housing, economic development, and public services programs not otherwise available; and

WHEREAS, the City and County enter into yearly subrecipient agreements which establish administrative policies and procedures, performance standards, and guidelines for funding specific CDBG programs and projects; and

WHEREAS, the proposed cooperation agreement is not a “project” for purposes of compliance with the provisions of the California Environmental Quality Act (CEQA) and the City’s CEQA Guidelines.

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

1. The City Council hereby approves and authorizes the City Manager to participate and also enter into a cooperation agreement with the County to enable joint participation in the Program.
2. The City Manager or his/her designee is hereby authorized to act on behalf of the City in connection with the implementation of the agreement, ongoing operation of the Program, and other activities necessary to carry out the intent of the cooperation agreement.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 13th day of June, 2017 on the following vote:

AYES:
NOES:
ABSENT:

Jamie Irons, Mayor

ATTEST:

Dana Swanson, City Clerk

A COOPERATION AGREEMENT BETWEEN THE COUNTY OF SAN LUIS OBISPO AND THE CITY OF MORRO BAY FOR JOINT PARTICIPATION IN THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM, THE HOME INVESTMENT PARTNERSHIPS PROGRAM, AND THE EMERGENCY SOLUTIONS GRANT PROGRAM FOR FISCAL YEARS 2018 THROUGH 2020

THIS AGREEMENT is made and entered into this ____ day of _____, 2017, by and between the County of San Luis Obispo, a political subdivision of the State of California, hereinafter called "County," and the City of Morro Bay, a municipal corporation of the State of California, located in the County of San Luis Obispo, hereinafter called "City;" jointly referred to as "Parties."

WITNESSETH

WHEREAS, in 1974, the U.S. Congress enacted and the President signed a law entitled, The Housing and Community Development Act of 1974, herein called the "Act." The Act is omnibus legislation relating to federal involvement in a wide range of housing and community development activities and contains eight separate titles; and

WHEREAS, Title I of the Act is entitled "Community Development" and governs programs for housing and community development within metropolitan cities and urban counties or communities by providing financial assistance annually for area-wide plans and for housing, public services and public works programs; and

WHEREAS, the Community Development Block Grant Program (hereinafter referred to as "CDBG"), the HOME Investment Partnerships Act Program (hereinafter referred to as "HOME"), and the Emergency Solutions Grant Program (hereinafter referred to as "ESG") are consolidated under Title I of the Act; and

WHEREAS, the County has requested of the federal Department of Housing and Urban Development, hereinafter referred to as "HUD," designate the County as an "urban county;" and

WHEREAS, the County needs to requalify as an urban county and will be eligible to receive CDBG funds provided that the County's entitled cities defer their entitlement to the County to enable both the County and the entitlement cities to jointly participate in the program; and

WHEREAS, the City desires to participate jointly with the County in said program; and

WHEREAS, if HUD redesignates the County as an urban county, then the County may also be eligible to receive funds from the HOME Program and the ESG Program; and

WHEREAS, the CDBG Regulations issued pursuant to the Act provide qualified urban counties must submit an application to the HUD for funds, and cities and smaller communities within the metropolitan area not qualifying as metropolitan cities may join the County in said application and thereby become a part of a more comprehensive County effort; and

WHEREAS, as the urban county applicant, the County must take responsibility and assume all obligations of an applicant under federal statutes, including: the analysis of needs, the setting of objectives, the development of community development and housing assistance plans, the consolidated plan, and the assurances of certifications; and

WHEREAS, by executing this Agreement, the Parties hereby give notice of their intention to participate in the urban county CDBG, HOME, and ESG Programs.

NOW THEREFORE, in consideration of the mutual promises, recitals and other provisions hereof, the Parties agree as follows:

SECTION I. General.

- A. **Responsible Officers.** The Director of the County of San Luis Obispo Department of Planning and Building (hereinafter referred to as “Director”) is hereby authorized to act as applicant for the CDBG, HOME, and ESG Programs and to administer funding and activities under the programs. The City Manager is hereby authorized to act as the responsible officer of the City under the programs.
- B. **Full Cooperation.** Parties agree to fully cooperate and to assist each other in undertaking eligible grant programs or projects, including but not limited to community renewal and lower income housing assistance activities, specifically urban renewal and publicly-assisted housing; public services; and economic development.
- C. **Term of Agreement – Automatic Renewal Provision.** The term of this Agreement shall be for a period of three (3) years commencing July 1, 2018 through June 30, 2021. In addition, this Agreement provides for automatic renewal for participation in successive three-year qualification periods, unless the City provides written notice at least 60 days prior to the end of the term that it elects not to participate in a new qualification period. Before the end of the first three-year term, the County will notify the City in writing of its right not to participate in the urban county for a successive three-year term.

The Parties agree to adopt amendments to this Agreement incorporating changes necessary to meet the requirements for cooperation agreements set forth in an Urban County Qualification Notice by HUD for a subsequent three-year urban County qualification period, prior to the subsequent three-year extension of the term. Any amendment to this Agreement shall be submitted to HUD as required by the regulations and any failure to adopt required amendments will void the automatic renewal of this Agreement for the relevant qualification period.

This Agreement remains in effect until the CDBG, HOME, and ESG Program funds and income received with respect to the three-year qualification period, and the subsequent three-year renewals are expended and the funded activities are completed. The Parties may not terminate or withdraw from this Agreement while this Agreement remains in effect.

- D. **Scope of Agreement.** This Agreement covers the following formula funding programs administered by HUD where the County is awarded and accepts funding directly from HUD: the CDBG Program, the HOME Program, and the ESG Program.

SECTION II. Preparation and Submittal of CDBG Funding Applications.

- A. **Inclusion of City as Applicant.** The Parties agree the City shall be included in the application the County shall submit to HUD for Title I Housing and Community Development Block funds under the Act.
- B. **Consolidated Plan.** The City shall assist the County by preparing a community development plan, for the period of this Agreement, which identifies community development and housing needs, projects and programs for the City; and specifies both short and long-term City objectives, consistent with requirements of the Act. County agrees to: (1) include the City plan in the program application, and (2) include City's desired housing and community development objectives, policies, programs, projects and plans as submitted by the City in the County's consolidated plan.
- C. **Application Submittal.** The County agrees to commit sufficient resources to completing and submitting the Consolidated Plan and supporting documents to HUD in time for the Parties to be eligible to receive funding beginning July 1, 2018, and to hold public hearings as required to meet HUD requirements.
- D. **County Responsibility.** Parties agree the County shall, as applicant, be responsible for holding public hearings and preparing and submitting the CDBG funding application and supporting materials in a

timely and thorough manner, as required by the Act and the federal regulations established by HUD to secure entitlement grant funding beginning July 1, 2018.

- E. **Grant Eligibility.** In executing this Agreement, the Parties understand they shall not be eligible to apply for grants under the Small Cities or State CDBG Programs for appropriations for fiscal years during the period in which the Parties are participating in the urban county CDBG entitlement program; and further, the City shall not be eligible to participate in the HOME, or ESG Programs except through the urban county.

SECTION III. Program Administration.

- A. **Program Authorization.** The Director is hereby authorized to carry out activities that will be funded from the annual CDBG, HOME, and ESG Programs from fiscal years 2018, 2019, and 2020 appropriations and from any program income generated from the expenditure of such funds.
- B. **Responsibilities of Parties.** The Parties agree the County shall be the governmental entity required to execute any grant agreement received pursuant to the CDBG, HOME, and ESG applications, and subject to the limitations set out in this Agreement, the County shall thereby become liable and responsible thereunder for the proper performance of the plan and CDBG, HOME, and ESG under County programs. County agrees to perform program administrative tasks such as environmental clearance under the National Environmental Policy Act (NEPA), subrecipient agreements and monitoring of subrecipients. The City agrees to act in good faith and with due diligence in performance of the City obligations and responsibilities under this Agreement and under all subrecipient agreements. The City further agrees that it shall fully cooperate with the County in all things required and appropriate to comply with the provisions of any Grant Agreement received by the County pursuant to the Act and its Regulations.
- C. **City Assistance.** The City agrees to undertake, conduct, perform or assist the County in performing the essential community development and housing assistance activities identified in the City's community development plan. Pursuant to the Act and pursuant to 24 CFR 570.501(b), the City is subject to the same requirements applicable to subrecipients, including the requirement of a written agreement with the County as set forth in 24 CFR 570.503.

SECTION IV. Use of Program Funds.

- A. **Allocation of CDBG funds.** All funds received by the County pursuant to this Agreement shall be identified and allocated, as described below, to the specific projects or activities set out in the application, and such allocated amounts shall be expended exclusively for such projects or activities; provided, however, that a different distribution may be made when required by HUD to comply with Title I of the Housing and Community Development Act of 1974, as amended.
- 1) **Metropolitan Cities' Allocation.** The Parties agree the County shall make available to the City a total amount of CDBG funds equal to that which the City would have been entitled had it applied separately as a "metropolitan city," using HUD allocation formulas as applied by the County, except that an amount equal to thirteen (13) percent of the Metropolitan Cities' allocations of CDBG funds will be deducted by the County to meet its obligations under the terms of this Agreement and/or HUD requirements for administrative costs. Further, with respect to the availability of the funds, the County agrees to fully cooperate and assist the City in expending such funds.
 - 2) **Non-Metropolitan Cities' Allocation.** The County agrees to allocate a portion of CDBG program funds to the non-Metropolitan, incorporated cities participating in the program. The amount of allocation per city shall be equal to that which the urban county formula award from HUD increases as a result of the HUD allocation formulas as applied by the County, except that an amount equal to thirteen (13) percent of the Non-Metropolitan Cities' allocations of CDBG funds will be deducted by the County to meet its obligations under the terms of this Agreement and/or HUD requirements for administrative costs.
 - 3) **Urban County.** Parties shall not recommend a CDBG award of less than \$8,000 for any one project or program due to the staff cost of processing such awards in compliance with federal requirements. A project or program recommended to receive an amount less \$8,000 can still receive an award if any other Party or Parties make an award, which is aggregated to be greater than \$8,000.
- B. **Availability of Funds.** The County agrees to make CDBG funds available to all participating incorporated cities as set out here when HUD makes the CDBG funds available to it. The County shall immediately notify the participating incorporated cities of the availability of the funds.

It is understood by the Parties, hereto, the CDBG funds being used for the purposes of this Agreement are funds furnished to the County, through HUD, pursuant to the provisions of the Act. Notwithstanding any other provision of this Agreement, the liability of the County shall be limited to CDBG funds available for the Project. The City understands that the County must wait for release of CDBG funds from HUD before CDBG funds may be advanced or reimbursed. The County shall incur no liability to the City, its officers, agents, employees, suppliers, or contractors for any delay in making any such payments.

- C. **Administrative and Public Services Costs.** The County hereby acknowledges the City, as subrecipient, incurs certain administrative costs in preparing housing and economic development plans, program planning, management and accounting, professional support services, and other reasonable and necessary expenses to carry out the City's plan; and further, the County agrees that after the availability of CDBG program funds to the City, the County shall not use its remaining balance of funds in any way that would limit the City's ability to use its CDBG funds to the maximum extent allowed by HUD for administrative, public service, or program purposes.
- D. **Income Generated.** The City shall notify the County of any income generated by the expenditure of CDBG funds received by the City. Such program income may be retained by the City subject to the provisions of this Agreement, the Act and its Regulations. Any program income retained must only be used for eligible activities in accordance with all CDBG requirements as they apply.
- E. **Use of Program Income.** The County shall monitor the use of any program income, requiring appropriate record-keeping and reporting by the City as may be needed for this purpose, and shall report the use of such program income to HUD. In the event of close-out or change of status of the City, all program income on hand or received by the City subsequent to the close-out or change of status shall be paid to the County. In the event that the City withdraws from the urban county to become an entitlement grantee, as provided under 24 CFR 570.504, all program income on hand or received by the City from urban county activities shall be retained by the City to be used as additional CDBG funds subject to all applicable requirements governing the use of CDBG funds.
- F. **Change in Use of Property.** The City shall notify the County of any modification or change in the use of real property acquired or improved in whole or in part using CDBG funds that is within the control of the City, from that use planned at the time of acquisition or improvement

including disposition. Such notification shall be made within thirty (30) calendar days of such change of use and comply with the provisions of 24 CFR 570.505.

- G. **Fair Housing Implementation.** The Parties agree no urban county funding shall be allocated or expended for activities in or in support of any cooperating unit of general local government that does not affirmatively further fair housing within its own jurisdiction or that impedes the County's actions to comply with its fair housing certification.
- H. **Conflict Resolution.** In the event of disagreement between the County and the City as to the allocations, disbursement, use, or reimbursement of CDBG funds, the Parties agree to accept HUD's written determination as to the appropriate resolution or disposition of funds to the extent HUD is willing to resolve such disagreement.
- I. **Consolidated and Further Continuing Appropriations Act.** The City may not sell, trade, or otherwise transfer all of any portion of CDBG funds to another metropolitan city, urban county, unit of general local government, or Indian tribe, or insular area that directly or indirectly receives CDBG funds in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under Title I of the Act.
- J. **Special Provisions for the Urban County.**
 - (1) To affirmatively furthers fair housing and implement the Analysis of Impediments to Fair Housing Choice or better known as the Fair Housing Plan, the cities are encouraged to contribute CDBG funds to affordable housing projects when there is an eligible CDBG component in the proposal that is located within the city's jurisdiction.
 - (2) The County will enforce remedies for noncompliance pursuant to 2 CFR Part 200.338 and allowed per 2 CFR Part 200.207 by pulling CDBG funds for under performing projects or programs not implemented during agreed timeframe identified in the subrecipient agreement.

SECTION V. Amendment or Extension of Agreement.

- A. **Subrecipient Agreement.** For each fiscal year during the term of this Agreement, the County and the City shall enter into a Subrecipient Agreement, prepared jointly by the County and the City, which identifies a project or program that the County will administer with the City's CDBG entitlement funds during that program year. The Subrecipient Agreement will set forth the project changes, time

schedule for completion of the project(s), deliverable checklist, and additional funding sources, if any. If substantial compliance with the completion schedule cannot be met by the City due to unforeseen or uncontrollable circumstances, then the County may extend the schedule for project completion, as allowed by federal regulations.

- B. **Amendments.** Any amendments to this Agreement shall be in writing. Parties agree any such fully executed amendment or amendments to this Agreement may be entered into at any time if required or necessary to implement the plans contemplated hereunder, or to comply with any grant agreement or the regulations issued pursuant to the Act.

SECTION VI. Compliance with Federal Regulations.

- A. **General.** The Parties agree to take all actions necessary to assure compliance with the urban county's certifications required by section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended, regarding Title VI of the Civil Rights Act of 1964, the Fair Housing Act, affirmatively furthering fair housing, Section 109 of Title I of the Housing and Community Development Act of 1974; the National Environmental Policy Act of 1969; the Uniform Relocation Assistance and Real Property Acquisition Act of 1970; and other applicable laws.
- B. **Citizen Participation.** The Parties agree to comply with federal citizen participation requirements of 24 CFR Part 91, and provide citizens with:
- 1) An estimate of the amount of CDBG funds proposed to be used for activities that will benefit persons of low and moderate income; and
 - 2) A plan for minimizing displacement of persons as a result of CDBG-assisted activities and programs, and to provide assistance to such persons.
- C. **Citizen Participation Plan.** The Parties agree to follow a citizen participation plan which:
- 1) Provide for and encourages citizen participation, particularly those of low or moderate income who reside in slum or blighted areas where CDBG funds are proposed to be used;
 - 2) Provide citizens with reasonable and timely access to local meetings, staff reports, and other information relating to grantee's proposed use of funds, as required by HUD regulations related to the actual use of funds under the Act;

- 3) Provides for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least: 1) formulation of needs; 2) review of proposed grant activities; and 3) review of program performance; for which public hearings shall be held after adequate notice, at times and locations convenient to potential or actual beneficiaries, and with accommodation of handicapped persons;
- 4) Provides for a timely written answer to written complaints and grievances, within 15 working days where practicable;
- 5) Identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.
- 6) Identifies the use of non-traditional methods of community outreach, including the provision of CDBG documents in a user-friendly format, including but not limited to Braille, large print, oral format, and delivering copies to homebound individuals.

D. The Parties hereby certify, to the best of their knowledge and belief, that:

- 1) **Conflict of Interest.** No federal grant monies have been paid or will be paid, by or on behalf of the Parties, to any officer or employee or any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan, or cooperative agreement.
- 2) **Influence.** If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit standard form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- 3) **Certifications Disclosure.** Parties agree to include this certification in the award documents for all subawards at all tiers

(including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements), and that all grant subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was entered into.

E. Certification Regarding Policies Prohibiting Use of Excessive Force and Regarding Enforcement of State and Local Laws Barring Entrances.

In accordance with Section 519 Public Law 101-144 (the 1990 HUD Appropriations Act), the City certifies that it has adopted and is enforcing.

- 1) A policy prohibiting the use of excessive force by law enforcement agencies within their respective jurisdictions against any individuals engaged in non-violent civil rights demonstrations; and
- 2) A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within their jurisdictions.

SECTION VII. Execution of Agreement and Recordkeeping.

- A. **HUD Certification.** The Director is hereby authorized to execute and submit to the County the HUD Certification Form with respect to the community development activities carried out within the boundaries of the City. It is further understood that the County will rely upon the certification executed by the Director for purposes of executing a certification form for submission to HUD.
- B. **Maintenance of Records.** The City shall maintain records of activities for any projects undertaken pursuant to the program, and said records shall be open and available for inspection by auditors assigned by HUD and/or the County on reasonable notice during the normal business hours of the City.

NOW, THEREFORE, the Parties hereto have caused this Agreement to be executed and attested by their proper officer thereunder duly authorized, and their official seals to be hereunto affixed, all as of the day first above written.

County Counsel Certification

The Office of the County Counsel hereby certifies that the terms and provisions of this Agreement are fully authorized under State and local laws, and that this Agreement provides full legal authority for the County to undertake or assist in undertaking essential community development and housing assistance activities, specifically urban renewal and publicly assisted housing.

APPROVED AS TO FORM AND EFFECT:
RITA L. NEAL
County Counsel

BY: _____
Deputy County Counsel

DATED: _____

By: _____
Chairperson of the Board of Supervisors

Date: _____

ATTEST:

Tommy Gong, County Clerk

Date:

NOW, THEREFORE, the Parties hereto have caused this Agreement to be executed and attested by their proper officer thereunder duly authorized, and their official seals to be hereunto affixed, all as of the day first above written.

CITY OF MORRO BAY

JAMIE IRONS, MAYOR

Date: _____

ATTEST:

DANA SWANSON, CITY CLERK

Date: _____

APPROVED AS TO CONTENT:

CRAIG SCHMOLLINGER, ACTING CITY MANAGER

Date: _____

APPROVED AS TO FORM:

JOSEPH W. PANNONE, CITY ATTORNEY

Date: _____



COUNTY OF SAN LUIS OBISPO
DEPARTMENT OF PLANNING & BUILDING
JAMES A. BERGMAN *DIRECTOR OF PLANNING & BUILDING*

March 29, 2017

David Buckingham, City Manager
City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442

Subject: Notice of Opportunity to be Included in Urban County of San Luis Obispo for Purposes of Federal CDBG, HOME, and ESG Funding Programs

Dear Mr. Buckingham,

The purpose of this letter is to notify you that the City of Morro Bay has the opportunity to participate with other cities and the County of San Luis Obispo in qualifying as an "Urban County" for fiscal years (FY) 2018-2020. Should the City wish to participate in the Urban County, the County must receive confirmation to participate from the City no later than April 14, 2017 (emailed copy accepted).

In addition, per Department of Housing and Urban Development (HUD) requirements, the City will need to enter into a cooperation agreement with the County no later than July 20, 2017. The County will provide a draft cooperation agreement for your review by mid-April.

As an Urban County, we receive annual grants directly from HUD under the Community Development Block Grant (CDBG), Home Investment Partnerships Act (HOME), and Emergency Solutions Grant (ESG) programs. The current participating cities include Arroyo Grande, Atascadero, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo.

The City can choose from the following options for CDBG, HOME and ESG programs:

1. Join the Urban County to receive formula CDBG Urban County allocation through the County.
2. Decline a formula CDBG Urban County allocation through the County and become an eligible applicant without the other participating agencies to the competitive State CDBG, HOME and ESG programs.

March 29, 2017

Currently, the County has not received CDBG allocations from HUD for 2018. However, to give you an idea, we have prepared an estimate based on the 2016 allocation and our 2017 estimated allocations listed below.

Table 1. Allocation Estimates

Jurisdiction	Population	Poverty Persons	Overcrowded Housing Units	2016 Allocation*	2017 Estimated Allocation**
Arroyo Grande	17,720	1,184	212	\$75,273	\$72,208
Atascadero	29,084	3,131	257	\$139,322	\$133,649
Grover Beach	13,409	1,846	164	\$77,858	\$74,687
Morro Bay	10,471	1,331	198	\$65,997	\$63,309
Paso Robles	30,863	4,255	726	\$217,132	\$208,290
Pismo Beach	7,890	557	64	\$30,863	\$29,606
San Luis Obispo	46,337	15,108	392	\$438,543	\$420,686
County/unincorporated	120,743	11,218	1,832	\$622,931	\$597,565
Total	276,517	38,630	3,845	\$1,667,918	\$1,600,000

* The 2016 allocation is the latest real allocation that we have from HUD.

**At this time, the 2017 allocation is only an estimate from the County.

Here are a few factors the City should consider before deciding whether to continue as part of the Urban County:

1. The County will, as lead agency for the Urban County, prepare the five-year consolidated plan, the annual action plans, and the various federally required reports, conduct community participation efforts, and provide training on federal CDBG requirements. The County will also administer the City's CDBG projects. City staff will only be responsible for limited administrative activities.
2. Once the City enters into the three-year cooperative agreement as part of the Urban County, the City needs to stay in for the three-year cycle.

Please feel free to call me 781-5113 if you have any questions about this matter.

Sincerely,

Matt Leal, Planner

cc, Community Development Director



Attachment 4
CITY OF MORRO BAY

CITY HALL
595 Harbor Street
Morro Bay, CA 93442

March 30, 2017

Ryan Hostetter, Supervising Planner
San Luis Obispo County
Department of Planning and Building
County Government Center
San Luis Obispo, CA 93408

RE: Intent to Participate Urban County Cooperative Agreement 2018-2020

Dear Ms. Hostetter,

Thank you for the County's notification to the City of the opportunity to participate with other cities and the County as an "Urban County" for fiscal years (FY) 2018-2020.

The City's intent is to continue its participation with the Urban County in order to continue to receive CDBG formula allocations through the County. This was confirmed by City Council with adoption of Resolution 75-15 on December 8, 2015 that was previously forwarded to staff by your office.

Please feel free to contact Cindy Jacinth in the Community Development Department at 772-6577 if you have any questions.

Sincerely,



Dave Buckingham
City Manager

AGREEMENT REGARDING THE REALLOCATION OF 2010, 2011, 2012, 2013 AND 2014 CDBG GRANT FUNDS FROM THE CITY OF ATASCADERO TO THE CITY OF MORRO BAY AND REIMBURSEMENT OF CDBG FUNDS BY THE CITY OF MORRO BAY TO THE CITY OF ATASCADERO

THIS AGREEMENT is made and entered into this 14 day of OCTOBER 2016 by and between the County of San Luis Obispo, a political subdivision of the State of California, hereinafter called "Recipient," and the cities of Atascadero and Morro Bay, both municipal corporations of the State of California, located in the County of San Luis Obispo, hereinafter respectively called "Subrecipient" and "Awardee," jointly referred to as "Parties."

WITNESSETH

WHEREAS, on June 28, 2005, the Recipient and the Subrecipient entered into a Cooperative Agreement to implement the Housing and Community Development Act of 1974, hereinafter called the "Act", for the 2009, 2010 and 2011 Community Development Block Grant (CDBG) Program Years. The Act is omnibus legislation relating to federal involvement in a wide range of housing and community development activities and is administered by the federal Department of Housing and Urban Development (herein "HUD"); and

WHEREAS, on June 21, 2011, the Recipient and the Subrecipient entered into a Cooperative Agreement to implement the Act for the 2012, 2013 and 2014 CDBG Program Years; and

WHEREAS, on July 15, 2014, the Parties separately entered into Cooperative Agreements with the Recipient to implement the Act for the 2015, 2016 and 2017 CDBG Program Years; and

WHEREAS, the Recipient and the Subrecipient entered into separate Subrecipient Agreements for the 2010, 2011, 2012, 2013 and 2014 CDBG Program Years to implement the Act; and

WHEREAS, the Subrecipient executed and completed several CDBG funded projects identified in the 2010, 2011, 2012, 2013 and 2014 Action Plans where a balance of funds remain; and

WHEREAS, the Subrecipient experienced staff turnovers resulting in staff shortages that contributed to project delays and the Subrecipient also has difficulty to improve areas that further delayed the expenditure of funds; and

WHEREAS, the Subrecipient has not completed CDBG funded projects identified in the 2010, 2011, 2012, 2013 and 2014 Action Plans and the funds remain uncommitted; and

WHEREAS, according to the National Defense Authorization Act of 1991, a recipient of federal funds has a total of eight years to obligate and expend CDBG funds; and

WHEREAS, the 2010 CDBG funds are nearing the eight-year limit to obligate and expend those funds; and

WHEREAS, uncommitted funds raise the chance HUD will question the need for the uncommitted funds and risks the possibility HUD will reduce future CDBG allocations to the Urban County of San Luis Obispo, hereinafter referred to as the "Urban County," by the uncommitted amount; and

WHEREAS, unspent funds negatively reflect on the Urban County's ability to comply with the timely expenditure requirement for CDBG funds as set forth in 24 CFR Section 570.902(a) of the federal regulations; and

WHEREAS, in 2015 the Recipient discussed with some of its participating jurisdictions of the Urban County the issue of low CDBG expenditure rates, uncommitted funds and possible de-obligation of CDBG funds by HUD; and

WHEREAS, the Recipient explored the possibility of seeking the return and reallocation of uncommitted funds; and

WHEREAS, the Subrecipient was receptive to returning its uncommitted funds so the Recipient could reallocate the CDBG funds to another participating jurisdiction and preserve those funds at the local level; and

WHEREAS, in exchange the Subrecipient requested the Recipient assure the allocation of an equal amount of future CDBG funding to help the Subrecipient meet compliance requirements under the Americans with Disability Act, hereinafter referred to as "ADA;" and

WHEREAS, the Subrecipient identified \$236,420.47 in 2010, 2011, 2012, 2013 and 2014 uncommitted CDBG funds that could be returned and reallocated; and

WHEREAS, the Recipient released a notice on April 8, 2016, to all the participating jurisdictions of the Urban County to inform them of the availability of the funds; and

WHEREAS, the notice identified multiple conditions that would be imposed on the awardee of the reallocated funds, including committing to forgoing future CDBG allocations in favor of the Subrecipient once the Subrecipient identified a "shovel ready" project; and

WHEREAS, the Awardee was the only participating jurisdiction to respond to the April 8, 2016, notice and expressed interest in using the funds for their "Pedestrian Accessibility Project" to help meet ADA priorities in the downtown area; and

WHEREAS, the Awardee presented the reallocation concept to its City Council and, on December 8, 2015, the Morro Bay City Council pre-approved the request to negotiate and receive additional CDBG funds per their Council Resolution No. 75-15; and

WHEREAS, on July 12, 2016, the County Board of Supervisors approved the reallocation of \$236,420.47 in CDBG funds by amending the 2010, 2011, 2012, 2013 and 2014 Action Plans for the "Pedestrian Accessibility Project" by the Awardee; and

WHEREAS, the reallocation of CDBG funds is almost four times the \$60,000 annual allocation received by the Awardee and the Awardee agrees the County may allocate its annual share of CDBG funds to the Subrecipient when the Subrecipient identifies a "shovel ready" project and until such time the Subrecipient is reallocated the \$236,420.47; and

WHEREAS, the Subrecipient understands the allocation of the Awardee's annual allocation is contingent on the Subrecipient demonstration to the Recipient a "shovel ready" project demonstrating its project is feasible, ready to construct and meet the needs identified in the Urban County's Consolidated Plan; and

WHEREAS, based on the Subrecipient's CDBG need to fund a "shovel ready" project prior to the full reallocation of CDBG funds by the Awardee to the Subrecipient, the Subrecipient may apply to the Recipient and compete for a portion of the Recipients CDBG funds; and

WHEREAS, the Subrecipient understands a CDBG application to the Recipient does not constitute a guarantee or automatic funding award and the Subrecipient must compete with other applicants for CDBG funds by demonstrating its project is competitive, feasible, ready to construct and meet the needs as identified in the Urban County's 2015 Consolidated Plan; and

WHEREAS, if the Subrecipient is awarded CDBG funds by the Recipient, then the Recipient will allocate future shares of the Awardee's CDBG funds up to an aggregate total of \$236,420.47, which is to reimburse the Recipient the amount awarded to the Subrecipient; and

WHEREAS, all Parties to this Agreement must comply with the Consolidated and Further Continuing Appropriations Act; and

WHEREAS, on July 12, 2016 the Atascadero City Council approved the return of the \$236,420.47 in uncommitted CDBG funds to the Recipient; and

WHEREAS, the Parties will cooperate in negotiations related to the allocation and/or reallocation of CDBG funds as needed to assure compliance with applicable federal regulations and for the Parties full reimbursement; and

WHEREAS, the Parties will execute subrecipient agreements, or amend existing subrecipient agreements, to reflect the allocation and/or reallocation of CDBG funds as negotiated and agreed upon by the Parties; and

WHEREAS, the Parties' participation in the programs funded by the Act comply with all applicable federal laws, regulations and executive orders; and

WHEREAS, the Subrecipient is a "Subrecipient" as defined in the Code of Federal Regulations at 24 CFR 570.500(c); and

WHEREAS, for purposes of this Agreement, the City of Morro Bay is called the "Awardee" but is also a subrecipient as defined by the Code of Federal Regulations; and

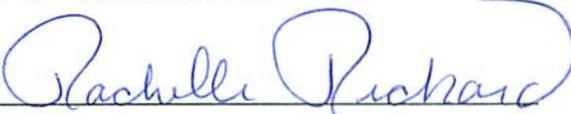
WHEREAS, the Grant Agreements for the program years identified in this Agreement for the CDBG Program (Grant Agreement) executed by HUD and the County establishes the rights and responsibilities of HUD and the County.

NOW, THEREFORE in consideration of the mutual promises, recitals and other provisions hereof, the Parties agree as follows:

1. Awardee shall use the total of \$236,420.47 in reallocated CDBG funding to complete the "Pedestrian Accessibility Project" and expend all CDBG project funds during the 2016 calendar year.
2. Awardee will forgo receipt of its annual \$60,000 share of CDBG funding until the Subrecipient receives a total of \$236,420.47 in CDBG funding.
3. Awardee will renew its participation as a member of the Urban County of San Luis Obispo at the time of the Recertification of the Urban County process in accordance with 24 CFR 570.307(a) of the CDBG regulations until such time the Subrecipient is reallocated \$236,420.47 in CDBG funds.
4. In addition to the Subrecipient's annual CDBG allocation, the Recipient will allocate a total of \$236,420.47 in CDBG funding to Subrecipient upon Subrecipient identifying a "shovel ready" project.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the day and year first above written.

CITY OF ATASCADERO

BY: 
Rachelle Rickard, City Manager

DATED: 7/12/16

ATTEST:


Marcia McClure Torgerson, City Clerk

DATED: 7-12-16

APPROVED AS TO FORM AND CONTENT:

BRIAN PIERIK
Atascadero City Attorney

BY: 
Brian Pierik, City Attorney

DATED: 7/12/16

...the total of \$100,000 in restricted CDSS funding ...
 ...and expand all CDSS funding ...
 ...the total of \$100,000 in CDSS funding ...

...the total of \$100,000 in CDSS funding ...
 ...the total of \$100,000 in CDSS funding ...

DATE: 1/15/10

DATE: 1/15/10

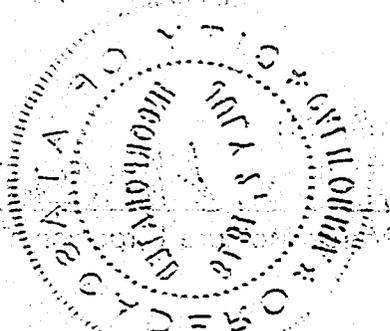
DATE: 1/15/10

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CITY OF MORRO BAY

BY: 
David Buckingham, City Manager

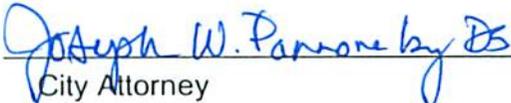
DATED: Sept 30, 2016

ATTEST:


Dana Swanson, City Clerk

DATED: 9/30/16

APPROVED AS TO FORM:
JOSEPH W. PANNONE
Morro Bay City Attorney

BY: 
City Attorney

DATED: 9/30/16

COUNTY OF SAN LUIS OBISPO

BY: 
~~Trevor Keith~~ James A. Bergman
~~Deputy Director, Department of Planning and Building~~

DATED: 10.14.2016

APPROVED AS TO FORM AND EFFECT:
RITA L. NEAL
County Counsel

BY: 
Deputy County Counsel

DATED: 10.14.16



AGENDA NO: A-9

MEETING DATE: June 13, 2017

Staff Report

TO: Honorable Mayor and City Council

DATE: May 30, 2017

FROM: Janeen Burlingame – Management Analyst

SUBJECT: Adoption of Resolution No. 27-17 Authorizing San Luis Obispo County Assessor to Assess Amounts Due on Delinquent Solid Waste Collection Accounts as Tax Liens Against the Properties

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 27-17.

ALTERNATIVES

No alternatives are recommended as this is a requirement of Morro Bay Municipal Code (MBMC) §8.16.385.

FISCAL IMPACT

The City will receive the 10% franchise fee on all liens paid in addition to a 2% administrative fee for costs associated with the processing of the liens with the San Luis Obispo County Assessor. Total revenue to be received will be \$42.48.

SUMMARY

MBMC Chapter 8.16 addresses delinquent solid waste accounts held by the City's franchisee, and the methodology related to collecting those debts. Morro Bay Garbage Service has followed the appropriate steps per the MBMC, and staff is requesting permission to file tax liens on the remaining delinquent debtors.

BACKGROUND

MBMC §§8.16.170 and §8.16.375 establish all places and premises in the City in or on which solid waste is created, accumulated or produced must use the solid waste collection and disposal service provided by the City's franchisee and the franchisee is responsible for collecting fees for the service.

MBMC §8.16.170 also states, for the purposes of establishing responsibility for the payment of fees and charges, the person who has applied for water service within the City is responsible for paying for the solid waste service. In addition, the owner of the property, which is furnished solid waste service, if different from that water customer, is jointly responsible for the payment of all solid waste rates, charges and fees, including penalties. Any unpaid obligations shall run with the land and lead to delinquency for the property involved.

Prepared By: <u>JB</u>	Dept Review: <u>RL</u>
Acting City Manager Review: <u>CS</u>	City Attorney Review: <u>JWP</u>

DISCUSSION

Morro Bay Garbage Services has taken the actions prescribed within the MBMC §8.16.385 to collect delinquent solid waste collection and disposal accounts, which are:

- 1) Present to the City a list of property owners whose accounts are more than 120 days past due,
- 2) Send certified letters to those property owners requesting payment within 45 calendar days, and
- 3) Present to the City a list of property owners that have failed to make the requested payment.

CONCLUSION

Morro Bay Garbage Service has gone through the process outlined in the MBMC and submitted the final list of property owners that failed to make the requested payment by the due date. The next step is for the City to authorize the County to process liens against those delinquent accounts. Staff recommends adopting Resolution No. 27-17 to accomplish the task.

ATTACHMENT

1. Resolution No. 27-17

RESOLUTION NO. 27-17

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
AUTHORIZING THE SAN LUIS OBISPO COUNTY ASSESSOR
TO ASSESS AMOUNTS DUE ON DELINQUENT
SOLID WASTE COLLECTION AND DISPOSAL ACCOUNTS AS
TAX LIENS AGAINST THE PROPERTIES
PURSUANT TO GOVERNMENT CODE SECTION 25828**

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

WHEREAS, Sections 8.16.170 and 8.16.375 of the Morro Bay Municipal Code (MBMC) establish all places and premises in the City in or on which solid waste is created, accumulated or produced must use the solid waste collection and disposal service provided by the City's franchisee and the franchisee is responsible for collecting fees for the service; and

WHEREAS, Subsections 8.16.170 C. and D. of the MBMC states, for the purposes of establishing responsibility for the payment of fees and charges, the customer, who has applied for water service within the City and the owner of the property, which is furnished solid waste service, if different from that customer, shall jointly be responsible for the payment of all rates, charges and fees including penalties and unpaid obligations shall run with the land and shall lead to delinquency for the property involved; and

WHEREAS, Section 8.16.385 of the MBMC further provides a method by which the franchisee may take actions to collect fees from the owners of properties involved in delinquent solid waste collection and disposal accounts which includes requesting the City to file a tax lien; and

WHEREAS, the franchisee, Morro Bay Garbage Service, has taken the actions required within the MBMC to collect fees from delinquent accounts as certified by franchisee and incorporated herein, and has provided the required list of debtors whose account is still delinquent.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, pursuant to MBMC section 8.16.385, the San Luis Obispo County Assessor is hereby authorized to assess the amounts due on delinquent accounts, as established and certified by the franchisee Morro Bay Garbage Service as liens against the properties listed below:

Parcel Number	Total Amount
065-073-027	\$204.66
068-252-040	\$191.79

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 13th day of June 2017 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk



AGENDA NO: A-10

MEETING DATE: June 13, 2017

Staff Report

TO: Honorable Mayor and City Council

DATE: May 30, 2017

FROM: Eric Endersby, Harbor Director

SUBJECT: Approval of Lease Agreement between the City of Morro Bay and State of California Department of Fish and Wildlife for Exclusive Tie-Up Space on the North T-Pier for a Patrol Vessel Accommodation Dock

RECOMMENDATION

Staff recommends the City Council approve Resolution No. 29-17 and attached two-year Lease Agreement with the State of California Department of Fish and Wildlife (DFW) for dedicated pier space on the North T-Pier for their patrol vessel BLUEFIN dock.

ALTERNATIVES

1. Approve and execute agreement as presented (staff recommendation).
2. Do not approve agreement.

FISCAL IMPACT

If approved, then there will be an annual revenue increase to the Harbor Department budget of \$657/year. The expiring Lease Agreement with the State is for \$5,475.00/year (\$456.25/month), while the proposed new agreement is for \$6,132/year (\$511.00/month). As was the existing rate, the new rate is based on the current T-Pier daily rate.

BACKGROUND

In 2001, DFW desired an assigned exclusive berthing location on the North T-Pier for their patrol vessel BLUEFIN. To accommodate this, in 2003 the City and DFW entered into a lease agreement where DFW paid rent for a 60-foot portion of the outside face on the north end of the pier.

The current, Council-approved two-year agreement expires on June 30, 2017, and DFW wishes to continue with the use and a new agreement.

DISCUSSION:

Staff is proposing the attached lease agreement for Council approval, based on the State's lease agreement template, highlighting the following:

- Two-year term
- Annual rent of \$6,132.00
- Agreement allows exclusive DFW use of the DFW-supplied dock
- The City is agreeing to maintain the dock in good repair during the term of the lease unless that damage was the result of the State or its invitees
- If the dock is damaged by fire or other casualty and the DFW decides not to terminate the

Prepared By: LS

Dept Review: EE

City Manager Review: CS

City Attorney Review: JWP

lease, then the lease payment will be reduced based on the area DFW is still able to use

- If the City recovers money from insurance for fire and other casualty, then the City cannot bring any action against the State for recovery of that same amount and agrees the City's insurer has no subrogation rights
- The City is agreeing to be contractually bound to comply with various State laws and regulations regarding discrimination in employment and efforts to use Disabled Veteran Business Enterprises, including providing a report at the end of the term of the lease regarding those efforts and is guaranteeing no asbestos will be present on the leased premises.

CONCLUSION

Staff believe the continued use of tie-up space at the North T-Pier for the DFW patrol vessel BLUEFIN dock is beneficial to both the City and State, and is recommending approval of the Resolution and Lease Agreement to allow it.

ATTACHMENTS

1. Proposed Lease Agreement
2. Resolution No. 29-17

<u>LEASE COVERING PREMISES LOCATED AT:</u>
<u>LESSOR'S FEDERAL TAX. I.D.</u> <u>OR SOCIAL SECURITY NUMBER:</u>
<u>TENANT AGENCY:</u> California Department of Fish and Wildlife

File Number:

Project Number:

THIS LEASE, made and entered into this ____ day of _____ by and between _____ hereinafter called Lessor, and the State of California, by and through its duly appointed, qualified and acting Director of the Department of Fish and Wildlife, hereinafter called State.

The parties hereto mutually agree as follows:

WITNESSETH:

1. Lessor hereby leases unto State and State hereby hires from Lessor those certain premises situated in the City of _____, County of _____, State of California, and more particularly described as follows:

2. The term of this lease shall commence on _____, and shall end on _____, with such rights of termination as may be hereinafter expressly set forth.

3. State may terminate this lease any time effective on or after _____ by giving notice to Lessor at least thirty (30) days prior to the date when such termination shall become effective.

4. Rental shall be paid by the State in arrears on the last day of each month during said term as follows:
 _____ (\$.)
 From: _____ through _____

5. All notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when made in writing and deposited in the United States mail certified and postage prepaid, and addressed as follows:

To the Lessor at:	Phone: ()
	Fax: ()
California Department of Fish and Wildlife 1831 9 th Street Sacramento, CA 95811	Phone: ()
	Fax: ()

Nothing herein contained shall preclude the giving of any such written notice by personal service.

DELEGATED SHORT FORM LEASE

DFW 578 (REV 09/02/14)

- ~~6. Lessor agrees that, prior to, the leased premises will be made ready for State's occupancy in full compliance with Exhibit "A", consisting of one (1) sheet titled, "Project No. _____" dated _____, and in accordance with Exhibit "B", consisting of three (3) pages, titled "Project No. _____" dated _____, which Exhibits "A" and "B" are by this reference incorporated herein.~~
7. Lessor shall furnish to State, during the lease term, at Lessor's sole cost, the following services and utilities:
 - A.
 - B.
 - C.
8. During the lease term, Lessor shall maintain the leased premises together with appurtenances, rights, privileges, and easements belonging or appertaining thereto, in good repair and tenantable condition, except in case of damage arising from the negligence of State's agents, invitees or employees.
9. Lessor reserves the right to enter and inspect the leased premises, at reasonable times, and to make any necessary repairs to the premises.
10. Lessor agrees that State, keeping and performing the covenants and agreements herein contained on the part of State to be kept and performed, shall at all times during the existence of this lease peaceably and quietly, have hold and enjoy the leased premises, without suit, trouble or hindrance from Lessor, or any person claiming under Lessor.
11. In the event the leased premises or any essential part thereof shall be destroyed by fire or other casualty, this lease, shall, in the case of total destruction of the leased premises, immediately terminate. In case of partial destruction or damage State may elect to terminate by giving written notice setting forth the date of termination to the Lessor within fifteen (15) days after such fire or casualty, and no rent shall accrue or be payable to the Lessor after such termination. In the event of any such destruction where the State remains in possession of said premises, whether for the remainder of the term or temporarily pending termination, the rental as herein provided shall be reduced by the ratio of the floor space State is precluded from occupying to the total floor space of the leased premises.
12. Rental payable hereunder for any period of time less than that for which periodic rental is payable shall be determined by prorating the rental due for the applicable period of occupancy.
13. To the extent authorized by any fire and extended coverage insurance issued to Lessor on the herein demised premises, Lessor releases State from liability for loss or damage covered by said insurance and waives subrogation rights of the insurer.
14. During the performance of this lease, the Lessor shall not deny benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age, or sex. Lessor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.
15. Lessor shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5), and the regulations or standards adopted by the awarding State agency to implement such article.

DELEGATED SHORT FORM LEASE

DFW 578 (REV 09/02/14)

- 16. In the event the State remains in possession of the premises after the expiration of the lease term, or any extension thereof, this lease shall be automatically extended on a month-to-month basis, subject to thirty (30) days termination by either party, and otherwise on the terms and conditions herein specified, so far as applicable.
- 17. Lessor hereby warrants and guarantees that the space leased to the State will be operated and maintained free of hazard from Asbestos Containing Constructions Materials.
- 18. Lessor hereby represents and certifies that it has fully complied and covenants to remain in compliance during the term of this lease, with Disabled Veteran Business Enterprise (DVBE) participation goals or has made good faith efforts, as the case may be, as required by Public Contract Code Section 10115 et seq., and further agrees that the State or its designees will have the right to review, obtain, and copy all records pertaining to the contract. Lessor agrees to provide the State or its designee with any relevant information requested and shall permit the State or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. Lessor further agrees to maintain such records for a period of three (3) years after final payment under the contract.
- 19. Upon completion of this lease, Lessor agrees to submit a final report identifying all DVBEs used in providing services or supplies to this lease. Efforts to include DVBEs in this contract do not end with the award of a lease, but continue for as long as the Lessor is purchasing materials and supplies and needs subcontractors in meeting its obligations to State pursuant to this lease.
- 20. Except in emergency situations, the Lessor shall give not less than 24 hours prior notice to State tenants when any pest control, remodeling, renovation, or repair work affecting the State occupied space may result in employee health concerns in the work environment.

— —

IN WITNESS WHEREOF, this lease has been executed by the parties hereto as of the date first above written.

STATE OF CALIFORNIA
DEPARTMENT OF FISH AND WILDLIFE

By _____ Date: _____
Signature

Karen Edgren
Printed Name

Branch Chief, Business Management Branch

LESSOR

By _____ Date: _____
Signature

Printed Name

INSTRUCTIONS TO BE OBSERVED WHEN EXECUTING DELEGATED LEASE

1. Fully complete all blanks.
2. Description shall be complete and should include square footage or acreage. State room number and floor, if applicable. When possible, a floor plan with the leased space outlined in red shall be attached.
3. Rental shall be payable in arrears.
4. Utilities and services detailed in paragraph 7 must be verified with Lessor.
5. The term of this lease shall not exceed three (3) years and total annual rental shall not exceed FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00).
6. There shall be no deviation from this form without prior approval of the Department of General Services. Before signing, specific notation of interlineations, deletions, or other alterations shall be entered in the blank space following the last paragraph.
7. A copy of the fully executed lease and any subsequent amendment, extension, or termination, shall be mailed to the:
 Department of Fish and Wildlife,
 Business Management Branch: Facilities & Processing Section,
 1831 9th Street
 Sacramento, CA 95811.
8. (Business Management Branch, Facilities Unit, will mail a copy of the fully executed lease and any subsequent amendment, extension, or termination, to the Department of General Services, Real Estate Services Division, 707 Third Street, MS 505, West Sacramento, CA 95605. Send it to the attention of the Real Estate Officer noted on your Delegation Authority Letter who is assigned to this project.)

RESOLUTION NO. 29-17

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
APPROVING A LEASE AGREEMENT WITH THE STATE OF CALIFORNIA
DEPARTMENT OF FISH AND WILDLIFE FOR EXCLUSIVE TIE-UP SPACE ON THE
NORTH T-PIER FOR A PATROL VESSEL
ACCOMMODATION DOCK**

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

WHEREAS, in 2015 the City of Morro Bay entered into a two-year Lease Agreement with the State of California Department of Fish and Wildlife for exclusive tie-up space on the North T-Pier for an accommodation dock for the Department of Fish and Wildlife's patrol vessel BLUEFIN, and,

WHEREAS, the California Department of Department of Fish and Wildlife wishes to continue the use and enter into a new two-year Lease Agreement; and,

WHEREAS, the California Department of Department of Fish and Wildlife and Morro Bay Harbor Department have agreed to terms and conditions of a new two-year Lease Agreement.

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

That certain Lease Agreement with the California Department of Department of Fish and Wildlife (DFW) for a two-year term for DFW's exclusive use of the North T-Pier, as included with the staff report for the agenda item at which this Resolution was adopted, is hereby approved and the Mayor is hereby authorized to execute the lease agreement.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 13th day of June, 2017 on the following vote:

AYES:
NOES:
ABSENT:

Jamie L. Irons, Mayor

ATTEST:

Dana Swanson, City Clerk

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AGENDA NO: A-11

MEETING DATE: June 13, 2017

Staff Report

TO: Honorable Mayor and City Council

DATE: June 5, 2017

FROM: Dana Swanson, City Clerk/Risk Manager

SUBJECT: City Response to Citizens for Affordable Living regarding Alleged Brown Act Violation

RECOMMENDATION

Receive and file.

FISCAL IMPACT

There is no fiscal impact to this decision.

BACKGROUND/DISCUSSION

The City received a letter dated May 10, 2017, from Citizens for Affordable Living alleging a violation of the Ralph M. Brown Act occurred at the April 25, 2017 City Council Meeting (Attachment 2). The Council concluded, as reported out of a duly noticed closed session held on May 24, 2017, no such violation occurred at the April 25 meeting and, therefore, there is no need to "cure or correct" the challenged action. In the interest of transparency, the City's May 25 response letter is provided as Attachment 1.

ATTACHMENTS

1. City of Morro Bay May 25, 2017 letter to Citizens for Affordable Living
2. May 10, 2017 letter from Citizens for Affordable Living

Prepared By: DS

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

**CITY OF MORRO BAY**

CITY HALL

595 Harbor Street
Morro Bay, CA 93442

May 25, 2017

Citizens for Affordable Living
Attn: Cynthia Hawley
PO Box 1822
Morro Bay, CA 93443**Re: Government Code § 54960.1 and Alleged Brown Act Violation**

Dear Citizens for Affordable Living:

The City of Morro Bay (City) is in receipt of your letter, dated May 10, 2017. That letter alleges a violation of the Ralph M. Brown Act (Government Code § 54950 *et seq.*) (Brown Act) occurred at the Morro Bay City Council regular meeting held on April 25, 2017 (Meeting).

Before responding to your specific allegations, please know the City Council understands and supports the importance of transparent and open government. To that end, it also appreciates and acknowledges the Brown Act and follows its spirit and intent. With that in mind, the following is the City's legal response to your letter, as provided by our City Attorney.

Your letter states at the Meeting the City Council violated paragraph (3) of subdivision (a) of Section 54954 of the Brown Act (Paragraph (3), which mandates (with certain exceptions): "No action or discussion shall be undertaken on any item not appearing on the posted agenda..." Specifically, your letter alleges: "...at your April 25, 2017 meeting the City Council took two actions by motions and formal votes under Agenda Item C-1 which provided notice to the public of the following:

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

RECOMMENDATION: Council receive the presentation summarizing the preliminary findings from the Draft Sewer and Water Rate Study Update. This item is scheduled to be brought back to Council on May 9 to receive authorization for noticing of Proposition 218 proceedings, to include draft final figures/rates based on input from Council.

Agenda Item C-1 did not provide notice of any action to be taken and in violation of the Brown Act, your Council took actions described below without notice.

- 1. Direct staff to assemble a team of local experts to review the current project and then return with two alternatives, revised cost proposals for phase one of the WRF project only, with cost basis analysis and user rate implications and also based on a careful examination of the facilities master plan to identify cost savings. The two alternatives are full secondary treatment that at some future date could become tertiary with additional*

treatment and full tertiary. The proposal should also include a revised time line that includes robust public outreach including two public workshops and fliers, notices and a proposed date for the prop 218 hearing after that.

2. *To concentrate solely on a treatment plant on that site.”*

With a reference to subdivision (b) of Section 54960.1 of the Brown Act, your letter demands the City “cure or correct the action alleged to have been taken in violation of Section... 54954.2.” The Council has reviewed your allegations and responds to you, pursuant to paragraph (2) of subdivision (c) of Section 54960.1 of the Brown Act. That paragraph provides “[w]ithin 30 days of receipt of the demand, the legislative body shall cure or correct the challenged action and inform the demanding party in writing of its actions to cure or correct or inform the demanding party in writing of its decision not to cure or correct the challenged action.”

The Council has concluded, as reported out of a duly noticed closed session held on May 24, 2017, no such violation of Paragraph (3) occurred at the Meeting. Therefore, there is no need to “cure or correct” the challenged action. Below are two reasons for that conclusion, each of which is sufficient by itself for concluding there was no violation.

First, the two actions taken by the City Council under Agenda Item C-1 at the Meeting were properly taken pursuant to the posted agenda. The agenda title, as cited in your letter and restated above, clearly indicated there would be a “discussion of preliminary findings from the draft sewer and water rate study update.” Paragraph (1) of subdivision (a) of Section 54954.2 of the Brown Act requires an agenda provide “a brief general description of each item of business to be transacted or discussed at the meeting.” A discussion of preliminary findings from a draft sewer and water rate study commissioned for funding a new water reclamation facility or any other matter, may reasonably include a request by the Council for additional information. The Council direction your letter addresses did no more than that. The Council directed staff to: gather further information about the basis for the sewer and water rate study update (*i.e.*, possible water reclamation facilities), concentrate the further information upon certain issues (*e.g.*, “cost basis analysis and user rate implications” and to “identify cost savings”), and pursue a “robust” interaction with the public and comply with requisite Proposition 218 procedures. The motion did not impliedly or expressly commit the City to any final action, decision, obligation or contract. Rather, the motion sought more information for the Council to continue the discussion of sewer and water rates.

Second, even if that item had not been agendized, Paragraph (3) provides in part: “[n]o action or discussion shall be undertaken on any item not appearing on the posted agenda, **except that...** a member of a legislative body, or **the body itself**, subject to rules or procedures of the legislative body, **may** provide a reference to staff or other resources for factual information, **request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.**” (Emphasis added.) The two Council motions approved, as part of the Council’s discussion of Agenda Item C-1 at the Meeting, clearly fall within the above referenced exception. The Council requested staff to report back at a subsequent meeting with details about a matter and directed staff to place that matter on a future agenda.

We are hopeful the foregoing provides sufficient information for your organization to decide not to pursue legal action regarding your subject allegations. It would indeed be unfortunate if the community is forced to incur legal expenses to defend such an action. In that regard, if such action is taken, then the City intends to do what it can to protect and defend its limited public fisc by seeking recovery of its attorney's fees if a lawsuit is filed regarding your allegations.

Sincerely,

Morro Bay Mayor, Mayor Pro Tem and City Council

By: 
Jamie L. Irons, Mayor

c: Honorable Morro Bay Mayor Pro Tem and Council Members
Craig Schmollinger, Acting City Manager
Dana Swanson, City Clerk
Joseph W. Pannone, City Attorney

CITIZENS FOR AFFORDABLE LIVING

PO Box 1822 Morro Bay California 93443-1822

Mayor Jamie Irons
City Council Members
City of Morro Bay

May 10, 2017

Dear Mayor Irons and Council Members McPherson, Headding, Davis, and Makowetski:

Pursuant to Government Code section 54960.1 of the Ralph M. Brown Act Open and Public Meeting Law, this letter is to call your attention to substantial violations of the Brown Act's fundamental meeting requirements that occurred at your April 25, 2017 Council meeting. These violations may jeopardize the finality of the actions.

Government Code Section 54954.2(a)(3) mandates that "No action or discussion shall be undertaken on any item not appearing on the posted agenda....."

Specifically, at your April 25, 2017 meeting the City Council took two actions by motions and formal votes under Agenda Item C-1 which provided notice to the public of the following:

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

RECOMMENDATION: Council receive the presentation summarizing the preliminary findings from the Draft Sewer and Water Rate Study Update. This item is scheduled to be brought back to Council on May 9 to receive authorization for noticing of Proposition 218 proceedings, to include draft final figures/rates based on input from Council.

Agenda Item C-1 did not provide notice of any action to be taken and in violation of the Brown Act, your Council took actions described below without notice.

1. Direct staff to assemble a team of local experts to review the current project and then return with two alternatives, revised cost proposals for phase one of the WRF project only, with cost basis analysis and user rate implications and also based on a careful examination of the facilities master plan to identify cost savings. The two alternatives are full secondary treatment that at some future date could become tertiary with additional treatment and full tertiary. The proposal should also include a revised time line that includes robust public outreach including two public workshops and fliers, notices and a proposed date for the prop 218 hearing after that.
2. To concentrate solely on a treatment plant on that site.

CITIZENS FOR AFFORDABLE LIVING

PO Box 1822 Morro Bay California 93443-1822

Under Government Code Section 54952.6 your votes upon motion by a majority of the City Council Members were “actions taken” for which adequate public notices were required. And as you know, the Brown Act provides specific requirements for notifying the public with a “brief description” of each item to be discussed or acted upon, and also creates a legal remedy for illegally taken actions by judicial invalidation of the actions.

Pursuant to Government Code Section 54960.1, Citizens for Affordable Living demand that the Morro Bay City Council cure or correct the illegally taken actions by rescinding the actions as void, by agendaizing the matters on which improper actions were taken for discussion and possible action at a properly noticed public hearing, by providing members of the public with the opportunity to fully participate in an informed public decision making process, and by providing the public with all documents in the City of Morro Bay’s possession related to the improper actions and/or on which Council Members relied to take the actions, with copies available to the public on line, at the City’s offices, and at the meeting at which reconsideration of the matters occurs.

As provided by Section 54960.1, the City has 30 days from the receipt of this demand to cure or correct the challenged action and to inform us in writing of your actions to cure or correct the challenged actions or inform us of your decision not to do so. If you fail to respond as required by Section 54960.1 within the 30-day period your inaction will be deemed a decision not to cure or correct the challenged actions.

Thank you for your attention to these matters.

Respectfully yours,

Citizens for Affordable Living



AGENDA NO: A-12

MEETING DATE: June 13, 2017

Staff Report

TO: Honorable Mayor and City Council

DATE: May 31, 2017

FROM: Cindy Jacinth, Associate Planner

SUBJECT: Approval of Recommitment Letter Request for Peoples' Self-Help Housing extending affordability of Sequoia Apartments (365 Sequoia St) and Pacific View Apartments (495/500 Main St)

RECOMMENDATION:

Authorize City Manager or his designee to provide a recommitment letter to Peoples Self-Help Housing for purposes of applying for federal tax credit funding for the Sequoia Apartments and Pacific View Apartments.

ALTERNATIVES:

The City Council may move to decline the request for recommitment to these affordable rental developments.

FISCAL IMPACT:

There is no fiscal impact to the City associated with the requested action(s).

BACKGROUND/DISCUSSION:

Sequoia Apartments is a 12-unit affordable rental development located at 365 Sequoia Street built in 1997 by Peoples Self Help Housing (PSHH) with two existing loans of \$425,000 of State CDBG funds and \$50,000 of affordable housing in-lieu fund assistance from the City. The terms of those loans expire in 2027 and 2028, respectively. Pacific View Apartments is a 26-unit affordable rental development located at 495/500 Main Street built in 1976, financed as a USDA 515 loan, which was acquired by PSHH in 1991.

PSHH, a non-profit provider of affordable housing, is seeking to apply to the State Tax Credit Allocation Committee (TCAC) for competitive low-incoming housing tax credit funding to finance a rehabilitation of those two Morro Bay developments. In order to increase competitiveness, the application submitted by PSHH will include both Morro Bay and a development in Atascadero also owned by PSHH. If PSHH is successful, then the funding received would allow for a re-finance of the existing debt and recast the loan from its current affordability status and extend it for approximately 55 years from the date of loan conversion.

Because of the two existing loans on the Sequoia development, the TCAC funding application requires a recommitment letter from the City to ensure the CDBG/City loan are recast as part of the funding award process, if successful.

CONCLUSION:

Prepared By: <u> CJ </u>	Dept Review: <u> SG </u>
City Manager Review: <u> CS </u>	City Attorney Review: <u> JWP </u>

Attached is a sample letter being requested by PSHH. Staff recommends Council authorize the recommitment letter to PSHH consistent with Housing Element policies to support and encourage affordable housing.

ATTACHMENTS:

1. May 15, 2017 Email Request from Peoples Self Help Housing (PSHH)
2. Sample TCAC recommitment letter

Cindy Jacinth

From: Scot Graham
Sent: Monday, May 15, 2017 3:21 PM
To: Darya Oreizi
Cc: Cindy Jacinth
Subject: RE: Sequoia Apartments CDBG Loan Recast

Hi Darya,

Happy to do it, but I will have to get Council Authorization first. We put it on consent for June 13th.

Scot

From: Darya Oreizi [mailto:daryao@pshhc.org]
Sent: Monday, May 15, 2017 11:22 AM
To: Scot Graham <sgraham@morrobayca.gov>
Subject: Sequoia Apartments CDBG Loan Recast

Scott,

My name is Darya Oreizi and I am a project manager for Peoples' Self-Help Housing. We are currently preparing a California Tax Credit Allocation Committee (TCAC) application for 9% tax credits to finance a rehabilitation of Sequoia Apartments, an affordable housing apartment complex, located at 365 Sequoia Street Morro Bay. In addition to Sequoia, Pacific View Apartments (495/500 Main Street Morro Bay) and Atascadero Gardens Apartments (7480 Santa Ysabel Atascadero) will also be included in this scattered site rehab.

Since Sequoia, and the other properties for that matter, have existing soft, we will need to recast these loans for another 55 years to ensure two things:

- 1) the affordability restrictions remain in place for the life of the project
- 2) the transfer of ownership from the existing limited partnership (Sequoia Affordable Housing Associates) to a to-be-formed limited partnership (Cerro Alto LP), which will own all three properties, will encumber all existing debt

Currently, Sequoia has two existing soft loans from the City of Morro Bay: \$425,000 from CDBG and \$50,000 from City In-Lieu. I have attached the Deed of Trust and Promissory Note for each for reference. Additionally, I have attached the CDBG Regulatory Agreement.

I am looking for a re-commitment letter, if you will, for the purposes of the TCAC application to ensure the CDBG loan will be recasted once we receive a tax credit allocation from TCAC and prepare to close escrow. I have attached a sample of what the commitment letter would say to make things as easy as possible for you. Please place on your letterhead, make adjustments if needed, and return signed to me. I plan to submit the TCAC application on June 28 so I will need the letter before then.

Please call or email with any questions. Thank you,



Darya Oreizi
Project Manager
3533 Empleo Street
San Luis Obispo, CA 93401
Tel (805) 540-2472 / Cell (805) 534-3022

Opening Doors. Building Neighborhoods. Improving Lives.

Date

TO: Sequoia Affordable Housing Associates
3533 Empleo Street San Luis Obispo, CA 93401

RE: Sequoia- City of Morro Bay CDBG and In-Lieu Loan Recast

The City of Morro Bay has existing CDBG and In-Lieu loans with an original principal amount of \$425,000 and \$50,000, respectively, with 0% interest payable in full at the end of the term.

We understand that you are submitting an application to the California Tax Credit Allocation Committee for the purpose resyndicating this property as part of a larger scattered site project. The resyndication will result in rehabilitation work on the property and an extension of affordability restrictions on the property.

The City/County supports your plan and agrees to allow the new limited partnership which will be created for this purpose to assume the existing loan on the current terms and agrees to extend loan for another 57 years.

Please don't hesitate to contact me if you have any questions or concerns.

Sincerely,

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So there is robust public participation, staff will be presenting the findings and all recommendations of the panel to PWAB, CFAC and WRFCAC prior to presenting those to Council for direction. Following the direction from City Council, the City's rate consultant will make any requisite changes to the sewer and water rate update study. The next step will be for Council to authorize the rate setting procedures specified in the California Constitution as directed by Proposition 218 and related legislation and court decisions.

The schedule for the review meetings is as follows:

Event	Proposed meeting date
Peer Review	June 7, 2017
WRFCAC Review	July 5, 2017 (Special Meeting)
CFAC Review	July 12, 2017
PWAB Review	July 19, 2017
City Council	August 8, 2017
Revisions to Rate Study	August 8 – September 5
City Council – Start prop 218 Process	September 12, 2017
Two Community Workshops	September 13 through August 22 (Specific Dates and Times TBD)
City Council Prop 218 Hearing	November 14, 2017

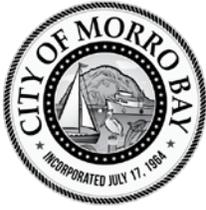
Additionally, it is appropriate to note the City's Public Works Director/City Engineer has the responsibility to represent the citizens of Morro Bay and to follow the direction given by Council, through the City Manager. As with all registered professional engineers in the State of California, the City's Public Works Director/City Engineer has the legal and ethical obligation to protect and safeguard the health, safety, welfare, and property of those citizens and the general public. It is staffs' goal to deliver the most affordable project that complies with all legal requirements and meets the community goals, as directed by Council.

CONCLUSION

This pause in the project allows time for the Council and community to determine/redetermine project priorities, besides the minimum regulatory requirements with this long-term project.

ATTACHMENTS

None



AGENDA NO: C-1

MEETING DATE: June 13, 2017

Staff Report

TO: Mayor and City Council

DATE: June 7, 2017

FROM: Craig Schmollinger, Acting City Manager/Finance Director

SUBJECT: Adopt Resolution No. 30-17 Adopting the Fiscal Year 2017/18 Operating and Capital Budgets

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 30-17, authorizing the Fiscal Year 2017/18 budget documents, including any amendments approved by the City Council, prior to adoption of that Resolution.

FISCAL IMPACT

The budget being presented for adoption is structurally balanced for [Fiscal Year 2017/18](#), which is available for review on the City website or at the City Hall front counter.

DISCUSSION

The City Council conducted budget workshops on May 9, 2017 and the following supplemental information was requested:

Contracted Legal Costs – There was some confusion on legal costs, where these costs were budgeted, and if the General Fund was the only fund paying such costs. Below is the breakdown of legal costs, by fund, as included in the Amended FY 2016/17 Budget (current year), FY2016/17 legal costs through April 2017, and FY2017/18 Proposed Budget figures.

Fund	Adopted FY2016/17	Actual Through 4/30/17	Proposed FY17/18
General	\$150,000	\$123,831	\$150,000
Water	\$125,000	\$66,155	\$121,250
Sewer	\$75,000	\$66,155	\$72,750
Harbor	\$75,000	\$58,799	\$69,000
Total	\$425,000	\$314,940	\$413,000

Accumulation Funds – There was a question regarding adequate cash available in the Sewer and Water Enterprise Accumulation Funds. Below is the current cash balance (i.e. money in the bank), along with current year projected end of year (EOY) FY2016/17 fund balances, and Proposed FY 2017/18 EOY fund balance figures for these accumulation funds.

Fund	Current Cash	Projected EOY 16/17	Proposed EOY 16/17
Water Accum.	\$2,841,341	\$3,264,925	\$3,218,918
Sewer Accum.	\$4,208,483	\$8,330,242*	\$5,113,924

*Primarily related to significantly less Capital expenditures than budgeted, included Water Reclamation Facility (WRF) Costs

Personnel Costs: General Fund – Personnel costs are increasing slightly from current year figures for two main reasons. First, the City’s portion of CalPERS (California Public Employee’s Retirement System) contributions are increasing due to an increase in Unfunded Accrued Liability (retirement benefit costs outpace employee/employer contributions + CalPERS investment returns). Given the fact that employees cannot be required to contribute more to CalPERS benefit costs, employers must make up the difference. It is important to note that this increase has nothing to do with the “Discount Rate” reduction that will be implemented beginning FY2018/19, which will increase employer contributions fairly significantly. Second, this budget includes an assumed 2% Cost of Living Adjustment (COLA) to all employees, which increases both salaries and retirement costs that are included as “Personnel Costs”.

Personnel Costs from Proposed Position Revisions - Several positions are proposed to be revised with the Proposed FY2017/18 Budget. These positions have an estimated annual impact as noted below.

- a. Utility Billing Clerk from PT to FT: \$8K Water Fund, \$8K Sewer Fund
- b. Recreation Services Coordinator to Manager: \$4K General Fund
- c. Associate to Senior Planner: \$3.5K General Fund
- d. Support Services Coordinator to Manager: \$3K to General Fund
- e. Fire Marshall from PT to FT: \$0 (fee adjustments and other PT reductions, already approved by Council)

Each position noted above is being recommended for revision based solely on the merits of each position’s duties/responsibilities. Staff are happy to discuss each position further, should Council request to do so.

Public Works Intern – There were comments about the proposed reduction of \$10K from the General Fund, Public Works budget, that would remove one of the budgeted intern positions. The impacts of this proposed cut are not directly related to specific tasks; rather certain smaller projects can be expedited based on each intern’s skillsets, with the inclusion of this position. The impact would be some smaller tasks/projects would be delayed until either staff have adequate time to complete, or other budgeted interns can be utilized.

SR1 Closure – The question of whether staff considered the closure of State Route 1, when forecasting both Sales and Transient Occupancy Taxes, was presented. Staff did take this road closure into effect with a tempering of revenue increases for both revenue streams (Caltrans projects opening SR1 in September).

The City Council conducted a second budget workshop on May 23, 2017 and the following supplemental information/revisions were requested:

FY2017/18 Mid-Year Process – Staff were requested to return during the mid-year budget review for FY2017/18, or close-thereby, with the following items (items a. and b. related to potential funding sources for supplemental Finance Department staffing assistance):

- a. Risk Management Fund Balance from FY2016/17 Closeout
- b. General Fund, Fund Balance from FY2016/17 Closeout
- c. Options for Revenue enhancement opportunities, including a potential consultant contract to help identify such options.
- d. Options to revise the TBID contribution regarding General Fund contributions and the associated methodology (working with TBID Board beforehand).
- e. Review of Government Impact Fees.
- f. Options for an advisory body review/input on Capital Improvement Project prioritization/funding.

FY2017/18 Budget Letter – Staff were directed to revise the Budget Letter to remove items not deemed relevant for the annual budget process to move forward.

Council Bequests – Bequests, per Council Direction, were capped at \$8,000 from the General Fund, City Council budget. It should be noted that Council tentatively approved more than \$8,000 in requests (\$12,500 to be exact), and staff did not include the incremental \$4,500 over such \$8,000 threshold. This additional request was from the Economic Vitality Corporation, which could be added with Council direction, by either making a \$5,000 cut somewhere else in the General Fund budget, or by reducing the surplus by a like amount. These requests do not include the \$6,000 from the Housing-in Lieu Fund, also tentatively approved by Council (\$1K SLO Housing Trust, and \$5K HomeShare).

Staff made the above changes (or will address during the FY 2017/18 mid-year review process), and were directed to return with a Resolution of adoption on June 13, 2017.

CONCLUSION

Pending further discussion at tonight's meeting, staff is recommending adoption of Resolution No. 30-17, which authorizes the Fiscal Year 2017/18 Operating and Capital budgets. Any amendments made at this meeting will be incorporated into the final budget document.

ATTACHMENTS

1. Resolution 30-17
2. [Link to Proposed FY 2017-18 Budget](#)

RESOLUTION NO. 30-17

**RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MORRO BAY, CALIFORNIA,
ADOPTING THE 2017/18 FISCAL YEAR OPERATING AND CAPITAL BUDGETS**

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

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

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

WHEREAS, the City Council recognizes Capital Improvement Projects, authorized and approved in the current and prior fiscal years, may not be completed by June 30, 2017; and

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

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

1. The Fiscal Year 2017/18 Operating and Capital Budgets are adopted, including any amendments made at this meeting, which will be attached to this Resolution; and
2. Staff is directed to prepare and publish a final budget document, with approved amendments; and
3. Subject to Paragraph 4., below, the City Manager is authorized to transfer appropriations within the adopted budget, including from and to capital projects or capital outlay items, so long as those changes do not significantly and negatively prevent implementation of any City Council direction or policy, and total appropriations are not exceeded; and
4. City Council approval is required to transfer appropriations between funds and may approve amendments to the adopted budget by adoption of one or more resolutions; and
5. City Council authorizes and directs the transfer of balances for capital projects, approved in the current and prior fiscal years, but not completed by June 30, 2017, to the Capital Improvement Project Fund(s) for the 2017/18 fiscal year; and
6. City Council approval is required for any proposed increase to the number of CalPERS-benefited, budgeted positions hired; and
7. In the FY 09/10, the City Council deferred Management's 3% COLA. The Management Employees thank the City Council for returning ½% of that deferral in FY 13/14. In FY 14/15, the Management Employees agreed to waive 1½% of the deferral, retaining 1% for future City Council consideration. For FY 17/18, the 1% deferral remains unpaid, subject to future City Council decisions; and
8. Per City Council minute order May 24, 2004, any expenditures, in excess of the assessments received for the Cloisters Assessment District, will be subsidized by the General Fund, without additional request made to City Council; and

9. The City Council is committed to supporting Tourism and Marketing efforts within the City, and will continue to do so with future budgets, per Resolution No. 03-16.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 13th day of June 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

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AGENDA NO: C-2

MEETING DATE: June 13, 2017

Staff Report

TO: Honorable Mayor and City Council **DATE:** May 31, 2017

FROM: Rob Livick, PE/PLS – Public Works Director/City Engineer
Damaris Hanson - Environmental Program Manager

SUBJECT: Review and Consideration of the 2016 Annual Water Report and Recommendation for Allocation of Water Equivalency Units (WEUs) for 2017 and Adoption of Resolution No. 28-17

RECOMMENDATION

Staff recommends the City Council review the annual water report and allocation of the 2017 Water Equivalency Units (WEU)s and adopt Resolution No. 28-17 with the following recommendations:

1. Suspend the two-to-one off-set for WEUs due to the City receiving its full allocation of State Water Supply and the Governor rescinding the emergency drought declaration, and reevaluate the off-set program after the OneWater plan reevaluates the City’s water portfolio and WEU allocation program.
2. Allocate the 115 WEUs for 2017
3. Modify water conservation requirements to “moderately restricted” from “severely restricted” supply conditions.

ALTERNATIVES

As an alternative to authorizing development that creates new WEUs, Council could place a moratorium on the establishment of any new WEU until such time the City develops a new WEU program based on current water supplies.

FISCAL IMPACT

There are no fiscal impacts directly associated with the allocation of the WEUs. Staff prepares the annual water report and makes the recommendation on the authorization of WEUs as a routine annual task. Although, a moratorium on new WEUs would reduce the amount of revenue the City receives through building and planning fees, property taxes, sales taxes, and other property related revenues.

BACKGROUND

Pursuant to Morro Bay Municipal Code (MBMC) section 13.20.060, the Annual Water Report has been prepared by the Public Works Department and forwarded to the Public Works Advisory Board and Planning Commission for review and consideration. The Public Works Advisory Board recommended the City Council suspend the 2:1 offset program, allocate the WEUs for 2017 and modify the water conservation restrictions to moderately restricted supply conditions with a 6 to 1 vote, the Chair voting against suspending the off-set program. Staff also presented the Annual Report to the Planning Commission on June 6th and Planning Commission recommends to City Council; maintain the two-to-one offset program and allocate 73 WEUs for residential uses, 45 WEUs for SFR reserving 10 for affordable housing, 28 WEUs for MFR reserving 14 for affordable

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

housing, and also allocate 90 WEUs for commercial uses. The Planning Commission's recommendation does exceed the available WEUs according to Table 2, although based on current water use it appears there are plenty of WEUs still available. Although not part of Planning Commission's recommendation, the Council could allow the WEU reserved for affordable housing to not be required to participate in the two-to-one offset and only allocate the WEU for affordable housing (24 WEUs). All other development would then be required to participate in the two-to-one offset and therefore not need a WEU allocated.

This report describes the uses that have received water equivalency allocations in 2016 (Table 1), as indicated by City Council Resolution No. 06-16. That Resolution indicates the City Council would continue to set an annual limit on residential units and their mix, as set forth in Ordinance No. 266 (Attachment 7). In addition, the report provides a snapshot of the City's population and remaining WEU allocations (Table 2). Note: the population used in this report and for water conservation differ due to the different ways the regulating agencies require the reporting, water production (Table 3), per capita water use trends (Table 4), and water loss estimates (Tables 5 & 6).

DISCUSSION

Water Conservation

Statewide Conservation Requirements: In 2014, Governor Jerry Brown declared an emergency due to drought conditions. That declaration called for a voluntary 20-percent reduction in water consumption. In May 2015, the State imposed additional water conservation requirements. The statewide conservation goal was to reduce water production 25 percent over 2013 values. That 25-percent requirement was tiered based on existing water usage. The tiers ranged from a low of 8 percent to a high of 36 percent reduction. Morro Bay was required to reduce water production by 12 percent. On May 18, 2016, the State Water Resources Control Board (SWRCB) adopted a statewide water conservation approach that allowed urban water suppliers to replace their prior state-assigned percentage target reduction with a localized "stress test" approach based on a showing of whether the urban water supplier has at least three-years of water supply under extended drought conditions.

On April 7, 2017, Governor Jerry Brown lifted the drought emergency. The SWRCB will continue to require reporting requirements and prohibitions on wasteful practices such as watering during or after rainfall, hosing off sidewalks and irrigating ornamental turf on public street medians. Governor Brown has stated "Conservation must remain a way of life".

Local Conservation Requirements: In January 2014, the City implemented Mandatory Water Conservation Requirements for Severely Restricted Water Supply Conditions. In 2015, the City reduced its overall water consumption to 92 gallons per person per day. That is an overall consumption rate that amalgamates the total City's water consumption divided by the total population. In June 2016, Morro Bay completed the "stress test" and reduced our mandatory water conservation requirements from 12% to 0%. Over 83% of the State had 0% conservation after the stress test was completed. From 2014 to present, the City's water conservation rate has continued to increase.

Year	% Reduction Compared to 2013
2014	8%
2015	13.50%
2016	21%

Water Supply Options

In April, the California Department of Water Resources (DWR) informed the State Water Project (SWP) contractors the allocation for 2017 would be 85 percent of the contracted amount. That allocation, in combination with the drought buffer, is available to make up the difference between delivery requests and demand. Therefore, the City will be receiving 100 percent of the State Water Requested for 2017 (1040 ac-ft).

The City's other sources of water are constrained, by a variety of water quality and permitting issues. To use the Chorro Valley wells, stream flows in Chorro Creek must exceed 1.4 cfs per the City's water rights license/permit; additionally, water pumped from those wells are high in nitrates and cannot be used without treatment or blending. The City would need to perform upgrades to the water system in order to treat water from the Chorro Valley. The Morro Valley wells are also high in nitrates and are treated at the City's Water Treatment Plant (Brackish Water Reverse Osmosis (BWRO)) to remove nitrates. The sea water wells, outfall and associated piping components were recently re-permitted with a permanent Coastal Development Permit after the previous permit expired. This permit only allows the City to use the salt water wells, associated pumping and outfall on an emergency basis and only up to 645 ac-ft per year; typically that emergency occurs when State Water is not available.

Water Management Planning

The next update to the City's Water Management Plan will occur over the next 9-12 months through the Council-approved contract to prepare a OneWater plan. That information will inform the General Plan and Local Coastal Plan relative to the availability of water resources needed to reach build out. The OneWater concept is to view all the City's water resources (Potable, Waste and Storm) holistically so the community can understand the complete water resources picture. The plan will use the so called triple bottom line approach so all three aspects (social, environmental and financial) of water resources planning are addressed. The OneWater plan will also reevaluate and assess the WEU program based on our current and projected water supply conditions.

Potable Water Production Data

As shown in Table 3, for calendar year 2016 no water was extracted from City's Chorro and Morro Basins for direct distribution into the water supply, Nine Hundred Fifty-eight acre-feet were delivered from the State Water Project (SWP), and 36 acre-feet of treated Morro Basin well water from the BWRO treatment plant. Table 3 shows the total water production for this year was 1018 acre-feet, which is a reduction of 94 acre-feet from 2015, and a 757 acre-foot per year reduction from a high of 1751 acre-feet in 1980.

Table 4 provides an historical record of water production and use from 1960 through 2016. Beginning in 1997, per capita water use has been re-calculated, based upon the amount of water delivered to customers (metered/sold) rather than gross production, to closely reflect actual community consumption practices.

Table 5 shows the calculations for each year's un-metered and unaccounted water loss. The City's water loss for 2016 is 1.8%. Table 6 provides the history of unaccounted water loss from 1985 through 2016. Due to the City's proactive maintenance, including a proactive leak detection and repair program, unaccounted water loss continues to be less than five percent.

History of the WEUs allocation

A WEU is defined as a unit of measure for water use equal to the average amount of water used by for single-family residence over the period of one year. Starting in 1977, one WEU was equal to 10,780 cubic-feet of water or 166 gallons per capita per day (GPCD) per year. In 2016, this was updated to 8,732 cubic-feet of water or 90 GPCD due to the historical trend of lower water use compared to past years.

The intent of the WEU allocations is to regulate the addition of new water users to the City's water system and to ensure the demand for water shall not exceed available water supply. The current WEU allocation program was developed in 1984 with the passage of Measure F, implemented by Ordinance No. 266. Measure F set the number of residential units to 70 WEUs with a maximum variation in the number of units constructed in any one year which cannot exceed 10 percent or 77 WEUs for residential units. Measure F also set a population limit of 12,200. That WEU allocation program and its methodology were based on the water supplies the City had and was planning for at that time: *i.e.*, groundwater and the planned use of treated surface water from Whale Rock reservoir. Today, the City's water supply consists of very little groundwater and the City chose not to participate in the Whale Rock reservoir project. Therefore, the OneWater plan will reevaluate the City's water portfolio and WEU allocation program according to the City's current and projected water supplies and provide for an updated methodology consistent with Ordinance No. 266.

Water Allocation Mix:

WEUs are allocated each year for residential, commercial, and industrial uses. Table 1 shows historically the majority of residential permits issued have been single-family units. Ordinance No. 266's required allocation mix (60% SFR and 40% MFR) provides sufficient allocations for the single-family development while providing sufficient multiple-family allocations to encourage and facilitate their development.

Summary of 2015 activity:

The Council authorized 115 WEUs for 2016 with 60 percent (50 WEU) to be used for single-family dwellings and 40 percent for multiple-family dwellings with no rollovers. Those WEUs were allocated on a first-come, first-served basis. The tracking of the WEUs utilized in 2016 indicates 12.15 of the 115 WEUs allocated were applied for as follows:

- 0.15 Commercial – Hofbrau addition
- 12 Single-Family
- No Multi-Family

That is not a comprehensive list of all building activity, but rather a list of those activities which required a WEU allocation.

For 2017, staff is recommending allocating the 115 WEUs. While it appears, on face value, the City is getting close to using up all of the water available to allocate, actual water use and population of the City tell a different story. The City uses only approximately seventy-six percent of its available State Water and almost none of the groundwater that is available. Additionally, the City's population is far below the cap of 12,200 as stipulated in Ordinance No. 266. The plan for next year is to come

back with the completion of the OneWater plan including a revised WEU program that better reflects the City's current water portfolio.

Current WEU Off-Set Program:

The current WEU program requires each new WEU resulting from development in 2015 and 2016 to be offset on a two-to-one basis by providing retrofits to existing uses or, if retrofits are shown to be infeasible, then by paying in-lieu fees in the amount of \$6,032 per each new WEU created. Therefore in 2015 and 2016, the WEUs applied for were off-set and didn't use a WEU. These WEUs that were applied for were not added to the total WEUs allocated in table 2 because they all participated in the off-set program and either off-set their water use or paid an in-lieu fee. In 2016, the value of a WEU was updated from 10,780 cu-ft of water per year to 8,732 cu-ft of water per year to better represent current water usage compared to previous years. Therefore, if the remaining WEUs according to Table 2 (106 WEU) remain but the value of the WEU has changed by a ratio of 1.2345 (10,780/8,732), then there are 130.8 WEUs remaining.

CONCLUSION

Staff recommends (i) the City Council allocate the 115 WEU for 2017, and (ii) the allocation and off-set program be reevaluated with the OneWater plan to better represent the City's current water supply. Staff also recommends modifying the water conservation requirements to "moderately restricted" from "severely restricted" water supply due to the City receiving our full requested amount of State Water for 2017 and Governor Brown rescinding the drought emergency.

ATTACHMENTS

1. Table 1: Distribution of Water Equivalency Units
2. Table 2: Measure F Population and WEU allocations
3. Table 3: Water Production
4. Table 4: Per Capita Water Use
5. Table 5: Unaccounted for Water Loss for 2014
6. Table 6: Historical Unaccounted for Water Loss
7. Ordinance 266 Measure F
8. Resolution No. 28-17

Table 1
HISTORIC TRACKING OF ALLOCATIONS

Allocations tracked on a calendar year basis

Allocation Year (January 1-December 31)	Total WEU Available	Number of Residential WEUs available	Single Family Residential WEUs allocated	Number of SFR Units	Multiple Family Residential WEUs allocated	Number of Multiple Family Units	Number of Commercial/ Industrial WEU available	Commercial "A"	Commercial "B"	Industrial	Total WEU Allocated
2016	115	50	12	12	0	0	65	0.15	0	0	12.15
2015	115	50	18	18	1.62	3	65	0.3	0	0	19.92
2014	115	50	8	8	11.34	21	65	4.03	0	0	23.37
2013	115	50	20.54	20.54	0	0	65	0	0.37	0	20.91
2012	115	50	7	7	0	0	65	0	7.13	0	14.13
2011	115	50	4.54	5	0	0	65	3.85	0	0	8.85
2010	115	50	9.54	10	0	0	65	0.74	0	0	10.28
2009	115	50	2.62	5	2.62	0	65	0	0	0	2.62
2008	115	50	6.54	7	1.6	1	65	3.97	0	0	12.11
2007	115	50	25.7	28	10.2	18	65	1.15	0	0	37.44
2006	230	100	35.62	37	5.76	8	130	3	3.84	0	48.22
2005	230	100	40.48	46	6.17	10	130	15.5	1.63	0	63.78
2004	230	100	28	28	11.42	19	130	0	2.44	0	41.86
2003	262	100	54	54	8.86	15	130	7.56	0	0	70.42
2002	160	69.52	28	28	5.24	8	90	6.1	9.3	0	48.64
2001	160	69.52	63	63	6.89	11	90	4.77	0	0	74.66
2000	160	69.52	68	68	4.86	9	90	9.39	0	0	82.25
1999	160	69.52	53	53	1.32	2	90	0	0	0	54.38
1998	156	68	56.62	66	6.48	18	90	1.38	0	0	64.48

Allocations tracked on a fiscal year basis.

Allocation Year (July 1 of previous year to June 30 of the year shown)	Total WEU Available	Number of Residential WEUs available	Single Family Residential WEUs allocated	Multiple Family Residential WEUs allocated	Number of Commercial A WEU available	Commercial "A" allocated	Number of Commercial B WEU available	Commercial "B" allocated	Number of Industrial WEU available	Industrial allocated	Total WEU Allocated
1997	153.13	66.12	7.54	0.36	62.37	0.05	0.05	11.71	12.93	0	7.95
1996	153.13	66.12	23	0	62.37	62.37	11.71	2.63	12.93	0	88.00
1995	146.65	63.74	29.44	0	60.11	19.15	11.29	4.06	12.46	0	52.83
1994	147.6	63.74	29	0.36	60.11	0	11.29	0	12.46	0	29.36
1993	149.55	64.58	43	1.56	60.9	9.54	11.44	0.57	12.63	0	54.67
1992	149.55	64.58	46	10.25	60.9	0	11.44	8.07	12.63	0.43	64.75

Notes:

In 2003 there was a one time allocation for Colmer Tract 2285

In 1998, 2000, 2001 & 2002 there were residential rollover of WEUs

Commercial "A" (Commercial fishing/Agriculture, coastal dependent uses, coastal related, public, quasi-public and institutional uses, visitor accommodations, campgrounds)

Commercial "B" (Visitor-serving uses except visitor accommodations)

TABLE 2
PROJECTED GROWTH RATES VERSUS ACTUAL POPULATION INCREASES

Year	Population		Housing	
	Population Per Ord. 266/LCP ¹	Actual Population ²	Units Per Ord. 266 Projections	Actual No. Of Housing Units ³
1980	9425	9064	N/A	5180
1981	9705	9206	N/A	5298
1982	9998	9297	N/A	5302
1983	10298	9435	N/A	5326
1984	10400	9599	N/A	5363
1985	10505	9747	5440	5403
1986	10610	9881	5517	5473
1987	10716	9819	5594	5548
1988	10823	9975	5671	5638
1989	10931	10133	5748	5647
1990	11040	9664	5825	5694
1991	11150	9806	5902	5760
1992	11262	9736	5979	5760
1993	11489	9979	6056	5845
1994	11489	10071	6133	5877
1995	11604	9518	6210	5888
1996	11720	9687	6287	5922
1997	11837	9696	6364	5960
1998	11955	9845	6441	6005
1999	12123	9871	6518	6048
2000	12196	9981	6595	6104
2000	12196	10410 *	6595	6104
2001	12200 ⁴	10486	6672 ⁴	6178
2002	12200 ⁴	10510	6672 ⁴	6220
2003	12200 ⁴	10510	6672 ⁴	6289
2004	12200 ⁴	10522	6672 ⁴	6336
2005	12200 ⁴	10270	6672 ⁴	6392
2006	12200 ⁴	10491	6672 ⁴	6437
2007	12200 ⁴	10436	6672 ⁴	6483
2008	12200 ⁴	10506	6672 ⁴	6492
2009	12200 ⁴	10555	6672 ⁴	6496
2010	12200 ⁴	10608	6672 ⁴	6506
2010	12200 ⁴	10234*	6672 ⁴	6506
2011	12200 ⁴	10296	6672 ⁴	6511
2012	12200 ⁴	10331	6672 ⁴	6518
2013	12200 ⁴	10427	6672 ⁴	6538
2014	12200 ⁴	10547	6672 ⁴	6566
2015	12200 ⁴	10601	6672 ⁴	6566
2016	12200 ⁴	10714	6672 ⁴	6566

¹ This column represents population based on Ordinance 266's projected growth of 77 units per year. These figures indicate that the City's growth rate is behind the Ordinance 266 schedule.

² Actual population figures are taken from the California Department of Finance "Housing Estimates" report. The 1990 decennial census is the benchmark for the estimates prior to 2000. After 2000 the 2000 decennial census is used and a second entrée for 2000 shows the adjustment for the new census. Again the 2010 Census adjusts the population figure for 2010. The figures represent totals as of January 1st of each year indicated. The population figure includes an estimated 21% vacancy rate. A lower vacancy rate would result in a higher population.

³ The total number of Housing units includes the addition of all new residential units to the City's Housing Stock, as well as the deduction of all units lost through demolition, removal, or change of use from residential to non-residential.

⁴ This is the maximum population or housing under Ordinance 266 without an election to allow further building.

TABLE 3

WATER PRODUCTION DATA 1980 - 2015
(Acre Feet - AF)

Year	Chorro Basin	Morro Basin	** R/O Plant	State Water	TOTAL (AF)
1980	1079	672	*	*	1751
1981	1143	584	*	*	1727
1982	1061	526	*	*	1587
1983	995	537	*	*	1532
1984	1097	572	*	*	1669
1985	1108	582	*	*	1690
1986	1059	552	*	*	1611
1987	1124	531	*	*	1655
1988	1120	528	*	*	1648
1989	1047	512	*	*	1559
1990	963	564	*	*	1527
1991	808	449	*	*	1257
1992	1049	270	*	*	1319
1993	994	397	*	*	1391
1994	954	460	*	*	1414
1995	986	420	*	*	1406
1996	1261	240	*	*	1501
1997	985	249	*	301	1535
1998	38	*	*	1288	1326
1999	34	*	*	1359	1393
2000	4	*	*	1396	1400
2001	11	*	*	1399	1410
2002	1	32	48	1373	1454
2003	1	28	13	1379	1421
2004	49	213	10	1205	1477
2005	204	150	0	1007	1361
2006	257	80	25	1009	1371
2007	276	35	19	1116	1446
2008	184	52	28	1175	1439
2009	235	80	64	1069	1448
2010	74	54	258	873	1259
2011	14	0.5	84	1144	1243
2012	0	3.9	70	1129	1203
2013	0	27	107	1137	1271
2014	0	0	41	1141	1183
2015	0	0	138	952	1088
2016	0	0	36	958	994

** R/O Plant Production numbers include both Morro Groundwater treated via Brackish Water Reverse Osmosis (BWRO) as well as Sea Water Reverse Osmosis (SWRO).

TABLE 4

TOTAL HISTORIC WATER PRODUCTION & RAINFALL
FOR THE CITY OF MORRO BAY

Year	Rainfall	City Population	Production in acre feet	Production in millions of gallons	Average daily production in millions of gallons	Average use in gallons per capita per day
1960	10.48	5,599	894	291	0.8	142
1961	8.6	*	842	274	0.75	*
1962	17.22	*	999	326	0.89	*
1963	18.52	*	840	274	0.75	*
1964	11.26	*	881	287	0.79	*
1965	16.08	6,400	1000	326	0.89	140
1966	11.24	6,500	1188	387	1.06	163
1967	20.09	6,600	1194	389	1.07	161
1968	9.64	6,750	1298	423	1.16	172
1969	28.74	6,900	1255	409	1.12	162
1970	9.84	7,109	1534	500	1.37	193
1971	14.2	7,450	1533	500	1.37	184
1972	7.41	7,517	1547	504	1.38	184
1973	27.51	7,725	1424	464	1.27	165
1974	22.35	7,942	1482	483	1.38	167
1975	14.43	8,165	1510	492	1.35	165
1976	11.38	8,394	1574	513	1.41	167
1977	8.35	8,525	1249	407	1.12	131
1978	29.68	8,625	1430	466	1.28	148
1979	17.06	9,150	1614	526	1.44	157
1980	20.99	9,064	1651	538	1.47	162
1981	13.11	9,206	1727	563	1.54	168
1982	20.01	9,297	1586	517	1.42	152
1983	35.01	9,435	1534	500	1.37	145
1984	10.08	9,599	1669	544	1.49	155
1985	10.02	9,747	1691	551	1.51	155
1986	17.17	9,881	1614	526	1.44	146
1987	12.29	9,819	1655	539	1.48	150
1988	15.01	9,975	1648	537	1.47	147
1989	10.88	10,133	1559	508	1.39	113
1990	8.78	9,664	1527	498	1.36	113
1991	16.01	9,806	1256	410	1.12	114
1992	19.63	9,736	1319	430	1.18	121
1993	24.21	9,979	1391	452	1.24	124
1994	11.05	10,071	1414	462	1.26	126
1995	40.01	9,518	1418	462	1.27	133
1996	15.47	9,687	1501	462	1.34	138
1997	18.56	9,696	1535	489	1.37	141
1998	18.01	9,845	1326	432	1.18	120
1999	13.11	9,871	1393	454	1.24	126
2000	19.63	10,410	1400	456	1.25	120
2001	16.04	10,486	1410	459	1.26	118
2002	9.36	10,510	1454	474	1.3	123
2003	13.75	10,485	1421	466	1.28	122
2004	9.48	10,522	1477	481	1.32	125
2005	30.19	10,270	1361	444	1.22	118
2006	18.9	10,491	1371	447	1.23	117
2007	7.24	10,436	1446	471	1.29	118
2008	13.34	10,548	1439	469	1.23	122
2009	12.25	10,555	1448	472	1.29	120
2010	17.26	10,608	1259	410	1.12	106
2011	12.99	10,234	1243	405	1.11	108
2012	10.16	10,327	1203	392	1.07	105
2013	4.05	10,370	1349	440	1.21	117
2014	12.62	10,234	1183	385	1.05	103
2015	8.55	10,544	1088	354	0.97	92
2016	18.79	10,284	994	324	0.88	86

a: [average] determined from metered water sold, not water produced

TABLE 5

<p>COMPUTATIONS: UNACCOUNTED FOR WATER LOSS TABLE - 2016 ACRE FEET (AF)</p>

	AF
<u>WATER PRODUCED</u>	
From the City of Morro Bay Public Services	994
<u>WATER SOLD</u>	
From the City of Morro Bay Finance Department	1,002
<u>DIFFERENCE</u>	-8
<u>CITY WATER USE/LOSS (Unmetered & Estimated)</u>	
Fire Training	0.4
Sweeper	0.3
Non-potable irrigation water (Lila Keiser Park and High School irrigation)	24.5
Dead End Flushing, Water Leaks, Fire Hydrant/Line Breaks	1
TOTAL	26.2
<u>UNACCOUNTED FOR WATER LOSS</u>	18
<u>LOSS AS PERCENT OF PRODUCTION</u>	1.8%

TABLE 6

UNACCOUNTED FOR WATER LOSS (Acre Feet - AF)						
Year	Water Produced	Water Sold	Difference	City Water Use/Loss	Unaccounted for Water Loss	Percent of Production
1985	1690	1411	280	73	207	12.2%
1986	1610	1330	281	69	212	13.1%
1987	1655	1370	259	70	189	11.4%
1988	1641	1386	255	71	184	11.2%
1989	1559	1343	216	47	170	10.9%
1990	1527	1249	279	47	232	15.2%
1991	1256	1008	248	45	203	16.2%
1992	1319	1068	250	36	215	16.3%
1993	1391	1178	213	0.8	213	15.3%
1994	1414	1194	220	33	187	13.2%
1995	1418	1173	245	60	184	13.0%
1996	1501	1194	307	33	274	18.2%
1997	1535	1247	288	49	239	15.6%
1998	1326	1131	195	17	178	13.4%
1999	1393	1185	208	17	191	13.7%
2000	1400	1206	194	27	167	11.9%
2001	1410	1251	159	29	130	9.2%
2002	1453	1267	186	24	162	11.2%
2003	1428	1267	162	25	137	9.6%
2004	1477	1260	217	26	192	13.0%
2005	1362	1214	147	22	125	9.2%
2006	1371	1219	152	19.2	133	9.7%
2007	1410	1276	135	21.6	113	8.0%
2008	1386	1306	80	67.3	13	0.9%
2009	1373	1253	120	84.9	35	2.5%
2010	1252	1255	-3	1.4	-5	-0.4%
2011	1243	1167	76	1.7	74	6.0%
2012	1204	1163	40.97	1.4	39.57	3.3%
2013	1273	1186	86.93	1.7	85.23	6.7%
2014	1181	1137	44.23	2.1	42.13	3.6%
2015	1088	1037	51	1.7	49.3	4.6%
2016	994	1002	-8	26.2	18	1.8%

Statewide unaccounted for water loss in municipal systems varies between 1 to 20 percent. The median is 10 to 15 percent.

ORDINANCE NO. 266

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

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

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

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

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

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

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

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

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

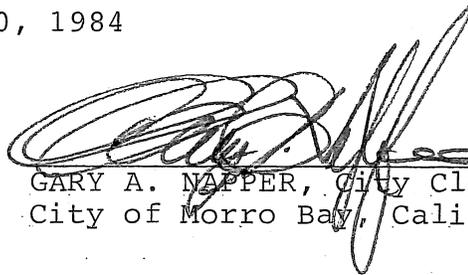
SECTION 8. Nonprofit public facilities (e.g. public buildings, libraries, senior centers, etc.) supported in whole or in part by public funds are exempted from the permit limitations in sections 3 and 4.

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

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

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

Dated: November 30, 1984



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

RESOLUTION NO. 28-17

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RECEIVING THE ANNUAL WATER REPORT AND CARRYING OVER THE WATER
ALLOCATION PROGRAM FROM 2016 TO 2017, DIRECTING STAFF TO PREPARE A NEW
ALLOCATION PROGRAM PER THE ONEWATER PLAN**

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

WHEREAS, Chapter 13.20 of the Morro Bay Municipal Code calls for the City Council of the City of Morro Bay to adopt a yearly Water Allocation Program based on a report by the Public Works (previously Services) Director after review by the City of Morro Bay Planning Commission and Public Works Advisory Board; and

WHEREAS, the Local Coastal Program Land Use Plan and Ordinance No. 266, as codified in Morro Bay Municipal Code (MBMC) Chapter 13.20, require the City Council to set an annual limit on new residential units and to prescribe the mix of multi-family and single-family residences allowed within that limit; and

WHEREAS, in April 2017, California Governor Jerry Brown lifted the drought emergency; and

WHEREAS, in April 2017, the California Department of Water Resources (DWR) informed the State Water Project contractors the allocations for 2017 would be 85 percent of the contracted amount; and

WHEREAS, the City of Morro Bay has purchased a 165-percent drought buffer for State Water that guarantees any DWR allocations above 35 percent result in Morro Bay receiving 100-percent of its request; and

WHEREAS, due to the City's Drought Buffer Morro Bay will receive 100 percent of its requested 1040 acre-foot of State Water deliveries; and

WHEREAS, in 2016 Morro Bay used 12.15 of the 93 Water Equivalency Units (WEU) Allocated by City Council in 2016; and

WHEREAS, on June 13, 2017, City Council did hold a public meeting on the 2016 Annual Water Progress Report and the proposed 2017 Water Allocation Program.

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

SECTION 1: A Water Allocation Program for the year 2017 is hereby modified to contain the following elements:

- A. Rescind Resolution No. 06-16, allocation program for 2016 WEUs and offset program and Resolution No. 31-14 reaffirming a water emergency and adoption of a standing water emergency during reduced or non-state water delivery periods.
- B. Allocate 115 WEUs, in proportions stipulated in MBMC Chapter 13.20, for new development, as indicated in the following table:

Category	WEU
Single Family Residential	30
Multifamily Residential	20
Commercial/Industrial	65
Total	115

- C. Direct Public Works Staff to bring back a revised WEU program to City Council after the OneWater Plan reevaluates the City’s water portfolio and WEU allocation program.
- D. Modify the water conservation restrictions back to “moderately restricted” from “severely restricted” water supply conditions.

SECTION 2: Applicability

Each development project that requires an allocation of new Water Equivalency Units shall be subject to this revised allocation program, unless a building permit has been issued prior to the date of adoption of this Resolution.

PASSED AND ADOPTED by the City Council of the City of Morro Bay, at a regular meeting held on this 13th day of June 2017 by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

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AGENDA NO: C-3

MEETING DATE: June 13, 2017

Staff Report

TO: Honorable Mayor and City Council

DATE: June 7, 2017

FROM: Craig Schmollinger, Acting City Manager

SUBJECT: Review and Discussion of FY18 Advisory Board Work Plans

BACKGROUND/DISCUSSION

In December 2016, Council adopted Resolution No. 81-16 establishing the 2017 Meeting Calendar and Work Plan Development Structure. Under that policy, the Council's goals and objectives inform the work conducted by staff and what items are brought before the advisory bodies. In order to provide an orderly and functional system for addressing annual objectives, staff prepares annual work plans to meet said objectives. The advisory bodies review and provide input on the annual work plans. The Council then adopts the annual work plans. The structure also provides a mechanism for advisory bodies to recommend additional items to said work plans, which can be brought back to Council for approval.

Draft work plans were reviewed by the Council and with input from representatives from each advisory board at a special meeting held April 11, 2017. The work plans have been revised based on input received from the Council at that time and are presented for final review and discussion. Any further changes directed by the majority of the Council will be incorporated into the final work plans and presented at the June 27, 2017 meeting for adoption.

ATTACHMENTS

1. Resolution No. 81-16
2. Adopted FY 17/18 Goals & Objectives
3. Final Draft Work Plans for FY 17/18

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

RESOLUTION NO. 81-16

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
ADOPTING THE 2017 CITY COUNCIL MEETING CALENDAR
AND WORK PLAN DEVELOPMENT STRUCTURE**

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

WHEREAS, the City Council adopts an annual calendar providing for the orderly course of business and to provide transparency and accountability to the public; and

WHEREAS, the City Council adopts a schedule for the development of goals and annual objectives, advisory board work plans, and the annual budget; and

WHEREAS, the City Council adopts annual objectives that aim to meet the adopted four-year goals; and

WHEREAS, annual objectives inform the work conducted by the City staff, and what items are generally brought before the City Council's advisory bodies; and

WHEREAS, in order to provide for a more orderly and functional system for addressing annual objectives, it is appropriate for staff to prepare annual work plans to meet said objectives; and

WHEREAS, it is important for the City Council's advisory bodies to be able to provide input on those annual work plans, as the items that come before those bodies will come directly from the work plans; and

WHEREAS, at times, there may be issues that have not been placed on a work plan that are of such import the advisory body may recommend doing so to the City Council; and

WHEREAS, it is appropriate for the City Council to provide a structure for the adoption of annual work plans and a mechanism for advisory bodies to recommend additions of items to said work plans.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, the 2017 City Council Meeting Calendar is adopted, as set forth in Exhibit A, the Goal, Work Plan and Budget schedule is adopted, as set forth in Exhibit B, and the City Work Plan Development Structure is adopted, as set forth in Exhibit C.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 13th day of December, 2016 on the following vote:

AYES: Irons, Davis, Headding, Makowetski, McPherson
NOES: None
ABSENT: None
ABSTAIN: None



JAMIE L. IRONS, Mayor

ATTEST:



DANA SWANSON, City Clerk

2017 City Council Meeting Calendar

January 10

Study Session – Goals Study Session #1
Regular Meeting

January 11

Closed Session, if needed
Joint City Council / Planning Commission
- General Plan Update – Policy Direction

January 24

Study Session – Goals Study Session #2
Regular Meeting

February 14

Closed Session, as needed
Regular Meeting

February 28

Study Session – Budget Forecast
Regular Meeting

March 14

Closed Session, as needed
Regular Meeting

March 28

Regular Meeting

April 11

Joint Meeting with Advisory Boards
Regular Meeting

April 12

Closed Session, as needed

April 25

Joint Meeting with Advisory Boards
Regular Meeting

May 9

Study Session – Budget #1
Regular Meeting

May 23

Study Session – Budget #2
Regular Meeting

May 30

Study Session – Budget #3 (if needed)

June 13

Closed Session, as needed
Regular Meeting

June 27

Regular Meeting

July 11

Closed Session, as needed
Regular Meeting

July 25

BREAK

August 8

Closed Session, as needed
Regular Meeting

August 22

Regular Meeting– Annual Goals Update

September 12

Closed Session, as needed
Regular Meeting

September 26

Regular Meeting

October 10

Closed Session, as needed
Regular Meeting

October 24

Regular Meeting

November 14

Closed Session, as needed
Regular Meeting

November 28

BREAK

December 4

Advisory Body Recognition Event

December 12

Regular Meeting – Advisory Board Interviews

December 26

BREAK

Goals, Work Plan and Budget Development Schedules

Goals and Objectives Calendar

- Dec 13 Strategic Planning Overview to Council
- Jan 10 Goals Study Session #1
- Jan 24 Goals Study Session #2
- Feb 14 Goals Discussion at Council Meeting
- Feb 28 Goals Approved at Council Meeting

Advisory Board Work Plan Calendar

- Dec Boards recommend items for FY17/18 Goals
- Jan / Feb Boards begin to prepare work plan items
- Mar Boards finalize recommended draft work plans
- Apr 11 / 25 Joint Council / Board meetings to discuss work plans
- May 9 Council Discusses Board Work Plans
- May 23 Council Approves Board Work Plans

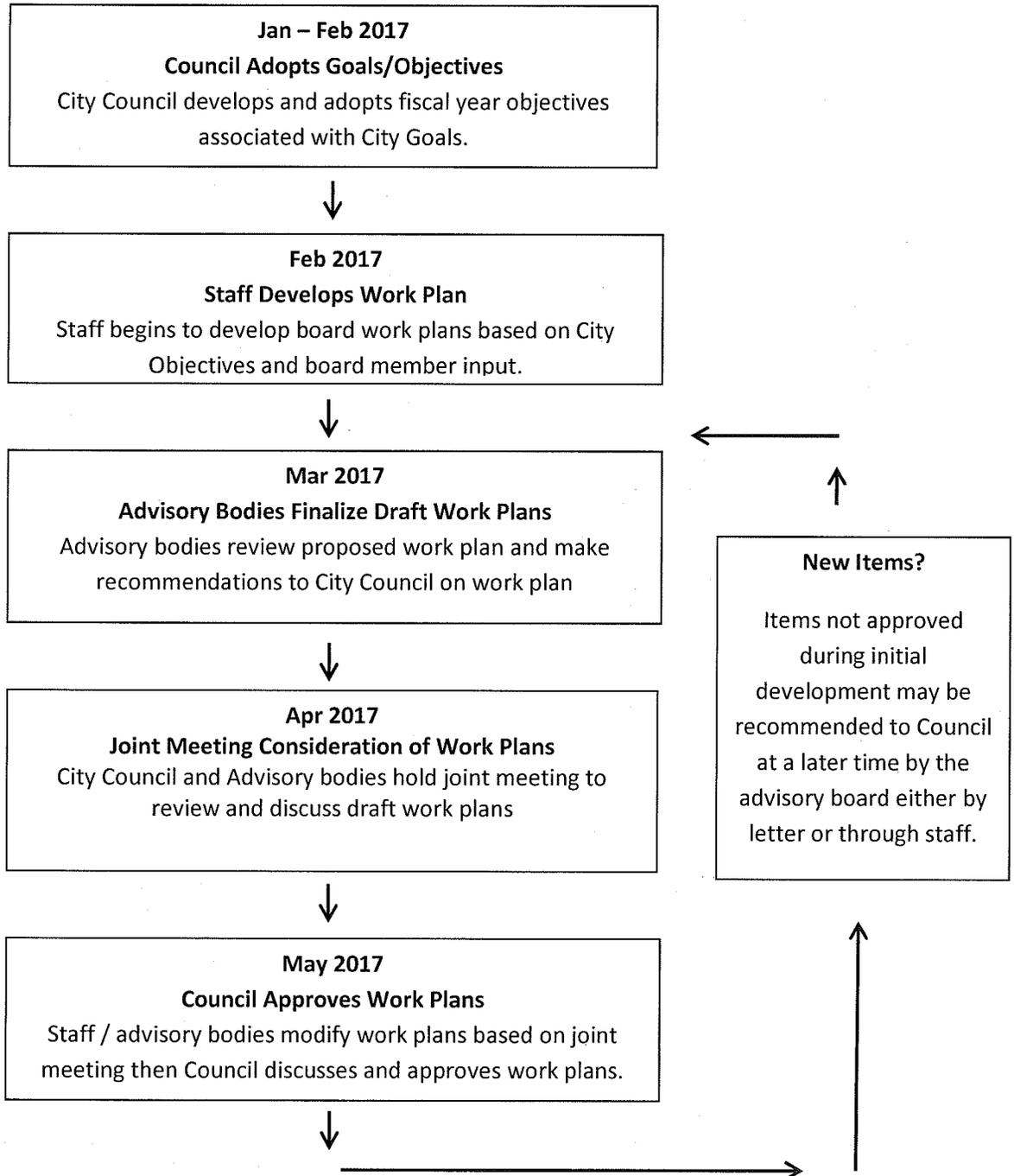
Budget Calendar

- Jan 5 Executive team meeting with Bob Leland
- Feb 24 Finance provides labor numbers / outline to Departments
- Feb 28 10-Year Forecast Study Session to Council
- Mar 1-23 Departments develop internal budgets
- Mar 24 Department budgets due to Finance
- Mar 27-Apr 7 Finance / Department Head Budget Meetings
- Apr 10-21 City Manager / Executive Team Budget Meetings
- Apr 24-27 City Manager / Finance finalize draft budget letter
- Apr 28 City Manager delivers proposed budget to Council
- May 9 Budget Study Session #1
- May 23 Budget Study Session #2
- May 30 Budget Study Session #3 (if required)
- Jun 13 Budget Approved at Council Meeting
- Jun 27 Backup date for Budget Approval

Legend

- Council Meetings
- Council Study Sessions
- Joint or Advisory Board Meetings
- Internal Staff Actions

Advisory Board Work Plan Process





CITY OF MORRO BAY

CITY HALL

595 Harbor Street
Morro Bay, CA 93442

Memorandum For City Council, Staff and the Public

Date: April 5, 2017

Subject: FY2017-2018 Goals and Objectives

1. **Purpose.** The purpose of this document is to identify City of Morro Bay Goals and Objectives for the Budget Year July 2017 – June 2018.
 - a) The City of Morro Bay strategic planning framework, adopted by the City Council on December 8, 2015, directs the timing for development of City Goals and Objectives.
 - b) In accordance with that policy, the City conducted a goal setting process in January and February 2017 that included Council Study Sessions, a Community Goals Forums, a Council Meeting discussion and a further special Council work session to develop a new set of long term goals and budget year objectives. The 2017-18 Goals and Objectives were approved by Council on April 11, 2017.
 - c) The objectives under each goal identify a number of specific objectives the City intends to accomplish in the July 2017 to June 2018 budget year. Accomplishing these objectives, however, is dependent on adequate resourcing – both staff time and money. Thus, some objectives may not be completed if adequate resources are not allocated during the fiscal year 2016/2017 budget process.
2. **Goals and Objectives.** Following are the City of Morro Bay's four long-term goals and subordinate program objectives for budget year 2017-18:

Goal #1 (Essential Goal) – Achieve Economic and Fiscal Sustainability

Description: This essential goal recognizes the City has been living within our means, but is not currently able to fund all basic services and requirements at the level appropriate for a community of our size. It also recognizes the importance of strengthening and maintaining strong financial management practices. Due both to our previous inability to fund important services such as street paving and replacement of key facilities, and the lack of an adequate General Fund capital budget, plus the impact of recent cost concerns - especially escalating CalPERS costs - we are unable to continue living as we have in the past. This goal centers around economic development and fiscal actions (revenue enhancement, public funding measures, cost control, and sound fiscal management practices) that target a 25% increase in projected revenues from the end of FY17 to the end of FY25.

Duration: This is an 8-year goal - the City intends to achieve fiscal sustainability by 2025.

Focus: This goal includes objectives related to revenue enhancement, general economic development, cost control, and assurance of sound financial management practices are in place.

- a. Consider the proposed strategies in the Economic Development Strategic Plan and act on those most likely to generate revenues in the near term. In considering all the following objectives and working with local and regional businesses and groups: promote a balanced economic development approach that retains, expands, and attracts businesses for a strong, stable, complementary, and diverse business environment that honors the character of our community and is consistent with our Community Vision.
- b. Pursue opportunities and relationships that are likely to result in the revitalization and redevelopment of important properties including the Morro Bay Power Plant, the existing wastewater treatment plant site, Morro Bay Elementary School, and the Morro Bay Aquarium lease site. Take proactive action to facilitate the revitalization of underused and vacant parcels in all commercial districts.
- c. Evaluate and implement opportunities to increase TOT revenues including, but not limited to:
 - 1) Take appropriate action, including implementation of specific programs, to increase shoulder-season and off-season TOT-producing visitor nights by 10% over FY16 levels.
 - 2) Research and bring to Council for decision incentive programs, including a TOT rebate program, that would reasonably result in the renovation of some existing hotel stock and deliver higher average daily rates and thus higher TOT revenues.
 - 3) Facilitate private revitalization / redevelopment activities that will result in planning approval for a 3% increase in number of hotel rooms in the City, with priority placed on 3 and 4-star properties to better balance our hotel stock.
- d. Evaluate opportunities for new or expanded revenue sources, including, but not limited to: paid parking, marijuana associated revenues, other tax measures and a review of City fees.
- e. Considering Council direction to identify no less than \$400K of cost reductions across FY19 and FY20, develop a cost control and reduction plan to achieve these cuts, including a complete review of staffing levels and non-labor costs in all departments.
- f. Develop a staff-internal emergency cost reduction plan to inform future fiscal emergencies.

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.

Duration: This is a 6-year goal that we intend to complete by July 2023.

Focus: This goal includes objectives related to the Water Reclamation Facility, and “OneWater” planning and implementation.

- a. Complete water/sewer rate study and bring to Council for Prop 218 process consideration any rate increase requirements to fund the proposed WRF.
- b. Following CEQA guidelines, bring the WRF Environmental Impact Report (EIR) to Council for approval and certification.
- c. Complete and submit the State Revolving Fund loan application with the State Water Control Board for the WRF project, to secure funding for the project.
- d. Complete the acquisition of the preferred site for the WRF project.
- e. Take appropriate selection action and bring to Council for approval, a contract for the design-build construction delivery of the new WRF.
- f. Take all appropriate actions, and bring to Council for information/approval, as required, information that will allow the City to make a decision to achieve water independence. Include an evaluation of future options regarding our existing State Water allocation.
- 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.”

Goal #3 (Important Goal) - Improve Infrastructure and Public Spaces

Description: This important goal centers around substantially improving the City’s streets, multi-modal transportation infrastructure, facilities and public spaces. The City does not currently have sufficient revenues to fund the capital improvement program required to make substantial and necessary infrastructure improvements and, therefore, this goal is contingent on making significant progress on Goal #1 – Achieve Fiscal Sustainability.

Duration: This is, at minimum, an 8-year goal.

Focus: This goal includes objectives related to streets, bike / pedestrian / parking improvements, City facilities, and beautification of public spaces.

- a. Bring to Council for decision an item to consider adding a street improvement tax measure to the November 2018 ballot.
- b. Bring to Council for information, consideration and possible implementation a review of circulation and parking management plans and options in the downtown and waterfront districts.
- c. Bring to Council for decision proposals that result in a public/private partnership redevelopment of the City-owned “Market Plaza” property consisting of the DiStasios’s parcel, and, if appropriate to be included in redevelopment, the “Front Street” parking lot (below DiStasio’s), and the parking lot at Pacific and Market.

- d. Complete the approved RFQ process for a marine services facility (boatyard) and bring to Council for information and consideration of next steps prior to any decision on feasibility study.
- e. Inventory, evaluate and refresh existing programs for volunteer groups to assist in providing routine maintenance in the City (such as adopt-a-park programs), while soliciting and facilitating additional volunteer group support for routine maintenance (such as park beautification) and small capital projects (such as park bathroom reconstruction).
- f. Closely monitor the maintenance and cleanliness of public facilities and report to council for reprioritization of resources if maintenance is not keeping up with demand.

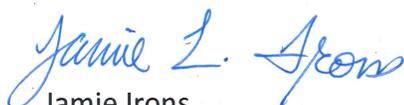
Goal #4 (Important Goal) - Review and Update Significant City Land Use Plans

Description: This important goal centers around completion of the City’s General Plan (GP) / Local Coastal Program(LCP) rewrite, and update of other essential land use documents. While the GP is the important task, update of other essential land use plans and master plans is also a priority.

Duration: This is a 2-year goal that should be complete by summer 2019.

Focus: This goal includes objectives related to completion of the GP/ LCP and other important planning documents.

- a. Complete the GP/ LCP rewrite no later than August 2018.
- b. Complete the zoning code update approved and started in FY17.
- c. Ensure affordable housing and vacation rental challenges are addressed in the GP/LCP process and all land use planning.
- d. Bring to Council for consideration the results of Code Enforcement outreach on existing codes related to fences and hedges, and boat, RV and trailer parking / storage on City streets and neighborhoods to determine whether to keep, or modify, related existing ordinances.
- e. Bring to Council for adoption a rewrite of the secondary unit ordinance (updated in FY16) based on changes in State law.
- f. Begin community outreach and Council discussion on future use of the 26-acre Atascadero Road site (location of the existing WWTP) to be prepared to begin master planning that site in FY19.
- g. Explore, in public meetings with city residents, opportunities to protect important scenic, recreational, natural and agricultural resources on the Estero Marine Terminal site and surrounding lands in partnership with land conservation organizations.



Jamie Irons
Mayor



David Buckingham
City Manager

EXHIBIT A

Item	Description	Expected PC Review
PC Work Program for City Council 2017/18 Goals & Objectives		
Goal 1	Achieve Economic and Fiscal Sustainability	N/A
c-3. Evaluate and implement opportunities to increase TOT	Facilitate private revitalization / redevelopment activities that will result in planning approval for a 3% increase in number of hotel rooms in the City, with priority placed on 3 and 4-star properties to better balance our hotel stock. PC will be reviewing these projects as they come forward. ☐	Q1-Q4 FY 17/18
Goal 2.	Complete WRF Project and OneWater Program	N/A
b.	Following CEQA guidelines, bring the WRF Environmental Impact Report (EIR) to Council for approval and certification. PC may review the EIR depending on permitting process chosen.	FY 17/18 Q1/Q2
Goal 3.	Improve Infrastructure and Public Spaces	N/A
b.	Bring to Council for information, consideration and possible implementation a review of circulation and parking management plans and options in the downtown and waterfront districts.	FY 17/18 Q2/Q3
c.	Bring to Council for decision proposals that result in a public/private partnership for redevelopment of the City-owned “Market Plaza” property consisting of the DiStasios’ parcel, and, if appropriate to be included in redevelopment, the “Front Street” parking lot (below DiStasio’s), and the parking lot at Pacific and Market.	FY 17/18 Q2/Q3
Goal 4.	Review and Update Significant City Land Use Plans	
a.	a. Complete the GP/ LCP rewrite no later than August 2018.	Ongoing FY17/18
b.	b. Complete the zoning code update approved and started in FY17.	Ongoing FY17/18
c.	c. Ensure affordable housing and vacation rental challenges are addressed in the GP/LCP process and all land use planning.	Ongoing FY17/18
d.	d. Bring to Council for consideration the results of Code Enforcement outreach on existing codes related to fences and hedges, and boat, RV and trailer parking / storage on City streets and neighborhoods to determine whether to keep, or modify, related existing ordinances.	FY 17/18 Q1
e.	e. Bring to Council for adoption a rewrite of the secondary unit ordinance (updated in FY16) based on changes in State law.	FY 17/18 Q3/Q4
f.	f. Begin community outreach and Council discussion on future use of the 26-acre Atascadero Road site (location of the existing WWTP) to be prepared to begin master planning that site in FY19.	FY 17/18 ongoing

EXHIBIT A

Item	Description	Expected CFAC Review
Citizens Oversight/Finance Advisory Committee Work Program for City Council 2017/18 Goals & Objectives		
Goal 1	Achieve Economic and Fiscal Sustainability	
a. Measure Q	Review Measure Q Revenues and Expenditures for FY 2016/17 prior to December 31, 2017 for input and recommendations to City Council	Starting Q3 of 2017/18
b. Budget Transparency	Continue progress on creating budget documents that are more easily understood by the general public. Form a subcommittee to research and present ideas to the CFAC on innovative budget presentations and provide to City Manager by Jan 2018 to influence FY2018/19 Budget preparations.	Continue thru Q2 2017/18
c. CFAC Review	Semi-annual reviews of budget performance, investment portfolio performance, and contract expenditures, and prepare comments, if any, to present to the City Council.	Starting Q2 of 2016/17 thru Q4 2016/17
d. General Fund Budget Reductions	Review and make recommendations, in coordination with City Staff, on options to cut \$200K or more from the FY 2018/19 General Fund Budget that are applicable citywide (such as labor costs as a whole).	Starting Q1 thru Q 3 of FY 2017/18
e. Audit findings	Review and make recommendations on the Audit report of internal controls and managements response to the interal control findings, including relevant Comprehensive Annual Financial Report (CAFR)notes on internal controls.	Starting Q1 thru Q 4 of FY 2017/18

EXHIBIT A

Item	Description	Expected PWAB Review
Public Works Advisory Board Work Program for City Council 2017/18 Goals & Objectives		
Goal Related Work Plan Items:		
Goal 2, Objective a	Provide input into the rate setting process for the new WRF.	Q4/17 and Q1/18
Goal 2, Objective f, g	Provide input regarding the City's Water Supply Options, through the OneWater process.	Q1/2/3/4
Goal 3, Objective a	Provide input to consider adding a street improvement tax measure to the November 2018 ballot.	Q2
Goal 3, Objective b	Provide input in the review of parking management plans and options in the downtown and waterfront districts; including the option of one or two moderately sized parking garages in waterfront / downtown areas of the City.	Q1/2
Goal 4, Objective a	Provide input to the GP/ LCP rewrite process, related to Public Works issues, such as traffic, water and wastewater (OneWater).	Q1/2
Goal 4, Objective d	Provide input to Code Enforcement outreach on existing codes related issues within the public rights of ways.	Q1
a. Measure Q	Provide input on future use of the 26-acre Atascadero Road site (location of the existing WWTP).	Q3
Routine Public Works Items:		
Goal 3, General	Continue to hold the annual streets summit, and review the proposed street improvement plans	Q2
Goal 3, Objective f	Review on an annual basis the level of maintenance provided to City facilities.	Q2
Goal 3, General	Review the annual Capital Improvement Program	Q3/4
Goal 2, General	Review the annual water report, includes conservation levels and allocation of future water availability	Q4
Board Requested Items:		
Goal 3, General	Review traffic control out at the entrance of the rock with the concept of keeping it a more natural style of traffic control	Q4
Goal 3, General	Provide an informational item regarding Garbage and Recycling	Q1

EXHIBIT A

Item	Description	Expected TBID Review
TBID Work Program for City Council 2017/18 Goals & Objectives		
Goal #1 - Fiscal Sustainability	Current Review & Annual Goals Development	N/A
a. Mid-Year Goal Review	WPE1 – City Staff and the Tourism Business Improvement District Advisory Board conduct a mid-year goal review in December and make recommendations for any modifications to the current goals. WPE2 – The Tourism Business Improvement District Advisory Board will review in February and make recommendations to city staff for modifications or recommend to city council for approval. WPE3 - The goals will be incorporated within the full city budget and then reviewed, modified or approved by city council in May or June.	Q2 2017-Q4 2018
Goal #1 - Fiscal Sustainability	Annual Budget	
a. Review & Development	WPE1 – City Staff and the Tourism Business Improvement District Advisory Board conduct a mid-year budget review in November and make recommendations for any modifications to the current budget. WPE2 – The Tourism Business Improvement District Advisory Board will review in February and make recommendations to city staff for modifications or recommend to city council for approval. WPE4 - The budget is incorporated within the full city budget and then reviewed, modified or approved by city council in May or June.	Q2 2017-Q4 2018
Goal #1 - Fiscal Sustainability	Annual Marketing, Public Relations & Sales Plan	
a. Current review and annual plan development	WPE1 – City Staff and the Tourism Business Improvement District Advisory Board conduct a mid-year review of the annual marketing, public relations & sales plan (annual plan) in December and make recommendations for any modifications for the remainder of the fiscal year. WPE2 – The Tourism Business Improvement District Advisory Board will review in February and make recommendations to city staff for modifications or recommend to city council for approval. WPE3 - The annual plan is incorporated within the full city budget and then reviewed, modified or approved by city council in May or June.	Q2 2017-Q4 2018
Goal 1 - Fiscal sustainability	Addition of VR/RV	
a. Include VR/RV into the BID	WPE1 – Tourism Business Improvement District Advisory Board choose a board member to lead this project by Q1-Q2 2017 WPE2 – Staff met with the Public Outreach Team early 2017 and the overall impression was to retract at this time on the modification for TBID and to continue focus on excellence in tourism. The Outreach Team felt strongly that with the recent transitions in TBID and Tourism, and before a modification to the TID moves forward to the lodging community, the TBID and Staff should continue to work towards proving an excellence in tourism first. The Outreach team wanted to circe around Q1 - 2018 to discuss the way ahead with this.	Q2 2017-Q4 2018

EXHIBIT A

Item	Description	Expected RPC Review
RPC Work Program for City Council 2017/18 Goals & Objectives		
Goal #1	Achieve Ecomic and Fiscal Sustainability	
Budget Forecast	*Review budget forecast for Recreation Services Division with RPC for their information in April 2018.	Q3 2018
Evaluate Programs	<p>*Review existing recreational programming with RPC including sports, classes and youth offerings; seek feedback on existing offerings and receive suggestions on potential other offering ideas in August 2017.</p> <p>*Utilizing RPC suggestions, begin to review, research and analyze additional programming offerings and determine potential partnerships; report to RPC Q3-Q4.</p> <p>*Should there be feasible partnerships or contracting opportunities, prepare relevant budget documents for RPC review Q1-Q2. Seek RPC recommendation to City Council to be utilized at either Mid-Year Budget Review or FY2017-18 Budget consideration. Annual Tour – Starting Q1 - July 2017: RPC members will tour various park locations with Rec and Public Works Staff.</p>	Q1 - Q2 2017
Food Trucks	<p>*Research and bring to Council for consideration a change to the MBMC to allow “food trucks” during approved events. *Research, evaluate, and report to RPC relevant code sections to be modified to allow for food trucks to participate in approved special events in Q3-Q4 of 2017. RPC recommendation to Council on potential modifications at this time.</p>	Q3-Q4 2018
Community Pool Planning	<p>*Prepare for, and enact, the overall management of community access at the new Morro Bay High School/Community Pool. *Report to RPC in Q1-Q2 of 2017 regarding pool management plans.</p>	Q1-Q2 2017
Recreation Court Space	*Research and present to Council opportunities for additional, future recreational space (ie. bocce bal courts, skate park upgrade, additional pickleball courts, etc.) Research and present to RPC for consideration of recommendation to Council regarding opportunities for additional, future recreation court space by Q2 2017.	Q2 2017
Recreation Guide	<p>*Sponsor / publish the Morro Bay Recreation Programs Guide in Fall and Spring.</p> <p>*Report to RPC on Rec Guide development and execution Q2-Q3 2017 prior to Fall 2017 publication.</p>	Q2-Q3 2017
New Rec Programs/Special Events	Work to bring new rec programs and special events to the community (ie. 3 on 3 b-ball, beach v-ball, 55+ Senior Day, etc)	Q1 - Q3 2017/18

Item	Description	Expected HAB Review (by fiscal year quarter)	
Harbor Advisory Board Work Program for City Council 2017/18 Goals & Objectives			
as updated from City Council input on 4/11/17, and HAB input on 5/4/17			
GOALS			
Goal 1	Achieve Economic and Fiscal Sustainability	N/A	Status / HAB Recommendation
b.	Pursue opportunities and relationships that are likely to result in the revitalization and redevelopment of important properties including the Morro Bay Power Plant, the existing wastewater treatment plant site, Morro Bay Elementary School, and the Morro Bay Aquarium lease site. Take proactive action to facilitate the revitalization of underused and vacant parcels in all commercial districts.		
	WPE1 - Aquarium. Harbor staff and HAB provide input and guidance to Central Coast Aquarium, Community Development, Planning Commission and City Council on aquarium's redevelopment proposal during proposal development and review for Concept approval.	As-Required	
	WPE3 - Morro Bay Power Plant. Harbor Staff and HAB review and recommendations to PC/Council on development proposals during review by PC/Council for Concept approval.	As-Required	
	WPE4 - WWTP Site. Harbor Staff and HAB review and recommendations to PC/Council on development proposals relative to land use during review by PC/Council for Concept approval.	As-Required	
	WPE5 - Eelgrass. Continue eelgrass Ad-Hoc Committee work into research on eelgrass mitigation alternatives, potential state and federal regulatory paths forward, and including robust engagement with MBNEP, and consider hiring consultancy to facilitate the process.	Q1-3	This issue is on current HAB goal work plan list, and should continue under the banner of this goal objective since the presence of eelgrass and the current "unfriendly" eelgrass regulatory mitigation policy is a damper on waterfront development/redevelopment.
	WPE8 - Eelgrass. Develop Morro Bay Eelgrass Mitigation Policy for state and federal regulatory approval contingent upon outcome of WPE5.	Q4	
	WPE9 - Complete License Agreement and MOU update with the Central Coast Maritime Museum for museum establishment in the Triangle Lot per current efforts.	Q1 (License Agreement), Q2 MOU	Currently underway. Final draft of License Agreement in CCMMA's hands for their approval.
d.	Evaluate oppoortunities for new or expanded revenue sources, including, but not limited to: paid parking, marijuana associated revenues, other tax measures and a review of City fees.	N/A	
	WPE1 - Participate in the research and bringing to Council for consideration establishment of paid parking on and around the Embarcadero.	As-Required	
	WPE2 - Research and bring to Council for consideration moving for-profit events and activities from the Public Area Use Permit process (no revenue generation) to a License Agreement process (with revenue generation).	Q2	
	WPE3 - Research and bring to Council for consideration concessionaire contracts for food truck and/or other basic beach need sales/rentals at the Rock parking lot and/or other City locations during special events.	Q2	
	WPE4 - Research and bring to Council for consideration establishment of License Agreements with base and/or percent rents for various for-profit business operations being conducted on the Bay that are not currently operating as an approved lease or sublease from a lease site.	Q2	
	WPE5 - Research and bring to Council for consideration slip, pier and dock fees or metering to fully recover the amounts spent by the City for electrical and water usage on various pier and dock facilities.	Q3	

	WPE6 - Research and bring to Council for consideration fee-based RV and/or boat/trailer storage parking in a portion of the Triangle Lot until some permant use is allocated to that location.	Q1	
	WPE7 - Research and bring to Council for consideration establishment of a concert venue in the Triangle Lot.	Q3	
	WPE8 - Research and bring to Council for consideration production of more drive/walk-in movie nights at the Rock and/or Tidelands.	Q4	
	WPE9 - Research and bring to Council for consideration a waterfront leaseholder incentive to obtain more years on the term of their leases in exchange for paying more base and/or percent rents.	Q1	
	WPE10 - Research and bring to Council for consideration a waterfront leaseholder incentive to obtain more years on the term of their leases in exchange for diversifying the caliber or type products or services they sell to types that are lacking/needed in the area.	Q1	
	WPE11 - Seek and establish a more robust harbor-related grant-seeking process.	Q1	
	WPE12 - Research, work with State Parks and bring to Council for consideration revising the State Park Marina Operating Agreement to allow the City to take over direct operations of the marina to maximize revenue collection to put toward dredging and redevelopment.	Q1	
	WPE13 - Research full GIS mapping of the City's two mooring fields in order to achieve maximum utilization of space, to determine if new moorings can be established.	Q4	
e.	Considering Council direction to identify no less than \$400K of cost reductions across FY19 and FY20, develop a cost control and reduction plan to achieve these cuts, including a complete review of staffing levels and non-labor costs in all departments.		HAB would like Council clarification how this objective will affect the Harbor Department since the enterprise funds are not a part of the \$400K cost reduction equation?
	WPE1 - Perform a department "gut-check" of the current cost allocation plan for accuracy.	Q1	
Goal 3	Improve Infrastructure and Public Spaces	N/A	
b.	Bring to Council for information, consideration and possible implementation a review of circulation and parking management plans and options in the downtown and waterfront districts.		
	WPE1 - HAB review and provide input on proposed management plans and options as they relate to the waterfront.	As-Required	
d.	Complete the approved RFQ process for a marine services facility (boatyard) and bring to Council for information and consideration of next steps prior to any decision on feasibility study.		
	WPE1 - With Boatyard Ad-Hoc committee participation, review responses to RFQ and evaluate.	Q1	RFQ process currently underway; deadline to submit July 14, 2017.
	WPE2 - Depending on RFQ response, if any, develop and recommend to Council consideration of next steps, including, but not limited to, possible issuance of an RFP for boatyard development, or possible issuance of a RFP for financial feasibility study services.	Q1	
e.	Inventory, evaluate and refresh existing programs for volunteer groups to assist in providing routine maintenance in the City (such a adopt-a-park programs), while soliciting and facilitating additional volunteer group support for routine maintenance (such as park beautification) and small capital projects (such as park bathroom reconstruction).		
	WPE1 - Identify facilities in need or opportunities for participation and/or projects, and identify groups or organizations likely or willing to adopt or take on projects in/on waterfront facilities.	Q1	

Goal 4	Review and Update Significant Land Use Plans		
a.	Complete the GP/LCP rewrite no later than August 2018.		
	WPE1 - HAB Working Waterfront Ad-Hoc committee to develop a "Working Waterfront" mission statement or policy for incorporation into the GP/LCP.	Q1	
	WPE2 - HAB Working Waterfront Ad-Hoc committee to work with staff, consultants and GPAC to provide input and review relative to clarification of Measure D and incorporation of clarifications into the GP/LCP.	As-Required	
d.	Bring to Council for consideration the results of Code Enforcement outreach on existing codes related to fences and hedges, and boat, RV and trailer parking/storage on City streets and neighborhoods to determine whether to keep, or modify, related existing ordinances.		
	WPE1 - Provide venue to take public input and make HAB recommendations for Council consideration regarding boat and boat/trailer parking and storage.	As-Required	

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AGENDA NO: C-4

MEETING DATE: June 13, 2017

Staff Report

TO: Honorable Mayor & City Council **DATE:** May 31, 2017
FROM: Scot Graham, Community Development Director
SUBJECT: Direction Regarding Broker Representation for Market Plaza

RECOMMENDATION

Staff recommends the City Council review the staff report, receive the presentation by staff, and provide direction in relation to marketing the Market Plaza project through broker representation, using California Hotel Brokers (Aaron Graves).

ALTERNATIVES

- The Council could opt to continue with the Request for Qualifications (RFQ) process authorized by Council on March 28, 2017.
- Council could provide direction to pursue sale/lease of the property in some other fashion found acceptable to a majority of Council.

FISCAL IMPACT

Changing from issuance of an RFQ to direct representation by a Real Estate Broker will involve a commission related to any future sale/lease of the property.

BACKGROUND

The City Council, on March 28, 2017, authorized staff to complete preparation of and release a Request for Qualifications (RFQ) for the development of the Market Plaza project. The project area includes the construction of the Centennial Parkway improvements, redevelopment of the City-owned property containing DiStasio's Restaurant, the City-owned parking lot at the corner of Market and Pacific, and the City-owned parking lot sited below the DiStasio's restaurant. See Project area map provided below.

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



Potential project components could include:

- Mixed-use, full-service hotel, restaurant and retail development.
- Include Centennial Parkway improvements
- No large monolithic structure/development
- Incorporate a parking garage to replace lost parking
- Step the development down the slope
- Include differing roof lines
- Retail/restaurant on East side of Embarcadero at street level

DISCUSSION

While staff was investigating options for the RFQ, California Hotel Brokers out of San Luis Obispo reached out regarding possible interest by the City in going in a different direction related to marketing the property. Staff met with Aaron Graves and Michael Hoo of California Hotel Brokers, to go over options involving a more traditional and direct marketing approach for the property/project. California Hotel Brokers specialize in buying, selling, and financing hospitality-based projects/properties. Moving forward with a more direct marketing approach will likely open the project up to a wider pool of buyers than simply going through the RFQ process.

The RFQ process that staff envisioned involves listing on the City's website, posting to other sites that host similar bid posting and sending the document to hoteliers both in the City and who own/operate properties locally within the County.

Direct marketing using a broker would entail reaching out to the same group of hoteliers, while also making use of real estate resources such as the Wall Street Journal, commercial real estate listing sites

including CoStar, Loopnet, Statewide MLS, and Hotel Inventory.com. California Hotel Brokers also maintains a list of hotel leads throughout California and in adjacent states that they can reach out to directly. Using a broker also has the added benefit of putting a team in place to field questions, and vet potential interested parties, thereby reducing the burden on staff.

Compensation for this service would be a commission based on a percentage of the sales price, similar to the agreement the City entered into with Frankie Ciano for sale of the Main Street lot, lot on Mindoro, and the Fire Station lot in the Cloisters, which was 3.5%. For this project, in general the percentage would range from 4% to 5%. If the decision is instead made to lease the property the commission would be based on 5% of the gross lease payments over a ten year period. If no sale or lease is concluded, then no commission would be paid.

CONCLUSION

If the objective of the Market Plaza project is centered on economic development with the goal of revitalizing the project area with the best project possible, then it makes sense to attempt to reach the largest potential group of buyers. Marketing the project through a broker will allow the City to reach a far larger pool of buyers/hotelier/developers than releasing the project as a RFQ. It will also likely increase the potential buyers for the property and relieve staff of some of the efforts needed for assisting the City with achieving the goals of the Marker Plaza project.

It is also worth noting, if utilizing a broker is unsuccessful, then the City can always move forward with the RFQ at a later date.

ATTACHMENTS

None.