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 27, 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 - None

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. <u>CONSENT AGENDA</u>

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

A-1 APPROVAL OF MINUTES FOR THE JUNE 13, 2017 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE JUNE 14, 2017 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE JUNE 14, 2017 SPECIAL CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 APPROVAL OF MINUTES FOR THE JUNE 19 & 20, 2017 SPECIAL CLOSED SESSION CITY COUNCIL MEETINGS; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-5 APPROVAL OF FY 17/18 ADVISORY BOARD WORK PLANS; (CITY MANAGER)

RECOMMENDATION: Council review and approve the Advisory Board Work Plans for FY 17/18 which have been revised based on direction provided at the June 13, 2017, City Council meeting.

A-6 ADOPTION OF RESOLUTION NO. 37-17 TO REAFFIRM INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND (LAIF) AND DESIGNATE TRANSACTION OFFICERS; (FINANCE)

RECOMMENDATION: Council adopt Resolution No. 37-17.

A-7 APPROVAL OF VISITOR CENTER SERVICES CONTRACT AND LEASE AGREEMENT FOR CITY-OWNED PROPERTY LOCATED AT 695 HARBOR STREET; (DEPUTY CITY MANAGER)

RECOMMENDATION: Council approve agreements with the Morro Bay Chamber of Commerce (Chamber) for Visitor Center Services and the renewal of a property lease at 695 Harbor Street.

A-8 APPROVE CHANGES TO ADOPT-A-PARK/STREET AND MEMORIAL PROGRAMS AND ESTABLISH FEE STRUCTURE FOR MEMORIAL BENCHES AT THE ROCK PARKING LOT AND TARGET ROCK AREA; (PUBLIC WORKS)

RECOMMENDATION: Council review the Adopt-A-Park/Street and memorial programs and approve the staff and PWAB recommendations outlined in the staff report.

A-9 APPROVAL OF FISCAL YEAR 2017/18 COMBINED SALARY SCHEDULE AND JOB DESCRIPTIONS FOR RECREATION SERVICES DIVISION MANAGER, SENIOR PLANNER AND POLICE SUPPORT SERVICES MANAGER; (ADMINISTRATION)

RECOMMENDATION: Council formally approve the FY 2017/18 Combined Salary Schedule and job descriptions for those positions reclassified as part of the budget approval, including the Recreation Services Division Manager, Senior Planner and Police Support Services Manager.

A-10 AUTHORIZATION TO EXTEND THE LEASE AGREEMENT BETWEEN THE CITY AND SCOTT MEISTERLIN FOR 307 MORRO BAY BLVD AND APPROVAL OF AN AMENDMENT TO THE SUBLEASE AGREEMENT BETWEEN THE CITY AND GRANDMA'S FROZEN YOGURT AND WAFFLE SHOP (LENNY AND BEVERLY DURRER); (CITY MANAGER)

RECOMMENDATION: Council exercise its option to extend the master lease agreement between the City and Scott Meisterlin for 307 Morro Bay Blvd. for an additional five years in accordance with Section 1.02 of the current agreement, and approve an amendment to the current Sublease Agreement with Grandma's Frozen Yogurt and Waffle Shop (Lenny and Beverly Durrer) for three years, with the conditional option for the subtenant to extend it on an annual basis thereafter for two additional.

A-11 ADOPT OF RESOLUTION NOS. 33-17 AND 34-17 ESTABLISHING COMPENSATION AND BENEFITS FOR UNREPRESENTED MANAGEMENT EMPLOYEES AND CONFIDENTIAL EMPLOYEES OF THE CITY OF MORRO BAY; (ADMINISTRATION)

RECOMMENDATION: Council adopt Resolution No. 33-17 establishing compensation and benefits for the City's unrepresented Management designated employees for FY 2017/18, and adopt Resolution No. 34-17 establishing compensation and benefits for the City's unrepresented Confidential designated employees.

A-12 ADOPTION OF RESOLUTION NO. 35-17 APPROVING AMENDMENT NO. 1 TO THE 2016-2017 MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY FIREFIGHTERS ASSOCIATION, IAFF LOCAL 3725, EXTENDING THE TERM FROM JULY 1, 2017 UNTIL JUNE 30, 2018 AND PROVIDING A 2% COST OF LIVING ADJUSTMENT; (ADMINISTRATION)

RECOMMENDATION: Council adopt Resolution No. 35-17 approving Amendment No. 1 to the 2016-2017 Memorandum of Understanding Between the City of Morro Bay and the Morro Bay Firefighters Association, IAFF Local 3725.

A-13 ADOPTION OF RESOLUTION NO. 36-17 APPROVING AMENDMENT NO. 1 TO THE 2016-2017 MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY POLICE OFFICERS' ASSOCIATION, EXTENDING THE TERM FROM JULY 1, 2017 UNTIL JUNE 30, 2018 AND PROVIDING A 2% COST OF LIVING ADJUSTMENT; (ADMINISTRATION)

RECOMMENDATION: Council adopt Resolution No. 36-17 approving Amendment No. 1 to the 2016-2017 Memorandum of Understanding Between the City of Morro Bay and the Morro Bay Police Officers' Association.

A-14 ADOPTION OF RESOLUTION NO. 38-17 APPROVING AMENDMENT NO. 1 TO THE 2016-2017 MOU BETWEEN THE CITY OF MORRO BAY AND THE SERVICE EMPLOYEES INTERNATIONAL UNION (SEIU), LOCAL 620, EXTENDING THE TERM FROM JULY 1, 2017 UNTIL JUNE 30, 2018 AND PROVIDING A 2% COST OF LIVING ADJUSTMENT; (ADMINISTRATION)

RECOMMENDATION: Council adopt Resolution No. 38-17 approving Amendment No. 1 to the 2016-2017 Memorandum of Understanding Between the City of Morro Bay and the Service Employees International Union, Local 620.

B. PUBLIC HEARINGS

B-1 ADOPTION OF RESOLUTION NO. 31-17 DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT FOR THE CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS)

RECOMMENDATION: Council conduct the final public hearing and adopt Resolution No. 31-17 approving the levy of the annual assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District for FY 2017/18.

B-2 APPROVAL OF RESOLUTION NO. 32-17 DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS)

RECOMMENDATION: Council conduct the public hearing and approve the levy of the annual assessment for the North Point Natural Area Landscaping and Lighting Maintenance District by adopting Resolution No. 32-17.

C. BUSINESS ITEMS

C-1 PUBLIC EMPLOYEE CONDITIONAL APPOINTMENT AND CONDITIONAL APPROVAL OF EMPLOYMENT AGREEMENT BETWEEN THE CITY OF MORRO BAY AND MARTIN R. LOMELI FOR THE POSITION OF INTERIM CITY MANAGER; (CITY MANAGER)

RECOMMENDATION: Council make a conditional offer of employment, contingent upon successfully passing the city's background check, and conditionally approve the attached employment agreement between the City of Morro Bay and Martin R. Lomeli for the Interim City Manager position.

C-2 WATER RECLAMATION FACILITY PROGRAM UPDATE – REVIEW PEER REVIEW PROCESS SCHEDULE AND PROVIDE DIRECTION DEEMED APPROPRIATE; (PUBLIC WORKS)

RECOMMENDATION: Council review, receive and file this status report of the Water Reclamation Facility (WRF) program schedule update, specifically related to the peer review process and provide direction deemed appropriate.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday**, **July 11, 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.

MINUTES – MORRO BAY CITY COUNCIL
SPECIAL CLOSED SESSION MEETING –
JUNE 13, 2017
CITY HALL CONFERENCE ROOM–3:30 P.M.

AGENDA NO: A-1

MEETING DATE: June 27, 2017

PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Headding	Council Member
	Matt Makowetski	Council Member
	Marlys McPherson	Council Member
STAFF PRESENT:	Craig Schmollinger	Acting City Manager
	Joe Pannone	City Attorney
	Dana Swanson	City Clerk/Risk Manager
	Eric Endersby	Harbor Director

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

Susan McElhinney, Esq. speaking on behalf of her client, Stan Trapp, requested the City abide by the manner it has administered the lease agreement in the past, and begin percent gross reporting July 2018.

Cliff Branch confirmed correspondence he had previously provided to the Council was received, discussed recent property improvements and proposed settlement terms.

Paul Parker Esq. speaking on behalf of his client, Cliff Branch, provided a memo listing other items to be negotiated and requested the Council approve an amendment to the master lease agreement.

The public comment period was closed.

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

CS-1 <u>GOVERNMENT CODE SECTION 54956.8 - CONFERENCE WITH REAL PROPERTY NEGOTIATOR:</u>

Property: Lease Site 71-74/71W-74W & 75-77/75W-77W, Marina Square, 601 & 699 Embarcadero
Property Negotiators: Morro Bay Marina, a general partnership (Stan Trapp)
Agency Negotiators: Eric Endersby, Harbor Director and Joseph Pannone, City Attorney
Under Negotiation: Price and Terms of Payment

CS-2 <u>GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR:</u>

Property: Lease Site 89/89W, The Boatyard, 845 Embarcadero
Property Negotiators: Cliff Branch and Paul Parker
Agency Negotiators: Craig Schmollinger, Acting City Manager, Eric Endersby, Harbor Director, Joseph W. Pannone, City Attorney
Negotiation: Price and Terms of Payment

CS-3 <u>CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:</u>
Paragraph (2) of subdivision (d) of Section 54956.9: One Matter, relating to lease site 89/89W

CS-4 <u>CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION</u>
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: Two Matters

CS-5 <u>CONFERENCE WITH LABOR NEGOTIATORS</u>
City Designated Representative: Colin Tanner, Special Labor Counsel
Employee Organizations: Morro Bay Firefighters' Association; Morro Bay Police Officers' Association; Service Employee's International Union - SEIU Local 620

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

ADJOURNMENT
The meeting adjourned at 5:47 p.m.

Recorded by:

Dana Swanson
City Clerk

AGENDA NO: A-2

MEETING DATE: June 27, 2017

MINUTES – MORRO BAY CITY COUNCIL
SPECIAL CLOSED SESSION MEETING –
JUNE 14, 2017
CITY HALL CONFERENCE ROOM–4:00 P.M.

PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Headding	Council Member
	Matt Makowetski	Council Member
	Marlys McPherson	Council Member
STAFF PRESENT:	Joe Pannone	City Attorney

ESTABLISH QUORUM AND CALL TO ORDER – A quorum was established and the meeting was called to order at 4:00 p.m., with all members present.

SUMMARY OF CLOSED SESSION ITEM - 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

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

ADJOURNMENT
The meeting adjourned at 4:55 p.m.

Recorded by:

Dana Swanson
City Clerk

This Page Intentionally Left Blank

AGENDA NO:	**A-3**
MEETING DATE:	**June 27, 2017**

MINUTES - MORRO BAY CITY COUNCIL
SPECIAL MEETING – JUNE 14, 2017
VETERANS MEMORIAL HALL
209 SURF STREET – 6:00 P.M.

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
	Scot Graham	Community Development Director
	Greg Allen	Police Chief

The Council and staff facilitated an open community forum to provide information and receive community input on the following:

SPECIAL MEETING AGENDA ITEM:

COMMUNITY FORUM – MARIJUANA REGULATIONS
https://youtu.be/h-8PMgjUtXA?t=2s

Engage directly with Council and staff regarding Alternatives for Local Marijuana Regulations, including:

- Regulation of Personal Marijuana Cultivation (indoor and outdoor);
- Before January 1, 2018 determine whether to regulate or ban commercial marijuana operations which otherwise will be eligible for State licenses;
- Before January 1, 2018 determine whether marijuana deliveries into the City, from lawful operations outside the City, will be allowed or prohibited;
- Personal Marijuana Use;
- Commercial Marijuana Operations (medical and recreational), including dispensaries, cultivation sites, testing, manufacturing and delivery; and
- Marijuana taxation and fees.

ADJOURNMENT
The meeting adjourned at 7:10 p.m.

Recorded by:

Dana Swanson
City Clerk

This Page Intentionally Left Blank

MINUTES – MORRO BAY CITY COUNCIL
SPECIAL CLOSED SESSION MEETING –
JUNE 19, 2017 – 9:30 A.M.
JUNE 20, 2017 – 8:30 A.M.
CITY HALL CONFERENCE ROOM

AGENDA NO: A-4

MEETING DATE: June 27, 2017

PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Headding	Council Member
	Matt Makowetski	Council Member
	Marlys McPherson	Council Member

JUNE 19, 2017

ESTABLISH QUORUM AND CALL TO ORDER – On June 19, 2017, a quorum was established and the meeting was called to order at 9:33 a.m., with all members present.

SUMMARY OF CLOSED SESSION ITEM - The Mayor read a summary of Closed Session item.

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 item:

CS-1 PUBLIC EMPLOYEE APPOINTMENT
Title: Interim City Manager

The Council recessed at 10:55 a.m. and reconvened at 11:27 a.m.

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

ADJOURNMENT
The meeting adjourned at 12:50 p.m.

JUNE 20, 2017

ESTABLISH QUORUM AND CALL TO ORDER – On June 20, 2017, a quorum was established and the meeting was called to order at 8:30 a.m., with all members present.

SUMMARY OF CLOSED SESSION ITEM - 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 item:

CS-1 PUBLIC EMPLOYEE APPOINTMENT
Title: Interim City Manager

At 9:30 a.m., the Council invited Acting City Manager Schmollinger and Clerk Swanson to join the meeting.

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

ADJOURNMENT
The meeting adjourned at 9:52 a.m.

Recorded by:

Dana Swanson
City Clerk

AGENDA NO: A-5

MEETING DATE: June 27, 2017

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 21, 2017**

FROM: **Craig Schmollinger, Acting City Manager**

SUBJECT: **Approval of FY 17/18 Advisory Board Work Plans**

RECOMMENDATION

Staff recommends the Council approve the Advisory Board Work Plans for FY 17/18 which have been revised based on direction provided at the June 13, 2017, City Council meeting.

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.

On June 13, 2017, staff presented the draft final Work Plans, and Council directed some revisions to several of these plans. These changes have been captured as presented in Attachment 3, "Final Draft Work Plans for FY 17/18".

Any further changes directed by the majority of the Council will be incorporated into the final work plans as directed and potentially adopted at tonight's meeting.

ATTACHMENTS

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

Prepared By: CS **Dept Review:** CS

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, he 2017 City Council Meeting Calendar is adopted, as set forth in to 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
JAMIE L. IRONS, Mayor

ATTEST:
Dana Swanson
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 — Goas 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

Jan – Feb 2017
Council Adopts Goals/Objectives
City Council develops and adopts fiscal year objectives associated with City Goals.

↓

Feb 2017
Staff Develops Work Plan
Staff begins to develop board work plans based on City Objectives and board member input.

↓

Mar 2017
Advisory Bodies Finalize Draft Work Plans
Advisory bodies review proposed work plan and make recommendations to City Council on work plan

↓

Apr 2017
Joint Meeting Consideration of Work Plans
City Council and Advisory bodies hold joint meeting to review and discuss draft work plans

↓

May 2017
Council Approves Work Plans
Staff / advisory bodies modify work plans based on joint meeting then Council discusses and approves work plans.

↓

New Items?

Items not approved during initial development may be recommended to Council at a later time by the advisory board either by letter or through staff.

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 L. Irons

Jamie Irons
Mayor

David Buckingham
City Manager

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 rapproval 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'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.	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.	Ongoing FY 17/18

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	Contnue 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

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 to 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 2, General	Review the annual water report, including 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
	The following items added by City Council on June 13, 2017:	
Goal 3, Objective f	Cloister's – Work with Cloisters subcommittee to develop maintenance plan that meets the needs of all parties and the public.	Q1/2/3/4-Ongoing in Directors Report
Goal 3, General	Review the annual Capital Improvement Program – make recommendations to Council for budget workshop. (holistic review of budget, prioritization, etc.)	Q3/4
Goal 3, General	Evaluate rock parking lot trash receptacles and other public spaces and consider writing ordinance to require public trash cans include closures	Q3 - Ongoing in Directors Report

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.	Q3
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.	Q3
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.	Q3
	The following items modified or added following June 13, 2017 City Council Meeting:	
Goal 1 - Fiscal sustainability	**Addition of Vacation Rentals/Recreation Vehicle (RV) Parks to BID**	

a. Include VR/RV into the BID	With the VR/RV Sub-committee, meet and layout plan for proper business outreach to all affected lodging industries. The sub-committee and TBID will help to decide which BID Law the MBTBID should formalize under: 1989 vs 1994. (MBTBID is currently under the 1989 Law). If MBTBID pursued the 1989 Law, staff could handle the paperwork & BID process and wouldn't need BID consultants (since staff is very familiar w/ the current '89 process). If MBTBID pursued the 1994 Law, BID consultants would be highly recommended as this process would be new to the City and require a detailed District Plan. A BID under the 1994 Law can only be established by the submission of a written petition signed by the property/business owners in the proposed district, versus a 'negative protest' procedure ('89 Law). The City would need to include the District Plan with the petition (District Plan: a plan for the assessment district that describes the proposed boundaries and the uses of the assessment revenue and estimated costs). In order to add VR/RVs to the BID, business outreach to the lodging industry will be most critical and may take the form of town hall meetings, e-mail blasts, and/or one-on-one visits. Sub-commitee direction, TBID direction, and proper lodging business outreach is planned to take place September - December. Business outreach will be implemented by sub-committee and staff. If the '94 Law is pursued, then a District Plan is required, which would be produced between Oct. - Dec. (by BID consultants). The Council process, resolution of intention, public hearing process, noticing and publication is expected to occur February.	Q1 - Q4
Goal 1 - Fiscal sustainability	**Re-visit the General Fund Contributions to TBID**	
	With Citywide General Fund constraints, City staff will revisit the TBID General Fund contribution methodology and intentions with the TBID Board. Staff and TBID will receive and gather input for future Council consideration.	

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	*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. *Utilizing RPC suggestions, begin to review, research and analyze additional programming offerings and determine potential partnerships; report to RPC Q3-Q4. *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.	Q1 - Q2 2017
Food Trucks	*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.	Q3-Q4 2018
Community Pool Planning	*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.	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	*Sponsor / publish the Morro Bay Recreation Programs Guide in Fall and Spring. *Report to RPC on Rec Guide development and execution Q2-Q3 2017 prior to Fall 2017 publication.	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
	The following item added by Council on June 13, 2017:	
	Review Capital Improvement Projects and provide recommendations to Council for budget study sessions	Q2

Item	Description	Expected HAB Review (by fiscal year quarter)	Status / HAB Recommendation
Harbor Advisory Board Work Program for City Council 2017/18 Goals & Objectives			
updated from City Council input on 4/11/17, HAB input on 5/4/17, and City Council input on 6/13/17			
	GOALS		
Goal 1	**Achieve Economic and Fiscal Sustainability**	N/A	
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 recommend 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, including robust engagement with MBNEP, and consideration of hiring a consultant 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 bring 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 mechanism) 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 permanent 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	
	The following items were added by City Council 6/13/17:		
	Review on an annual basis in segments, all waterfront lease sites for conformity to contractual agreements for building use, maintenance, signage, access, safety, with 100% of all lease sites to be reviewed in 3-year period.	Ongoing	
	Review and submit to Council, capital improvement proijects for FY 2018/19 budget study session	Q2	

AGENDA NO:	**A-6**
MEETING DATE:	**June 27 2017**

Staff Report

TO: **Honorable Mayor and City Council** **DATE:** **June 21, 2017**

FROM: **Craig Schmollinger, Acting City Manager/Finance Director**

SUBJECT: **Adoption of Resolution No. 37-17 to Reaffirm Investment of Monies in the Local Agency Investment Fund (LAIF) and Designate Transaction Officers**

RECOMMENDATION:
Staff recommends Council adopt Resolution No. 37-17.

ALTERNATIVES:
An alternative action would be to alter who the Designated Transaction Officers for City funds are, or reconsider authorizing investment in LAIF.

FISCAL IMPACT:
There is no fiscal impact associated with the requested action.

SUMMARY:
This Resolution reaffirms the City's desire to invest with LAIF, and updates the information currently on file with them.

BACKGROUND/DISCUSSION:
In accordance with State law, the City Council must adopt a resolution to authorize changes to designated transaction officers with LAIF. Resolution No. 79-16 is the current Resolution on file with the State Treasurer's Office, and it is obsolete, due to recent staff changes. Further, the City's Investment Policy under "Suitable and Authorized Investments" lists California LAIF investment pool as a suitable investment instrument. The requested action reaffirms the appropriateness in utilizing that investment tool and updates the investments officers.

CONCLUSION
Staff recommends the City Council adopt Resolution No. 37-17 to reaffirm its desire to invest with LAIF and update the information currently on file with LAIF regarding those individuals authorized to take actions for City regarding LAIF.

ATTACHMENTS
1. Proposed Resolution No. 37-17

Prepared By: ___CS__	**Dept Review:**__CS_
City Manager Review: CS	**City Attorney Review:** __

RESOLUTION NO. 37-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA TO REAFFIRM INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND AND DESIGNATE TRANSACTION OFFICERS

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, Resolution No. 79-16, dated December 15, 2016, authorized the City of Morro Bay to continue investing funds with the State of California's Local Agency Investment Fund (LAIF); and

WHEREAS, the officers, then authorized to order deposit and withdrawal of monies, and affect changes to the account, have changed.

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

1. Resolution No. 79-16 and any and all resolutions relating to investing funds through LAIF are rescinded and replaced in their entirety with the passage of this Resolution; and
2. the City will continue investing with LAIF, and designates the following officers to deposit and withdraw funds, and affect changes to the account:

To be Named	City Manager
Craig Schmollinger	Finance Director/Treasurer
Sandra Martin	Budget/Accounting Manager
Valerie Webb	Senior Accounting Technician

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof, held on the 27th day of June 2017, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JAMIE L. IRONS, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

AGENDA NO:	**A-7**
MEETING DATE:	**June 27, 2017**

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 15, 2017**

FROM: **Ikani Taumoepeau, Deputy City Manager**

SUBJECT: **Approval of Visitor Center Services Contract & Lease Agreement for City-owned Property located at 695 Harbor Street**

RECOMMENDATION

Staff recommends the City Council approve agreements with the Morro Bay Chamber of Commerce (Chamber) for Visitor Center Services and the renewal of a property lease at 695 Harbor Street.

ALTERNATIVES

No alternatives are recommended at this time.

FISCAL IMPACT

The fiscal impact for the Visitor Center services contract is $50,000 from July 1, 2017 until June 30, 2018. The Chamber lease is $1.00 annually. Both those amounts have not changed since October 2015.

BACKGROUND

In 2015, the Council, staff, and the community discussed ways to provide outstanding Visitor Center services at a reduced price using innovative or creative solutions. To that end, the City issued a Request for Proposals seeking vendors for Visitor Center services. The City received three proposals based on the RFP from the Chamber, Morro Bay Tourism and Kay's Summer Cottage. Staff recommended the City Council approve an agreement with the Chamber of Commerce at its current building. That agreement terminates on June 30, 2017, and had a renewal provision, but the timing for the renewal by the City was not met.

In 2015, the City also entered into a formal lease agreement with the Chamber for the Chamber to occupy the City property at 695 Harbor Street that terminates on June 30, 2017.

Prepared By: ___IT____	**Dept Review: _____**
City Manager Review: _____	**City Attorney Review: ___JWP_____**

DISCUSSION

The Chamber staff and City staff have renegotiated a renewal of the Visitor Center contract, including the City's payment to the Chamber of $50,000 for the services the Chamber provides. The terms of the renewed agreement are substantially the same as the current agreement, including a provision that allows the parties to agree to a renewal for an additional year at the same City contribution.

In addition, those staffs have renegotiated a new lease for the Chamber to continue to be located at 695 Harbor Street. The new lease tracks the provisions of the current lease. The new lease is only for one year, due to the Chamber's desire for flexibility regarding future funding issues. The current lease and Visitor Center agreements expire on June 30, 2017. The Chamber Board has approved the extension of the lease and Visitor Center agreements.

The basics of the contract include requirements for the Visitor Center to:

- Be open to the public all days with the exception of Thanksgiving Day, Christmas Day, and New Year's Day;
- Be open at least 7 hours specifically for Visitor Center services, and host visitors during times outside of Visitor Center hours when the Chamber is open to the public;
- Include at least one ADA-accessible unisex restroom facility for public use, or one must be available for public use within 150 feet of the Visitor Center;
- Be within walking distance of the Morro Bay Transit Center;
- Include one phone line dedicated to Visitor Center purposes;
- Have only City-approved signage posted onsite. Major signage on the facility will be City-approved and be at the expense of the City. Any other signage will be City-approved and at the expense of the Chamber;
- Include on-site wireless Internet access for visitors at all times the Visitor Center is open to the public;
- Include an Internet-enabled computer terminal accessible to visitors at all times the Visitor Center is open to the public;
- Have some form of limited visitor information on the exterior of the Visitor Center available to the public who may not want to enter the Visitor Center, or when the Visitor Center is otherwise closed to the public; and
- The visitor's guide produced by Morro Bay Tourism will continue to be provided at the Visitor Center.

The Chamber is required to submit quarterly reports related to the activities of the Visitor Center, track referrals to hotels and other facilities and vendors, provide stellar customer service and be subject to financial inspection, review and audit.

CONCLUSION

Staff believes in a renewed commitment to a partnership between these two organizations as it relates to economic development in this community. Staff believes the Chamber of Commerce has managed the Visitor Center well and has created strong partnerships, better synchronization, and control of efforts related to business retention and expansion, business recruitment, and tourism.

Staff believes the proposed agreements with the Chamber will strengthen our economic development efforts.

ATTACHMENTS

1. Letter Requesting Visitor Center Agreement Extension
2. Visitor Center Services Agreement
3. 695 Harbor Street Lease Agreement

City of Morro Bay

595 Harbor Street
Morro Bay, CA 93442

28th April, 2017

Subject: Morro Bay Visitor Center Agreement Extension

This letter is with regards to the Morro Bay Visitor Center Agreement extension as set forth in Section 2 of existing agreement between the City of Morro Bay and the Morro Bay Chamber of Commerce. We are ready to extend this agreement for a period of one year, to commence July 1, 2017 and terminate on June 30, 2018. We accept the maximum amount of $50,000 for the additional term, payable in 12 monthly installments.

We will continue to execute all Covenants of the agreement, originally entered into on the 25th day of August, 2015 with one exception in Section 8. We were discouraged to learn that lack of app engagement has plagued the mobile app industry, with research showing that most apps are not retained for even one day. We strive for sound fiscal management, and so did not expend funds on a technology that does not deliver results. We have upgraded technology at the Visitor Center and will continue to improve the mobile functions of our website sufficient to provide visitors to the city with immediate access to pertinent information. This information includes City and County governmental operation information and information on all brick and mortar business establishments whether or not they are members of the Chamber.

The Morro Bay Chamber of Commerce looks forward to continuing to provide visitor information services on behalf of the City of Morro Bay, its businesses, and its residents, for the Fiscal Year 2017/2018.

Yours sincerely,

Erica D. Crawford
President/CEO
Morro Bay Chamber of Commerce
695 Harbor Street
Morro Bay, CA 93442
805-772-4467

Morro Bay Visitor Center Agreement

This Agreement is made and entered into this 27th day of June, 2017 by and between the City of Morro Bay, a municipal corporation, hereinafter referred to as "the City" and the Morro Bay Chamber of Commerce, a California non-profit corporation, hereinafter referred to as "the Chamber."

WHEREAS, the City recognizes continued development of the community is vital, and therefore, wishes to provide for a coordinated effort to encourage, promote, and foster the economic advantages as a vibrant tourist and recreational center; and

WHEREAS, a Morro Bay Visitor Center (the "Center") is the welcoming face to Morro Bay visitors, and it is crucial the Center be the cheerleader for the entire destination that is Morro Bay; and

WHEREAS, the Chamber has experience, together with available facilities, to provide visitor center services, necessary to enhance the economic development and vitality for the City; and

WHEREAS, it is in the interest of the community for the Chamber to provide and perform services to facilitate the welcoming and hospitality of visitors to the City, in a manner designed to promote the unique character, heritage and special attributes of the community and enhance the economic vitality of the City; and

WHEREAS, the City and the Chamber agree those goals can best be accomplished through the operation of a Visitor Center by the Chamber, under the terms and conditions outlined hereinafter, making use of funds provided, pursuant to this contract, by the City for operations of the Visitor Center.

Now, therefore, in consideration of the covenants and conditions stated herein, and in consideration of the mutual benefits that will accrue to each of the parties hereto, as well as to the public good of all the citizens of Morro Bay, the parties have agreed, and do hereby agree, as follows:

1) The foregoing recitals are true and correct, and constitute accurate statements of the facts herein.

2) The term of this Agreement shall commence on July 1, 2017 and terminate on June 30, 2018 (the "Term"). The City and the Chamber may, by mutual written agreement no later than 60 days prior to expiration of the Term, extend this Agreement for one additional year beyond the Term.

3) The maximum amount due and payable during the Term is $50,000. The City shall pay said amounts to the Chamber in monthly increments, in advance, for each contract month. Such funds are to be expended only under the terms, conditions and restrictions, and for the purposes specifically set forth in this Agreement. If this Agreement is extended pursuant to Paragraph 2), above, then the City shall pay an additional $50,000, for that additional year and incrementally as stated herein

4) The Chamber shall provide qualified and competent staff, for the successful implementation of this Agreement.

5) The Chamber shall maintain a Visitor Center at 695 Harbor Street suitable for the conduct of visitor information services. The Center must:

   a. Be open to the public every day with the exception of Thanksgiving Day, Christmas Day, and New Year's Day, or those times when the City faces an emergency or disaster warranting closure of the Center,
   b. Be open at least 7 hours specifically for Visitor Center services, normally 10am to 5pm, and will also host visitors during times outside of Visitor Center hours when the Chamber is open to the public,
   c. Include at least one ADA-accessible unisex restroom facility for public use or one must be available for public use within 150 feet of the Visitor Center,
   d. Be within walking distance of the Morro Bay Transit Center,
   e. Include one phone line dedicated to Visitor Center purposes,
   f. Have only City-approved signage posted onsite. Main signage on the facility will be City-approved and be at the expense of the City. Any other on-site signage will be City-approved and at the expense of the Chamber. The City shall be responsible for all offsite signage directing the public to the location of the Visitor Center,
   g. Include on-site wireless Internet access for visitors at all times the Visitor Center is open to the public,
   h. Include an Internet-enabled computer terminal accessible to visitors at all times the Visitor Center is open to the public,
   i. Have some form of limited visitor information on the exterior of the Visitor Center available to the public who may not want to enter the Visitor Center, or when the Visitor Center is otherwise closed to the public and
   j. Be open to facilitate contact with news media representatives, and to disseminate news releases and promotions information, in a professional manner, for various media, general public, and visitor information needs, based on information provided by the City/TBID, with City approval.

6) The Chamber shall provide extended hours for tourist peak season from May to September, opening 9am to 5pm and provide Visitor Center kiosk services at the Main Street Market during summer months. The Chamber shall evaluate and upgrade technology as needed at the Visitor Center and continue to improve the mobile functions of the website sufficient to provide visitors with quick access to pertinent information.

7) The Chamber shall respond promptly to all requests, including during high volume periods, of information requests including telephone calls and E-mails. The Chamber shall maintain a voicemail system during closed office hours to receive messages for visitor information requests.

8) The Chamber shall coordinate services for prospective visitor groups, to include referrals to motels, rental facilities, caterers, entertainment and other services. Said referrals will be tracked and recorded. The Chamber shall provide promotional publication materials for visitors that specify recreational opportunities, campgrounds, art galleries and other services. The visitor's guide produced by the Morro Bay Tourism Bureau will continue to be provided at the Visitor Center.

9) The Chamber shall ensure no funds provided by the City will be used to support activities not directly related to the Visitor Center. Nothing in this contract, however, shall prevent the City from

specifically funding new projects as proposed by the Chamber.

10) The Chamber shall submit written and oral quarterly reports to the City Manager or his/her designee regarding visitor information and promotional activities, and quarterly reports of the same to the City Council, excluding monthly expenditures and invoice information, which will be managed by administrative staff. Those reports need not be lengthy, but should be specific as to the following:

    a. Number of visitors to the Visitor Center.
    b. The type and quantity of materials dispensed from the Visitor Center.
    c. Summary of telephone and email information requests received.
    d. The type and quantity of any special materials distributed to groups.
    e. The number of visitor site referrals made.
    f. Detailed report of Visitor Center monthly expenditures.
    g. Copies of invoices to support charges.

11) Failure to provide such quarterly reports will be considered by the City as possible grounds for termination of this Agreement.

12) The Chamber agrees to make all Visitor Center books and financial records, or any other books and financial records concerning the funds expended under this Agreement, available to the City for inspection, review and audit. The Chamber will, at no expense to the City, provide an annual report and accounting of expenditures of the funds covered by this Agreement. The Finance Director shall work with the Chamber to perform a detailed financial review at the end of each City-Fiscal Year, which will be presented to the City Manager.

13) The Chamber agrees all persons working for the Chamber under this Agreement shall in no way be considered employees of the City; and any liability, which might arise under the Worker's Compensation Law of the State of California due to any injury of any employee of the Chamber, shall be the sole liability of the Chamber. The Chamber shall, throughout the period of this Agreement, maintain in full force and effect, a policy of worker's compensation insurance meeting statutory limits of Labor Code covering all its employees and volunteers. Said policy shall include a waiver of subrogation against City, its officers, agents, employees and volunteers.

14) The Chamber shall not use any monies received under this Agreement for the endorsement, opposition or participation in any political or lobbying activity involved in the support or opposition to any candidate for public office or proposed ballot measure.

15) The Chamber agrees to indemnify, defend and hold harmless City, and its officers, employees, and agents, from any and all claims, suits, demands and causes of action and costs, including reasonable attorney's fees and court costs ("Damages"), resulting from this Agreement; provided, that the obligation to indemnify and hold harmless shall only be to the extent Damages are caused by the Chamber or any of its officers, employees, agents or contractors.

16) The Chamber shall obtain and maintain, in full force and effect during the term of the Agreement, a $1,000,000 general liability insurance policy specifically naming City as primary additional insured against claims and demands resulting from any act or omission by the Chamber or any of its officers, employees, agents or contractors related to this Agreement. Said insurance policy shall provide for thirty-days' notice of cancellation to the City. Within ten days after the date of execution of this Agreement by both parties, the Chamber shall submit to the City

evidence of such insurance.

17) Notwithstanding any other representation, oral or written, between the parties, including any and all agents or representatives thereof, the Chamber is at all times during the term of this Agreement acting as a free and independent contractor, and shall not be an employee or an agent of the City.

18) Except as the City may authorize in writing, the Chamber shall have no authority, express or implied to act on behalf of then City in any capacity whatsoever as an agent. The Chamber shall have no authority, express or implied, pursuant to this Agreement, to bind City to any obligations whatsoever.

19) The Chamber shall not enter into any contract or agreement that will create a conflict of interest with its duties to the City under this Agreement. No member, official or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his/her personal interests or the interests of any corporation, partnership, of association in which he is directly or indirectly interested. The Chamber warrants it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

20) The Chamber represents and warrants to City the Chamber has, and shall maintain at all time during the term of this Agreement, at its sole cost and expense, all business licenses, permits, qualifications and approvals of whatsoever nature which are legally required for the Chamber to provide the service hereunder.

21) The Chamber shall perform all services required pursuant to this Agreement in a manner and according to the standards observed by a competent practitioner of the profession in which the Chamber is engaged. All products and services of any nature which the Chamber provides to the City and to visitors to the Visitor Center shall conform to the standards of a quality normally observed by licensed, competent organizations practicing in the Chamber's profession.

22) The Chamber shall devote such time to the performance of services as may be reasonably necessary for the satisfactory performance of the Chamber's obligations pursuant to this Agreement. Neither party shall be considered in default of this Agreement to the extent performances are prevented or delayed by any cause, present or future, which is beyond the reasonable control of the non-performing party. The Chamber agrees to assign only competent personnel according to the reasonable and customary standards of training and experience in the relevant field to perform services pursuant to this Agreement.

23) During the term of this Agreement if the Chamber is dissolved, disbanded, or otherwise ceases to function in a manner described in this Agreement, then all funds attributable to the City and equipment purchased out of funds provided by the City shall revert to ownership of the City. For the purpose of this provision, the Chamber shall maintain a written record of, and include as part of each annual report, a listing of capital equipment that has been purchased with the funds provided by the City.

24) No party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempted or purported assignment of any right or obligations pursuant to this Agreement shall be void and of no effect.

25) The Chamber agrees to comply with all fair employment practice laws of the State and Federal government. The Chamber covenants and agrees for itself, its successors, its assigns and every successor in interest, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, medical condition, disability, marital status, ancestry or national origin in the provision of any services to be provided by the Chamber hereunder, nor shall the Chamber of any person claiming under or through the Chamber establish or permit any such practice or practices of discrimination of segregation in the provision of any services to be provided by the Chamber hereunder.

26) The failure of either party to abide by any term of this Agreement shall constitute a default under this Agreement. If either party fails to cure any such default within five (5) days after receiving notice from the other party of such default, then this Agreement may be terminated by giving ten-days' written notice of such termination. Upon any such termination, the final monthly payment to be paid under Paragraph 3, above, shall be adjusted on a pro rata basis, based on a 30-day month, to the date of such termination, and if applicable, the Chamber shall immediately return to the City any amounts previously paid by the City for any period subsequent to the date of such termination.

27) In addition to termination pursuant to Paragraph 29), above, this Agreement may be terminated in whole or in part at any time by either party hereto upon thirty-days' written notice to the other as identified below. In the event of any termination of this Agreement, all rights and obligations of both parties hereto, except for Paragraph 18), including without limitation the monthly payment from City to the Chamber hereunder, shall terminate as of the date of such termination (and the final monthly payment shall be adjusted on a pro rata basis to the date of such termination).

28) This document represents the entire understanding between the parties and supersedes all prior negotiations, representations or agreements, either written or oral regarding the subject matter hereof, including, but not limited to that lease agreement the parties entered into and was effective in October, 2015. This Agreement may only be amended in writing signed by both parties.

29) If any provision of this Agreement is deemed to be legally void or unenforceable, then all remaining provisions shall survive and be enforceable. This Agreement shall in all respects be governed by the laws of the State of California.

30) In the event suit is brought for the enforcement, or interpretation, of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees.

In Witness Whereof, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

--signatures on next page—

CITY OF MORRO BAY

By: _____
Craig Schmollinger
Acting City Manager

MORRO BAY CHAMBER OF COMMERCE

By: _____
Erica Crawford
Director of Operations

By: _____
Cyndee Edwards
Chamber Board President

Attest:

_____
Dana Swanson
City Clerk

Approved As To Form:

_____
Joseph W. Pannone,
City Attorney

01181.0001/259303.1

Lease Agreement

AGREEMENT

This lease agreement ("this Lease") is made and entered by and between the CITY OF MORRO BAY, a municipal Corporation hereinafter referred to as "LESSOR." and THE MORRO BAY CHAMBER OF COMMERCE, a California non-profit corporation hereinafter referred to as "LESSEE."

RECITALS

WHEREAS, LESSOR is the owner of certain real property located at 695 Harbor Street, Morro Bay CA (the "Leased Premises"); and

WHEREAS, LESSEE is organized to encourage a strong local economy and quality of life by promoting commerce, sound government, and an informed membership and community; and

WHEREAS, comprised of local business leaders, LESSEE has special knowledge and experience to promote economic and business development, including business attraction and retention programs, for the benefit of LESSOR; and

WHEREAS, LESSOR and LESSEE have mutual interests in enhancing the economic growth and vitality of the community; and

WHEREAS, LESSOR and LESSEE desire to enter into a lease agreement for a portion of the Leased Premises.

NOW, THERFORE, IT IS AGREED AS FOLLOWS;

1. LEASE: LESSOR hereby leases to LESSEE and LESSEE agrees to accept from LESSOR the lease of the portions of the Leased Premises as described in Section 4., below.

2. RENT: During the term on this Lease, LESSEE agrees to pay on or before January 1, 2018 the sum of $1.00, payable in advanced per fiscal year as rent for the use of the Leased Premises.

3. TERM: The term of this Lease shall commence on July 1, 2017 and terminate without notice on June 30, 2018, unless sooner terminated as a herein provided term (the "Term"). Any holdover of possession of the Leased Premises by LESSEE beyond the Term shall constitute a month-to-month tendency on the same terms and conditions of this Lease and LESSEE agrees to vacate the Leased Premises upon thirty-days' (30-days') prior written notice from LESSOR.

4. LEASED PREMISES: The Leased Premises for purpose of this Lease shall include only those portions of Leased Premises that include the office now used, as of the effective date of this Lease, by LESSOR'S director, the office used, as of the effective date of this Lease, by the Chamber's accountant and administrative assistant, and the front foyer space, all of which are shown on Exhibit A. In addition, LESSEE shall have access to and use of, but not control of, common areas including both bathrooms, the conference room, hallways, entranceways and the kitchen.

5. USE OF LEASED PREMISES: LESSEE shall use the Leased Premises solely for the purpose of operation of Chamber-business, including, but not limited to, (i) promoting all businesses and services in the City on behalf of the community, regardless if said business is a member of the Chamber and (ii) providing qualified and competent staff, for the successful implementation of this Agreement. In addition LESSEE shall operate the City of Morro Bay Visitor Center (the "Visitor Center"), as outlined in that separate Visitor Center agreement, attached for reference as Exhibit A.

6. FIXTURES AND ALTERATIONS: LESSEE shall not make or cause to be made any alterations, additions or improvements, of a substantial nature or make any structural changes in the building (the "Improvements") without first notifying LESSOR and obtaining prior written approval from LESSOR for the Improvements. In the event the Improvements include any structural change, LESSEE shall supply to LESSOR plans and specifications for such work, and obtain prior written approval. LESSEE shall be responsible for all costs associated with any of the Improvements. All permits necessary for the Improvements, excluding improvements related to Visitor Center services, shall be at LESSEE'S expense and obtained prior to any work any of on the Improvements.

7. ITEMS INSTALLED BY LESSEE: All decorations and additions and any of the Improvements in the Lease Premises, except for structural changes, made by LESSEE shall remain the property of LESSEE for the term of this Lease or any extension or renewal thereof. Upon expiration of this Lease, or any renewal term thereof, LESSEE shall remove all decorations and additions and those portions of the Improvements that are LESSEE property, and restore the Leased Premises, ordinary wear and tear excepted, to its condition at the time of original occupancy, unless written approval is obtained by LESSOR to allow such decorations, additions or the Improvements to remain.

8. SECURITY: LESSOR agrees to provide locks on doors of the Leased Premises to be used exclusively by LESSEE for its use and for Visitor Center services, and to provide keys for access to Leased Premises. LESSOR shall also provide new access to the Leased Premises at the rear entrance for others to access the Leased Premises without access to Leased Premises.

9. MAINTENANCE: LESSOR shall be responsible for the overall interior and exterior maintenance of the Leased Premises, except that LESSOR shall have no duty, obligation, or liability whatever to care for or maintain or rebuild the Leased Premises or

surrounding grounds except at its sole discretion. LESSEE shall be responsible for routine janitorial and maintenance of the Leased Premises.

10. SURRENDER OF LEASED PREMISES: At the expiration of the tenancy hereby created, LESSEE shall surrender the Leased Premises in the same condition as the Leased Premises were upon delivery of possession thereto under this Lease, reasonable wear and tear excepted, and damage by unavoidable casualty not within the reasonable control of LESSEE excepted, and shall surrender all keys for the Leased Premises to LESSOR. LESSEE shall thereupon remove all its fixtures, and any alterations or improvements as provided above before surrendering the Leased Premises and shall repair any damage to the Leased Premises caused thereby. LESSEE's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of this lease.

11. INSURANCE: LESSEE shall, during the full term of this lease, keep in full force and effect an appropriate policy of liability and property damage insurance with respect to the Leased Premises in the minimum amounts of $1,000,000 each. The policies shall name LESSOR and it officers, employees and representatives as additional insureds and shall contain a clause the insurer will not cancel or change the insurance without first giving LESSOR 10-days' prior written notice. LESSEE shall exhibit to LESSOR, at any time upon demand, a certificate of insurance, or other evidence of insurance, and shall keep such policies in effect during the full term of this Lease or any extensions thereof.

12. FIRE, EXTENDED COVERAGE: LESSEE agrees to purchase and maintain, during the full term of this Lease or any extensions thereof, a policy of fire, extended coverage, insurance, which policy shall not be less than 100% of the replacement value of the Leased Premises. The cost of such insurance shall be at the sole cost of LESSEE.

13. INDEMNIFICATION: LESSEE agrees to indemnify, defend and hold harmless LESSOR, its offices, directors and agents, from and against any and all claims, actions, damages, liability, expenses, costs and reasonable attorney's fees resulting or related to any loss of life, personal injury or damage to property, or any other liability, arising out of any occurrence related to the Leased Premises or the occupancy or use by LESSEE of the Leased Premises or any part thereof, occasioned wholly or in part by any act or omission of LESSEE, its agents, contractors, employees, servants, lessees or concessionaires, or for any act or omission by LESSOR in furtherance of the interests of LESSEE for any reason in connection with this Lease.

14. UTILITIES & TAXES: LESSEE shall be responsible for and promptly pay 30 percent of all charges for heat, water, gas, electricity or any other utility used or consumed on the Leased Premises, including any deposits demanded by any utility, based on the previous Fiscal Year average monthly cost for all identified utilities. LESSEE shall pay the aforementioned rate plus an annual Cost of Living Adjustment based on the July CPI-U from the Los Angeles-Riverside-Orange County area beginning with the City's FY 18-19

Budget Year. LESSEE agrees to pay, at its sole cost and expense, any possessory interest tax that may be assessed as a result of this Lease.

15. ASSIGNMENT AND SUB-LETTING: LESSEE will not assign this lease, in whole or in part, nor sub-let all or any part of the Leased Premises.

16. GOVERNMENTAL REGULATIONS: LESSEE shall at LESSEE's sole cost and expense, comply with all of the requirements of all county, municipal, state, federal and other applicable government authorities, now in force, or which may hereafter be in force, pertaining to the Leased Premises, and shall faithfully observe in the use of the Leased Premises all municipal and county ordinances, and all state and federal statues now, or which may hereafter be, in force.

17. DESTRUCTION OF LEASED PREMISES: If the Leased Premises shall be damaged or destroyed by fire, the elements, unavoidable accidents or other casualty, then all insurance proceeds payable by reason thereof shall be applied to the repair, reconstruction and renovation of Leased Premises.

18. CONDEMNTATION: In the event any or all of the Leased Premises are taken, in whole or in part, through the exercise of any power of eminent domain exercised by any state, federal or local municipality (including LESSOR) having the power thereof, any sums paid by such condemning authority shall be paid to LESSOR.

19. DEFAULT: In the event of any failure of LESSEE to perform any of the terms, conditions or covenants of this Lease to be observed or performed by LESSEE for more than 30 days after written notice of such default shall have been give to LESSEE, or if LESSEE shall abandon the Leased Premises, then LESSOR, besides other rights or remedies it may have, shall have the immediate right of reentry and may remove all persons and properties from the Leased Premises without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby.

20. ENTIRE AGREEMENT: This Lease, and any exhibits attached hereto and forming a part hereof set forth all the covenants, promises, agreements, conditions and understanding between the parties concerning the Leased Premises, including, but not limited to, that certain lease agreement the parties entered into and was effective October, 2015, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them, other than or herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this lease shall be binding upon either party unless reduced to writing and signed by both.

21. NOTICE: Any notice, demand, request or other instrument which may be required to be given under this lease shall be deemed delivered when sent by ordinary United States Mail, postage prepaid, addressed to LESSOR care of its City Manager, or LESSEE care of its then acting President.

22. PARTIAL INVALIDITY: If any term, covenant or condition of this lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then the remainder of this lease, or the application of such term, covenant or condition to persons or circumstances other than those to which it is held invalid, or unenforceable, shall not be affected thereby; and each term, covenant or condition of this lease shall be valid and be enforced to the fullest extent permitted by law. If the length, term or duration or this Lease, in any way is in violation of any statute, law or Constitution or is invalid for any reason whatsoever, then this Lease shall be deemed a lease from year to year, and all other provisions hereunder shall remain the same.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 27th day of June 2017, at Morro Bay, California

CITY OF MORRO BAY

By: _____
Craig Schmollinger
Acting City Manager

MORRO BAY CHAMBER OF COMMERCE

By: _____
Erica Crawford
Director of Operations

By: _____
Cyndee Edwards
Chamber Board President

Attest:

_____
DANA SWANSON
City Clerk

Approved As To Form:

_____
JOSEPH W. PANNONE
City Attorney

01181.0001/264893.1

This Page Intentionally Left Blank

AGENDA NO: A-8

MEETING DATE: June 27, 2017

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 6, 2017**

FROM: **Rob Livick, PE/PLS - Public Works Director/City Engineer**
Janeen Burlingame – Administrative Analyst

SUBJECT: **Approve Changes to Adopt-A-Park/Street and Memorial Programs and Establish Fee Structure for Memorial Benches at the Rock Parking Lot and Target Rock Area**

STAFF AND PUBLIC WORKS ADVISORY BOARD (PWAB) RECOMMENDATION

Staff and the PWAB recommend the City Council review the Adopt-A-Park/Street and memorial programs and approve the staff and PWAB recommendations outlined in the staff report.

FISCAL IMPACT

The Adopt-A-Park and Adopt-A-Street programs will have nominal staff costs associated with activities to coordinate with volunteers, provide materials, and remove bags of collected trash or green waste material.

All memorial programs as previously established by City Council are to be on a cost recovery basis. As such, to be consistent with past policy, the proposed fee for the new memorial benches and plaques at the Rock and Target Rock locations are designed to recover the cost for their purchase and installation. Additionally, there will be nominal staff costs associated with the ordering and installation of plaques when they are purchased and ready to place on the benches at the time memorial plaques are being requested.

PWAB MEETING

The PWAB reviewed the Adopt-A-Park/Street and memorial programs at its May 18 meeting and concurred with staff's recommendations outlined in the staff report. Regarding Adopt-A-Park and Adopt-A-Street, they expressed a desire for more oversight and communication with adopters, and acknowledged the importance of recognition for those who participate in the adoption programs.

BACKGROUND

What are Adopt-A-Street and Adopt-A-Park Programs?

Adopt-A-Street is a collaborative effort between City residents, merchants, community groups, and the City government. Groups, merchants, or individuals agree to adopt an area and take responsibility for keeping the street and sidewalks clean. Adopt-A-Street creates a cleaner, more pleasant environment for everyone who lives, works and shops in adopted areas, while strengthening ties as the community works together to keep the City clean.

Adopt-A-Park is also a collaborative effort between City residents, community groups, and city government to improve and maintain City parks and its facilities. Neighbors and community groups volunteer their time to improve the chosen park. Adopters can work on a variety of projects the City identifies, including such activities as: planting and maintaining flower beds; cleaning up litter; maintaining trails and paths; painting and caring for park structures; planting, mulching and watering trees; and generally making sure the park is in order.

Prepared By: ___JB__	**Dept Review: __RL__**
Acting City Manager Review: __CS___	**City Attorney Review: __JWP__**

How much does it cost?
Adopting a street or park is free. The City would provide all of the necessary supplies, such as cleaning supplies, litter and compostable leaf bags, gloves, tools and plants.

What is the time commitment?
The time commitment is completely up to the individual resident, merchant, or community group depending on what project is being done. Generally, the Adopt-A-Street or Park events last two to three hours depending on the project. Adopters can also work individually, at their own leisure.

DISCUSSION

ADOPT-A-PARK

The City began operating an Adopt-A-Park program in the early 1990's. The program was designed to have organizations or groups interested in adopting various City parks where its volunteers would be involved with the maintenance and upkeep of those parks. There was a letter agreement between the City and group/organization that outlined the scope of work for the park being adopted, delineating the duties and schedule of activities to be performed by the adopter.

Typically, activities include: litter collection, emptying of trash containers and relining them with new bags; visual inspection of tables, benches, barbeques, drinking fountains, interpretive panels, play apparatus, special areas, and light bollards for damage/cleanliness; alerting City staff or Police to any damage or vandalism; and completing incident report forms for any unusual occurrences, vandalism or damage found while on patrol.

The City provides adopters with gloves, "pickers," "mashers," cart and supplies. City staff meets with adopters, as necessary, to review work and ascertain problems. Adopters register with the City as volunteers prior to working on the park being adopted to be properly covered by City insurance.

The term for the Adopt-A-Park agreement has usually been one year, based on the City's fiscal year for budgetary planning.

When Consolidated Maintenance transitioned to the Public Works Department from Recreation and Parks Department, so too did the Adopt-A-Park program. Several of the groups that had adopted parks no longer participate, with some asking for help from Morro Bay in Bloom to take care of the parks they once did, though nothing has been formalized with the City.

While overall administration of the program has been somewhat on the back burner with other Council prioritized projects being worked on, staff wants to re-establish the program and to more formalize activities and acknowledgement of those who participate, particularly other groups, such as Morro Bay in Bloom, who have been acting as de facto adopters for some parks.

Staff will identify parks and activities for adopters to perform, create a new information brochure with application and waiver, schedule periodic meetings with adopters to review performance and future needs or activities, and develop a program for recognition that includes a sign at the adopted location with sign criteria to be developed by the City.

Recommendations
Staff and the PWAB recommend continuing the Adopt-A-Park program with the following changes:

1. Place a recognition panel at the adopted location
2. Adoptions are on a one-year basis with the option for renewal of another one-year period (unlimited number of renewals unless there is a waiting list for the location being adopted).
3. Provision for the City and adopter to sign a formal agreement that will include a provision for either party to terminate the agreement at any time for any reason with 3-days' written notice.

ADOPT-A-STREET
The City is interested in expanding the adoption program to more formally create an Adopt-A-Street program that would include streets and rights-of-way, expanding on projects undertaken by Morro Bay Beautiful and Morro Bay in Bloom (litter pick up, median maintenance, planter box maintenance), but not really formalized with the City, and allow opportunity for other organizations and groups to adopt other street or public rights-of-way locations.

The idea is the City would identify street and public rights-of-way areas that would be eligible for adoption by merchants, groups or individuals. Work activities would primarily be litter collection, weed removal, planting and maintenance of landscaped areas, and visual inspection of trash/recycling containers and benches for damage or vandalism. As with Adopt-A-Park, there would be no fee to adopt a street / public rights-of-way and the City would provide basic cleaning supplies and tools.

Staff will create an information brochure, application, waiver, and develop a program for recognition that includes a sign at the adopted location with sign criteria to be developed by the City.

Recommendations
Staff and the PWAB recommend:

1. Expanding the adoption program to include City identified streets and rights-of way, using the current Adopt-A-Park program as a model and include items such as an application, volunteer release and waiver, and statement of commitment (outlines partnership between City and group identifying activities each would agree to perform).
2. Place a recognition panel at the adopted location.
3. Adoptions are on a one year basis with the option for renewal of another one year period (unlimited number of renewals unless there is a waiting list for the location being adopted).
4. Provision for the City and adopter to sign a formal agreement that will include a provision for either party to terminate the agreement at any time for any reason upon 3-days' written notice.

MEMORIAL PLAQUE PROGRAM
Over the years, the City established several memorial plaque programs: trees, benches, and bike racks. It is important to note the installation of the dedicated items is at the Public Works Director's discretion in terms of location.

Trees: In 1990, the City Council established, through Resolution No. 40-90, a commemorative tree program in parks, public places, and rights-of-way to encourage the planting of trees to improve air quality, aesthetics, and the environment.

Per the resolution:

"Donation of commemorative trees for all City parks, public places and rights-of-way shall be governed by the following policies:

1. *Tree species shall be drought-tolerant and acceptable to the Department head responsible for maintaining the tree as governed by the master street tree list, park and open space master plan and/or approved landscaping plans for public property proximate to public buildings or used as parking lots.*
2. *Commemorative plaques shall be of cast bronze, no larger than 4" x 10" and contain the names of the tree, date donated and a brief statement laid out as shown below:*

   Scientific Name
   Common Name
   Statement
   Date
3. *The City shall not be responsible for replacement of trees or plaques damaged by vandalism, acts of god or acts of nature. The City shall install and maintain the tree and plaque to the best of its ability within water and financial resources.*

4. *Trees, donated for rights-of-way shall be planted in existing tree wells according to the approved City standards; the cost of all improvements to be paid by the donor.*
5. *Only fifteen (15) gallon or larger trees shall be accepted by the City for the commemorative tree program."*

In 2000, the City Council adopted Resolution No. 04-00 that approved a $250 fee for the installation of 15-gallon trees and bronze plaques in the parks and public parkways.

If an individual wants to donate a tree to a park without a dedication plaque, then the Public Works Department (the "Department") would continue to accept those donations to replace trees that have been removed from the parks due to damage or disease. Those trees are placed in the parks at the discretion of the Public Works Director and the type of tree is determined by the Department.

Currently, there are no spaces available in the parks for additional memorial trees; however, there are several public rights-of-way locations available for memorial trees.

Recommendations
Staff and the PWAB recommend the plaques not require the scientific or common name of the tree be put on the plaque, as sometimes a tree does not thrive and is replaced by another type of tree and the plaque is no longer correct and an additional expense would be incurred by the donor to have a new plaque made.

Benches: Resolution No. 04-00 also established fees for memorial benches in the parks or public parkways only, it did not establish a memorial bench program for public rights-of-way.

The following rates were approved by Council in Resolution No. 04-00 for dedicated items in the parks and parkways:

• Park bench and bronze plaque	$450
• Park bench in Tidelands or Cloisters parks and bronze plaque	$900
• Other park amenity (*e.g*. drinking fountain)	To be determined on individual basis

When an individual wants to have a bench with a dedicated plaque installed, the process includes the following activities:

- Order and purchase of park bench
- Order, proofing and purchase of bronze plaque
- Assembly of bench and installation of bronze plaque on bench
- Installation of bench with plaque
- Maintain and repair bench/plaque for the life of the item

In 2004, the City Council established a memorial street bench program for the public rights-of-way. The program would be available for any public rights-of-way site in the City, on a first-come, first-served basis, be run on a total cost recovery basis, and mechanisms be developed for on-going maintenance, locations, design and ADA-type considerations.

For several years, the memorial bench program has been on hold as there were no spaces available. There is a waitlist of approximately 40 individuals who would like a memorial plaque when space becomes available.

In 2017, the City Council added a project during the mid-year budget adjustment to purchase and install 30 benches at the Rock and Target Rock parking areas that would have the ability to have memorial plaques. Over the past few months, Consolidated Maintenance staff have been working on installation of the 30 new benches. Each bench has three memorial plaque spaces. As with the other memorials, where cost recovery is the determining factor for the fees established, the same should be the case for the new benches.

Recommendations
Staff and the PWAB recommend the following:

1. Establish a fee for the new concrete bench memorial plaques at $545 per memorial plaque space or $1,632 per bench (which includes three memorial plaque spaces).
2. Establish the new concrete bench as the standard for all new benches that are placed in the parks, parkways, and public rights-of-way to ensure a uniform and consist look throughout the City. As such, when existing wood benches have deteriorated to the point where they need to be replaced, that the concrete bench be used.

Bike Racks: In April 2011, the City Council established a Bike Racks with Dedication Plaques program to provide needed short-term bicycling parking. The program was modeled after the City of San Luis Obispo's "Racks with Plaques" program where there is no cost to the City as a donor contributes the amount required to pay for the rack, commemorative plaque, installation, and long-term maintenance of the rack. Donations are tax deductible and donation of the rack are subject to the City's donation policies.

Key benefits include:

- Bicyclists are provided with more, conveniently located, easy to use bicycle parking racks.
- The City is able to provide, new, highly functional and attractive bicycle parking racks at no cost.
- The donor helps the City and receives permanent recognition.

Per the policy outlined in the Council staff report, racks installed in the Downtown are to be Powder-Coated Forrest Green to match the street lighting and racks installed outside Downtown and in City parks are to be Powder-Coated Blue. Bike rack locations within the public right-of-way or on City property need approval by City's Public Works Director prior to installation, to ensure the rack does not interfere with pedestrian traffic or parking.

Recommendations
All donated bike racks to date, which include one in the Downtown, are blue. To be consistent, staff and PWAB recommend all donated bike racks be Powder-Coated Blue regardless of their location in the City.

CONCLUSION
Staff and the PWAB recommend the City Council review the Adopt-A-Park/Street and memorial programs and approve the staff and PWAB recommendations outlined in this staff report.

ATTACHMENTS
None.

This Page Intentionally Left Blank

AGENDA NO:	**A-9**
MEETING DATE:	**June 27, 2017**

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 20, 2017**

FROM: **Craig Schmollinger, Acting City Manager**
Dana Swanson, City Clerk/Risk Manager

SUBJECT: **Approval of Fiscal Year 2017-18 Combined Salary Schedule and Job Descriptions for Recreation Services Division Manager, Senior Planner and Police Support Services Manager**

RECOMMENDATION

Following adoption of the Fiscal Year (FY) 2017-18 Operating Budget on June 13, staff recommends the City Council formally approve the FY 2017-18 Combined Salary Schedule and job descriptions for those positions reclassified as part of the budget approval, including the Recreation Services Division Manager, Senior Planner and Police Support Services Manager.

ALTERNATIVES

No alternatives are being recommended at this time.

FISCAL IMPACT

There is no fiscal impact associated with the requested action. The attached salary schedule provides a 2% cost of living adjustment ("COLA") which was approved in the FY 2017-18 budget, and is also reflected in the Resolutions provided separately for represented and unrepresented employees.

BACKGROUND/DISCUSSION

With the adoption of the FY 2017-18 Capital and Operating Budget, the Council authorized the reclassification of certain full-time employees, including a Senior Planner, Police Support Services Manager and Recreation Services Manager. Job descriptions for the Senior Planner and Support Services Manager positions were approved in 2000 and 2004, respectively; however, minor revisions are needed to reflect current responsibilities and business practices. The Recreation Services Manager is a new position and staff requests the Council formally approve that job description. The proposed job descriptions have been reviewed internally by the respective department(s), Human Resources and the City Manager. It is necessary to have approved job descriptions in place when these reclassifications go into effect on July 1.

CONCLUSION

Staff recommends Council approve the referenced and attached Combined Salary Schedule and job descriptions. This action is consistent with approved FY17/18 budgeted figures, and Council action to reclassify the noted positions.

Prepared By: __DS____	**Dept Review:_____**
City Manager Review: ___CS_____	**City Attorney Review: __JWP___**

ATTACHMENTS

1. FY 2017-18 Combined Salary Schedule
2. Recreation Services Division Manager Job Description
3. Senior Planner Job Description
4. Police Support Services Manager Job Description

CITY OF MORRO BAY
COMBINED SALARY SCHEDULE
FISCAL YEAR 2017-18

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
ACCOUNT CLERK I	S	37,720	39,606	41,586	43,665	45,848	
COLLECTION SYSTEM OPERATOR I	S	37,720	39,606	41,586	43,665	45,848	
OFFICE ASST. III	S	37,720	39,606	41,586	43,665	45,848	
OFFICE ASST. IV	S	40,781	42,820	44,961	47,209	49,569	
ACCOUNT CLERK II	S	42,368	44,486	46,710	49,046	51,498	
COLLECTION SYS OPERATOR II	S	42,368	44,486	46,710	49,046	51,498	
CONSOLIDATED MAINTENANCE WRK II	S	42,368	44,486	46,710	49,046	51,498	
WATER SYSTEM OPERATOR I	S	42,368	44,486	46,710	49,046	51,498	
WASTEWATER SYSTEMS OIT	S	42,368	44,486	46,710	49,046	51,498	
WWTP OIT	S	42,368	44,486	46,710	49,046	51,498	
PERMIT TECHNICIAN	S	43,390	45,559	47,837	50,229	52,741	
ACCOUNT CLK III	S	45,377	47,646	50,028	52,529	55,156	
COLLECTION SYS OPERATOR III	S	45,377	47,646	50,028	52,529	55,156	
C0NSOLIDATED MAINTENANCE WRK III	S	45,377	47,646	50,028	52,529	55,156	
WASTEWATER SYSTEM OP I	S	45,377	47,646	50,028	52,529	55,156	
WWTP OPR I	S	45,377	47,646	50,028	52,529	55,156	
ADMINISTRATIVE TECHNICIAN	S	46,178	48,487	50,912	53,457	56,130	
ADMINISTRATIVE UTILITIES TECH	S	46,178	48,487	50,912	53,457	56,130	
PERMIT TECHNICIAN - CERTIFIED	S	46,178	48,487	50,912	53,457	56,130	
SUPPORT SERVICES TECHNICIAN	S	46,178	48,487	50,912	53,457	56,130	
MECHANIC	S	47,655	50,038	52,540	55,167	57,925	
LEGAL ASSISTANT/DEPUTY CITY CLERK	C	50,061	52,564	55,192	57,951	60,849	
WATER SYSTEM OPERATOR II	S	50,478	53,002	55,652	58,434	61,356	
WASTEWATER SYSTEMS OP II	S	50,478	53,002	55,652	58,434	61,356	
WWTP OPERATOR II	S	50,478	53,002	55,652	58,434	61,356	
SUPPORT SERVICES COORDINATOR	C	52,567	55,195	57,955	60,853	63,895	
HARBOR PATROL OFFICER	S	52,650	55,283	58,047	60,949	63,997	
COLLECTIONS SYS LEADWORKER	S	52,802	55,442	58,215	61,125	64,182	

S = SEIU; F = Fire; P = Police; C = Confidential; M = Management; E = Executive

CITY OF MORRO BAY
COMBINED SALARY SCHEDULE
FISCAL YEAR 2017-18

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
CONSOLIDATED MAINT LW	S	52,802	55,442	58,215	61,125	64,182	
ENGINEERING TECHNICIAN III	S	52,802	55,442	58,215	61,125	64,182	
WATER SYSTEM OPERATOR III	S	53,001	55,651	58,434	61,356	64,423	
WASTEWATER SYSTEMS OP III	S	53,001	55,651	58,434	61,356	64,423	
WWTP OPERATOR II/LAB ANALYST	S	53,001	55,651	58,434	61,356	64,423	
RECREATION SUPERVISOR	S	53,977	56,676	59,510	62,486	65,610	
ASSISTANT PLANNER	S	54,314	57,030	59,881	62,875	66,019	
ASSISTANT CIVIL ENGINEER	S	56,484	59,308	62,273	65,387	68,656	
BUILDING INSPECTOR	S	56,484	59,308	62,273	65,387	68,656	
ENGINEERING TECHNICIAN IV	S	56,484	59,308	62,273	65,387	68,656	
WASTEWATER SYSTEMS LEADWORKER	S	56,484	59,308	62,273	65,387	68,656	
WWTP LEADWORKER	S	56,484	59,308	62,273	65,387	68,656	
FIREFIGHTER	F	56,771	59,610	62,590	65,720	69,006	
HUMAN RESOURCES ANALYST	C	58,715	61,651	64,734	67,970	71,369	
SENIOR ACCOUNTING TECHNICIAN	C	58,715	61,651	64,734	67,970	71,369	
SUPPORT SERVICES MANAGER	M	58,715	61,651	64,734	67,970	71,369	
HARBOR BUSINESS COORD	S	58,794	61,734	64,820	68,061	71,464	
RECREATION COORDINATOR	S	58,794	61,734	64,820	68,061	71,464	
POLICE OFFICER	P	60,184	63,193	66,353	69,671	73,154	76,812
HARBOR PATROL SUPERVISOR	S	62,017	65,118	68,374	71,792	75,382	
FIRE ENGINEER	F	62,066	65,169	68,428	71,849	75,442	
ASSOCIATE CIVIL ENGINEER	S	63,211	66,372	69,691	73,175	76,834	
ASSOCIATE PLANNER	S	63,211	66,372	69,691	73,175	76,834	
BUILDING INSPECTOR/PLANS EXAMINER	S	63,211	66,372	69,691	73,175	76,834	
COLLECTION SYSTEM SUPERVISOR	S	63,211	66,372	69,691	73,175	76,834	
CONSOLIDATED MAINT FIELD SUPV	S	63,211	66,372	69,691	73,175	76,834	
WATER SYSTEM SUPERVISOR	S	63,211	66,372	69,691	73,175	76,834	
WWTP SUPERVISOR	S	63,211	66,372	69,691	73,175	76,834	
MANAGEMENT ANALYST	M	64,541	67,768	71,156	74,714	78,449	

S = SEIU; F = Fire; P = Police; C = Confidential; M = Management; E = Executive

CITY OF MORRO BAY
COMBINED SALARY SCHEDULE
FISCAL YEAR 2017-18

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
POLICE DETECTIVE	P	63,194	66,354	69,671	73,155	76,813	80,653
POLICE SCHOOL RESOURCE OFFICER	P	63,194	66,354	69,671	73,155	76,813	80,653
POLICE SENIOR OFFICER	P	63,194	66,354	69,671	73,155	76,813	80,653
POLICE CORPORAL	P	63,781	66,970	70,318	73,834	77,526	81,402
FIRE CAPTAIN	F	71,345	74,912	78,658	82,591	86,720	
WASTEWATER SYSTEMS SUPV	S	72,692	76,327	80,143	84,150	88,358	
BUDGET/ACCOUNTING MANAGER	M	75,482	79,256	83,219	87,380	91,749	
CAPITAL PROJECTS MANAGER	M	75,482	79,256	83,219	87,380	91,749	
CONSOLIDATED MAINTENANCE SUPT	M	75,482	79,256	83,219	87,380	91,749	
ENVIRONMENTAL PROGRAMS MANAGER	M	75,482	79,256	83,219	87,380	91,749	
INFORMATION SERVICES TECHNICIAN	M	75,482	79,256	83,219	87,380	91,749	
RECREATION SERVICES MANAGER	M	75,482	79,256	83,219	87,380	91,749	
SENIOR PLANNER	M	75,482	79,256	83,219	87,380	91,749	
TOURISM MANAGER	M	75,482	79,256	83,219	87,380	91,749	
POLICE SERGEANT	P	75,057	78,810	82,750	86,888	91,232	95,793
PLANNING MANAGER	M	83,032	87,184	91,543	96,120	100,926	
CITY CLERK / RISK MANAGER	M	83,436	87,608	91,988	96,588	101,417	
FIRE MARSHAL	F	84,693	88,927	93,374	98,042	102,944	
COMMUNITY DEVELOPMENT MANAGER	M	97,855	102,747	107,885	113,279	118,943	
UTILITY DIVISION MANAGER	M	97,855	102,747	107,885	113,279	118,943	
WASTEWATER DIVISION MANAGER	M	97,855	102,747	107,885	113,279	118,943	
POLICE COMMANDER	M	109,861	115,354	121,122	127,178	133,537	
DEPUTY CITY MANAGER	E	119,940	125,937	132,234	138,845	145,788	
COMMUNITY DEVELOPMENT DIRECTOR	E	119,940	125,937	132,234	138,845	145,788	
FINANCE DIRECTOR	E	119,940	125,937	132,234	138,845	145,788	
PUBLIC WORKS DIRECTOR	E	124,412	130,633	137,165	144,023	151,224	
ADMINISTRATIVE SERVICES DIRECTOR	E	124,412	130,633	137,165	144,023	151,224	
HARBOR DIRECTOR	E	126,733	133,070	139,723	146,709	154,045	sworn
FIRE CHIEF	E	126,733	133,070	139,723	146,709	154,045	sworn

S = SEIU; F = Fire; P = Police; C = Confidential; M = Management; E = Executive

CITY OF MORRO BAY
COMBINED SALARY SCHEDULE
FISCAL YEAR 2017-18

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
POLICE CHIEF	E	126,733	133,070	139,723	146,709	154,045	sworn
ASSISTANT CITY MANAGER	E	129,326	135,792	142,582	149,711	157,196	
CITY MANAGER	E	160,000	160,000	160,000	160,000	160,000	

S = SEIU; F = Fire; P = Police; C = Confidential; M = Management; E = Executive

CITY OF MORRO BAY

RECREATION SERVICES MANAGER

DEFINITION

Under the general direction of the Deputy City Manager, the Recreation Services Manager has the responsibility to plan, organize, oversee, review and evaluate recreation programs, events, activities and staff in the provision of a broad recreation and leisure service program for all segments of the City's residents.

ESSENTIAL DUTIES & RESPONSIBILITIES

1. Plans, develops, implements and directs multiple recreational and leisure service programs of activities and services for children, youth, teens, adults and seniors through subordinate levels of supervision.
2. Plans, organizes, assigns, reviews, evaluates and directs the work of staff; selects personnel and provides training and policy guidance to staff.
3. Evaluates programs and participates in meetings to discuss and appraise program techniques and content; recommends changes in staffing, program objectives, policies and procedures to assure maximum effectiveness and efficiency.
4. Assists in preparing and administering annual operating budget; manages operations to achieve goals within available resources.
5. Represents the division and the City in meetings with public groups, clubs, community organizations, schools and other agencies to facilitate the development and promotion of recreational activities and programs and to assure that programs and activities are meeting the changing needs of the community.
6. Maintains accurate records and files; reviews reports, and operating and activity records of recreation centers and facilities.
7. Prepares and submits a variety of reports ad memoranda on a number of recreation-related subjects; prepares reports for the Recreation & Parks Commission and Deputy City Manager.
8. Directs the preparation of a variety of promotional and informational brochures, schedules and graphic materials to promote departmental programs and activities.
9. Monitors changes in laws, regulations and technology that may affect departmental operations; implements policy and procedural changes after Council approval.
10. Performs related duties similar to the above in scope and function as required.

RECREATION SERVICES MANAGER

QUALIFICATIONS

Knowledge of:

- Principles and practices of developing, planning, implementing and maintaining a variety of recreation and leisure service activities and programs through community participation.
- Trends, philosophy and techniques of community recreation enhancement.
- Principles and practices of recreation and leisure service program development, implementation, review and evaluation.
- Principles and practices of employee supervision, including work planning, assignment, review and evaluation and the training of staff in work procedures.
- Basic public administration and budgeting policies and practices.
- Applicable regulations and rules related to the program area(s) and facilities to which assigned.
- Standard office practices and procedures, including the use of standard office equipment.
- Safety principles and practices, including first aid and CPR.
- Techniques for effectively representing the City in contacts with governmental agencies, community groups and various business, professional, regulatory and legislative organizations.
- Techniques for providing a high level of customer service to public and City staff, in person and over the telephone.

Ability to:

- Plan, organize, administer, coordinate, review, and evaluate a comprehensive public agency recreation and leisure service program.
- Plan, organize, assign, coordinate, supervise and evaluate the work of assigned staff, directly or through subordinate levels of supervision.
- Develop, present and administer a budget for a particular program area(s).
- Identify community recreational needs and recommend alternative or enhanced programs.
- Prepare clear and concise reports, correspondence, policies, procedures and other written materials.
- Maintain accurate records and files, including accounting for fees received.
- Make effective presentations to groups.

- Implement computer applications related to the work.
- Use tact, initiative, prudence and independent judgment within general policy and procedural guidelines.
- Establish and maintain effective working relations with those contacted in the course of work.
- Work in a team atmosphere and participate on a variety of departmental and City-wide committees to enhance the provision of all City services.
- Work off-hours or holidays for special events, as required.

Education and Experience:

Graduation from a four-year college or university with major coursework in recreation, leisure services, or a field related to the work;

and

Three years of increasingly responsible experience in recreation program planning, supervision, administration and/or similar programs.

or

An equivalent combination of education and experience.

Possession and Maintenance of:

- A valid California class C driver's license and satisfactory driving record.
- Must possess or obtain prior to the completion of the probationary period first aid and CPR Certificates.

TOOLS & EQUIPMENT USED

Standard office equipment, including a computer, word processing software; calculator; copy and fax machine; telephone; mobile or portable radio; automobile.

PHYSICAL DEMANDS

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

While performing the duties of this job, the employee is frequently required to walk, sit and talk or hear.

The employee must occasionally lift and/or move up to 50 pounds.

WORK ENVIRONMENT

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

The noise level in the work environment is usually quiet while in the office, or moderately noisy when in the field.

SELECTION GUIDELINES

Formal application, rating of education and experience, oral interview and reference check; job related tests may be required.

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

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

Approved by the Morro Bay City Council on_____.

CITY OF MORRO BAY

SENIOR PLANNER

DEFINITION

Under general direction of the Community Development Director, performs a variety of supervisory, complex administrative and technical work in current and long range planning programs related to the development and implementation of land use and related municipal plans and policies; and do related work as required. Incumbents in this class are assigned a broad range of planning assignments but generally include the most difficult and complex planning projects with great latitude for initiative and independent judgement.

DISTINGUISHING CHARACTERISTICS

This is an advanced journey level class in the professional planner series. Positions at this level are distinguished from other classes within the series by the level of responsibility assumed and the complexity of duties assigned. Employees perform the most difficult and responsible types of duties assigned to the classes within this series including supervision of professional and technical staff and review of the most complex planning projects. Employees at this level are required to be fully trained in all procedures related to assigned area of responsibility and have an acute awareness of the importance of customer service.

ESSENTIAL DUTIES AND RESPONSIBILITIES

The following duties are for this classification. Incumbents may not perform all of the listed duties and/or may be required to perform additional or different duties from those set forth below to address business needs and changing business practices.

1. Supervises assigned operations, projects and staff to achieve goals within available resources.
2. Plans and organizes workloads and staff assignments.
3. Trains, motivates and evaluates assigned staff.
4. Reviews staff progress on projects and directs changes as needed.
5. Serves as a team leader in the development of short and long range plans.
6. Gathers, interprets, and prepares data for studies, reports and recommendations.
7. Coordinates department activities with other departments and agencies as needed.
8. Provides technical and professional advice.
9. Makes presentations to City Council, Planning Commission, advisory boards, civic groups and the general public.
10. Determines work procedures, prepares work schedules, and expedites workflow.
11. Maintains harmony among workers and resolves grievances.

12. Performs or assists subordinates in performing duties; adjusts errors and complaints.
13. Prepares a variety of studies, reports and related information for decision-making purposes.
14. Assists in the development and implementation of growth management, land use, economic development, utility, housing, transportation, facilities, solid waste or other plans and codes to meet the City=s needs and any inter-governmental agreements or requirements.
15. Evaluates land use proposals for conformity to established plans and ordinances and compliance with applicable City, State or Federal laws; evaluates proposals= development impact as they relate to the adopted plans of the City and make recommendations.
16. Provides staff support to the Planning Commission as needed and assigned.
17. Evaluates environmental information, including but not limited to air quality, noise, trees, biology, historical, paleontological, wetland delineation, and archaeological and recommends mitigation measures to reduce adverse impacts of development.
18. Assists City staff in the enforcement of local ordinances and in interpreting City codes and master plans.
19. Assists in designs for parks, streetscapes, landscapes and other municipal projects.
20. Prepares and writes grant applications and/or participates in grant application preparation including components relating to geographic information, maps, plats, site plans, etc.
21. Develops and maintains a data base of information for planning purposes.
22. Responds to local citizens inquiring about City planning and zoning regulations and ordinances.
23. Prepares requests for proposals/Qualifications, and coordinates and manages consultant contracts.
24. Recommends and assists in the implementation of goals and objectives.
25. Participates in the selection of planning staff and provides or coordinates staff training.

26. Performs related duties as required.

QUALIFICATIONS

Knowledge of:

Zoning laws and comprehensive plans including their formation, process of adoption, and enforcement; planning programs and processes; personal computers and GIS applications; California Environmental Quality Act, Coastal Act, and contract management.

Ability to:

- Communicate effectively orally and in writing with architects, contractors, developers, owners, supervisors, employees, and the general public; establish effective working relationships.
- Work occasional overtime, evening or off shift hours.

Education and Experience:

Equivalent to graduation from an accredited college or university with major work in land-use planning, urban planning, landscape architecture or a closely related field.

Four years' experience in municipal planning or closely related field; Coastal Zone experience preferred.

Valid California Driver's License.

TOOLS AND EQUIPMENT USED

Personal computer, including word processing software; motor vehicle; calculator; telephone; copy and fax machine; tape measure.

PHYSICAL DEMANDS

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

Work is performed mostly in office settings. Some outdoor work is required in the inspection of various land use developments and construction sites. Hand-eye coordination is necessary to operate computers and various pieces of office equipment.

While performing the duties of this job, the employee is frequently required to talk or hear; sit; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is routinely required to stand or walk.

The employee must occasionally lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision, distance vision, peripheral vision, depth perception and the ability to adjust focus.

WORK ENVIRONMENT

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

While performing the duties of this job, the employee occasionally works in outside weather conditions. The employee is occasionally exposed to wet and/or humid conditions, or airborne particles. The noise level in the work environment is usually moderate but occasionally loud in the office, and moderate in the field.

SELECTION GUIDELINES

Formal application, rating of education and experience; oral interview and reference check; job related tests may be required.

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

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

Approved by the Morro Bay City Council on June 12, 2000.
Revised and approved by the Morro Bay City Council on _____.

JobDescriptions\srplanner

CITY OF MORRO BAY

POLICE SUPPORT SERVICES MANAGER

DEFINITION

Under the direction of the Police Chief supervises non-sworn support personnel engaged in work assignments of the Police Department's administrative, records, and property and evidence sections; manages the department computer network; provides administrative assistance to the Chief of Police and Commander.

ESSENTIAL DUTIES & RESPONSIBILITIES

1. As directed, serve as department liaison to other City staff, the general public, and outside agencies; screen calls, visitors, and mail; respond to complaints, requests for information, and assistance.
2. Assist in collecting, compiling, analyzing, and assembling information from a variety of sources including departmental policies, procedures, systems and precedents, and a variety of other specialized topics of interest to the department.
3. Develop, implement, evaluate and revise department records, computer, and property management systems, procedures and policies.
4. Establish standards of clerical and communications work performance and review work of subordinates for completion, accuracy and adherence to established policy and procedure.
5. Supervise, oversee, or perform the preparation and maintenance of personnel, operations, statistical and financial records and reports; verify and review materials, applications, records and reports for completeness, accuracy and conformance with established policies, regulations and procedures.
6. Assist in preparing, administering, and monitoring the departmental budget; compile annual budget requests; recommend expenditure requests for designated accounts; estimate supply and equipment requirements for budgetary purposes.
7. Assist in selection of, and make recommendations on, the selection of subordinate personnel; coordinate training and prepare performance evaluations of subordinates.
8. Maintain current knowledge of laws and regulations concerning police records and property management systems and assist subordinates in interpreting them.
9. Implement and manage automated law enforcement records systems using computer applications.
10. Provide administrative clerical activities including composing letters, memoranda, reports, resolutions, and ordinances, some containing confidential material; maintain department administrative and personnel files (sworn and non-sworn).
13. Prepare purchase orders and other fiscal records for expenditure reimbursements;

issues departmental gear and equipment; maintains inventories; maintain other logs and files as needed.

16. Process and comply with court ordered subpoenas, motions for discovery and record sealing orders.
17. Acts as custodian of records, property and evidence.
18. Maintain current knowledge of, and operate a variety of computer programs, office equipment including copiers, and facsimile machines; utilize various computer applications and software packages; maintain data and generate reports from a database network system; create report documents using word processing and spreadsheet software.
19. Perform other related duties as required.

QUALIFICATIONS

Knowledge of:

Modern office methods, machines, procedures, and practices; including common office computer applications for word processing, spreadsheets and data base management; usage of business English, including vocabulary, correct grammar, and punctuation; policies and procedures of the Police Department Records and Communications Bureau; basic knowledge of principles of management supervision and training; Local, State and Federal laws applicable to law enforcement public records and confidentiality of information and right to privacy; the organizational function of a law enforcement agency as it relates to the criminal justice system; basic computer (LAN) system management and maintenance; principles of budgetary and fiscal management; property and evidence management; basic fiscal, statistical and research report preparation techniques;

Ability to:

Plan, supervise, train, delegate and coordinate work of subordinates; devise and adapt work procedures; understand, interpret, and apply rules, directives and laws to specific situations; operate a variety of computer software including word processing, database and records management applications; maintain cooperative working relationships; exercise independent judgment; understand the organization and operation of the City and of outside agencies; transcribe tape recordings; research, compile, and interpret data; implement and maintain applicable filing systems; communicate clearly and concisely, both orally and in writing.

Education and Experience:

Requires an Associate Degree in a related field or equivalent work experience and a minimum of four years of increasingly responsible clerical or administrative experience involving law enforcement records, communications, and computers with two years

supervisory or lead experience preferred. Peace Officers Standards and Training (P.O.S.T.) courses in records management, property and evidence management, and civilian supervision preferred.

Possession and Maintenance of:

- A valid California class C driver's license and satisfactory driving record.

TOOLS & EQUIPMENT USED

Typical and complex office equipment including personal computer word processing, spread sheet, computer aided dispatch and records management applications, telephone, copy machine, fax machine, and calculator.

PHYSICAL DEMANDS

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

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

The employee must occasionally lift and/or move up to 35 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

WORK ENVIRONMENT

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

Normal office setting with extensive public contact.

The employee is occasionally exposed to hazardous, toxic and dangerous substances and objects.

The noise level in the work environment is usually quiet.

SELECTION GUIDELINES

Formal application, rating of education and experience, oral interview and reference check; job related tests may be required. Selection process shall include complete background, polygraph, psychological, and pre-employment drug screening.

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

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

Approved by the Morro Bay City Council on June 14, 2004.
Revised and approved by the Morro Bay City Council on _____

AGENDA NO: A-10
MEETING DATE: June 27, 2017

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 16, 2017**

FROM: **Craig Schmollinger, Acting City Manager**

SUBJECT: **Authorization to Extend the Lease Agreement between the City and Scott Meisterlin for 307 Morro Bay Blvd. and Approval of an Amendment to the Sublease Agreement between the City and Grandma's Frozen Yogurt and Waffle Shop (Lenny and Beverly Durrer)**

RECOMMENDATION

Staff recommends the Council exercise its option to extend the master lease agreement between the City and Scott Meisterlin for 307 Morro Bay Blvd. for an additional five years in accordance with Section 1.02 of the current agreement, and approve an amendment to the current Sublease Agreement with Grandma's Frozen Yogurt and Waffle Shop (Lenny and Beverly Durrer) for three years, with the conditional option for the subtenant to extend it on an annual basis thereafter for two additional.

ALTERNATIVES

1. The Council may choose to allow the master lease and sublease agreements to terminate on their own terms on May 30, 2018.
2. The Council may direct staff to negotiate other terms for the lease and/or sublease.

FISCAL IMPACT

The City's current rent obligation to Scott Meisterlin is $1,600 per month or $19,200 per year. If the City exercises its option to extend term of the master lease, then commencing June 1, 2020, the rental amount shall be adjusted to $1,800 per month or $21,600 per year. The sublease provides for a current rent to the City of $1,000, which will increase to $1,200 on June 1, 2020, if the term of the sublease is extended. If the costs of maintaining the public restroom significantly exceed an average of $600 per month over a period of 12 calendar months, then the sublease allows the sublessee to request a credit or reduction in the rent due, If the parties do not agree to that credit or reduction, then the sublessee can terminate the sublease. A credit of $600 per month has been agreed to previously and would continue for the term of the extended sublease.

BACKGROUND/DISCUSSION

In 2013, the City entered into a lease agreement with Scott Meisterlin for property located at 307 Morro Bay Blvd. for the purpose of providing a public restroom in the downtown area. An RFP seeking proposals to a business entity to partially offset the rent the City is paying and also operate and maintain the restroom was issued and five proposals were received and considered. The City Council reviewed the recommendations of the proposal review team at its September 10, 2013, meeting and directed staff to negotiate a sublease agreement with Grandma's Frozen Yogurt and Waffle Shop ("Grandma's"). That sublease agreement (Attachment 3) was approved by the Council on November 19, 2013.

Prepared By: ___DS_____	**Dept Review: ____**
City Manager Review: ___CS__	**City Attorney Review: __JWP____**

The lease agreement allows the City to extend it for an additional 5 years, if the City provides notice of its intent to do so on or before July 1, 2017. The community has benefitted from the lease by having a public restroom and open area available in the downtown, as provided through the sublease with Grandma.

If the lease is extended, then pursuant to the sublease, Grandma's has the option of likewise extending the sublease term. In exchange for agreeing to different hours of operation of Grandma's business and to provide the City more flexibility for the site, the former City Manager and Grandma's agreed to modify the extension provision of the sublease to provide for a 3-year extension, as well as a conditional option to extend the sublease for two additional years, Grandma's has been well-received by the public and Staff believes the foregoing extension will continue to provide the community with the benefits of a public restroom and viable business in the downtown that services residents and visitors.

ATTACHMENTS

1. Draft letter to Scott Meisterlin extending the lease
2. Proposed Amendment #1 to Grandma's Yogurt Sublease
3. Current Sublease Agreement with Grandma's Frozen Yogurt and Waffle Shop (Master Lease included as Exhibit A of that document)

CITY OF MORRO BAY
CITY HALL
595 Harbor Street
Morro Bay, CA 93442

June 28, 2017

Mr. Scott Meisterlin
3647 Laketree Drive
Fallbrook, CA 92028

Dear Mr. Meisterlin,

In accordance with Section 1.02 of the June 2013 Lease Agreement for property located at 307 Morro Bay Blvd. (APN 006-062-006) located in Morro Bay, CA, the City Council is exercising its option to extend the lease for an additional five years. It is understood all provisions of the lease applicable to the original term will apply with equal force to this extended term.

Also pursuant to the terms of the Lease, the City Council intends to extend its Sublease with Grandma's Frozen Yogurt & Waffle Shop for three years (June 2020), and the conditional option to extend on an annual basis for two additional years (June 2022).

If you have any questions or concerns, then please feel free to contact me at (805) 772-6217 or cschmollinger@morrobayca.gov.

Sincerely,

Craig Schmollinger
Acting City Manager

01181.0001/384301.1

AMENDMENT NO. 1 TO THE AGREEMENT FOR GRANDMA'S YOGURT SUBLEASE

This Amendment is entered into by and between the City of Morro Bay, a municipal corporation ("Sublessor") and Grandma's Frozen Yogurt & Waffle Shop, Inc., a California corporation ("Sublessee").

RECITALS

WHEREAS, Sublessor and Sublessee entered into that certain sublease November 29, 2013, (the "Sublease"); and

WHEREAS, Sublessor and Sublessee desire to amend the Sublease to provide for a three-year extension and memorialize the hours of operation of the business and public restrooms

NOW THEREFORE, Sublessor and Sublessee mutually agree to amend the Sublease as follows:

1. Unless otherwise expressly stated in this Amendment or the context otherwise requires, all terms shall have the same meaning as in the Master Lease.
2. Notwithstanding any provision of the Sublease, the term of the Sublease is hereby extended through May 30, 2021. In addition, at the end of that extended term, the Sublease may be extended on an annual basis; provided, that (i) the Master Lease would still be in effect for each extended period, (ii) Sublessee has not been in default under the Sublease or Master Lease, (iii) Sublessee remains legally active to operate in California as a corporation and (iv) no less than 60 days and no more than 90 days before the end of the then current term, Sublessee provides written notice to Sublessor of Sublessee's desire to extend the lease for another year.
3. All terms of the Sublease relating to extending the term of the Sublease are null and void and no longer of any effect.
4. The Rent shall be as provided in Paragraph 3. of the Sublease.
5. Subsection 4. a. of the Sublease shall be amended in its entirety to read as follows:

   a. Operating Hours. Sublessee shall provide and maintain, at Sublessee's sole expense, public restroom facilities and public open space on the Premises during the following minimum hours for the non-winter season:

   - Sunday through Thursday from 10 a.m. to 7 p.m.
   - Friday and Saturday from 9 a.m. to 10 p.m.

   For the winter season, consisting of the period from November 1 through the last day of February each year, the following minimum hours shall apply:

- Monday through Thursday 11 a.m. to 6 p.m.
- Friday through Saturday from 10 a.m. to 10 p.m.
- Sunday from 10 a.m. to 5 p.m.

All minimum hours exclude New Year's Day, Easter Sunday, Thanksgiving and Christmas holidays.

If Sublessee is open for business outside of the specified minimum hours, then the public restroom shall be available during those hours as well. In addition, Sublessee may request, subject to the City Manager's approval, which consent shall not be unreasonably withheld, that hours be reduced during specified months and days. Both parties desire that ultimately the public restroom and public open space will be available to the public on Sundays and holidays.

6. The effective date of this Amendment is the date the term of the Master Lease is extended.
7. Except as expressly stated herein, the terms and conditions of the Sublease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized representatives as of _____, 2017.

Sublessor

By: _____
Craig Schmollinger, Acting City Manager

Attest:

_____
Dana Swanson, City Clerk

Sublessee

By:_____
Lenny Durrer, CFO

By:_____
Beverly Ford-Durrer, President

APPROVED AS TO FORM

_____
Joseph W. Pannone, City Attorney

SUBLEASE

This Sublease agreement ("Sublease") is made effective as of November 29, 2013 by and between the CITY OF MORRO BAY, a municipal corporation of the State of California,("City") and GRANDMA'S FROZEN YOGURT AND WAFFLE SHOP, a California corporation ("Subtenant").

RECITALS

A. City is the tenant under the Lease dated June 1, 2013 with Scott Meisterlin as Landlord (the "Master Lease). A copy of the Master Lease is attached as Exhibit "A" and incorporated herein by the reference. Under the Master Lease, City leases approximately 2500 square feet of property commonly known as 307 Morro Bay Blvd., which is a portion of Assessor's Parcel Number 006-062-006, in the City of Morro Bay, County of San Luis Obispo, California. (the "Premises").

B. Subtenant desires to sublease the Premises from City and City is willing to sublease the Premises to Subtenant upon the terms and conditions set forth below.

C. Subtenant requires the express consent and approval of the terms of this Sublease by the Landlord under the Master Lease of the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. **Sublease**. City subleases to Subtenant and Subtenant subleases from City the Premises subject to the terms, covenants and conditions contained in this Sublease and the Master Lease. As between City and Subtenant, City shall have all the rights of Landlord under the Master Lease and Subtenant all of the obligations of Tenant; provided, Subtenant shall have no rights with regard to City's right of first refusal to purchase the Premises under Section 1.02 of the Master Lease.

2. **Term.** The sublease is for an approximate four and one-half (4 ½) year term, commencing December 1, 2013 (the "Commencement Date") and expiring at midnight on May 30, 2018 unless sooner terminated, as provided in the Master Lease or this Sublease. If City exercises its option to extend the Master Lease for an additional 5 years in accordance with the provisions of Section 1.02 of the Master Lease, which must be done prior to July 1, 2017, City shall notify Subtenant of its exercise of the option. The decision to exercise the option or not is subject to the City's sole discretion, with no obligation to Subtenant to exercise the option. Subtenant shall have sixty (60) days after receipt of City's notice of City's exercise of its option to extend this Sublease for an additional five (5) year term by giving written notice to City. All applicable terms and conditions of this Sublease for the original term shall apply with equal force to the extended term. Subtenant shall be entitled to possession of the Premises as of the commencement date, once proof of insurance has been provided to City's satisfaction. All other terms and conditions shall apply even though rent is deferred. Provided the City complies with its obligations under Paragraph 11, the public restroom shall be opened to the public within sixty (60) days following the Commencement Date or on date that the Subtenant opens its frozen yogurt business, whichever first occurs

3. **Rent.** In consideration of the public benefits and costs to Subtenant arising from this Sublease by Subtenant operating and maintaining a public restroom and public gathering space,

Subtenant shall pay rent to City during the term of this Sublease in the amount of $800 per month, subject to the increases set forth below, payable monthly in advance on the first day of each month. Rent shall be deferred until Tenant opens its frozen yogurt business or ninety (90) days after the Commencement Date of this lease, whichever first occurs. Each time City's rent is increased under the Master Lease, during the original term or any extended term, Subtenant shall pay the full amount of the rent increase to City (i.e. the rent shall increase by $200 on June 1, 2016, to $1000 per month, and if City exercises its option to extend the Master Lease and Subtenant exercises its right to extend, by an additional $200 per month effective June 1, 2020, for a monthly rent of $1200), provided, Subtenant may deliver City a written request, for a reduction in rent at any time the average monthly costs for operating and maintaining the public restroom significantly exceed an average of $600 per month for the preceding 12 calendar months. If the parties, within thirty (30) days thereafter, are unable to agree on a reduced rent, Subtenant may, upon sixty (60) days written notice to City, terminate this Sublease. For purposes of this paragraph the costs of operating and maintaining the public restrooms shall include, by way of example and not limitation, all supply and cleaning expenses associated with the public restroom facility, the costs of painting, repair, maintenance, and necessary fixture and equipment repair and replacements; all plumbing and sewer line service, repairs and clean outs; the costs of installation, service and maintenance of any security systems or private security services which are reasonably required for the restroom; and the reasonable costs and charges incurred by Subtenant associated with the employment of any persons for purposes of the foregoing.

4. **Use.** Subtenant shall use the Premises in accordance with the provisions of the Master Lease for purposes of maintaining a public restroom; for purposes of operating a frozen yogurt and specialty waffle shop, for the sale of such items and non-alcoholic beverages, together with related and incidental sales and uses; and, for facilitating a public assembly area and all of the other proposed uses and events described in Exhibit "B" which are hereby incorporated by this reference. Notwithstanding the provisions of the Master Lease, the Master Lease Landlord and the City hereby consent to the foregoing uses, and the Subtenant's outdoor secured storage of the tools and equipment required for all contemplated outdoor uses described in Exhibit "B".; provided, the outdoor storage shall not exceed a six foot by eight foot footprint and shall be subject to City's approval as to location and exterior appearance, which approval shall not be unreasonably withheld. The execution by this Sublease by the City confirms that all of the foregoing uses fall within the allowed or conditionally allowed and approved uses under current zoning ordinances governing the use of the Premises,

a. <u>Operating Hours</u>. Subtenant shall provide and maintain, at Subtenant's sole expense, public restroom facilities and public open space on the Premises during the following minimum hours:9AM to 6PM, Monday through Saturday (six (6) days per week), excluding only the New Year's Day, Easter Sunday, Thanksgiving and Christmas holidays. If Subtenant is open for business outside of the specified minimum hours, then the public restroom shall be available during those hours as well. In addition, Subtenant may request, subject to the City Manager's approval, which consent shall not be unreasonably withheld, that hours be reduced during specified months and days. Both parties desire that ultimately the public restroom and public open space will be available to the public on Sundays and holidays.

5. **Master Lease.** Except as otherwise specified herein, Subtenant shall comply with all covenants, agreements, provisions and conditions of the Master Lease which are made a part of and incorporated into this Sublease, including, but not limited to, the indemnification and insurance provisions relating to the Landlord. In addition, Subtenant shall meet City's insurance and indemnification requirements set forth below.

As between the parties to this Sublease only, in the event of a conflict between the terms of the Master Lease and the terms of the Sublease, the terms of the Sublease will control.

6. **Inspection and Maintenance**.

a. Facility and Roof Inspection. Subtenant shall have a thirty (30) day period following the commencement of the term of this sublease to inspect the roof and other existing improvements and systems serving the Premises (the "Inspection Period") at Subtenant's sole cost and expenses. During the Inspection Period, Subtenant shall have the right to cancel and terminate this agreement by written notice to the City, and following such notice, neither Subtenant nor City shall have any further obligations hereunder.

b. Repairs and Replacements. Except as otherwise herein provided, and following the City's completion of all improvements required under Paragraph 11,, Subtenant shall, at Subtenant's sole cost and expense, keep and maintain the Premises in good order and repair and in a safe and clean condition, as further provided in the Master Lease. All repairs costing $250 or less shall be the Subtenant's sole responsibility. The costs of all repairs in excess of $250 shall be split between City and Subtenant To the extent that the cost of any such repairs require at the Premises exceeds $5000.00 Subtenant shall have the right to terminate this lease, upon written notice to the City (an "Excessive Repair Notice"). Following an Excessive Repair notice:

(i) When the required repair is one which materially interferes with, or renders the Subtenant's normal operations at the Premises commercially unreasonable, then the Lease shall be terminated on the date that falls thirty (30) days following the notice, unless within said thirty day period, the City unequivocally commits to performing such repairs and diligently pursues the same. In such event the rent due City hereunder shall be fully abated until the repair is complete. Rent abated hereunder shall not accrue or be otherwise payable by Subtenant; or

(ii) When the required repair does not materially interfere with, or renders the Subtenant's normal operations at the Premises commercially unreasonable, then the Lease shall be terminated on the date that falls ninety (90) days following the notice, unless within thirty (30) days following such notice, the City unequivocally commits to performing such repairs and completes such repairs within the ninety (90) day period following the notice. The rent due City hereunder shall not be abated during the ninety (90) day period.

c. Landscaping. Subtenant shall insure that all landscaping and outdoor improvements are maintained in a first class condition.

7. **Indemnity**. Subtenant shall protect, defend, indemnify and hold City, and the property of City (including the Premises and any improvements now or hereafter on the Premises), and the City's officers, officials, employees and volunteers harmless from and against any and all liabilities, claims, expenses, losses and damages, including reasonable attorneys' fees, costs and litigation expenses, that may at any time be asserted against City by any person resulting from Subtenant's use or occupancy of the Premises, or occurring on the Premises, or any negligent act or omission of the Subtenant or any of its employees, contractors or anyone for whom Subtenant may be liable, specifically including, without limitation, any liability, claim, loss, damage, or expense arising by reason of:

The death or injury of any person, including Subtenant or any person who is an employee or agent of Subtenant, or by reason of the damage to or destruction of any property, including property owned by Subtenant or by any person who is an employee or agent of Subtenant, from any cause whatever while such person or property is in or on the Premises or in any way connected with the Premises or with any of the improvements or personal property on the Premises;

The death or injury of any person, including Subtenant or any person who is an employee or agent of Subtenant, or by reason of the damage to or destruction of any property, including property owned by Subtenant or any person who is an employee or agent of Subtenant, caused or allegedly caused by either: (i) the condition of the Premises or any improvement placed on the Premises by Subtenant, or (ii) any act or omission on the Premises by Subtenant or any person in, on, or about the Premises with or without the permission and consent of Subtenant;

Any work performed on the Premises or materials furnished to the Premises at the instance or request of Subtenant or any person or entity acting for or on behalf of Subtenant; or,

Subtenant's failure to perform any provision of this Lease or to comply with any Legal Requirement imposed on Subtenant or the Premises.

The provisions of the section will survive the expiration or earlier termination of the Master Lease or this Sublease. Nothing herein shall be construed as requiring the Subtenant to protect, defend, indemnify or hold City harmless as to any cause or circumstances which directly arises from the negligence or intentional misconduct of the City, of the City's employees, agents, officers or contractors.

8. **Insurance**. Subtenant, at Subtenant's sole cost and expense, shall obtain the types and amounts of insurance required under the Master Lease, and as set forth below, and name City by endorsement as additional insured on Subtenant's policies and for the contractual indemnity required.

a. **Liability Insurance.**

During the term of this Lease, Subtenant shall maintain at its cost Commercial General Liability insurance with coverages acceptable to City, insuring against claims for bodily injury (including death), property damage, contractual liability, personal injury and advertising injury occurring on the Premises or from operations located on any part of the Premises. Such insurance shall afford protection in amounts no less than Two Million Dollars ($2,000,000) per occurrence for bodily injury, personal injury and property damage, provided that if insurance with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Premises or the general aggregate limit shall be twice the occurrence limit stated in this Section. All liability insurance carried by Subtenant hereunder shall name CITY, its officers, officials, and employees as additional insureds under endorsement, and shall be primary insurance with respect to such additional insureds.

b. **Worker's Compensation and Employer's Liability.**

Subtenant shall maintain at Subtenant's own expense and keep in full force and effect during the term of this Lease, Worker's Compensation Insurance as provided by law. Said insurance shall contain a waiver of subrogation rights against City. Subtenant shall also maintain employer's liability insurance with minimum coverage of $1,000,000 per accident for bodily injury or disease.

9. **Notice.** Any notice that may or must be given by either party under this Sublease shall be in writing, and delivered either personally, or by certified mail, return receipt requested, or by a nationally recognized overnight courier, addressed to the party to whom it is intended. Any notice given to City or Subtenant shall be sent to the respective addresses set forth below; or to such other address as that party may designate for service of notice by a notice given in accordance with the provisions of this section. A notice sent pursuant to the terms of this section shall be deemed delivered as of the time of personal delivery, or forty-eight (48) hours after deposit into the United States mail as described above, or the day following deposit with a nationally recognized overnight courier.

City: City Attorney's Office
City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442

Subtenant: Grandma's Frozen Yogurt & Waffle Shop, Inc.
P.O. Box 7169
Los Osos, CA 93412

10. **Assignment or Subleasing.** Subtenant shall not assign this Sublease or sublet all or any portion of the Premises. Any attempted assignment or sublease shall be void, and, at the option of City, shall terminate this Sublease. The undersigned Landlord and City hereby agree and acknowledge that the Subtenant shall have the right to license, permit and authorize (collectively "Permit") other entities to utilize portions of the Premises during Subtenant's business hours for the uses and purposes described in Exhibit "B", and that none of the uses and purposes therein described, or any Permit associated with the same, shall be deemed an assignment or sublease under the terms of the Master Lease or this agreement.

11. **Subtenant Improvements.** Subtenant shall, at Subtenant's sole cost and expense, make all of the improvements described in either its proposal, or in its November 4, 2013 letter to the City, a copy of which is attached as Exhibit "C" and incorporated by this reference or required as a condition by any public agency or entity for its proposed uses of the premises, provided City shall be responsible, on or before December 15, 2013 to make any improvements required for the public restroom facilities at the Premises to comply in all respects with the American with Disabilities Act (the "ADA") , and the existing modifications and amendments to the ADA as the same existed upon the date of the City's completion of such improvements, ONLY, including removal or repair of the "lip" into the public restroom, and any ADA required asphalt surface repair.

12. **Subordination.** This Sublease is subject to and subordinate to the Lease.

13. **Taxes**. Subtenant shall pay before delinquency any and all taxes, (including real property taxes) assessments, fees or charges, including possessory interest taxes, which may be imposed, levied or assessed upon Subtenant's leasehold or possessory interests of Subtenant, and personal property, improvements or fixtures owned, controlled or installed by Subtenant and used or located on the Premises or on Subtenant's business. By entering into this sublease, a possessory interest subject to property or other taxation may be created, and Subtenant may be subject to payment of taxes levied on such interest. Subtenant shall pay all such taxes.

14. **Compliance With Laws**. Subtenant shall secure and maintain in force during the term of this Sublease all licenses and permits necessary or required by law for the conduct of Subtenant's business or operations. Subject to the completion of the City's improvements under Paragraph 11, and the provisions of Paragraph 6, Subtenant shall abide by and comply with all applicable and valid laws, rules, regulations and orders of federal, state and local governments and governmental agencies, including, but not limited to, and all regulations concerning labor, immigration, air quality and/or water quality, fire and/or occupational safety, and accessibility, which may apply to the conduct of Subtenant's business. Notwithstanding the foregoing, Subtenant shall immediately apply for a City use permit for the proposed uses associated with the gathering area. If Subtenant has not received a reasonably acceptable use permit within 90 days of the Commencement Date, Subtenant may terminate this Sublease. As long as the gathering area is open to the public during Subtenant's business hours, the area shall be treated as a public use and no additional parking required. The use permit shall provide that plant sales shall be incidental to plant use as decoration or the gathering area, and that organized

gathering area events shall not exceed one (1) per calendar month. Gathering area events occurring during Farmer's Market hours shall not count toward the monthly limit.

15. **Termination**. City may at its option cancel and terminate this sublease by written notice thereof to Subtenant upon or after occurrence of any of the following events:

a. Filing by or against Subtenant of a voluntary or involuntary petition in bankruptcy or for reorganization or taking of Subtenant's assets pursuant to proceedings under the Federal Reorganization Act, or the adjudication of Subtenant as a bankrupt, or the appointment or a receiver of Subtenant's assets, or divestiture of Subtenant's assets or estate herein by operation of law or otherwise, or assignment by Subtenant of its assets for the benefit of creditors.

b. Failure of Subtenant to pay rent and other sums payable under this Sublease.

c. Breach by Subtenant or failure of Subtenant to keep, observe or perform any of the covenants, conditions or provisions herein contained on the part of Subtenant to be observed, kept or performed.

d. Dissolution or liquidation of Subtenant or of all or substantially all of its assets.

e. The transfer in whole or in part of Subtenant's interest in this sublease or in the operation of law, whether by judgment, attachment, execution, process or proceeding of any court or any other means.

Upon termination of this sublease, City shall have the right, without further demand or notice, to reenter the Subleased Premises and eject all persons and remove all property therefrom and to recover the rent payable thereunder by Subtenant to date of termination, including court costs and attorney's fees fixed by the court in the event legal action is taken for recovery of the subleased premises, rents or other sums.

16. **Attorney's Fees**. In the event that litigation is commenced to interpret or enforce the terms of this sublease, the prevailing party shall be entitled to an award of the reasonable attorneys' fees and costs incurred in such action. To the extent that City is represented by the City Attorney, a reasonable sum for such attorneys' services will be included as attorneys' fees.

17. **Entire Agreement/Waiver.** This Sublease constitutes the final, complete and exclusive statement between the Landlord, City and Subtenant pertaining to the Premises, supersedes all prior and contemporaneous understandings or agreements of the parties, and is binding on and inures to the benefit of their respective heirs, representatives, successors and assigns. Any modification or amendment to this Sublease is ineffective, unless that agreement is in writing, is signed by the parties to this Sublease, and specifically states that the agreement modifies this Sublease.

18. **Governing Law.** This Sublease will be governed by and construed in accordance with the laws of the State of California.

19. **Consent of Landlord.** Landlord's written consent to this Sublease and the proposed uses and improvements is a condition subsequent to the validity of the Sublease. Subleasing without Landlord approval is prohibited under the Master Lease. If Landlord's consent has not been obtained by the tenth (10th) day following the date of this Sublease, either party may terminate this Sublease without any further obligation to the other party under this Sublease.

IN WITNESS WHEREOF, the parties have executed this Sublease as of the date specified above.

SUBTENANT

Grandma's Frozen Yogurt & Waffle Shop
a California corporation

Lenny A. Durrer

By: Lenny A. Durrer, C.F.O.

Dated: 12/4/13

Beverly J. Ford-Durrer

By: Beverly J. Ford-Durrer, President

Dated: 12/4/13

Tenant

CITY OF MORRO BAY, a municipal
corporation of the State of California

Jamie Irons

By: Jamie Irons, Mayor

Dated: 12/16/13

ATTEST:

Jamie Boucher

By: Jamie Boucher
City Clerk for the CITY OF MORRO BAY

Dated: 12/16/13

CONSENT OF LANDLORD

The undersigned, as Landlord under the Lease with an effective date of June 1, 2013, between Landlord and the City of Morro Bay, a municipal corporation of the State of California ("City"), hereby consents to City's Sublease of the Premises dated December 1, 2013, to Grandma's Frozen Yogurt & Waffle Shop, a California corporation. In accordance with Section 4.01 of the Master Lease, Landlord further consents to all of the terms and conditions within the Sublease, including: all of the improvements to be made to the Premises as generally described in the Sublease, provided they are made at no cost or expense to Landlord; and, all of the Subtenant's proposed uses of the Premises as set forth in the Sublease.

The rent due from City shall be paid annually in advance, although City may elect to collect rent from Subtenant on a monthly basis.

Dated: 12/9/13

LANDLORD

Scott Meisterlin

CONSENT OF LANDLORD

The undersigned, as Landlord under the Lease with an effective date of June 1, 2013, between Landlord and the City of Morro Bay, a municipal corporation of the State of California ("City"), hereby consents to City's Sublease of the Premises dated December 1, 2013, to Grandma's Frozen Yogurt & Waffle Shop, a California corporation. In accordance with Section 4.01 of the Master Lease, Landlord further consents to all of the terms and conditions within the Sublease, including: all of the improvements to be made to the Premises as generally described in the Sublease, provided they are made at no cost or expense to Landlord; and, all of the Subtenant's proposed uses of the Premises as set forth in the Sublease.

The rent due from City shall be paid annually in advance, although City may elect to collect rent from Subtenant on a monthly basis.

Dated: 12/9/13

LANDLORD

Scott Meisterlin

Exhibit A

LEASE

This lease agreement (the "Lease") is made and entered into by and between the CITY OF MORRO BAY, a municipal corporation of the State of California herein called TENANT, and Scott Meisterlin, herein called LANDLORD, and shall be deemed effective on the 1st day of June, 2013 (the "Effective Date"), notwithstanding the final date of execution by the parties, or the date of formal municipal approval by TENANT.

WITNESSETH

WHEREAS, TENANT is in need of public restroom facilities and open public space in the downtown area for purposes of fulfilling the needs of the residents and visitors of the City of Morro Bay; and

WHEREAS, TENANT desires to lease a certain portion of the LANDLORD'S real property for the purpose of providing public restroom facilities and creating a quality and attractive open space area for the public in the downtown area. The proposed public restroom facilities and open space, which is described on Exhibit "A" (the "Premises"), is located on Assessor's Parcel Number 006-062-006, in Morro Bay, California, and is more particularly described as 307 Morro Bay Blvd., Morro Bay, CA 93442.

NOW, THEREFORE, in consideration of the covenants to be performed and the rental to be paid by TENANT to LANDLORD, LANDLORD hereby leases the Premises to TENANT, upon the terms, covenants and conditions herein set forth.

ARTICLE 1 FIXED TERM

Section 1.01 Term.

The term of this Lease shall be a period of five (5) years, commencing June 1, 2013 (the "Commencement Date"). The term of this Lease shall terminate without notice on May 30, 2018, unless sooner terminated as herein provided.

Section 1.02 Option and Right of First Refusal to Purchase.

The term of this Lease may be extended by the TENANT for an additional period of five (5) years provided that written notice of TENANT'S unequivocal and unambiguous intention to exercise of this option is given by TENANT to LANDLORD prior to July 1, 2017. All provisions of this Lease applicable to the original term thereof shall apply with equal force to the extended term.

In addition to the option to extend the Lease for five (5) years, the LANDLORD AND TENANT are currently working together and negotiating to process a subdivision of LANDLORD's property as depicted in Exhibit "B". If the LANDORD and TENANT are successful in the subdivision of LANDLORD's property, then the LANDLORD hereby grants TENANT a right of first refusal to purchase the leased premises depicted in Exhibit "A" during the term of occupancy. TENANT agrees not to rezone said premises during the term of occupancy without LANDLORD's written approval. Should the subdivision be successful and LANDLORD decides to attempt to sell leased premises hereunder during the term of TENANT's right of first refusal, LANDLORD shall provide TENANT with a written notice of the terms on which LANDLORD is willing to sell. Said notice to TENANT shall identify the leased premises for which the notice is given, include a sale price for said leased premises and provide the terms of payment for said sale price. LANDLORD shall also have the right to amend said notice, however, said amended notice shall be treated as a new notice. For a period of forty-five (45) days after receipt of said written notice, TENANT shall have the option to purchase the premises on the terms stated in the notice. If Tenant elects to exercise its option to purchase the premises, Tenant agrees to cooperate with Landlord, if Landlord so elects, to accomplish an IRS Code section 1031 exchange, provided it not be at additional cost to Tenant. Should TENANT fail to exercise the option within the option period, LANDLORD shall have the right to sell the premises to a third party provided such sale is at a price equal to or greater than that in the notice given to TENANT. Any sale at a lesser price reinstates TENANT's right of first refusal. If LANDLORD has not closed a sale of the property within seven (7) months after TENANT's receipt of written notice, TENANT's right of first refusal shall be reinstated.

Section 1.03 Hold Over.

With the express written consent of LANDLORD, TENANT shall have the right to hold over after the expiration of this lease, with the tenancy to continue on a month to month basis, terminable on thirty (30) days written notice from either party, at a monthly rental equal to the

amount paid per month for the twelve (12) months immediately preceding the expiration of the Lease, and otherwise subject to each and every term, covenant and condition of this Lease.

ARTICLE 2 RENT

Section 2.01 Annual Rent.

TENANT agrees to pay to LANDLORD a rental amount for the use and occupancy of the Premises, in the amount of $1,400 per month or $16,800 per year (the "Rent"), payable in advance either on June 1st, of each year or the 1st day of each month, which payment method shall be at the election of LANDLORD, during the term of the Lease. All Rent shall be paid in lawful money of the United States of America, without offset or deduction and shall be paid to LANDLORD at 3647 Laketree Drive, Fallbrook, CA 92028, or at such other place or places LANDLORD may from time to time designate by written notice delivered to TENANT. Notwithstanding the foregoing the initial payment for rent due hereunder for June 1, 2013, shall be due and payable upon TENANT'S execution of this Lease.

Section 2.02 Adjustment to the Rent.

Commencing June 1, 2016, the rental amount for the use and occupancy of the Premises shall be adjusted to $1,600 per month or $19,200 per year. If TENANT exercises its option under Section 1.02 to extend the Lease for five (5) years, then commencing June 1, 2020, the rental amount for the use and occupancy of the Premises shall be adjusted to $1,800 per month or $21,600 per year.

Section 2.03 Reimbursements.

If TENANT fails to perform any term or covenant of this Lease, LANDLORD may, but is not obligated to, perform such term or covenant, and TENANT shall reimburse LANDLORD for any and all costs incurred by LANDLORD, including any attorney's fees and costs, as additional Rent hereunder. Such additional Rent shall be due and payable within thirty (30) calendar days following LANDLORD'S written notice to TENANT requesting reimbursement hereunder. As an illustration and not as a limitation, if TENANT fails to procure the insurance required by this Lease, LANDLORD may, but is not obligated to, obtain such insurance, with the cost of the premiums paid by LANDLORD would be thereafter due to LANDLORD as additional Rent within thirty (30) following LANDLORD'S written demand for reimbursement, as additional Rent.

Section 2.04 Real Property Taxes.

In addition to the annual Rent described in Section 2.01, TENANT shall pay, as additional rent due hereunder, all and any additional real property taxes, or other assessments, which arise or are otherwise assessed, levied or imposed upon the Premises, or the real property which the Premises are a part of, whether said taxes are imposed as secured or unsecured taxes, as to all such taxes or assessments which are based upon the improvements and facilities or other installations which are made or maintained by TENANT at the Premises during the term of this Lease. Said additional rent shall be due and payable on April 1st and December 1st of each calendar year during the term of this Lease. LANDLORD shall provide TENANT with a copy of the LANDLORD's annual property tax billing statement not less than thirty (30) days prior to such additional rent being due, together with LANDLORD'S computation of the additional rent due hereunder, if any.

Section 2.05 Penalty and Interest.

(1) If any Rent is not received within five (5) days following the date on which the Rent first became due, TENANT shall pay a late charge of ten percent (10%) of the amount of the unpaid delinquent Rent, said charge shall be paid in addition to the Rent on the first day of the following month.

(2) In addition to the late Rent charge, TENANT shall pay interest at the rate of one percent (1%) per month on the amount of the Rent, exclusive of the late Rent charge, such interest shall begin accruing thirty (30) days from the date on which Rent first became due until paid. The term "Rent" includes any sums advanced by the LANDLORD and any unpaid amounts due from TENANT to the LANDLORD under the terms of this Lease.

ARTICLE 3 USE OF PREMISES

Section 3.01 Permitted Uses.

The Premises shall, during the term of this Lease, be used for the purpose of TENANT fulfilling the need of a public restroom facilities and open public space in the downtown area for purposes of fulfilling the needs of the residents and visitors of the City of Morro Bay; and as may be determined by the TENANT to be required for carrying out and enjoying the rights and privileges granted hereunder on said property. The Landlord understands that TENANT intends to sublease the premises to a third party to operate and maintain the restroom and public area and TENANT agrees to comply with Section 8.02 of this Lease.

Section 3.02 Unauthorized Use.

TENANT agrees to allow only those uses authorized in Section 3.01 herein above or any other uses approved in writing by the LANLORD and that any unauthorized use thereof shall constitute a breach of this Lease and shall, at the option of LANDLORD, terminate this Lease.

Section 3.03 Compliance with Law.

TENANT shall, at no cost to LANDLORD, comply with all of the requirements of all local, municipal, county, state and federal authorities now in force, or which may hereafter be in force, pertaining to the Premises, and shall faithfully observe in the use of the Premises all local, municipal and county ordinances and state and federal statutes, rules, regulations and orders now in force or which may hereafter be in force (collectively, "Legal Requirements") provided that TENANT shall not be required to comply with any Legal Requirement imposed by the LANDLORD that would substantially deprive TENANT of a material benefit under this lease unless such Legal Requirement has been imposed or required by a county, state or federal authority. The judgment of any court of competent jurisdiction, or the admission of TENANT in any action or proceeding against TENANT, whether LANDLORD be a party thereto or not, that TENANT has violated any such Legal Requirement in the use of the Premises shall be conclusive of that fact as between LANDLORD and TENANT.

Section 3.04 Waste or Nuisance.

TENANT shall not commit or permit the commission by others of any waste on or at the Premises; TENANT shall not maintain, commit, or permit the maintenance or commission of any nuisance as defined by law on the Premises; and TENANT shall not use or permit the use of the Premises for any unlawful purpose.

ARTICLE 4 CONSTRUCTION, ALTERATION AND REPAIRS

Section 4.01 Construction Approval.

TENANT shall not make or permit any other person to make any alterations or structural additions or structural modifications to the Premises or to any structure thereon or facility appurtenant thereto if the cost thereof shall exceed ten thousand dollars ($10,000), without the prior written consent of LANDLORD.

Section 4.02 Mechanics' Liens.

At all times during the term of this Lease, TENANT shall keep the Premises and all buildings, installations and other improvements now or hereafter located on the Premises free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Premises. TENANT further agrees to at all times, hold LANDLORD free and harmless and defend and indemnify LANDLORD against all claims for improvements, labor or materials in connection with any improvement, construction work, repairs, or alterations on or at the Premises, and the cost of defending against such claims, including reasonable attorneys' fees. Should TENANT fail to pay and discharge or cause the Premises to be released from such liens or claim of liens within ten (10) days after the filing of such lien or levy, TENANT shall upon written notification be required to immediately deposit with LANDLORD a bond conditioned for payment in full of all claims on which said lien or levy has been filed. Such bond shall be acknowledged by TENANT as principal and by a company or corporation, licensed by the Insurance Commissioner of the State of California to transact the business of a fidelity and surety insurance company as surety. LANDLORD shall have right to post and keep posted on the Premises notices of non-responsibility and any other notices that may be provided by law or which LANDLORD may deem proper for the protection of LANDLORD and Premises from such liens. TENANT shall give LANDLORD notice at least twenty (20) days prior to commencement of any work on the Premises to afford LANDLORD the opportunity to post such notices.

Section 4.03 Ownership of Improvements.

All non-structural improvements contemplated by this Lease and installed by TENANT shall be the sole and exclusive property of TENANT. The parties agree that LANDLORD has the right to require TENANT to remove, at TENANT'S sole cost and expense, all buildings, structures, installations, improvements of any kind or other property belonging to or placed upon the Premises by TENANT ("TENANT Improvements"), at the termination of this Lease, for whatever reason and however occurring, providing LANDLORD gives notice, in writing, no later than ten (10) days following the termination of the Lease, of its decision to require that such improvements be removed. The parties agree that if the LANDLORD exercises its option, then at the termination of this Lease, however occurring, TENANT shall have two (2) months thereafter to remove all nonstructural TENANT Improvements from the Premises. Those Tenant Improvements remaining after the two month period shall be deemed the property of LANDLORD. During the course of such removal, TENANT shall pay to LANDLORD a monthly removal license fee (the "Monthly License Fee") equal to 1/12 of the annual rent

accruing under this Lease immediately prior to the termination of this Lease. Said Monthly License Fee shall be payable on the first calendar day of each month, until the date that all of the Tenant Facilities have been removed in accordance with this Paragraph. In addition, TENANT shall be pay all costs and expenses associated with said removal, including the costs to repair the Premises, and any lost rent incurred by LANDLORD. Should the TENANT fail to remove all Tenant Facilities subject to the LANDLORD'S notice hereunder at the end of said two (2) month period, then LANDLORD shall have the right to remove the same, and TENANT shall reimburse LANDLORD for all of LANDLORD'S costs and expenses incurred in the course of the removal of the Tenant Facilities.

ARTICLE 5 MAINTENANCE, INSPECTION AND DESTRUCTION

Section 5.01 Maintenance by TENANT.

At all times during the term of this Lease, TENANT shall, at TENANT'S own cost and expense, keep and maintain the Premises in good order and repair and in a safe and clean condition, also including all pipes and wires (such as any gas, water, sewage or electricity lines) that service the premises but which lines may extend beyond the boundaries of the premises.

Section 5.02 Legal Requirements.

At all times during the term of this Lease, TENANT, at no cost to LANDLORD, shall:

(1) Make all legally required alterations, additions, or repairs to the Premises or the improvements or facilities on the Premises;

(2) Observe and comply with all laws and regulations now or hereafter made or issued respecting the Premises or the improvements or facilities located thereon;

(3) Obtain all required permits pursuant to the Morro Bay Municipal Code, State law, or any other legal authority, prior to the initiation of any improvement, repair or maintenance to the Premises; and

(4) Indemnify and hold LANDLORD and the property of LANDLORD, including the Premises, free and harmless from any and all liability, loss, damages, fines, penalties, claims and actions resulting from TENANT'S failure to comply with and perform the requirements of this section, including TENANT'S attorney's fees and costs.

Section 5.03 Inspection by LANDLORD.

LANDLORD or LANDLORD'S agents, representatives, or employees may enter the Premises at all reasonable times with adequate reasonable notice to the TENANT for the purpose

of inspecting the Premises to determine whether TENANT is complying with the terms of this Lease and for the purpose of doing other lawful acts that may be necessary to protect LANDLORD'S interest in the Premises under this Lease, or to perform LANDLORD'S duties under this Lease, or to exercise LANDLORD'S rights under this Lease.

Section 5.04 Termination of Lease for Destruction.

Notwithstanding the provisions of this Lease, upon sixty (60) days written notice to LANDLORD, TENANT shall have the right to terminate this Lease if the Premises are so damaged or destroyed by any cause not the fault of TENANT or LANDLORD (with the exception of illegal acts of others) such that the Premises are incapable for their intended use under this Lease, subject to LANDLORD'S right to cure within that sixty (60) day period..

ARTICLE 6 INDEMNITY AND INSURANCE

Section 6.01 Indemnity Agreement.

(1) TENANT shall indemnify and hold LANDLORD, and the property of LANDLORD (including the Premises and any improvements now or hereafter on the Premises), and the LANDLORD'S Trustees, agents, officers, officials, employees and volunteers, harmless, and defend such parties from any and all liability, claims, loss, damages, and expenses, including attorney fees and litigation expenses, resulting from TENANT'S occupation and use of the Premises, or any negligent act or omission of the TENANT, or the acts or omissions of TENANT'S employees, contractors or anyone for whom TENANT may be liable, specifically including, without limitation, any liability, claim, loss, damage, or expense arising by reason of:

(a) The death or injury of any person, including TENANT or any person who is an employee or agent of TENANT, or by reason of the damage to or destruction of any property, including property owned by TENANT or by any person who is an employee or agent of TENANT, from any cause whatever while such person or property is in or on the Premises or in any way connected with the Premises or with any of the improvements or personal property on the Premises;

(b) The death or injury of any person, including TENANT or any person who is an employee or agent of TENANT, or by reason of the damage to or destruction of any property, including property owned by TENANT or any person who is an employee or agent of TENANT, caused or allegedly caused by either (i) the condition of the Premises or any improvement placed or maintained on the Premises by TENANT, or (ii) any act or omission on the Premises

by TENANT or any person in, on, or about the Premises with or without the permission and consent of TENANT;

(c) Any work performed on the Premises or materials furnished to the Premises at the instance or request of TENANT or any person or entity acting for or on behalf of TENANT;

(d) TENANT'S failure to perform any provision of this Lease or to comply with any Legal Requirement imposed on TENANT or the Premises.

(2) TENANT'S obligations pursuant to this Section to indemnify and hold harmless do not extend to any liability, claim, loss, damage or expense arising from LANDLORD'S gross negligence or willful misconduct.

Section 6.02 Liability Insurance.

During the term of this Lease, TENANT shall maintain at its cost Commercial General Liability insurance. Such insurance shall initially afford protection in amounts no less than Two Million Dollars ($2,000,000) per occurrence for bodily injury, personal injury and property damage, provided that if insurance with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Premises or the general aggregate limit shall be twice the occurrence limit stated in this Section. LANDLORD shall have the right, during the term of this Lease, or any extension thereof, to require TENANT to increase the policy limits herein provided for, based upon the customary insurance requirements then being required by commercial landlords for real property leases in the Morro Bay vicinity.

ARTICLE 7 UTILITIES

Section 7.01 Utilities.

TENANT shall pay, or cause to be paid, and hold LANDLORD and the property of LANDLORD, including the Premises, free and harmless from all charges for the furnishing of gas, water, electric, trash, telephone service, and for other public utilities to the Premises during the term of this Lease.

ARTICLE 8 ASSIGNMENT AND SUBLEASING

Section 8.01 No Assignment Without LANDLORD'S Consent.

TENANT shall not assign or otherwise transfer this Lease, any right or interest in this Lease, or any right or interest in the Premises or any of the improvements that may now or

hereafter be constructed or installed on the Premises without the prior express written consent of LANDLORD. Any assignment or transfer by TENANT without the prior written consent of LANDLORD, whether it be voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of LANDLORD, terminate this Lease. A consent by LANDLORD to one assignment shall not be deemed to be a consent to any subsequent assignment of this Lease by TENANT. LANDLORD shall not unreasonably nor arbitrarily withhold its approval to the assignment or transfer of this Lease to an assignee who is financially reliable and qualified to conduct the business for which this Lease was granted. It is mutually agreed that the TENANT'S financial and unique municipal qualifications are a part of the consideration for granting of this Lease and that TENANT does hereby agree to maintain active control and supervision of the operation conducted on the Premises.

Section 8.02 <u>No Sublease Without LANDLORD'S Consent.</u>

TENANT shall not sublease the whole nor any part of the Premises, or license, permit, or otherwise allow any other person (the employees of TENANT excepted) to occupy or use the Premises, or any portion thereof, without the prior written consent of LANDLORD. A consent to one subletting, occupation, licensing or use shall not be deemed to be a consent to any subsequent subletting, occupation, licensing or use by another person. Any sublease or license without LANDLORD'S written consent shall be void, and shall at LANDLORD'S option, terminate this Lease. LANDLORD shall not unreasonably nor arbitrarily withhold its consent to sublet to any assignee that is both objectively qualified and financially reliable. LANDLORD'S consent to any occupation, use, or licensing shall be in LANDLORD'S sole and absolute discretion. In the event that any sublet or assignment involves radio-transmission facilities, LANDLORD'S consent may be reasonably conditioned up the LANDLORD'S right to receive additional rent from any proposed subtenant or assigned.

Section 8.03 <u>Subtenant Subject to Lease Terms.</u>

Any and all subleases shall be expressly made subject to all the terms, covenants, and conditions of this Lease. In no event shall the term of any sublease extend beyond the term of this Lease. Termination of this Lease prior to the natural term expiration of this Lease term, or at the natural term expiration shall also terminate any and all subleases unless otherwise specifically agreed by LANDLORD.. A breach of the terms of this Lease by a subtenant shall constitute a breach on the part of TENANT and shall subject both the subtenant and TENANT to all the remedies provided to LANDLORD herein and by law.

ARTICLE 9 DEFAULT AND TERMINATION

Section 9.01 Termination for a Non-Rental Breach by TENANT.

All covenants and agreements contained in this Lease are declared to be conditions to this Lease and to the term hereby demised to TENANT. Should TENANT fail to perform any covenant, condition, or agreement contained in this Lease, except for payment of any Rent or other monetary amount due hereunder, and such failure is not cured within thirty (30) days after written notice thereof is served on TENANT, then LANDLORD may terminate this Lease immediately, and in the event of such termination, TENANT shall have no further rights hereunder and TENANT shall thereupon forthwith remove from the Premises, subject to the provisions of Section 4.03, and shall have no further right or claim thereto and LANDLORD shall immediately thereupon have the right to re-enter and take possession of the Premises, subject only to appropriate legal process.

Section 9.02 Termination for Failure to Pay Rent.

If any payment of Rent is not made as herein provided and such failure to pay is not cured within three (3) days after written notice thereof is served on the TENANT, LANDLORD shall have the option to immediately terminate this Lease; and in the event of such termination TENANT shall have no further right or claim hereunder and LANDLORD shall immediately thereupon have the right to re-enter and take possession of the Premises under applicable law, subject only to appropriate legal process and the requirements related to ownership of Improvements, and removal of the same set forth in Section 4.03.

Section 9.03 Cumulative Remedies.

The remedies available to LANDLORD in this Article shall not be exclusive but shall be cumulative with and in addition to all remedies now or hereafter allowed by law or elsewhere provided in this Lease.

Section 9.04 Waiver of Breach.

The waiver by LANDLORD of any breach by TENANT of any of the provisions of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach by TENANT either of the same or a different provision of this Lease.

ARTICLE 10 MISCELLANEOUS

Section 10.01 Attorneys' Fees.

Upon the execution of this agreement, TENANT agrees to pay to LANDLORD, the LANDLORD'S estimated attorneys in the amount of Two Thousand Dollars ($2,000.00) in consideration for the costs of negotiating and executing this lease agreement and reviewing the necessary attachments and descriptions.

To the extent that LANDLORD is required to retain counsel, in order to assert, protect or address LANDLORD'S interests in this lease as a result of a default of TENANT under Sections 9.01, 9.02, or as a result of a petition or filing by Tenant under Title 11 of the United States Code, TENANT shall either retain and pay for LANDLORD'S legal representation or shall pay LANDLORD'S attorney's fees and costs incurred.

Section 10.02 Notices.

Any and all notice or demands by or from LANDLORD to TENANT, or TENANT to LANDLORD, shall be in writing. They shall be served either personally, or by registered or certified mail. Any notice or demand to LANDLORD may be given to:

Any notice or demand to TENANT may be given at:

City of Morro Bay
City Attorney's Office
595 Harbor Street
Morro Bay, CA 93442

Any notice or demand to LANDLORD may be given at:

Scott Meisterlin
3647 Laketree Drive
Fallbrook, CA 92028

Such addresses may be changed by written notice by either party to the other party. Notice hereunder shall be deemed received one (1) calendar day following the deposit of such notice in the U.S. Mail, first class postage pre-paid, and addressed in accordance with the provisions of this Section.

Section 10.03 Governing Law and Jurisdiction.

This Lease, and all matters relating to this Lease, shall be governed by the laws of the State of California in force at the time any need for interpretation of this Lease or any decision concerning this Lease arises. LANDLORD and TENANT consent to exclusive personal and subject matter jurisdiction in the Superior Court of the State of California in and for the county of San Luis Obispo, California, and each party waives any claim that such court is not a convenient forum. Each party hereby specifically waives the provisions of California Code of Civil Procedure Section 394, and any successor statute thereto.

Section 10.04 Binding on Successors.

Subject to the provisions herein relating to assignment and subletting each and all of the terms, conditions, and agreements herein contained shall be binding upon and inure to the benefit of the successors and assigns of any and all of the parties hereto; and as their respective obligations, each party and their respective successors and assigns shall be jointly and severally liable hereunder.

Section 10.05 Partial Invalidity.

Should any provision of this Lease be held by a court of competent jurisdiction to be either invalid, void, or unenforceable, the remaining provisions of this Lease shall remain in full force and effect unimpaired by the holding.

Section 10.06 Sole and Only Agreement.

This Lease, which includes all exhibits and the negotiations incorporated by reference, constitutes the sole and only agreement between LANDLORD and TENANT respecting the Premises and the leasing of the Premises to TENANT. Any other agreements or representations respecting the Premises and their leasing to TENANT by LANDLORD, which are not expressly set forth in this Lease, are null and void. The lease terms herein specified correctly set forth the obligations of LANDLORD and TENANT as of the date of this Lease. No modification, amendment, or alteration of this Lease shall be valid unless it is in writing and signed by both parties.

Section 10.07 Modification.

This agreement shall not be modified except pursuant to a written agreement executed by the TENANT and LANDLORD. TENANT understands that this agreement may not be modified by oral statements by any person representing the LANDLORD.

Section 10.08 Time of Essence.

Time is expressly declared to be the essence of this Lease.

Section 10.09 Memorandum of Lease for Recording.

LANDLORD and TENANT shall, at the request of either at any time during the term of this Lease, execute a memorandum or "short form" of this Lease, which shall describe the parties, set forth a description of the leased premises, specify the term of this Lease, and incorporate this Lease by reference.

EXECUTED on the dates set forth below, at Morro Bay, County of San Luis Obispo, California.

LANDLORD
Scott Meisterlin

_____ Dated: _____
By: Scott Meisterlin

TENANT
CITY OF MORRO BAY, a municipal corporation of the State of California

Jamie L. Irons Dated: 6/19/13
By: Jamie L. Irons, Mayor

ATTEST:
Jamie Boucher Dated: 6/19/13
By: Jamie Boucher
City Clerk for the CITY OF MORRO BAY

Section 10.08 **Time of Essence.**

Time is expressly declared to be the essence of this Lease.

Section 10.09 **Memorandum of Lease for Recording.**

LANDLORD and TENANT shall, at the request of either at any time during the term of this Lease, execute a memorandum or "short form" of this Lease, which shall describe the parties, set forth a description of the leased premises, specify the term of this Lease, and incorporate this Lease by reference.

EXECUTED on the dates set forth below, at Morro Bay, County of San Luis Obispo, California.

LANDLORD
Scott Meisterlin

By: Scott Meisterlin Dated: 6/25/13

TENANT
CITY OF MORRO BAY, a municipal corporation of the State of California

By: Jamie L. Irons, Mayor Dated: 6/19/13

ATTEST:

By: Jamie Boucher Dated: 6/19/13
City Clerk for the CITY OF MORRO BAY

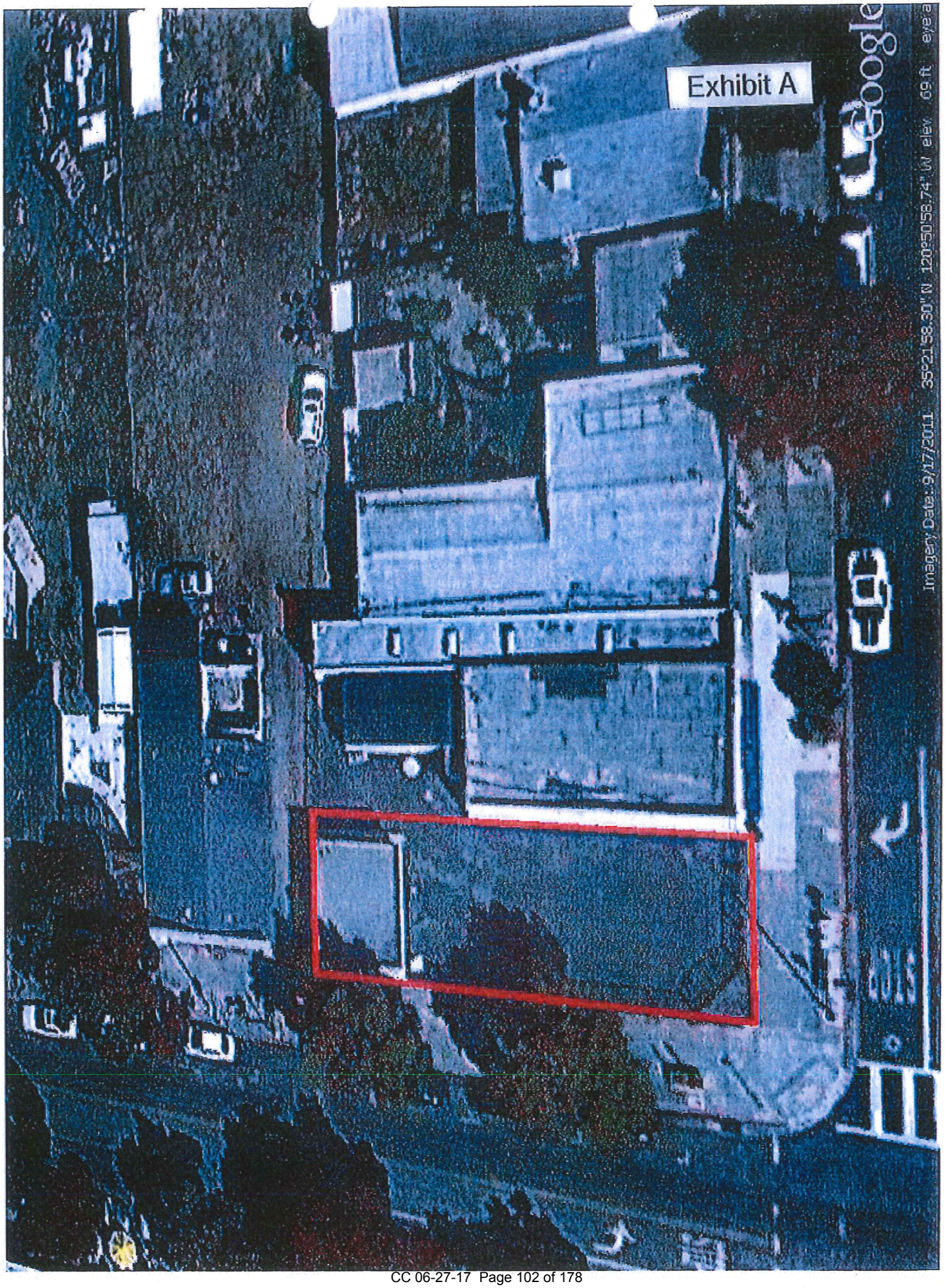


Exhibit A
Google
Imagery Date: 9/17/2011 35°21'58.30" N 120°50'58.74" W elev 69 ft eye a

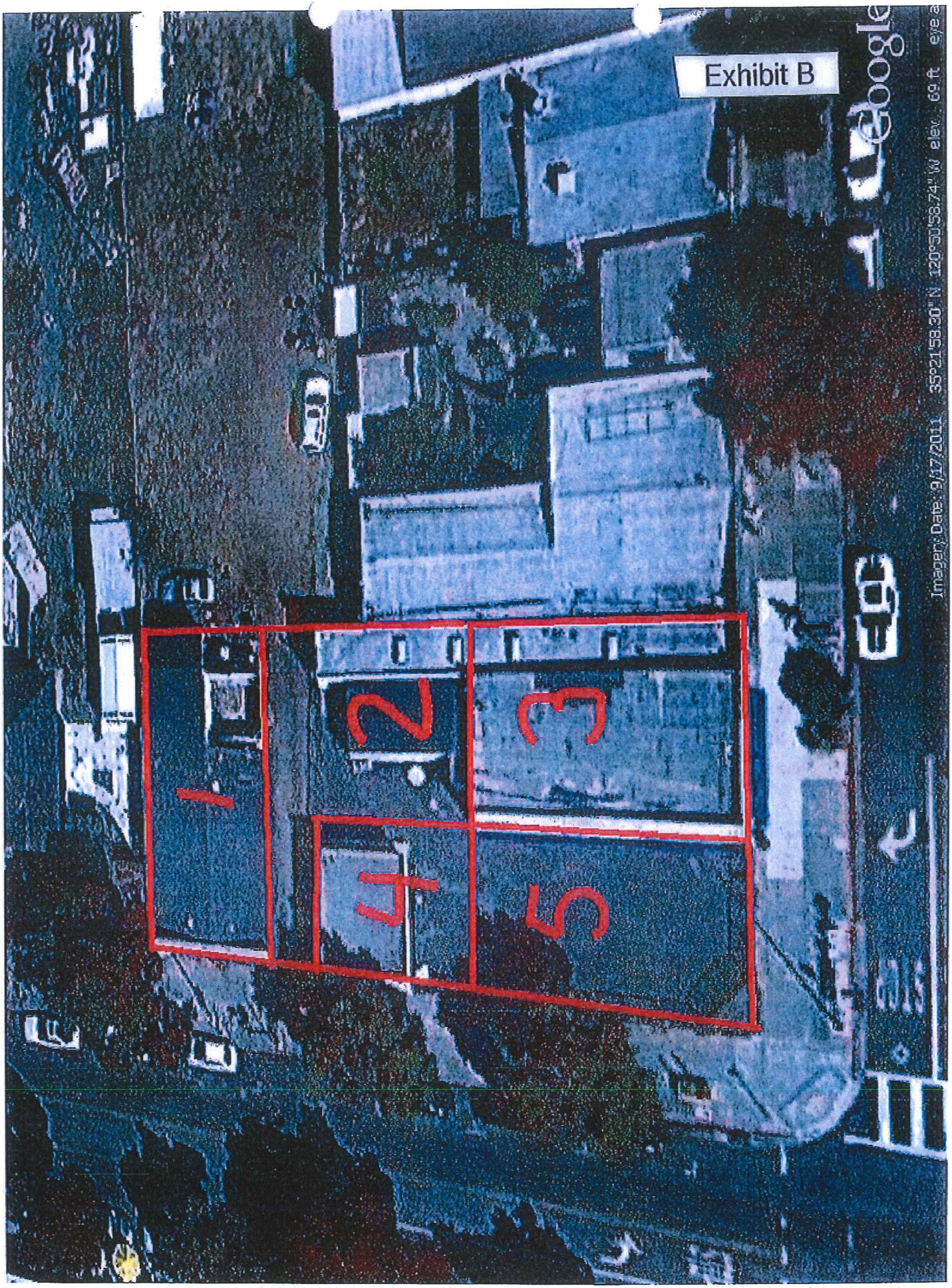


Exhibit B
1
2
3
4
5
Google
Imagery Date: 9/17/2011 35°21'58.30" N 120°50'58.74" W elev 69 ft eye a

Exhibit B

APPLICANT:

GRANDMA'S FROZEN YOGURT & WAFFLE SHOP
at the
"THE GATHERING PLACE"
WHERE ALL AGES COME TOGETHER!

Lenny A. and Beverly J. Ford-Durrer, Co-Owners

PROPOSED SUB-LEASE SITE:

307 Morro Bay Boulevard, Morro Bay, California 93443

PROJECT SUMMARY OF THE BUSINESS:

It is proposed that the owners of **"Grandma's Frozen Yogurt & Waffle Shop,"** Lenny and Beverly Ford-Durrer, and Beverly J. Ford, "Grandma" will occupy the building located at 307 Morro Bay Boulevard, Morro Bay, California. A Project Startup and Business Timeline has been developed to address the overall concept of the business plan. (Attachments-Exhibit A) The business proposes to sell frozen yogurt, specialty waffles, and non-alcoholic beverages. This business strives to be ecologically responsible by using recyclable containers and utensils when feasible (Attachments-Exhibit B) provide recycle receptacles for discarded products; and serve healthy Honey Hill Farm's Frozen Yogurt products with REAL yogurt culture and probiotics. There will not be any cooking, baking, or frying in the building. A commercial waffle iron for creating REAL, healthy waffles and fresh fruit has been purchased. For instance, the six waffle choice menu includes a granola batter waffle called "Surf's Up" which consists of sliced banana, and a choice of frozen yogurt. This, and other specialty waffles, along with healthy yogurt creations will be available throughout the day as patrons enjoy "The Gathering Place" being created in the courtyard.

This multi-use property will be a welcoming addition to the downtown area esthetically, as well as serve as a downtown public bathroom facility. The courtyard, which will be known as "The Gathering Place," will serve as a beautification project for the downtown area, offering many opportunities which will benefit the community year-round. Several downtown merchants and groups have offered "in-kind" services to take this concept to fruition. The **"Grandma's Frozen Yogurt & Waffle Shop"** owners have worked with Mr. Taylor Newton, owner of Newton Cultivation and advisor to "The Morro Bay Guerrilla Gardening Club" and Cal Poly graduate landscape architect, Ms. Darlene Rappaport, to create landscape designs provided throughout this proposal. Mr. Newton and the Gardening Club members have agreed to provide year-round maintenance for this community-wide effort.

Local musicians and business owners in the community have offered to create and build a small, moveable stage with an ADA compliant ramp for outdoor performances, educational forums, movie night, and other potential community activities. (See Non-Profit Concept—It Takes a Community, page 3) The Morro Bay High School Music Booster Club President, Debbie Clark, has endorsed the concept presented in this bid stating that they no longer have funds and that they welcome fundraising efforts throughout the year, as well as a regular venue for performances. She estimates that well over 300 members (young musicians in the community) will benefit by this effort.

This multi-use property will draw patrons to the business and help sustain it, as well. The owners have already complied with the Fictitious Business posting mandates (Attachments-Exhibit C); are new members of the Morro Bay Downtown Merchants Association; have an open business checking and financial credit card/debit account; have an established working relationship with distributor, Larry Ross from "Honey Hill Farm's Frozen Yogurt" and other companies prepared to deliver products needed on a timely basis. (Attachments-Exhibit D) The owners have attended special yogologist training classes in preparation for the opening of their business. In addition, they have worked closely with the County of San Luis Obispo Environmental Health Services Inspector, Mr. Denny Brewer, who has guided them through the initial stages required for county approval. They have estimates from contractors who are now prepared to start work immediately to upgrade electrical supply and plumbing needs. The **"Grandma's Frozen Yogurt & Waffle Shop"** owners can move forward in a timely manner if the bid is accepted and approved. Upon confirmation of the bid acceptance, the owners will apply for proper permits and site approval by the City of Morro Bay Planning Commission preparing for planned upgrades, approval by the County of San Luis Obispo Environmental Health Services following the upgrades, and a Morro Bay business license. Owners are proposing a lease agreement of $800 per month for a 5-year lease option offered by the City of Morro Bay. It is anticipated that it will take 6-8 weeks and the business will be open and profitable.

NON-PROFIT CONCEPT – *It Takes a Community!*

The Courtyard at the corner of Morro Bay Blvd. and Main Street will serve multiple functions bringing to life the property, located at the center of Old Town Morro Bay. The owners of **"Grandma's Frozen Yogurt & Waffle Shop"** worked with the "The Morro Bay Guerrilla Gardening Club" advisor, Taylor Newton of Newton Cultivation in creating a fundraising concept which will benefit local non-profits. Mr. Taylor and club members will cultivate, provide, and maintain plants for sale throughout the week with plant sales going directly to the club in order to be self-sustaining throughout the year. It is agreed that 50% of plant sales during scheduled fundraising events will go directly to the non-profit event being hosted, with the remainder going to the "Morro Bay Guerrilla Gardening Club." An MOU will be created outlining the beautification of the corner courtyard which involves engaging members of the "The Morro Bay Gardening Guerrilla Club." Mr. Newton has created a model landscaping plan (Attachments-Exhibit E) and has agreed to provide on-going seasonal holiday creations and replacement plants following sales throughout the week. The fund-raising efforts will be on-going in order to foster their efforts, and to enhance our community and help sustain non-profits which provide needed services to those living in Morro Bay. All work and materials, including plants, will be delivered, cared for, and replaced regularly throughout the year.

The corner courtyard will serve as a seasonal display for the downtown merchants which will also be created and maintained by the club members throughout the year upon approval by the owners of **"Grandma's Frozen Yogurt & Waffle Shop."** For example, it is anticipated that the first downtown merchant celebration, if the bid is selected, will include hay stacks, pumpkins, and scare crows which will adorn the *Grandma's Frozen Yogurt & Waffle Shop Courtyard* to be more commonly known as "The Gathering Place" with a fundraiser being held for all to enjoy the first Friday of every month. The fall harvest, Halloween theme will transition into upcoming holiday and seasonal themes for the downtown merchants and their patrons to enjoy year-round.

Mentor and advisor to the Morro Bay Guerrilla Gardening Club, Taylor Newton states,

> The Guerrilla Gardening Club is a 501C3 Non-Profit Organization created and founded here in Morro Bay. Our Club has developed a design plan to work with "Grandma's Frozen Yogurt & Waffle Shop at The Gathering Place" located at 307 Main Street, Morro Bay, CA. We intend to provide landscape design, maintenance, and sales. We will offer our supplies & services in return for plant & merchandise sales, as well as possible job placement for our Nonprofit Educational Program members. Our Club adds new members every month. It is our mission to move them through our program into sustainable lives and employment. Please consider our support and participation in your consideration of "Grandma's Frozen Yogurt & Waffle Shop" in leasing 307 Morro Bay Blvd., Morro Bay, California."

The owners have been looking to secure a location to establish their "Grandma's Frozen Yogurt & Waffle Shop" business, in addition to offering a gathering place for holding non-profit events through yogurt tastings on a monthly basis. Non-profit organizations will be encouraged to complete an application in order to hold an event. They will be provided enough time to announce their fundraiser in newsletters and to place information in the local public events calendars, utilizing social/public media outlets, if desired. A decided percentage of "yogurt tasting" sales, activities, and garden proceeds will benefit the organization chosen that month, depending on the event planned.

During regular hours of operation, the courtyard will serve as a "Gathering Place" for all ages to enjoy the downtown area. Complimentary board games and special activities will be available. Individuals of all ages will have a chance to perform acoustic music on the stage being built by musicians on a volunteer basis. The moving stage can accommodate other activities such as special announcements and performance activities. All activities will be confined to within the gated enclosure, and comply with noise and curfew ordinances established by the City of Morro Bay. It is expected that these activities will occur as described in this proposal, and on an occasional basis with the owners securing the appropriate permits required by the City of Morro Bay. Strict youth curfew laws will be adhered to as well.

"THE GATHERING PLACE" OFFERINGS

The **"Grandma's Frozen Yogurt & Waffle Shop"** owners agree to provide the following:

A BIKE RACK will be readily available for those shopping at the downtown businesses, encouraging environmentally healthy options for travel to and from various vacation and sightseeing locations, including the Morro Bay State Park, RV Parks, and motel locations throughout the area.

GARDEN CLUB STORAGE AREA: Owners will provide an outdoor locked storage area for the Guerrilla Club garden supplies. The club will work with the owners to ensure safety and cleanliness.

BOARD GAMES/SPECIAL EVENTS DAYS & NIGHTS: (depending on the season) "Gathering" opportunities will be offered to generations of all ages, with special days and times set aside. For instance, chess, checkers, dominos, and other NON-ELECTRONIC games will be encouraged. Special events will include activities such as pumpkin carving demonstrations, with other downtown merchants welcomed to participate in sharing their talents throughout the year.

CLUB ACTIVITIES: The creation of several clubs has already been suggested where local residents and visitors will experience healthy hobby options. For example, a Lego Club for all ages, beading, and other handcraft clubs, a pinnacle card game club, along with other card and board games identified and approved by the owners.

"FIRST FRIDAYS" MOVIE NIGHTS UNDER THE STARS: G Rated Movies & Silent Film Night (Adhering to the "License to Broadcast Regulations") – The mobile performance stage will serve as the setting for scheduled movie nights, weather permitting. Donations from some events will go towards a non-profit, depending on the chosen activity. Upon discussion with the local Fire Marshall, Tom Prow, there are safe outdoor heaters for patrons to gather around comfortably. The owners will work with the Morro Bay fire department to ensure safety in regards to the number of guests allowed at events within the courtyard as planned throughout the year.

YOUNG PEOPLES MUSIC: The Gathering Place will host young adult opportunities for upcoming generations of musicians and entertainers to perfect their stage performance. Many of our local musicians and instructors have donated time to help our young people master their instruments, stage presence, and gain self-confidence in performing live. This courtyard venue will provide them a place to learn and grow their talent. Specific regulations and policies will be distributed and signed prior to performing which will help clarify expectations, and keep efforts organized and successful. Strict adherence to event curfew ordinances within the City will be adhered to, along with sound limits during all evening performance times. It is anticipated that fundraisers and special events planned for the courtyard will end by 8:00 p.m., possibly later depending on the event. If applicable, owners and courtyard use partners will secure the necessary one-time events permit by the City of Morro Bay for special events.

SATURDAYS FARMER'S MARKET, "TUNES FOR TIPS": Young musicians from Morro Bay High School and Los Osos Middle School will be invited guests each Saturday, as requested and when available, just prior to the Farmer's Market opening until closing time. Debbie Clark, President of the Morro Bay Music Booster Club, explained that all tips earned each Saturday will be placed into a joint account used for ALL young musicians to benefit from throughout the year. This will be handled directly by the coordinators, booster club officials, and music teachers which split their time between both schools. Other schools in the immediate area with music programs will also be considered.

SUMMARY: The owners will provide a combination of a superior "real cultured" frozen yogurt and waffle shop; an ADA approved public bathroom; and a welcoming gardenlike courtyard. The owners trust that their business concept described within this proposal will offer locals, visitors, vacationers, and downtown shoppers a warm and family friendly experience which will enhance and benefit the entire downtown merchant and business community.

Exhibit C

Grandma's Frozen Yogurt & Waffle Shop
at "The Gathering Place"
P.O. Box 7169
Los Osos, CA 93412
(805) 704-9866

November 4, 2013

Mr. Jamie L. Irons, Mayor
City of Morro Bay

Via e-mail: jirons@morro-bay.ca.us

Dear Mayor Irons,

Thank you for your call this morning asking for clarification regarding our requests made to the City of Morro Bay and the owner of the property located at 307 Morro Bay Blvd., Morro Bay, CA in order for us to open our business.

On September 11, 2013 Lenny and I met with Rob Schultz at the above location for a walk-through determining the needs of the building in order to make it functional and safe. It was our understanding that Mr. Schultz was to meet with the owner to review our requests later that week, and help determine what each of us would be responsible for financially in order to restore the building and meet County and City of Morro Bay compliance requirements. The following was discussed and proposed, with the understanding that the owner was not wanting to pay for "too many" upgrades, leaving the City of Morro Bay and us, as your leasee, to fund.

We asked that the Planning Commission make a site visit to ensure the building is ADA compliant and safe, specifically the entry on the side of the building and the front entry. In addition, there is a "lip" at the entry of the bathroom that may need some smoothing out in order to avoid a "trip and fall" hazard, and to make it more wheel chair accessible. We all agreed that the front entry door is the best ADA access point for the public restroom, and that we would ensure the layout of the inside of the building would be kept accessible at all times.

The side door and trim looks like it has been chewed and clawed by rodents/animals trying to gain access, and will need to be replaced/repaired. We would also like the Planning Commission to review the courtyard area for potential "trip and fall" areas, especially at the entrances of the courtyard and door entrances, and that these repairs are paid for by the owner.

PERMISSION FOR UPGRADE REQUESTS: We would like to upgrade the electrical wiring and plumbing of the building, working with PG & E, and licensed electrical and plumbing contractors. There are several cosmetic items we would like to do, as noted below. We understand that the majority of these upgrades will be our financial responsibility.

ELECTRICAL: It was determined by PG & E that we can easily access the needed electricity. They have asked for a $1,000 deposit to start this work. They will work closely with our chosen electrician, once that contractor has been determined. Verbal and written estimates of $3,700-$5,000+ have been received in order to bring the building up to the standards needed to run our business, which includes rewiring the inside in order to accommodate the refrigeration and other equipment needs. In addition, a proper venting system needs to be installed in the building, most likely through the roof area.

PLUMBING: We have received verbal bids for the plumbing needs of the building which will require the installation of a "floor sink" required by San Luis Obispo County. In addition, an electric water heater needs to be installed. Costs of these upgrades are approximately $5,000. **NOTE:** If hot water is a requirement for all public restroom facilities, we ask that the City of Morro Bay and/or the owner fund this need.

We would like permission from the owner to install a retractable outdoor awning (as shown on our proposal). Because we are the site of the downtown public bathroom, we felt this would be an easy signal to the merchants that if the awning is out, the bathroom is accessible. And, eventually regular visitors to our downtown area will also know for their convenience.

PAINTING: We would like to paint the inside of the building; remove the damaged, defaced mural on the Main Street side of the building. We would like to repaint that side of the building with another mural depicting our 50th year anniversary as a city, the things we cherish in our community providing a dated history, and all of the wonderful sites to visit while in Morro Bay. If approved, we plan to hold a fundraiser in the courtyard in order to pay for the mural.

FENCING: We like the wrought iron fencing around the courtyard. We would like to know how the owner would like to refurbish this part of his property. It is quite expensive to remove the rust and repaint. We have been told we can place a clear seal over the fencing which will brighten it and still look nice. We need direction on this item.

LEASE AGREEMENT: Due to the fact that this is a joint effort with the City of Morro Bay, and this venture is of mutual benefit for all concerned, we asked Mr. Schultz if our lease agreement would allow us to start the building upgrades, giving us use of the courtyard AND the bathroom for the public, while we work at getting the upgrades done and the business open. In addition, we ask that our rent be deferred until then, or within a reasonable time frame. It is estimated that it will take 6-8 weeks of working with the Planning Commission and the San Luis Obispo County for plan approvals. The contractors, as of three weeks ago, were ready to start as soon as we can get the plans approved by the appropriate agencies and make a decision who will complete the work. According to the SLO County website the wait is estimated to be between 2-3 weeks before work upgrades can begin.

The public bathroom will be reasonably available while the work is being completed, but only when contractors are working, and only when determined safe. The first three Saturdays of December we are hoping to hold our first non-profit clothing, food, and toy drive during the Farmer's Market even though the food facility will not be ready. The liability insurance carriers we are considering do not see this as a problem, and will cover the use of the courtyard as they will for use of the building, including the public bathroom as long as we are not preparing food products which we do not plan to do. We can ensure that the bathroom is open to the public during that time, which has been the hope of the downtown merchants during the upcoming (hopefully busy!) holiday season.

RENT INCREASE: At the City Council meeting when our proposal was approved Councilman Noah Smuckler approached us during the break asking if we would agree to a tiered rent increase after two years. We let him know that we would be fine with that, provided that it was based on the Consumer Price Index which is a common way landlords determine increases. This was discussed briefly with Mr. Schultz, as well. He informed us it would be a discussion item with the Council when the draft lease was completed. We are still open to the increase based on our lease agreement after two years which gives us time to get our business profitable.

We appreciate your call this morning and hope we are able to meet and discuss the terms of the lease agreement as soon as possible. Again, the City of Morro Bay staff, and calls from the Council and others in the community have been all supportive, asking what, if anything they could do to help get us up and open. We remain positive that an agreement can be reached, and we are READY to get started.

Sincerely,

Lenny A. Durrer
Beverly J. Ford-Durrer

This Page Intentionally Left Blank

AGENDA NO:	**A-11**
MEETING DATE:	**June 27, 2017**

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 15, 2017**

FROM: **Dana Swanson, City Clerk/Risk Manager**

SUBJECT: **Adoption of Resolution Nos. 33-17 and 34-17 Establishing the Compensation and Benefits for Unrepresented Management and Confidential Employees of the City of Morro Bay**

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 33-17 establishing compensation and benefits for the City's unrepresented Management designated employees for FY 2017/18, and adopt Resolution No. 34-17 establishing compensation and benefits for the City's unrepresented Confidential designated employees.

FISCAL IMPACT

Total cost to the City is approximately $37,149, with $36,781in salaries and benefits plus $368 reserved for unfunded compensable liabilities. Those amounts are already included in the adopted FY 2017/18 budget.

DISCUSSION

Section 36506 of the California Government Code requires the City Council to fix the compensation of all appointive officers and employees by resolution or ordinance. In past years, the City had various "agreements" with the unrepresented Management and Confidential employees, but has never formally or informally recognized them as a bargaining group, which made such agreements inappropriate under the circumstances of an unrepresented grouping of employees. That practice was corrected in FY 2016/17 by the adoption of Resolutions 55-16 and 57-16. The City's unrepresented Management and Confidential Employees' compensation and benefits are reviewed on an annual basis, along with the compensation and benefits of all City employees.

The City Council has established the FY 2017/18 Cost of Living Adjustment (COLA) for Management and Confidential Employees shall be a 2% increase in base compensation. The cost of this base compensation increase is approximately $37,149, with $36,781 in salaries and benefits plus $368 (1% of incremental salary increases for Confidential and Unrepresented Management Employee salaries) reserved for unfunded compensable liabilities, the cost of which is already included in the adopted FY 2017/18 Budget. Aside from the 2% COLA, all other terms remain the same.

ATTACHMENT

1. Resolution No. 33-17 for Management Employees
2. Resolution No. 34-17 for Confidential Employees

Prepared By: __DS____	**Dept Review:**_____
City Manager Review: ___CS_____	**City Attorney Review:** __JWP___

RESOLUTION NO. 33-17

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, ESTABLISHING THE COMPENSATION AND BENEFITS FOR THE UNREPRESENTED MANAGEMENT DESIGNATED EMPLOYEES OF THE CITY OF MORRO BAY

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, Section 36506 of the California Government Code requires the City Council to fix the compensation of all appointive officers and employees by resolution or ordinance; and

WHEREAS, Morro Bay Municipal Code Section 2.20.020 also provides the salaries and compensation of officers and employees of the City of Morro Bay ("City") shall be as fixed and determined by resolution of the City Council, except as specifically fixed in Chapter 2.20 of the Morro Bay Municipal Code; and

WHEREAS, the City has established a system of classification for all positions within the City service with descriptive occupational titles, used to identify and distinguish classifications and/or positions from one another, based on job duties, essential functions, knowledge, skills, abilities and minimum requirements; and

WHEREAS, the Meyers-Milias-Brown Act ("MMBA") (Government Code sections 3500 *et seq.*)[1] governs labor relations between local government employers and employees and Section 3507.5 thereof permits a public agency to adopt local rules and regulations providing for the designation of the "management" employees of the public agency and restricting such employees from representing any employee organization, which represents other employees of the public agency, on matters within the scope of representation; and

WHEREAS, the City's Employer-Employee Relations Resolution, Resolution No. 08-17, represents the City's adoption of local rules and regulations for the administration of employer-employee relations, including, but not limited to, the designation of "management" employees, summarized in brief from that resolution as generally defined as meaning those employees who are have significant responsibilities for formulating and administering City policies and programs and the authority to exercise independent judgment to hire, discipline, promote, discharge; assign, or transfer other employees or who have responsibility to use independent judgment to direct such employees, adjust their grievances, or recommend personnel action; and

WHEREAS, the City has designated such "management" employees as more fully identified and listed herein below; and

WHEREAS, the "management" employees identified and listed herein are "unrepresented," meaning that they are not part of any City Council determined appropriate bargaining unit nor represented by any recognized employee organization as defined by the City's Employer-Employee Relations Resolution and the MMBA; and

---

1 Unless otherwise stated, references to Sections will be to the Government Code.

WHEREAS, the City Council deems it is in the best interest of the City to adjust the compensation of the unrepresented management employees, whose titles are listed herein, by a Cost of Living Adjustment (COLA) established by City Council for these employees for FY 2017/18.

NOW, THEREFORE, BE IT RESOLVED the Morro Bay City Council does hereby adopt this Resolution, establishing compensation and benefits for the City of Morro Bay's unrepresented management employees and rescinding and replacing any prior compensation and benefits resolutions, contracts, agreements or memorandum for such employees, including, but not limited to, Resolution No. 57-16:

A. CLASSIFICATION/POSITION LIST

The following are the FY 2017/1 authorized management positions:

1. Police Commander
2. Utility Division Manager
3. City Clerk/Risk Manager
4. Capital Projects Manager
5. Consolidated Maintenance Superintendent
6. Information Systems Technician
7. Environmental Programs Manager
8. Tourism Manager
9. Budget/Accounting Manager
10. Senior Planner
11. Recreation Services Manager
12. Management Analyst
13. Support Services Manager

B. NORMAL WORK HOURS

Management employees are expected to work during normal City business hours and may be required to work longer hours (more than an eight-hour day and more than five days per week), but are not subject to overtime compensation, as they are considered *exempt* employees, within the definition of FLSA. The occasional use of alternative work schedules can be implemented upon approval of the City Manager.

C. EXEMPT TIME OFF

As stated in B above, management employees are considered *exempt* employees. However, the City provides various leave banks for employees' use, with accrual and use record-keeping being required to properly maintain the leave banks.

Time off of less than two continuous hours in a day does not need to be recorded by exempt employees. Abuses of this exception, such as daily use or random periods within a day, will not be allowed; however, this exception is also not allowed to be combined with other leaves.

D. ADMINISTRATIVE LEAVE

Management employees receive seventy-two hours annually in paid administrative leave in a lump sum accrual at the beginning of each fiscal year. The City Manager, or designee, upon recommendation by the management employee's Department Head, may grant additional administrative leave to the management employee. All leave time (vacation, sick leave, holiday, etc.) will be taken off on an hour-for-hour basis equaling employee actual time off from work during normal business hours, regardless of accumulation rates.

With each fiscal year end, up to twenty-four hours of unused administrative leave from the prior fiscal year may be carried over to the next fiscal year by written request of the employee. The administrative leave bank may never accrue more than ninety-six hours (72 + 24).

New management employees will be provided a pro-rata share of the annual seventy-two-hour administrative leave bank upon employment.

Administrative leave is a compensable leave, and any remaining hours in the employee's bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

E. VACATION LEAVE

Management employees accrue vacation, based on the schedule below:

Service Years	Entitlement in Days
1 thru 2	10
3 thru 4	11
5 thru 6	12
7 thru 8	13
9 thru 10	14
11 thru 12	15
13 thru 14	16
15 thru 16	17
17 thru 18	18
19 thru 20	19
21 or more	20

Management employees are subject to a maximum leave accumulation of three hundred hours. Any hours, exceeding the maximum accumulation, will be paid out in December of each fiscal year, unless the management employee has a specific need to retain the hours beyond the maximum accumulation. This need must be written and approved by both the employee's Department Head and the City Manager, or designee. All leave time (vacation, sick leave, holiday, etc.) will be taken off on an hour-for-hour basis equaling employee actual time off from work during normal business hours, regardless of accumulation rates.

Management employees may exercise the option to convert, into cash, a maximum of forty hours of accrued vacation leave each fiscal year, at the employee's current hourly rate of pay.

Vacation accrual is a compensable leave, and any hours remaining in the employee's vacation bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

F. HOLIDAYS

The following days are paid holidays for management employees:

Independence Day	July 4
Labor Day	1st Monday in September
Veteran's Day	November 11
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving	Friday after Thanksgiving
Christmas Day	December 25
New Year's Day	January 1
Martin Luther King, Jr. Day	3rd Monday in January
Lincoln's Birthday	February 12
Washington's Birthday	3rd Monday in February
Memorial Day	Last Monday in May
Floating Holiday	Varies
Floating Holiday	Varies

Any holiday, which falls on a Saturday or Sunday, will be officially designated as a “HOLIDAY” on the prior Friday (if Saturday) or Monday (if Sunday).

For management employees, one holiday equals eight hours, unless the employee is working the 9/80 alternative work schedule where one holiday shall equal nine hours.

Floating holiday hours are recorded in a bank in July of each fiscal year, and may be carried over to the next fiscal year, to a maximum accumulation of forty-eight-hours of holiday time. Hours of holiday time accumulated over forty-eight hours will be paid out in December. All leave time (vacation, sick leave, holiday, etc.) will be taken off on an hour-for-hour basis equaling employee actual time off from work during normal business hours, regardless of accumulation rates.

Floating holiday pay is a compensable leave, and any remaining hours in the employee’s bank will be paid out upon separation from City service, at the employee’s current hourly rate of pay.

G. SICK LEAVE

All employees accrue ninety-six hours per year in a sick leave bank to be used for employee illness, forty-eight hours of which may be used in the care of the employee’s family member for illness or for any other reason mandated by law. All leave time (vacation, sick leave, holiday, etc.) will be taken off on an hour-for-hour basis equaling employee actual time off from work during normal business hours, regardless of accumulation rates.

Upon retirement from City service, remaining unused sick leave converts to time served under the applicable contract between the City and the California Public Employees' Retirement System (“CalPERS”), if any. Sick leave converted to service credit for CalPERS purposes cannot be compensated (converted to dollars).

Based on individual utilization of paid sick leave in the preceding calendar year, management employees may convert unused accumulated sick leave into paid vacation leave once per calendar year, pursuant to the formula below:

Sick Leave Utilization	Sick Leave	Maximum Conversion to Vacation Leave
0 hours	96 hours	48 hours
.25 to 8 hours	72 hours	36 hours
8.25 to 16 hours	48 hours	24 hours
16.25 to 25 hours	24 hours	12 hours
Over 25 hours	0 hours	0 hours

At least one-hundred sixty accrued hours must remain in the management employee's sick leave bank for an employee to be eligible for conversion or for a conversion to be authorized. In addition, the right to convert does not carry over or rollover from calendar year to calendar year; failure to request conversion in any calendar year eliminates the right to do so for that calendar year.

Upon the Service Retirement of a management employee, who has more than ten years of service with the City, said employee shall be entitled to receive payment for up to the first seven hundred twenty hours of his/her accrued sick leave at thirty-five percent of the employee's rate of pay, as of the date of service retirement. Service Retirement is defined as service retirement from both the City and CalPERS. Voluntary separation or termination actions are excluded from this benefit.

H. RETIREMENT BENEFITS

All employees, enrolled in the CalPERS retirement system, bear the risk of payment of any increases in the employee contribution, above the current percentage, made by action of CalPERS, the California Public Employees Pension Reform Act of 2013 ("PEPRA") or related legislation, and/or the State Legislature.

All employee CalPERS contributions are paid to CalPERS, based upon tax treatment currently permitted by the State Franchise Tax Board and the Internal Revenue Service ("IRS").

The following is descriptive information on City CalPERS-contracted retirement plans:

<u>CalPERS Miscellaneous Plans</u>

All employees pay 100% of the employee contribution to CalPERS, which is currently:

1. Tier 1 Classic members = 8%
2. Tier 2 Classic members = 7%
3. Tier 3 PEPRA members = 6.25%

Tier 1: All employees, who were hired prior to December 10, 2011, receive the following CalPERS retirement formula and optional benefits (existing Tier 1 employees, promoted to another position within the City, will not be considered new hires, with respect to retirement formulas):

1. 2.7% @ 55 formula (Section 21354.5)
2. Unused Sick Leave Credit (Section 20965)
3. Military Service Credit (Section 21024 & 21027)
4. Final Compensation 1 Year (Section 20042)
5. 1959 Survivor Benefit, Level 4 (Section 21574)
6. Pre-Retirement Option 2W Death Benefit (Section 21548)

Tier 2: All employees, who were hired on or after December 10, 2011, but before January 1, 2013, and those hired on or after January 1, 2013, who meet the CalPERS definition of *classic member*, as determined by CalPERS under PEPRA and related legislation, receive the following CalPERS retirement formula and optional benefits:

1. 2% @ 60 formula (benefit factor increases to 2.418% @ 63+) (Section 21353)
2. Unused Sick Leave Credit (Section 20965)
3. Military Service Credit (Section 21024 & 21027)
4. Final Compensation 3 Years (Section 20037)
5. 1959 Survivor Benefit, Level 4 (Section 21574)
6. Pre-Retirement Option 2W Death Benefit (Section 21548)

Tier 3: All employees, who were hired on or after January 1, 2013, and meet the definition of *new member*, as determined by CalPERS under PEPRA and related legislation, receive the following CalPERS retirement formula and optional benefits:

1. 2% @ 62 formula (benefit factor increases to 2.5% @ 67+) (Section 7522.20)
2. Final Compensation 3 Years (Section 20037)
3. Member contribution rate of fifty percent of the expected normal cost rate, which is currently 12.5% (6.25% is employee's portion)
4. Unused Sick Leave Credit (Section 20965)
5. Military Service Credit (Section 21024 and 21027)
6. 1959 Survivor Benefit, Level 4 (21574)
7. Pre-Retirement Option 2W Death Benefit (Section 21548)

<u>CalPERS Safety Plans</u>
All employees pay 100% of the employee contribution to CalPERS, which is currently:

1. Tier 1 and Tier 2 Classic members = 9%
2. Tier 3 PEPRA members = 11.5% (50% of the normal contribution rate)

Tier 1: All employees, who were hired prior to September 17, 2011, receive the following CalPERS retirement formula and optional benefits (existing Tier 1 employees, promoted to another position within the City, will not be considered new hires, with respect to retirement formulas):

1. 3% @ 50 formula (Section 21362.2)
2. Unused Sick Leave Credit (Section 20965)
3. Military Service Credit (Section 21024 & 21027)
4. Final Compensation 1 Year (Section 20042)
5. 1959 Survivor Benefit, Level 4 (Section 21574)
6. Pre-Retirement Option 2W Death Benefit (Section 21548)

Tier 2: All employees, who were hired on or after September 17, 2011, but before January 1, 2013, and those hired on or after January 1, 2013, who meet the definition of *classic member*, as determined by CalPERS under PEPRA and related legislation, receive the following CalPERS retirement formula and optional benefits:

1. 3% @ 55 formula (Section 21363.1)
2. Unused Sick Leave Credit (Section 20965)
3. Military Service Credit (Section 21024 & 21027)

4. Final Compensation 3 Years (Section 20037)
5. 1959 Survivor Benefit, Level 4 (Section 21574)
6. Pre-Retirement Option 2W Death Benefit (Section 21548)

Tier 3: All employees, who were hired on or after January 1, 2013, and meet the definition of *new member*, as determined by CalPERS under PEPRA and related legislation, receive the following CalPERS retirement formula and optional benefits:

1. 2.7% @ 57 formula
2. Final Compensation 3 Years (Section 20037)
3. Member contribution rate of fifty percent of the expected normal cost rate, which is currently 23% (11.5% is employee's portion)
4. Unused Sick Leave Credit (Section 20965)
5. Military Service Credit (Section 21024 and 21027)
6. 1959 Survivor Benefit, Level 4 (21574)
7. Pre-Retirement Option 2W Death Benefit (Section 21548)

I. HEALTH/LIFE/VISION/DENTAL INSURANCE

Effective January 1, 2017, all employees receive the following contribution toward the purchase of CalPERS health insurance, which includes the required CalPERS monthly contribution:

Employee only - up to $715/month or cost of insurance, whichever is less
Employee + 1 – up to $1,109/month or cost of insurance, whichever is less
Employee + family - up to $1, 421/month or cost of insurance, whichever is less

Life insurance is provided at $50,000, and is paid for by the City for the employee only.

Effective January 1, 2017, all employees receive the following contribution toward the purchase of Life, Vision and Dental insurances:

	Life	**Vision**	**Dental**	**Total**	**Bank**	**EE Pays**
Employee only	$8.15	$ 8.86	$ 55.47	$ 72.48	$ 69.55	$ 2.93
Employee + 1	$8.15	$ 16.59	$143.09	$167.83	$156.08	$11.75
Employee + 2+	$8.15	$ 22.59	$143.09	$173.83	$161.62	$12.21

For retired employees, City contributes the required CalPERS monthly contribution towards CalPERS health plans, as selected by retiree.

J. LONG-TERM DISABILITY ("LTD") INSURANCE PROGRAM

Management employees do not participate in the California State Disability Insurance program. City provides LTD to its management employees, and pays the cost for the plan.

K. DEFERRED COMPENSATION PROGRAM

Management employees receive a matching contribution up to $1,500, per calendar year, paid to employee's deferred compensation plan, or approved retiree medical savings plan. City matching contributions are paid on a 2:1 basis (e.g., employee contributes $2, City contributes $1).

L. SPECIAL PAY

Management employees may receive up to $150 reimbursement per fiscal year, to purchase steel-toed shoes, as required in the performance of their job duties. Proof of purchase is required, and

reimbursement is based on price paid, not to exceed $150 per fiscal year. Once purchased, footwear must be worn while working.

M. COMPENSATION ADJUSTMENTS
Annual Cost of Living Adjustments (COLA) and/or equity adjustments may be given to management employees, as determined by the City Manager and approved by the City Council; neither is guaranteed. For the fiscal year 2017/18, City is providing a 2% COLA base salary increase to the management employees' salary ranges, as reflected in Attachment A hereto, effective with the pay period containing July 1, 2017.

N. EDUCATION REIMBURSEMENT
City will reimburse its management employees for costs associated with job-related and job-required certifications, correspondence courses, and/or licenses (except Class III driver's license), upon successful completion of the examination or course by the employee. Written authorization, from the employee's Department Director, is required in advance. Reimbursement includes application fees, examination fees, and certificate fees. Renewal fees may be paid in advance by City. This provision does not apply to continuing education requirements.

City will provide a City vehicle, when available, for required transportation, and will permit paid time for employee to take examinations, scheduled during normal working hours. If no City vehicle is available, then City will reimburse mileage for the use of the management employee's personal vehicle, at current IRS mileage rates.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 27th day of June 2017, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JAMIE L. IRONS, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

ATTACHMENT A

MANAGEMENT SALARY SCHEDULE

POSITION	ANNUAL COMPENSATION RANGE				
	1	2	3	4	5
Police Commander	109,861	115,354	121,122	127,178	133,537
Utility Division Manager	97,855	102,747	107,885	113,279	118,943
City Clerk/Risk Manager	83,436	87,608	91,988	96,588	101,417
Consolidated Maintenance Supt Information Systems Tech Capital Projects Manager Tourism Manager Environmental Programs Manager Budget/Accounting Manager Senior Planner Recreation Services Manager	75,482	79,256	83,219	87,380	91,749
Management Analyst	64,541	67,768	71,156	74,714	78,449
Support Services Manager	58,715	61,651	64,734	67,970	71,369

RESOLUTION NO. 34-17

RESOLUTION ESTABLISHING THE COMPENSATION AND BENEFITS FOR THE UNREPRESENTED CONFIDENTIAL DESIGNATED EMPLOYEES OF THE CITY OF MORRO BAY

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, Section 36506 of the California Government Code requires the City Council to fix the compensation of all appointive officers and employees by resolution or ordinance; and

WHEREAS, Morro Bay Municipal Code Section 2.20.020 also provides the salaries and compensation of officers and employees of the City of Morro Bay ("City") shall be as fixed and determined by resolution of the City Council, except as specifically fixed in Chapter 2.20 of the Morro Bay Municipal Code; and

WHEREAS, the City has established a system of classification for all positions within the City service with descriptive occupational titles, used to identify and distinguish classifications and/or positions from one another, based on job duties, essential functions, knowledge, skills, abilities and minimum requirements; and

WHEREAS, the Meyers-Milias-Brown Act ("MMBA") (Government Code sections 3500 *et seq.*)[1] governs labor relations between local government employers and employees and Section 3507.5 thereof permits a public agency to adopt local rules and regulations providing for the designation of the "confidential" employees of the public agency and restricting such employees from representing any employee organization, which represents other employees of the public agency, on matters within the scope of representation; and

WHEREAS, the City's Employer-Employee Relations Resolution, Resolution No. 08-17, represents the City's adoption of local rules and regulations for the administration of employer-employee relations, including but not limited to the designation of "confidential" employees, defined as meaning those employees who are "privy to decisions of City management affecting employer-employee relations;" and

WHEREAS, the City has designated such "confidential" employees as more fully identified and listed herein below; and

WHEREAS, the "confidential" employees identified and listed herein are "unrepresented," meaning that they are not part of any City Council determined appropriate bargaining unit nor represented by any recognized employee organization as defined by the City's Employer-Employee Relations Resolution and the MMBA; and

WHEREAS, the City Council deems it is in the best interest of the City to adjust the compensation of the unrepresented confidential employees, whose titles are listed herein, by a Cost of Living Adjustment (COLA) established by City Council for these employees for FY 2017/18; and

NOW, THEREFORE, BE IT RESOLVED that the Morro Bay City Council does hereby adopt this Resolution, establishing compensation and benefits for the City of Morro Bay's unrepresented confidential employees and rescinding and replacing any prior compensation and benefits resolutions, contracts, agreements or memorandum for such employees, including but not limited to Resolution No. 55-16:

---

1 Unless otherwise stated, references to Sections will be to the Government Code.

A. POSITION LIST

The following are the FY 2017/18 authorized confidential positions:

1. Human Resources Analyst
2. Senior Accounting Technician
3. Legal Assistant/Deputy City Clerk

B. NORMAL WORK HOURS

Confidential employees work eight hours per day, five days per week consistent with City business hours (unless participating in an alternative work schedule), and are subject to overtime compensation.

C. COMPENSATORY TIME OFF ("CTO")

Confidential employees may take CTO in-lieu of paid overtime. CTO may be accrued up to a maximum of sixty hours. Once the maximum accrual is reached, excess overtime is paid at the time it is incurred, until the CTO accrual balance falls below the maximum. CTO must be approved in advance by the employee's Department Director.

D. ADMINISTRATIVE LEAVE

Confidential employees receive forty-five hours annually in paid administrative leave in a lump sum accrual at the beginning of each fiscal year.

With each fiscal year end, up to twenty-four hours of unused administrative leave from the prior fiscal year may be carried over to the next fiscal year by written request of the employee. The administrative leave bank may never accrue more than sixty-nine total hours (45 + 24).

New confidential employees will be provided a pro-rata share of the annual forty-five-hour administrative leave upon employment.

Administrative leave is a compensable leave, and any remaining hours in the employee's bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

E. VACATION LEAVE

Confidential employees accrue vacation, based on the schedule below:

Service Years	Entitlement in Days
1 thru 2	10
3 thru 4	11
5 thru 6	12
7 thru 8	13
9 thru 10	14
11 thru 12	15
13 thru 14	16
15 thru 16	17
17 thru 18	18
19 thru 20	19

21 or more	20

Confidential employees are subject to a maximum leave accumulation of two hundred twenty hours. Any hours exceeding the maximum accumulation as of November 1st of each year will be paid out in the pay period including December 1st, based on the following options for those excess hours, as selected by the employee:

1. Cash out;
2. Convert hours to sick leave on an hour-for hour basis;
3. Paid to deferred compensation account; or
4. Any combination of the above.

Confidential employees may exercise the option to convert into cash a maximum of forty hours of accrued vacation leave each fiscal year, at the employee's current hourly rate of pay.

Vacation accrual is a compensable leave; any hours remaining in the employee's vacation bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

F. HOLIDAYS

The following days are paid holidays for confidential employees:

Independence Day	July 4th
Labor Day	1st Monday in September
Veteran's Day	November 11th
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving	Friday after Thanksgiving
Christmas Day	December 25th
New Year's Day	January 1st
Martin Luther King, Jr. Day	3rd Monday in January
Lincoln's Birthday	February 12th
Washington's Birthday	3rd Monday in February
Memorial Day	Last Monday in May
Floating Holiday	Varies
Floating Holiday	Varies

Any holiday, which falls on a Saturday or Sunday, will be officially designated as a "HOLIDAY" on the prior Friday (if Saturday) or Monday (if Sunday).

For confidential employees, one holiday equals eight hours, unless the employee is working the 9/80 alternative work schedule where one holiday may equal eight or nine hours depending on the normally scheduled work day being either an eight- or nine-hour work day for that employee.

When a holiday is proclaimed by the Mayor of the City, each employee shall be granted time-off in the same number of equivalent hours. Such time off shall be authorized by the Department Head.

Floating holiday hours are recorded in a bank in July of each fiscal year, and may be carried over

to the next fiscal year, to a maximum accumulation of forty-eight hours holiday time. Hours of holiday time accumulated over forty-eight hours will be paid out in December.

Floating holiday pay is a compensable leave, and any remaining hours in the employee's bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

G. SICK LEAVE

All employees accrue ninety-six hours per year in a sick leave bank to be used for employee illness, forty-eight hours of which may be used in the care of the employee's family member for illness or for any other reason mandated by law.

Upon retirement from City service, remaining unused sick leave converts to time served under the applicable contract between the City and the California Public Employees' Retirement System ("CalPERS"), if any.

Based on individual utilization of paid sick leave in the preceding calendar year, confidential employees may convert unused accumulated sick leave into paid vacation leave once per calendar year, pursuant to the formula below:

Sick Leave Utilization	Sick Leave	Maximum Conversion to Vacation Leave
0 hours	96 hours	48 hours
.25 to 8 hours	72 hours	36 hours
8.25 to 16 hours	48 hours	24 hours
16.25 to 25 hours	24 hours	12 hours
Over 25 hours	0 hours	0 hours

At least one hundred sixty accrued hours must remain in the confidential employee's sick leave bank for an employee to be eligible for conversion or for a conversion to be authorized. In addition, the right to convert does not carry over or rollover from calendar year to calendar year; failure to request conversion in any calendar year eliminates the right to do so for that calendar year.

Upon the Service Retirement of a confidential employee, who has more than ten years of service with the City, said employee shall be entitled to receive payment for up to the first ninety days of his/her accrued sick leave at twenty-five percent of the employee's rate of pay, as of the date of service retirement. Unused sick leave converted to service credit for CalPERS purposes cannot be compensated (converted to dollars). Service Retirement is defined as service retirement from both the City and CalPERS. Voluntary separation or termination actions are excluded from this benefit.

H. RETIREMENT BENEFITS

All employees, enrolled in the CalPERS retirement system, bear the risk of payment of any increases in the employee contribution, above the current percentage, made by action of CalPERS, the California Public Employees Pension Reform Act of 2013 ("PEPRA") or related legislation, and/or the State Legislature.

All employee CalPERS contributions are paid to CalPERS, based upon tax treatment currently permitted by the State Franchise Tax Board and the Internal Revenue Service ("IRS").

The following is descriptive information on City CalPERS-contracted Miscellaneous retirement plans:

CalPERS Miscellaneous Plans
All employees pay 100% of the employee contribution to CalPERS, which is currently:

1. Tier 1 Classic members = 8%
2. Tier 2 Classic members = 7%
3. Tier 3 PEPRA members = 6.25%

Tier 1: All employees, who were hired prior to December 10, 2011, receive the following CalPERS retirement formula and optional benefits (existing Tier 1 employees, promoted to another position within the City, will not be considered new hires, with respect to retirement formulas):

1. 2.7% @ 55 formula (Section 21354.5)
2. Unused Sick Leave Credit (Section 20965)
3. Military Service Credit (Section 21024 & 21027)
4. Final Compensation 1 Year (Section 20042)
5. 1959 Survivor Benefit, Level 4 (Section 21574)
6. Pre-Retirement Option 2W Death Benefit (Section 21548)

Tier 2: All employees, who were hired on or after December 10, 2011, but before January 1, 2013, and those hired on or after January 1, 2013, who meet the CalPERS definition of *classic member* as determined by CalPERS under PEPRA and related legislation receive the following CalPERS retirement formula and optional benefits:

1. 2% @ 60 formula (benefit factor increases to 2.418% @ 63+) (Section 21353)
2. Unused Sick Leave Credit (Section 20965)
3. Military Service Credit (Section 21024 & 21027)
4. Final Compensation 3 Years (Section 20037)
5. 1959 Survivor Benefit, Level 4 (Section 21574)
6. Pre-Retirement Option 2W Death Benefit (Section 21548)

Tier 3: All employees, who were hired on or after January 1, 2013, and meet the definition of *new member*, as determined by CalPERS under PEPRA and related legislation pursuant to PEPRA, receive the following CalPERS retirement formula and optional benefits:

1. 2% @ 62 formula (benefit factor increases to 2.5% @ 67+) (Section 7522.20)
2. Final Compensation 3 Years (Section 20037)
3. Member contribution rate of fifty percent of the expected normal cost rate, which is currently 12.5% (6.25% is employee's portion)
4. Unused Sick Leave Credit (Section 20965)
5. Military Service Credit (Section 21024 and 21027)
6. 1959 Survivor Benefit, Level 4 (21574)
7. Pre-Retirement Option 2W Death Benefit (Section 21548)

I. HEALTH/LIFE/VISION/DENTAL INSURANCE
Effective January 1, 2017, all employees receive the following contribution toward the purchase of CalPERS health insurance, which includes the required CalPERS monthly contribution:

Employee only - up to $715/month or cost of insurance, whichever is less
Employee + 1 – up to $1,109/month or cost of insurance, whichever is less
Employee + family - up to $1,421/month or cost of insurance, whichever is less

Life insurance is provided at $50,000, and is paid for by the City for the employee only.

Effective January 1, 2017, all employees receive the following bank contribution toward the purchase of Life, Vision and Dental insurances:

	Life	**Vision**	**Dental**	**Total**	**Bank**	**EE Pays**
Employee only	$8.15	$ 8.86	$ 55.47	$ 72.48	$ 69.55	$ 2.93
Employee + 1	$8.15	$ 16.59	$143.09	$167.83	$15608	$11.75
Employee + 2+	$8.15	$ 22.59	$143.09	$173.83	$161.62	$12.21

City will pay the remaining premium for life, vision and dental.

For retired employees, City contributes the required CalPERS monthly contribution towards CalPERS health plans, as selected by retiree.

J. DEFERRED COMPENSATION PROGRAM
Confidential employees receive a matching contribution up to $1,500, per calendar year, paid to employee's deferred compensation plan, or approved retiree medical savings plan. City matching contributions are paid on a 2:1 basis (e.g., employee contributes $2, City matches $1).

K. EDUCATION INCENTIVE
City will reimburse its confidential employees for costs associated with job-related and job-required certifications, correspondence courses, and/or licenses (except Class III driver's license), upon successful completion of the examination or course by the employee. Written authorization, from the employee's Department Director, is required in advance. Reimbursement includes application fees, examination fees, and certificate fees. Renewal fees may be paid in advance by City. This provision does not apply to continuing education requirements.

City will provide a City vehicle, when available, for required transportation, and will permit paid time for employee to take examinations, scheduled during normal working hours. If no City vehicle is available, employee may take his/her personal vehicle; however, no mileage payments are authorized of the use of personal transportation. Time spent, outside normal working hours, shall not be compensated.

L. COLLEGE DEGREES
Confidential employees, hired on or after January 1, 1998, shall not be eligible for this incentive.

For confidential employees, hired prior to January 1, 1998, City will pay the following education incentives, on base salary, for an Associate of Arts ("AA") or Bachelor's degree, unless the employee's job description requires an AA or Bachelor's degree, or the employee is promoted to a position requiring an AA or Bachelor's degree:

1. AA degree = $600 annually
2. Bachelor's Degree = $1,200 annually

M. COMPENSATION ADJUSTMENTS
Annual Cost of Living Adjustments (COLA) and/or equity adjustments may be given to confidential employees, as determined by the City Manager and approved by the City Council; neither is guaranteed. For fiscal year 2017/18, City is providing a 2 % COLA base salary increase to the confidential employees' salary ranges as reflected in Attachment A hereto, effective with the pay period containing July 1, 2017.

N. SPECIAL PAY
Confidential employees, who are required by their supervisor to attend meetings, outside the normal work schedule, for the purpose of taking minutes of said meetings, shall be paid a minimum of four (4) hours at time and one-half, without regard for hours actually worked during the work week. Minutes, taken at meetings during regular work hours, shall be included in employee's regular rate of pay, and not compensated beyond that.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 27th day of June 2017, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JAMIE L. IRONS, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

ATTACHMENT A

CONFIDENTIAL SALARY SCHEDULE

POSITION	ANNUAL COMPENSATION RANGE 1	2	3	4	5
Human Resources Analyst Senior Accounting Technician	58,715	61,651	64,734	67,970	71,369
Legal Asst/Deputy City Clerk	50,061	52,564	55,192	57,951	60,849

AGENDA NO:	**A-12**
MEETING DATE:	**June 27, 2017**

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 27, 2017**

FROM: **Dana Swanson, City Clerk/Risk Manager**

SUBJECT: **Adoption of Resolution No. 35-17 Approving Amendment No. 1 to the 2016-2017 Memorandum of Understanding Between the City of Morro Bay and the Morro Bay Firefighters Association, IAFF Local 3725, Extending the Term from July 1, 2017 until June 30, 2018 and Providing A 2% Cost of Living Adjustment**

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 35-17 approving Amendment No. 1 to the 2016-2017 Memorandum of Understanding Between the City of Morro Bay ("City") and the Morro Bay Firefighters Association, IAFF Local 3725 ("MBFFA").

FISCAL IMPACT

Total cost to the City in the 2017-18 Fiscal Year is approximately $32,222, with $31,903 in salaries and benefits plus $319 reserved for unfunded compensable liabilities. These amounts have already been included in the adopted FY 2017/18 budget.

DISCUSSION

The MBFFA is the sole exclusive bargaining agent for City fire fighting employees, for all matters concerning wages, hours and working conditions. The Memorandum of Understanding between the City and the MBFFA ("MBFFA MOU 2016-2017") presently in effect would expire on June 30, 2017.

City and MBFFA representatives have met and conferred to negotiate an amendment to the MBFFA MOU 2016-2017 ("First Amendment"). The primary changes in the First Amendment would be providing a two percent (2%) cost of living adjustment to all MBFFA members effective July 1, 2017 and extending the term of the MBFFA MOU 2016-2017 until June 30, 2018. Additionally, the First Amendment would: i) add the position of Fire Marshal and include a re-opener to allow the parties to negotiate the work hours and leave accrual rates for this position and, ii) update the City's health benefits contribution amounts for 2017 and add language allowing for further negotiations for 2018 health benefits contributions.

The City has also offered a three-year deal to the MBFFA with similar terms to the First Amendment, except that the 2% salary cost of living adjustments in FY 2018-19 and FY 2019-20 would be contingent upon certain financial terms and conditions at the City. This offer will remain on the table until July 31, 2017, at which time it will be rescinded if not accepted by the MBFFA.

ATTACHMENT

1. Resolution No. 35-17 with Exhibit 1.

Prepared By: _ DS____	**Dept Review:_____**
City Manager Review: ___CS_____	**City Attorney Review: __MCH___**

AGENDA NO:	**A-12**
ATTACHMENT:	**1**
MEETING DATE:	**June 27, 2017**

RESOLUTION NO. 35-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA ADOPTING AMENDMENT NO. 1 TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE FIREFIGHTERS ASSOCIATION, IAFF LOCAL 3725, FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2017

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, the City of Morro Bay (hereinafter the "City") has, and continues to, recognize the Morro Bay Firefighters Association, IAFF Local 3725 ("MBFFA") as the sole exclusive bargaining agent for those City fire fighting employees, for all matters concerning wages, hours and working conditions; and

WHEREAS, the current Memorandum of Understanding between the City and the MBFFA ("MBFFA MOU 2016-2017"), which was duly approved by the City Council on August 23, 2016, is scheduled to expire on June 30, 2017; and

WHEREAS, the City labor relations representatives and MBFFA representatives have successfully met and conferred to negotiate an amendment to the MBFFA MOU 2016-2017, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Gov't Code §§ 3500-3511) and the City's Employer-Employee Relations Resolution No. 08-17, and have jointly prepared and executed this Amendment No. 1 to the MBFFA MOU 2016-2017 ("First Amendment"), which was ratified by the MBFFA on June 16, 2017; and

WHEREAS, the City and MBFFA have agreed in this First Amendment to make the following amendments to the MBFFA MOU 2016-2017: i) add the position of Fire Marshal and include a re-opener to allow the parties to negotiate the work hours and leave accrual rates for this position; ii) extend the term of the MBFFA MOU 2016-2017 until June 30, 2018; iii) update the City's contribution amounts toward employee health benefits to reflect 2017 health contribution figures and add language allowing for further negotiations for 2018 health benefits contributions; and iv) provide a two percent (2%) cost of living adjustment to all MBFFA members effective July 1, 2017; and

WHEREAS, pursuant to Gov't Code § 3505.1, the City Council must approve the terms of any memorandum of understanding or amendment thereto reflecting an agreement between the City and the MBFFA.

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

Section 1. The Amendment No. 1 to the MBFFA MOU 2016-2017, attached hereto as Exhibit "A," is hereby approved.

Section 2. Except as expressly provided in Amendment No. 1 to the MBFFA MOU 2016-2017, all other provisions of the MBFFA MOU 2016-2017 shall remain in full force and effect.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 27th day of June, 2017 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JAMIE L. IRONS, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

AMENDMENT NO. 1 TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY FIREFIGHTERS ASSOCIATION, IAFF LOCAL 3725, FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2017

WHEREAS, the City of Morro Bay (hereinafter the "City") has, and continues to, recognize the Morro Bay Firefighters Association, IAFF Local 3725 ("MBFFA") as the sole exclusive bargaining agent for those City fire fighting employees, for all matters concerning wages, hours and working conditions; and

WHEREAS, the current Memorandum of Understanding between the City and the MBFFAA ("MBFFA MOU 2016-2017"), which was duly approved by the City Council on August 23, 2016, is scheduled to expire on June 30, 2017; and

WHEREAS, the City labor relations representatives and MBFFA representatives have successfully met and conferred to negotiate an amendment to the MBFFA MOU 2016-2017, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Gov't Code Section 3500-3511) and the City's Employer-Employee Relations Resolution No. 08-17, and have jointly prepared and executed this Amendment No. 1 to the MBFFA MOU 2016-2017 ("First Amendment"), which was ratified by the MBFFA on June 16, 2017 and remains subject to City Council determination and approval; and

WHEREAS, this First Amendment shall not be in full force and effect until adopted by resolution by the City Council of the City; and

WHEREAS, except as provided in this First Amendment, all other provisions of the MBFFA MOU 2016-2017 shall remain in full force and effect.

NOW, THEREFORE, it is hereby agreed that the MBFFA MOU 2016-2017 is amended in the following particulars only:

Section 1. Section 3.1 of the MBFFA MOU 2016-2017, which lists the classifications comprising the firefighting employees represented by the MBFFA, shall be amended to add the position of "Fire Marshal" in alphabetical order to the list of represented classifications.

Section 2. Article 7 of the MBFFA MOU 2016-2017, entitled "Term," shall be amended to read in its entirety as follows:

"**ARTICLE 7- TERM**

Except as otherwise specifically provided herein, the term of this MOU shall be from July 1, 2016, through June 30, 2018."

Section 3. Section 14.2 of the MBFFA MOU 2016-2017, entitled "Health Insurance," shall be amended to read, in its entirety, as follows:

"14.2 HEALTH INSURANCE

16.4 CITY conducted a salary survey for informational purposes for successor negotiations as previously agreed in the MBFFA MOU 2016-2017. The salary surveys exchanged used the survey cities of Arroyo Grande, Atascadero, CDF, Cambria, Paso Robles, and San Luis Obispo."

Section 7. The parties agree herewith to retain the option to re-open discussion during the term of this First Amendment, with respect to the work schedule, sick leave accrual rates, and vacation leave accrual rates, for the new position of Fire Marshal only.

Section 8. In order to reflect salary increases effective July 1, 2017, Attachment "A" to the MBFFA MOU 2016-2017 shall be amended and replaced with Attachment "A-1," attached hereto and incorporated herein by this reference.

Section 9. Except as expressly provided in this First Amendment, all other provisions of the MBFFA MOU 2016-2017 shall remain in full force and effect.

Section 10. This First Amendment shall not be in full force and effect until adopted by resolution by the City Council of the City.

IT IS SO AGREED:

MORRO BAY FIREFIGHTERS ASS'N, IAFF LOCAL 3725	**CITY OF MORRO BAY**
Michael Hoese	Craig Schmollinger, Acting City Manager
Jeff Simpson	Colin J. Tanner, Deputy City Attorney/Labor Negotiator
Grant Brady	Dana Swanson, City Clerk
	Laurie Goforth, Human Resources Analyst

EXHIBIT A-1

CITY OF MORRO BAY

FY 17/18 MBFFA SALARY SCHEDULE

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
FIREFIGHTER	56,771	59,610	62,590	65,720	69,006
FIRE ENGINEER	62,066	65,169	68,428	71,849	75,442
FIRE CAPTAIN	71,345	74,912	78,658	82,591	86,720
FIRE MARSHAL	84,693	88,927	93,374	98,042	102,944

AGENDA NO: A-13

MEETING DATE: June 27, 2017

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 27, 2017**

FROM: **Dana Swanson, City Clerk/Risk Manager**

SUBJECT: **Adoption of Resolution No. 36-17 Approving Amendment No. 1 to the 2016-2017 Memorandum of Understanding Between the City of Morro Bay and the Morro Bay Police Officers' Association, Extending the Term from July 1, 2017 until June 30, 2018 and Providing A 2% Cost of Living Adjustment**

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 36-17 approving Amendment No. 1 to the 2016-2017 Memorandum of Understanding Between the City of Morro Bay ("City") and the Morro Bay Police Officers' Association ("MBPOA").

FISCAL IMPACT

Total cost to the City in the 2017-18 Fiscal Year is approximately $47,123, with $46,656 in salaries and benefits plus $467 reserved for unfunded compensable liabilities. These amounts have already been included in the adopted FY 2017/18 budget.

DISCUSSION

The MPBOA is the sole exclusive bargaining agent for City employees designated as being in the Law Enforcement Unit, for all matters concerning wages, hours and working conditions. The Memorandum of Understanding between the City and the MBPOA ("MBPOA MOU 2016-2017") presently in effect would expire on June 30, 2017.

City and MBPOA representatives have met and conferred to negotiate an amendment to the MBPOA MOU 2016-2017 ("First Amendment"). The primary changes in the First Amendment would be providing a two percent (2%) cost of living adjustment to all MBPOA members effective July 1, 2017 and extending the term of the MBPOA MOU 2016-2017 until June 30, 2018. Additionally, the First Amendment would: i) allow for payoff of compensatory time of up to 60 hours per fiscal year and allow MBPOA members to elect a payoff up to two times per year in March and September; ii) update the City's health benefits contribution amounts for 2017 and allow for further negotiations for 2018 health benefits contributions; and iii) remove now obsolete language concerning probationary status for certain officers.

The City has also offered a three-year deal to MBPOA with similar terms to the First Amendment, except that the 2% salary cost of living adjustments in FY 2018-19 and FY 2019-20 would be contingent upon certain financial terms and conditions at the City. This offer will remain on the table until July 31, 2017, at which time it will be rescinded if not accepted by the MBPOA.

ATTACHMENT

1. Resolution No. 36-17 with Exhibit 1.

Prepared By: __DS____ **Dept Review:**_____

City Manager Review: ___CS_____ **City Attorney Review:** __MCH___

AGENDA NO:	**A-13**
ATTACHMENT:	**1**
MEETING DATE:	**June 27, 2017**

RESOLUTION NO. 36-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA ADOPTING AMENDMENT NO. 1 TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY POLICE OFFICERS' ASSOCIATION FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2017

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, the City of Morro Bay (hereinafter the "City") has, and continues to, recognize the Morro Bay Peace Officers' Association ("MBPOA") as the sole exclusive bargaining agent for those City employees designated as being in the Law Enforcement Unit, including the classification of Police Officer, Senior Officer, Corporal and Sergeant, for all matters concerning wages, hours and working conditions; and

WHEREAS, the current Memorandum of Understanding between the City and the MBPOA ("MBPOA MOU 2016-2017"), which was duly approved by the City Council on August 23, 2016, is scheduled to expire on June 30, 2017; and

WHEREAS, the City labor relations representatives and MBPOA representatives have successfully met and conferred to negotiate an amendment to the MBPOA MOU 2016-2017, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Gov't Code §§ 3500-3511) and the City's Employer-Employee Relations Resolution No. 08-17, and have jointly prepared and executed this Amendment No. 1 to the MBPOA MOU 2016-2017 ("First Amendment"), which was ratified by the MBPOA on June 19, 2017; and

WHEREAS, the City and MBPOA have agreed in this First Amendment to make the following amendments to the MBPOA MOU 2016-2017: i) extend the term of the MBPOA MOU 2016-2017 until June 30, 2018; ii) provide a two percent (2%) cost of living adjustment to all MBPOA members effective July 1, 2017; iii) allow for payoff of compensatory time of up to 60 hours per fiscal year and allow MBPOA members to elect a payoff up to two times per year in March and September; iv) update the City's contribution amounts toward employee health benefits to reflect 2017 health contribution figures and add language allowing for further negotiations for 2018 health benefits contributions; and v) remove now obsolete language concerning probationary status for certain officers; and

WHEREAS, pursuant to Gov't Code § 3505.1, the City Council must approve the terms of any memorandum of understanding or amendment thereto reflecting an agreement between the City and the MBPOA.

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

Section 1. The Amendment No. 1 to the MBPOA MOU 2016-2017, attached hereto as Exhibit "A," is hereby approved.

Section 2. Except as expressly provided in Amendment No. 1 to the MBPOA MOU 2016-2017, all other provisions of the MBPOA MOU 2016-2017 shall remain in full force and effect.

PASSED AND ADOPTED by the City Council, City of Morro Bay at a regular meeting thereof held on the 27th day of June, 2017 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JAMIE L. IRONS, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

AMENDMENT NO. 1 TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY POLICE OFFICERS' ASSOCIATION FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2017

WHEREAS, the City of Morro Bay (hereinafter the "City") has, and continues to, recognize the Morro Bay Peace Officers' Association ("MBPOA") as the sole exclusive bargaining agent for those City employees designated as being in the Law Enforcement Unit, including the classification of Police Officer, Senior Officer, Corporal and Sergeant, for all matters concerning wages, hours and working conditions; and

WHEREAS, the current Memorandum of Understanding between the City and the MBPOA ("MBPOA MOU 2016-2017"), which was duly approved by the City Council on August 23, 2016, is scheduled to expire on June 30, 2017; and

WHEREAS, the City labor relations representatives and MBPOA representatives have successfully met and conferred to negotiate an amendment to the MBPOA MOU 2016-2017, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Gov't Code Section 3500-3511) and the City's Employer-Employee Relations Resolution No. 08-17, and have jointly prepared and executed this Amendment No. 1 to the MBPOA MOU 2016-2017 ("First Amendment"), which was ratified by the MBPOA on June 19, 2017 and remains subject to City Council determination and approval; and

WHEREAS, this First Amendment shall not be in full force and effect until adopted by resolution by the City Council of the City; and

WHEREAS, except as provided in this First Amendment, all other provisions of the MBPOA MOU 2016-2017 shall remain in full force and effect.

NOW, THEREFORE, it is hereby agreed that the MBPOA MOU 2016-2017 is amended in the following particulars only:

Section 1. Article 7 of the MBPOA MOU 2016-2017, entitled "Term," shall be amended to read in its entirety as follows:

"**ARTICLE 7- TERM**

Except as otherwise specifically provided herein, the term of this MOU shall be from July 1, 2016, through June 30, 2018."

Section 2. Section 10.2.3, entitled "Compensatory Time Payoff," shall be amended to read, in its entirety, as follows:

"10.2.3 Compensatory Time Payoff

Employees may elect a payoff of up to a maximum total of 60 hours per fiscal year of accrued compensatory time. Upon 30 days' advance notice, partial or full payment will

be made on the second paycheck received in March and/or on the second paycheck in September, as elected by the employee."

Section 3. Article 15 of the MBPOA MOU 2016-2017, entitled "Health Benefits," shall be amended to read, in its entirety, as follows:

"**ARTICLE 15 - HEALTH BENEFITS**

15.1 HEALTH INSURANCE

15.1.1 UNIT employees receive a cafeteria plan contribution, including the amount required by CalPERS, as follows:

Employee only - up to $715/month or cost of insurance, whichever is less
Employee + 1 – up to $1,109/month or cost of insurance, whichever is less
Employee + family - up to $1,421/month or cost of insurance, whichever is less

15.2 DENTAL AND VISION INSURANCE:

15.2.1 During the term of this MOU, the CITY shall offer dental, life and vision insurance, and each employee shall be required to carry both dental, life and vision insurance for self. Life Insurance is provided at $50,000 per employee. The following rates are effective January 1, 2017:

	Vision	Dental	Life	Totals	City pays	EE pays
Employee only	$ 8.86	$ 55.47	$8.15	$ 72.48	$ 69.55	$ 2.93
Employee + 1	$ 16.59	$143.09	$8.15	$ 167.83	$ 156.08	$11.75
Employee + 2+	$ 22.59	$143.09	$8.15	$ 173.83	$ 161.62	$12.21

CITY will pay the remaining premium for dental, life and vision.

15.3 Any coverage made available to future retirees, beyond COBRA time requirements, shall be paid for by the retiree.

15.4 The provisions of this ARTICLE shall be binding on the parties through the remainder of this MOU, and for the term of the MOU, which will be effective upon City Council approval. The parties agree herewith to retain the option to re-open discussion, with respect to this ARTICLE, for any changes to the 2018 health rates."

Section 4. A new Section 18.4 shall be added to Article 18 of the MBPOA MOU 2016-2017, entitled "Salaries," and shall read in its entirety as follows:

"18.4 Effective July 1, 2017, the CITY shall provide a COLA increase to base salaries for all UNIT classifications in the amount of two percent (2%)."

Section 5. Article 21 of the MBPOA MOU 2016-2017, entitled "Probationary Period," is hereby amended to read, in its entirety, as follows:

"**ARTICLE 21- PROBATIONARY PERIOD**

The probationary period for new officers and lateral hires shall be 12 months."

Section 6. In order to reflect salary increases effective July 1, 2017, Attachment "A" to the MBPOA MOU 2016-2017 shall be amended and replaced with Attachment "A-1," attached hereto and incorporated herein by this reference.

Section 7. Except as expressly provided in this First Amendment, all other provisions of the MBPOA MOU 2016-2017 shall remain in full force and effect.

Section 8. This First Amendment shall not be in full force and effect until adopted by resolution by the City Council of the City.

IT IS SO AGREED:

MORRO BAY PEACE OFFICERS' ASSN.

Greg Gruich, President

Luke Riddering, Sergeant-at-Arms

CITY OF MORRO BAY

Craig Schmollinger, Acting City Manager

Colin J. Tanner, Deputy City Attorney/Labor Negotiator

Dana Swanson, City Clerk

Laurie Goforth, Human Resources Analyst

ATTACHMENT A-1

POLICE SALARY SCHEDULE FY 17/18

POSITION	ANNUAL COMPENSATION RANGE 1	2	3	4	5	6
Sergeant	$ 75,057	$ 78,810	$ 82,750	$ 86,888	$ 91,232	$ 95,793
Corporal	$ 63,781	$ 66,970	$ 70,318	$ 73,834	$ 77,526	$ 81,402
Special Assignments: Detective School Resource Officer Senior Officer	$ 63,194	$ 66,354	$ 69,671	$ 73,155	$ 76,813	$ 80,653
Police Officer	$ 60,184	$ 63,193	$ 66,353	$ 69,671	$ 73,154	$ 76,812

This Page Intentionally Left Blank

AGENDA NO: A-14

MEETING DATE: June 27, 2017

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 27, 2017**

FROM: **Dana Swanson, City Clerk/Risk Manager**

SUBJECT: **Adoption of Resolution No. 38-17 Approving Amendment No. 1 to the 2016-2017 MOU Between the City of Morro Bay and the Service Employees International Union (SEIU), Local 620, Extending the Term from July 1, 2017 until June 30, 2018 and Providing A 2% Cost of Living Adjustment**

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 38-17 approving Amendment No. 1 to the 2016-2017 Memorandum of Understanding Between the City of Morro Bay ("City") and the Service Employees International Union, Local 620 ("SEIU Local 620").

FISCAL IMPACT

Total cost to the City in the 2017-18 Fiscal Year is approximately $89,770, with $88,881 in salaries and benefits plus $889 reserved for unfunded compensable liabilities. These amounts have already been included in the adopted FY 2017/18 budget.

DISCUSSION

SEIU Local 620 is the sole exclusive bargaining agent for City miscellaneous employees, for all matters concerning wages, hours and working conditions. The Memorandum of Understanding between the City and the SEIU Local 620 ("SEIU MOU 2016-2017") presently in effect would expire on June 30, 2017.

City and SEIU Local 620 representatives have met and conferred to negotiate an amendment to the SEIU MOU 2016-2017 ("First Amendment"). The primary changes in the First Amendment would be providing a two percent (2%) cost of living adjustment to all SEIU members effective July 1, 2017 and extending the term of the SEIU MOU 2016-2017 until June 30, 2018. Additionally, the First Amendment would: i) update the City's health benefits contribution amounts for 2017 and allow for further negotiations for 2018 health benefits contributions; ii) allow for further negotiations with respect to a 9/80 work schedule for SEIU Local 620 employees; iii) allow for further negotiations with respect to certificate pay for certain classifications; and vi) allow for further negotiations with respect to salary equity adjustments for certain personnel.

The City has also offered a three-year deal to SEIU Local 620 with similar terms to the First Amendment, except that the 2% salary cost of living adjustments in FY 2018-19 and FY 2019-20 would be contingent upon certain financial terms and conditions at the City. This offer will remain on the table until July 31, 2017, at which time it will be rescinded unless accepted by SEIU Local 620.

ATTACHMENT

1. Resolution No. 38-17 with Exhibit 1.

Prepared By: __DS____ **Dept Review:**_____

City Manager Review: ___CS_____ **City Attorney Review:** __MCH___

AGENDA NO:	**A-14**
ATTACHMENT:	**1**
MEETING DATE:	**June 27, 2017**

RESOLUTION NO. 38-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA ADOPTING AMENDMENT NO. 1 TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE SERVICE EMPLOYEES INTERNATIONAL UNION (SEIU), LOCAL 620, FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2017

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, the City of Morro Bay (hereinafter the "City") has, and continues to, recognize the Service Employees International Union, Local 620 ("SEIU Local 620") as the sole exclusive bargaining agent for the City's miscellaneous employees, for all matters concerning wages, hours and working conditions; and

WHEREAS, the current Memorandum of Understanding between the City and SEIU Local 620 ("SEIU MOU 2016-2017"), which was duly approved by the City Council on August 23, 2016, is scheduled to expire on June 30, 2017; and

WHEREAS, the City labor relations representatives and SEIU Local 620 representatives have successfully met and conferred to negotiate an amendment to the SEIU MOU 2016-2017, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Gov't Code §§ 3500-3511) and the City's Employer-Employee Relations Resolution No. 08-17, and have jointly prepared and executed this Amendment No. 1 to the SEIU MOU 2016-2017 ("First Amendment"), which was ratified by the SEIU Local 620 on June 21, 2017; and

WHEREAS, the City and SEIU Local 620 have agreed in this First Amendment to make the following amendments to the SEIU MOU 2016-2017: i) extend the term of the SEIU MOU 2016-2017 until June 30, 2018; ii) update the City's contribution amounts toward employee health benefits to reflect 2017 health contribution figures and add language allowing for further negotiations for 2018 health benefits contributions; iii) provide a two percent (2%) cost of living adjustment to all SEIU members effective July 1, 2017; iv) add language allowing for further negotiations with respect to a 9/80 work schedule for SEIU Local 620 employees; v) add language allowing for further negotiations with respect to certificate pay for certain classifications; and vi) add language allowing for further negotiations with respect to salary equity adjustments for certain personnel; and

WHEREAS, pursuant to Gov't Code § 3505.1, the City Council must approve the terms of any memorandum of understanding or amendment thereto reflecting an agreement between the City and SEIU Local 620.

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

Section 1. The Amendment No. 1 to the SEIU MOU 2016-2017, attached hereto as Exhibit "A," is hereby approved.

Section 2. Except as expressly provided in Amendment No. 1 to the SEIU MOU 2016-2017, all other provisions of the SEIU MOU 2016-2017 shall remain in full force and effect.

PASSED AND ADOPTED by the City Council, City of Morro Bay at a regular meeting thereof held on the 27th day of June, 2017 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JAMIE L. IRONS, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

AMENDMENT NO. 1 TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE SERVICE EMPLOYEES INTERNATIONAL UNION (SEIU), LOCAL 620, FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2017

WHEREAS, the City of Morro Bay (hereinafter the "City") has, and continues to, recognize the Service Employees International Union, Local 620 ("SEIU Local 620"), as the sole exclusive bargaining agent for the City's miscellaneous employees, for all matters concerning wages, hours and working conditions; and

WHEREAS, the current Memorandum of Understanding between the City and SEIU Local 620 ("SEIU MOU 2016-2017"), which was duly approved by the City Council on August 23, 2016, is scheduled to expire on June 30, 2017; and

WHEREAS, the City labor relations representatives and SEIU Local 620 representatives have successfully met and conferred to negotiate an amendment to the SEIU MOU 2016-2017, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Gov't Code Section 3500-3511) and the City's Employer-Employee Relations Resolution No. 08-17, and have jointly prepared and executed this Amendment No. 1 to the SEIU MOU 2016-2017 ("First Amendment"), which was ratified by on June 21, 2017 and remains subject to City Council determination and approval; and

WHEREAS, this First Amendment shall not be in full force and effect until adopted by resolution by the City Council of the City; and

WHEREAS, except as provided in this First Amendment, all other provisions of the SEIU MOU 2016-2017 shall remain in full force and effect.

NOW, THEREFORE, it is hereby agreed that the SEIU MOU 2016-2017 is amended in the following particulars only:

Section 1. Article 7 of the SEIU MOU 2016-2017, entitled "Term," shall be amended to read in its entirety as follows:

"**ARTICLE 7- TERM**

Except as otherwise specifically provided herein, the term of this MOU shall be from July 1, 2016, through June 30, 2018."

Section 2. Section 10.1 of the SEIU MOU 2016-2017, pertaining to the workday, is hereby amended to read, in its entirety, as follows:

"10.1 Workday

The normal workday shall be eight hours of work in a 24 consecutive hour period, except in cases of emergencies. Alternative work schedules can be implemented, upon approval of the City Manager, and providing they are not in violation of the Fair Labor Standards Act (FLSA) regulations. The parties agree herewith to retain the option to re-open discussion of this Section 10.1, with respect to UNION's proposal for a 9/80 work schedule

for non-safety employees, where all non-safety employees working locations would be closed one day every other week to accommodate such modified schedules."

Section 3. Section 15.1.2 of the SEIU MOU 2016-2017 shall be amended to read, in its entirety, as follows:

"15.1.2 UNIT employees receive a cafeteria plan contribution (including the amount required by CalPERS in 15.1.1 above) as follows:

Employee only - up to $715/month or cost of insurance, whichever is less
Employee + 1 – up to $1,109/month or cost of insurance, whichever is less
Employee + family - up to $1,421/month or cost of insurance, whichever is less"

Section 4. Section 15.2 of the SEIU MOU 2016-2017, entitled "Dental, Life and Vision Insurance," shall be amended to read, in its entirety, as follows:

"15.2 Dental, Life and Vision Insurance

15.2.1 Life Insurance is provided at $50,000 per employee. The following rates are effective January 1, 2016:

	Vision	Dental	Life	Totals	City pays	EE pays
Employee only	$ 8.86	$ 55.47	$8.15	$ 72.48	$ 69.55	$ 2.93
Employee + 1	$16.59	$143.09	$8.15	$ 167.83	$ 156.083	$11.75
Employee + 2+	$22.59	$143.09	$8.15	$ 173.83	$ 161.62	$12.21

CITY will pay the remaining premium for dental/life and vision."

Section 5. Section 15.4 of the SEIU MOU 2016-2017 is hereby amended to read, in its entirety, as follows:

"15.4 The provisions of this ARTICLE shall be binding on the parties through the remainder of this MOU, and for the term of the MOU, which will be effective upon City Council approval. The parties agree herewith to retain the option to re-open discussion, with respect to this ARTICLE, for any changes to the 2018 health rates."

Section 6. A new Section 18.8 shall be added to Article 18 of the SEIU MOU 2016-2017, entitled "Wages and Incentives," and shall read in its entirety as follows:

"18.8 Effective July 1, 2017, the CITY shall provide a COLA increase to base salaries for all UNIT classifications in the amount of two percent (2%)."

Section 7. A new Section 18.9 shall be added to Article 18 of the SEIU MOU 2016-2017, entitled "Wages and Incentives," and shall read in its entirety as follows:

"18.9 The parties agree herewith to retain the option to re-open discussion of Sections 18.2 and 18.3 in this Article 18, with respect to additional certificate pay for those employee classifications listed in Section 18.2 and 18.3."

Section 8. A new Section 18.10 shall be added to Article 18 of the SEIU MOU 2016-2017, entitled "Wages and Incentives," and shall read in its entirety as follows:

"18.10 The parties agree herewith to retain the option to re-open discussion of salary equity adjustments proposed by the UNION for the following harbor personnel: Harbor Patrol Officer, Harbor Patrol Supervisor, Harbor Business Coordinator, and Associate Civil Engineer."

Section 9. In order to reflect salary increases effective July 1, 2017, Exhibit "A" to the SEIU MOU 206-2017 shall be amended and replaced with Exhibit "A-1," attached hereto and incorporated herein by this reference.

Section 10. Except as expressly provided in this First Amendment, all other provisions of the SEIU MOU 2016-2017 shall remain in full force and effect.

Section 11. This First Amendment shall not be in full force and effect until adopted by resolution by the City Council of the City.

IT IS SO AGREED:

SEIU LOCAL 620	**CITY OF MORRO BAY**
Darryl Scheck, Field Representative	Craig Schmollinger, Acting City Manager
Lori Stilts, Shop Steward	Colin J. Tanner, Deputy City Attorney/Labor Negotiator
Dana Stein, Team Member	Dana Swanson, City Clerk

Dustin Pittman, Team Member

Laurie Goforth, Human Resources Analyst

Dylan Pruitt, Team Member

EXHIBIT A-1

CITY OF MORRO BAY

FY 17/18 SEIU REPRESENTED CLASSIFICATIONS & SALARY SCHEDULES

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
ACCOUNT CLERK I	37,720	39,606	41,586	43,665	45,848
COLLECTION SYSTEM OPERATOR I	37,720	39,606	41,586	43,665	45,848
OFFICE ASSISTANT III	37,720	39,606	41,586	43,665	45,848
OFFICE ASSISTANT IV	40,781	42,820	44,961	47,209	49,569
ACCOUNT CLERK II	42,368	44,486	46,710	49,046	51,498
COLLECTION SYSTEM OPERATOR II	42,368	44,486	46,710	49,046	51,498
CONSOLIDATED MAINT WORKER II	42,368	44,486	46,710	49,046	51,498
WATER SYSTEM OPERATOR I	42,368	44,486	46,710	49,046	51,498
WASTEWATER SYSTEMS O-I-T	42,368	44,486	46,710	49,046	51,498
PERMIT TECHNICIAN	43,390	45,559	47,837	50,229	52,741
ACCOUNT CLK III	45,377	47,646	50,028	52,529	55,156
COLLECTION SYSTEM OPERATOR III	45,377	47,646	50,028	52,529	55,156
CONSOLIDATED MAINT WORKER III	45,377	47,646	50,028	52,529	55,156
WASTEWATER SYSTEMS OPERATOR I	45,377	47,646	50,028	52,529	55,156
WWTP OPERATOR I	45,377	47,646	50,028	52,529	55,156
ADMINISTRATIVE TECHNICIAN	46,178	48,487	50,912	53,457	56,130
ADMINISTRATIVE UTILITIES TECH	46,178	48,487	50,912	53,457	56,130
PERMIT TECHNICIAN - CERTIFIED	46,178	48,487	50,912	53,457	56,130
SUPPORT SERVICES TECHNICIAN	46,178	48,487	50,912	53,457	56,130
MECHANIC	47,655	50,038	52,540	55,167	57,925
WATER SYSTEM OPERATOR II	50,478	53,002	55,652	58,434	61,356
WASTEWATER SYSTEMS OPERATOR II	50,478	53,002	55,652	58,434	61,356
WWTP OPERATOR II	50,478	53,002	55,652	58,434	61,356
HARBOR PATROL OFFICER	52,650	55,283	58,047	60,949	63,997
COLLECTION SYSTEM LEADWORKER	52,802	55,442	58,215	61,125	64,182
CONSOLIDATED MAINT LEADWORKER	52,802	55,442	58,215	61,125	64,182

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
ENGINEERING TECHNICIAN III	52,802	55,442	58,215	61,125	64,182
WATER SYSTEM OP III	53,001	55,651	58,434	61,356	64,423
WASTEWATER SYSTEMS OP III	53,001	55,651	58,434	61,356	64,423
WWTP OPERATOR II/LAB ANALYST	53,001	55,651	58,434	61,356	64,423
RECREATION SUPERVISOR	53,977	56,676	59,510	62,486	65,610
ASSISTANT PLANNER	54,314	57,030	59,881	62,875	66,019
ASSISTANT CIVIL ENGINEER	56,484	59,308	62,273	65,387	68,656
BUILDING INSPECTOR	56,484	59,308	62,273	65,387	68,656
ENGINEERING TECHNICIAN IV	56,484	59,308	62,273	65,387	68,656
WASTEWATER SYSTEMS LEADWORKER	56,484	59,308	62,273	65,387	68,656
WWTP LEADWORKER	56,484	59,308	62,273	65,387	68,656
HARBOR BUSINESS COORDINATOR	58,794	61,734	64,820	68,061	71,464
HOUSING PROGRAMS COORDINATOR	58,794	61,734	64,820	68,061	71,464
RECREATION COORDINATOR	58,794	61,734	64,820	68,061	71,464
HARBOR PATROL SUPERVISOR	62,017	65,118	68,374	71,792	75,382
ASSOCIATE CIVIL ENGINEER	63,211	66,372	69,691	73,175	76,834
ASSOCIATE PLANNER	63,211	66,372	69,691	73,175	76,834
BUILDING INSPECTOR/PLANS EXAMINER	63,211	66,372	69,691	73,175	76,834
COLLECTION SYSESTEM SUPERVISOR	63,211	66,372	69,691	73,175	76,834
CONSOL MAINT FIELD SUPERVISOR	63,211	66,372	69,691	73,175	76,834
WATER SYSTEM SUPERVISOR	63,211	66,372	69,691	73,175	76,834
WWTP SUPERVISOR	63,211	66,372	69,691	73,175	76,834
WASTEWATER SYSTEMS SUPERVISOR	72,692	76,327	80,143	84,150	88,358

This Page Intentionally Left Blank

AGENDA NO:	**B-1**
MEETING DATE:	**June 27, 2017**

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 13, 2017**

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

SUBJECT: **Adoption of Resolution No. 31-17 Directing the Levy of the Annual Assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District**

RECOMMENDATION

Staff recommends the City Council conduct the final public hearing and adopt Resolution No. 31-17, approving the levy of the annual assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District for FY 2017/18.

ALTERNATIVE

Not adopt Resolution No. 31-17 and provide alternative specific direction for staff.

FISCAL IMPACT

By adopting Resolution No. 31-17, $148,944 will be collected through an assessment of all parcel owners in the Cloisters subdivision for the Cloisters Landscape and Lighting Maintenance Assessment District for the maintenance of the Cloisters Park and Open Space.

SUMMARY

At the May 10, 2017, City Council meeting, Council adopted Resolution No. 20-17 approving the Engineer's Report describing the annual maintenance to be completed at the Cloisters Park and Open Space, and declaring the City's intent to levy an annual assessment to finance this maintenance. The assessment, projected at $1,241.20 per assessable lot in the Cloisters subdivision, will be collected by the County Assessor. As part of the assessment process, the City ordered the preparation of an Engineer's report, adopted a resolution of intention to levy an assessment, set June 27, 2017, as the public hearing date on the proposed levy of assessment.

BACKGROUND/DISCUSSION

Up until 2015, this required public hearing was advertised as a "protest hearing," where those in the assessment district could file protests to the continuation. Existing State law does not require a protest hearing, so long as there are no increases in the assessment. Currently, there are no proposed increases to the assessment amount.

In 2004, the Court determined, due do a lawsuit filed by three Cloisters residents, there are many special benefits associated with the Cloisters Landscape and Lighting Maintenance Assessment District. The Cloisters lots directly benefit from the Cloisters open space and close proximity of the public park, bicycle pathway, right of way landscaping, Environmentally Sensitive Habitat restoration areas and coastal access. There was also created, and reserved in favor of each owner in the Cloisters development, easements for view, open space, scenic, passive recreation and coastal access across the entirety of LOTS 121, 122 and 123, which shall not be developed with any improvements or structures, unless necessary and proper for the restoration and maintenance of the Environmentally

Prepared By: ___RL____	**Dept Review: ___RL__**
City Manager Review: ___CS___	**City Attorney Review: ___JWP___**

Sensitive Habitat Area. The Court determined further special benefits include: improved aesthetic appeal of nearby parcels, improved dust control, enhanced adaptation of the urban environment within the natural environment, improved erosion resistance, improved drainage and flood control, enhanced crime deterrence and aid to police protection, increased nighttime safety on roads and highways, improved visibility for pedestrians and motorists, improved ingress and egress to property, reduced vandalism and other criminal acts and damage to improvements or property, improved traffic circulation, reduced nighttime accidents, and special enhancement to property value resulting from the above benefits.

The Court also determined the City does not need to, nor is it required to; prepare an annual redetermination of the separation of special and general benefits. The Court specially held:

> *"When the special assessment district was formed the owner of all of the parcels consented to its formation. Moreover, the owner did not object to the amount of the assessment, which the City based upon the cost of the special benefits being conferred on the properties within the assessment district, nor to the specific amount allocated to each parcel as its proportionate share. Because express consent to the amount and allocation of the assessment was given by petitioners' predecessor, and petitioner's purchased their properties with actual or constructive knowledge of the amount of the assessment, it is too late for them now to withdraw the consent and attack the amount of the assessment."*

Staff continues to recognize the importance of proper maintenance of the Cloisters Park and Open Space, which are outlined in the Engineer's Report, but has a difficult time meeting the expectations of some residents. Due to fiscal limitations, the City, for several years, has not been able to staff the maintenance of the Cloisters Park and Open Space with two plus full-time employees assigned solely to that area. Staff will continue to utilize various means to inform Cloisters' residents of upcoming meetings and various upcoming maintenance tasks, including the regular meeting, email to the Cloisters Yahoo group, the City's web based "Notify Me' and the "Doodle Poll" app.

Currently, maintenance activities are both performed by City staff and contract labor. That approach has shown to be an effective maintenance tool for the District, but has not reduced the overall costs of upkeep. During the next contracting period staff will continue methods for increasing efficiency and reducing maintenance costs in order to enhance the capital reserve fund. Savings from periodic maintenance performance will be allocated to deferred maintenance/capital projects. Projects anticipated for FY 17/18 include the complete overhaul of the landscaping, which is at or near its expected lifespan, to a more drought tolerant type and to require a lower level of ongoing maintenance along with the replacement and repair of the Environmentally Sensitive Habitat Area fencing.

CONCLUSION

Staff recommends continuation of the assessment of the property owners within the Cloisters Lighting and Maintenance Assessment District to help fund the City's maintenance of the Cloisters Park and Open Space. Staff will continue communicating with the owners to enhance our relationships and to allow for noticing of upcoming events which may impact their residences.

ATTACHMENT

1. Resolution No. 31-17

RESOLUTION NO. 31-17

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

T H E C I T Y C O U N C I L
City of Morro Bay, California

WHEREAS, on May 10, 2017, the City Council adopted Resolution No. XX-17 declaring the Council's intent to levy an assessment for the annual maintenance of the Cloisters Park and Open Space within the Cloisters Landscaping and Lighting Maintenance Assessment District (the "District") and approving the Engineers Report; and

WHEREAS, a public hearing for to the levy of the annual assessment of the District was scheduled for June 27, 2017, at 7:00 p.m. in the Veteran's Memorial Building; and

WHEREAS, notices regarding the proposed assessment listing the date, time and location of the public hearing were published in the local newspaper; and

WHEREAS, the City Council did take public testimony from all interested parties as to the levy of the annual assessment for the District on June 27, 2017, at the Veteran's Memorial Building.

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

1. The annual levy for the maintenance of the District, generally located as shown on Exhibit "A" attached hereto, is hereby ordered and the assessment of $148,944 to be equally distributed per assessable parcel for the Fiscal Year 2017/18 is hereby confirmed.

2. Adoption of this Resolution shall constitute the levy of an assessment for the Fiscal Year 2017/18 and the City Clerk shall file the diagram and assessment with the County of San Luis Obispo Auditor.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held this 23th day of June, 2015 by the following roll call vote:

AYES:
NOES:
ABSENT:

_____
JAMIE L. IRONS, MAYOR

ATTEST:

_____
DANA SWANSON, CITY CLERK

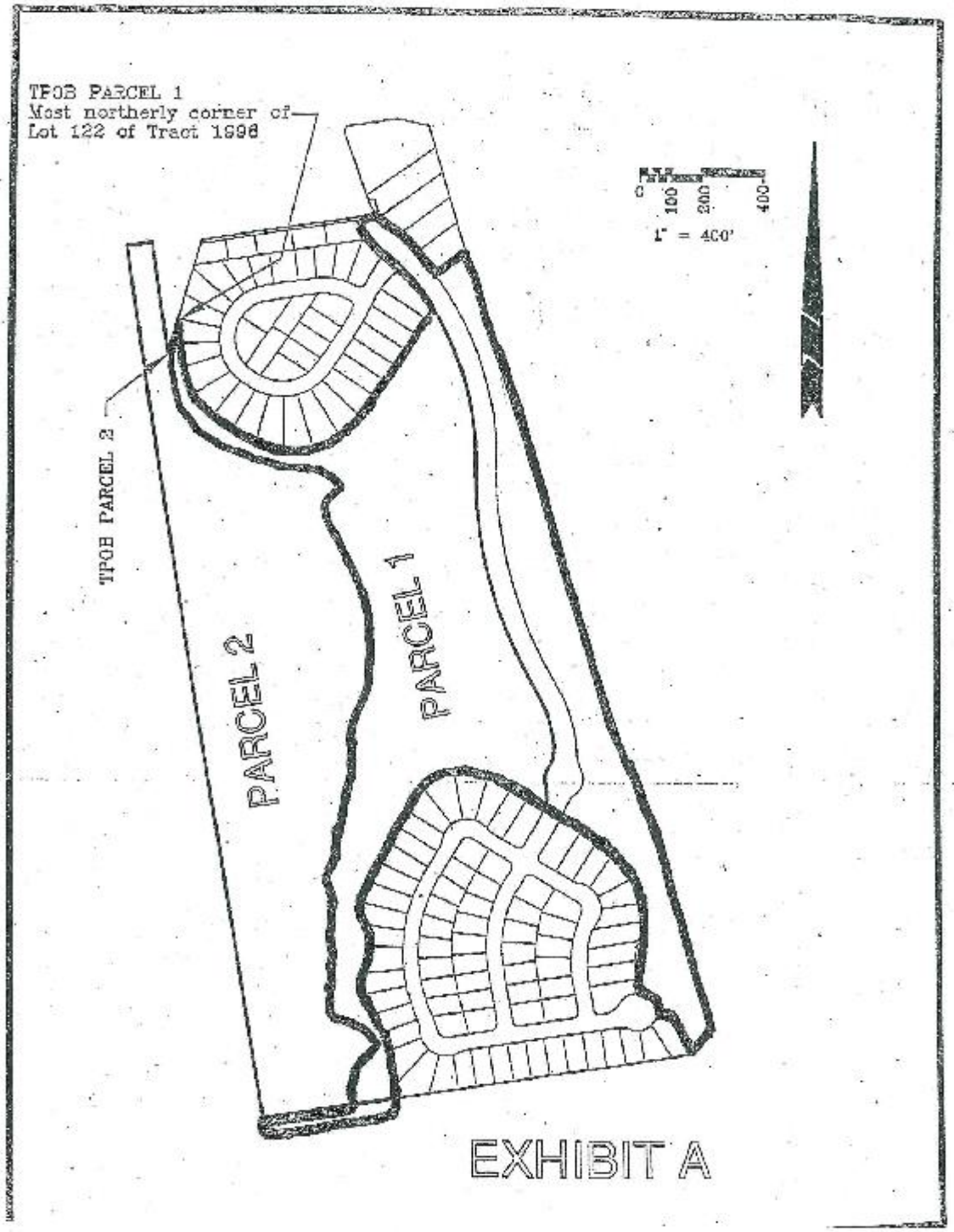

TPOB PARCEL 1
Most northerly corner of
Lot 122 of Tract 1898
TPOB PARCEL 2
PARCEL 2
PARCEL 1
0
100
200
400
1" = 400'

EXHIBIT A

AGENDA NO: B-2
MEETING DATE: June 27, 2017

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 14, 2017**

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

SUBJECT: **Approval of Resolution No. 32-17 Directing the Levy of the Annual Assessment for the North Point Natural Area Landscaping and Lighting Maintenance Assessment District**

RECOMMENDATION

Staff recommends the City Council conduct the public hearing and approve the levy of the annual assessment for the North Point Natural Area Landscaping and Lighting Maintenance District by adopting Resolution No. 32-17.

ALTERNATIVES

Not adopt Resolution No. 32-17 and provide specific direction for staff.

FISCAL IMPACT

By adopting Resolution No. 32-17, $5,645 will be collected through an assessment of all parcel owners in the North Point subdivision for the maintenance of the North Point Natural Area.

DISCUSSION

At the May 10, 2017, City Council meeting, the Council adopted Resolution No. 21-17 approving the Engineer's Report describing the annual maintenance to be completed at the North Point Natural Area, and declaring the City's intent to levy an annual assessment to finance the maintenance. The assessment, projected at $564.50 per assessable lot in the North Point subdivision, will be collected by the County Assessor.

The approved Engineer's Report estimated of costs for maintenance of the North Point Natural Area. The cost estimates are based on the maintenance standards currently used in existing parks and open space areas within Morro Bay. The estimate for maintenance of the North Point Natural Area is $5,645 or $564.50 per parcel for fiscal year 2017/18.

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

As part of the assessment process, the City adopted a resolution of intention to levy an assessment that set June 27, 2017 as the public hearing date on the proposed levy of assessment. The required noticing was published in the local newspaper per State requirements. The Council must hold a public hearing before considering the continuing the levy of the annual assessment.

ATTACHMENT

1. Resolution 32-17

Prepared By: ___RL____	**Dept Review: ___RL__**
City Manager Review: _____	**City Attorney Review: _____**

RESOLUTION NO. 32-17

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

**T H E C I T Y C O U N C I L
City of Morro Bay, California**

WHEREAS, on May 10, 2017, the City Council adopted Resolution No. 21-17 declaring the Council's intent to levy an assessment for the annual maintenance of the North Point Natural Area Landscaping and Lighting Maintenance Assessment District (the "District") and approving the Engineers Report; and

WHEREAS, a public hearing regarding the levy of the annual assessment of the District was scheduled for June 27, 2017 at 6:00 p.m. in the Veteran's Memorial Building; and

WHEREAS, notices regarding the proposed assessment listing the date, time and location of the protest hearing were published in the local newspaper; and

WHEREAS, the City Council did take public testimony from all interested parties as to the levy of the annual assessment for the District on June 27, 2017, at the Veteran's Memorial Building.

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

1. The annual levy for the maintenance of the District generally located as shown on Exhibit "A" attached hereto is hereby ordered and the assessment of $5,645 to be equally distributed per assessable parcel for the Fiscal Year 2017/18 is hereby confirmed.

2. Adoption of this Resolution shall constitute the levy of an assessment for the Fiscal Year 2017/18 and the City Clerk shall file the diagram and assessment with the County of San Luis Obispo Auditor.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting held this 27rd day of June, 2017 by the following roll call vote:

AYES:
NOES:
ABSENT:

_____
JAMIE L. IRONS, Mayor

ATTEST:

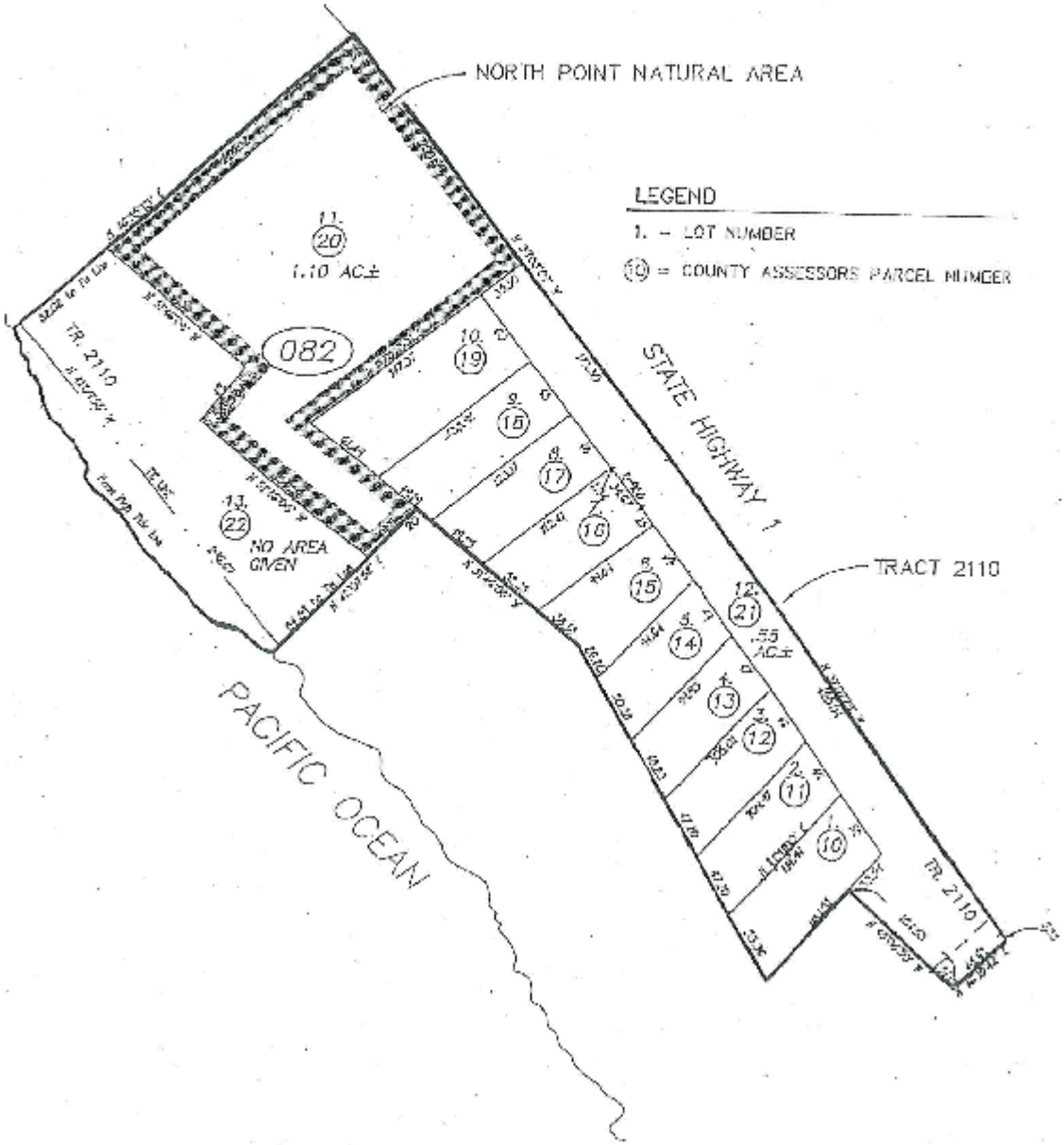
_____
DANA SWANSON, City Clerk

EXHIBIT 'A'

CITY OF MORRO BAY

NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT

ASSESSMENT DIAGRAM



This Page Intentionally Left Blank

AGENDA NO:	**C-1**
MEETING DATE:	**June 27, 2017**

Staff Report

TO: **Honorable Mayor and City Council** **DATE:** **June 21, 2017**

FROM: **Craig Schmollinger, Acting City Manager/Finance Director**

SUBJECT: **Public Employee Conditional Appointment and Conditional Approval of Employment Agreement between the City of Morro Bay and Martin R. Lomeli for the Position of Interim City Manager**

RECOMMENDATION:

Staff recommends the City Council make a conditional offer of employment, contingent upon successfully passing the City's background check, and conditionally approve the attached employment agreement between the City of Morro Bay and Martin R. Lomeli for the Interim City Manager position.

ALTERNATIVES:

An alternative action would be to approve a contract with amended terms (subject to employee agreement), or provide staff direction to negotiate a contract with another candidate.

FISCAL IMPACT:

There is no fiscal impact associated with the requested action. Mr. Lomeli is a California Public Employee Retirement System (CalPERS) retired annuitant. CalPERS retired annuitants cannot have a salary greater than the base salary of the former incumbent for the same position and duties. Therefore, salary figures will be no more than the former City Manager, and those amounts have been programmed in both the current year FY16/17 (ends June 30) and future approved FY17/18 budgets.

BACKGROUND/DISCUSSION:

Morro Bay's most recent City Manager resigned on May 12, 2017, with administrative leave utilized through the final official date of his employment on June 26. The City's Finance Director/City Treasurer has been serving as Acting City Manager from May 12 to current. Following notice of resignation, the Council formed a Council sub-committee of the Mayor and Mayor Pro Tem to explore options for recruiting both an Interim and later a permanent City Manager.

The sub-committee identified desirable municipal experience, traits, and qualities for the Interim City Manager position, which were formalized in the attached job recruitment flyer (Attachment 1). That flyer was posted on the City website from May 30 through June 9, and the City received six applications during the open recruitment period. The Council vetted the six applications for the best qualified candidates based on the noted desirable municipal experience, traits, and qualities and selected three candidates to be interviewed during Closed Session proceedings on Monday, June 19, and Tuesday, June 20. The Council selected Mr. Lomeli as its top candidate and directed staff to move forward with the hiring process. The proposed employment agreement is provided as Attachment 2 and Mr. Lomeli's resume is provided as Attachment 3.

Recruiting a high quality permanent City Manager will be a top priority for the incoming Interim City Manager. That recruitment will begin to take shape following execution of the proposed agreement. Provided the background check has been completed, it is anticipated Mr. Lomeli's first official day with the City will be Wednesday, June 28.

CONCLUSION

Staff recommends the City Council make a conditional offer of employment, contingent upon successfully passing the City's background check, and conditionally approve the attached employment agreement between the City of Morro Bay and Martin R. Lomeli for the Interim City Manager position.

ATTACHMENTS

1. Interim City Manager Job Recruitment Flyer
2. Proposed Interim City Manager Employment Agreement
3. Resume submitted by Martin R. Lomeli

Prepared By: ___CS__ **Dept Review: __CS_**

City Manager Review: __CS_ **City Attorney Review: ___**

The City of Morro Bay
invites your application
for
INTERIM CITY MANAGER

About the City

The City of Morro Bay (population approx. 10,000) is located on California's picturesque Central Coast, halfway between Los Angeles and San Francisco, in San Luis Obispo County. The City's spectacular setting includes the magnificent Morro Rock at the harbor entrance, rolling breakers in the outer bay, a sandspit and quiet inner bay. The City is blessed with a temperate year-round marine climate that offers residents the peaceful tranquility of a coastal fishing village within close proximity to metropolitan areas. A tourist destination, the City receives visitors annually from all over the world, who are drawn to its natural beauty, slow pace, and quaint atmosphere. Close to Hearst Castle and the Big Sur Coastline, residents and visitors alike enjoy the outdoor activities of kayaking, surfing, hiking, sailing, fishing and bird watching. There are over 200 species of birds in the estuary, making Morro Bay one of the most important waterfowl habitats on the Pacific Coast.

Morro Bay hosts many annual community events, including the Winter Bird Festival, Cruisin' Morro Bay Classic Car Show, 4th of July Celebration, Art in the Park, Harbor Festival, Avocado Margarita Festival and the Lighted Boat Parade, and is home to many restaurants, parks, and a beautiful golf course. Tourism and commercial fishing contribute significantly to the local economy.

The City Government

The City of Morro Bay is a general law city, incorporated in 1964, with a City Council/City Manager form of government. The City has a Mayor and City Councilmembers, elected at large, that enjoy a positive and effective working relationship with each other and City staff. Morro Bay is a full-service City with an annual budget of over $40 million, a staff of 97 employees, organized in the following departments: Finance, City Clerk (Human Resources), Economic Development (Tourism, Information Technology and Recreation Services), Fire, Harbor, Police, Public Works (Engineering, Planning, Capital Projects, Utility Division, Consolidated Maintenance with vehicles, parks, facilities and streets). The City has a total budget of $40 million with just over $13 million allocated to the General Fund.

The Position of Interim City Manager

The Interim City Manager serves at the pleasure of the City Council as their Chief Executive Officer. A key to developing and sustaining a strong and effective relationship with the Council will be to communicate openly and often with all Council members to inform them of current issues/developments. Presenting issues to the City Council that are logically framed and fully analyzed will also be important for the Interim City Manager's success.

A priority for the new Interim City Manager will be leading efforts to recruit a new City Manager. The successful candidate will possess the ability to quickly grasp and embrace the values of Morro Bay, and have a track record of successful leadership in a challenging economic environment. The new Interim City Manager will be comfortable working as a hands-on manager, providing direct oversight to a cohesive team of competent and committed professionals.
The Interim City Manager will be someone who:

- Has broad experience as a City Manager, Assistant or Deputy City Manager, or Department Head with exposure to the full range of municipal activities.
- Is comfortable leading staff for a full-service City.
- Believes in open government and civic engagement, welcomes input, connects with the community and is effective as a consensus builder.
- Is politically astute with an inclusive, objective, and approachable style.
- Has the reputation for being principled with unquestioned integrity.
- Models behaviors expected throughout the City organization including initiative, commitment to high quality work, and enthusiasm for public service.
- Uses tact and diplomacy in conveying opinions and recommendations, and can be relied upon to give his/her best professional recommendation.
- Has a strong customer service orientation and is passionate about instilling this as a core value throughout the organization.
- Is able to assess community needs and to elicit and effectively process community feedback.
- Enjoys the role of mentor and is committed to the continuing education of staff.
- Employs a leadership style that invites participation, gathers input, treats all departments fairly, but at the end of the day is decisive and results oriented.

Compensation

Salary Negotiable with the exception that for any CalPERS Retired Annuitant, the hiring procedures and compensation will conform to the CalPERS rules governing post-retirement employment.

How to Apply:

If you are interested in pursuing this exciting career opportunity, please forward a letter of interest and resume to:

City of Morro Bay
Attention: Human Resources Department
595 Harbor Street
Morro Bay, CA 93442

Final Filing date: **Friday, June 9, 2017 by 2:00pm**

Should you have questions, please contact Human Resources Department at (805) 772-6207, Laurie Goforth by e-mail at lgoforth@morrobayca.gov or visit the City's website at www.morrobayca.gov.

CITY OF MORRO BAY

AT-WILL INTERIM CITY MANAGER

EMPLOYMENT AGREEMENT

This AT-WILL INTERIM CITY MANAGER EMPLOYMENT AGREEMENT ("Agreement") is made by and between the CITY OF MORRO BAY (the "City") and MARTIN LOMELI ("Employee"). The City and Employee may be referred to individually as a "Party" or collectively as "the Parties."

WHEREAS, Government Code subdivision 21221(h) permits retired annuitants under the California Public Employees' Retirement System ("CalPERS") to be employed without reinstatement from retirement upon appointment by a public agency to fill a vacant position on an interim basis during the recruitment to permanently fill the vacant position;

WHEREAS, the City's former city manager recently resigned from this position and as a result, the City Manager position is presently vacant;

WHEREAS, the City is currently conducting an open recruitment to permanently fill the position of City Manager;

WHEREAS, the City anticipates the City Manager position will be filled with a permanent replacement within five months after the effective date of this Agreement;

WHEREAS, the duties and powers of the city manager of the City are set forth in full in Morro Bay Municipal Code ("MBMC") sections 2.12.060 through 2.12.220 and Government Code section 34851 *et seq.*;

WHEREAS, pursuant to MBMC section 2.12.010, "[t]he city manager shall be appointed by the city council wholly on the basis of his administrative and executive ability and qualifications and shall hold office for and during the pleasure of the city council[;]"

WHEREAS, the City desires to hire Employee as an at-will, temporary employee for the position of Interim City Manager, which is a position that requires specialized skills and expert professional services for a definite period of time, effective June 28, 2017;

WHEREAS, as a CalPERS retired annuitant under Government Code subdivision 21221(h), Employee (i) possesses extensive experience in a city manager capacity and the skill set to perform the required duties of Interim City Manager, as demonstrated by his success as city manager and interim city manager for several California cities over an extensive period of time, (ii) desires to perform the duties of and assume responsibility for the position of Interim City Manager, and (iii) acknowledges such employment is at-will and of a limited duration for a definite period of time, as described below; and

WHEREAS, the Parties wish to establish the terms and conditions of Employee's services to the City, as described in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, City and Employee hereby agree as follows:

Section 1: TERM

The term of this Agreement shall commence on June 28, 2017 and shall automatically terminate on June 28, 2018, unless terminated prior to that date by either Party (the "Term"). The City shall terminate this Agreement in accordance with Section 4 of this Agreement upon the City appointment of a permanent replacement for the position of City Manager. In no event shall the Term exceed the 960-hour per fiscal year limit under Government Code subdivision 21221(h); in the event Employee works 960 hours during the Term of this Agreement, then this Agreement shall terminate automatically. June 28, 2017, shall be Employee's "Hire Date" for purposes of this Agreement.

Section 2: DUTIES, RESPONSIBILITIES, AND WORK HOURS

A. Employee shall be appointed to the position of Interim City Manager, the functions and duties of that position, as described in Exhibit "A" to this Agreement, Morro Bay Municipal Code §§ 2.12.060 through 2.12.220, the California Government Code (section 34851 *et seq.*), and such other legally permissible and proper duties and functions as the City Council shall, from time to time, direct or assign to Employee. Employee acknowledges the position of Interim City Manager requires specialized skills and expert professional services for a definite period of time, as described above in Section 1 of this Agreement.

B. Employee acknowledges proper performance of the duties of Interim City Manager will generally require Employee to observe normal business hours (currently 8:00 a.m. to 5:00 p.m., Monday through Friday, including a standard one hour lunch period), as set by the City, as well as regularly devote time outside of normal office hours, including attendance at City Council and other City or community meetings. Employee further acknowledges he must be available at all times in order to fulfill the obligations of the position. Furthermore, the Interim City Manager position remains an "exempt" classification under the overtime provisions of the federal Fair Labor Standards Act ("FLSA") and Employee shall not be entitled to any compensation for overtime nor subject to such overtime provisions of the FLSA. Notwithstanding the foregoing, the Parties understand and agree, due to the CalPERS' limitation on the number of hours Employee can work for the City, Employee may not be available during some hours or days, if extra time is required for attendance at meetings and other reasons relating to City-business.

C. All data, studies, reports, and other documents prepared and/or reviewed by Employee while performing his duties during the Term of this Agreement shall be furnished to and become the property of the City, without restriction or limitation on their use. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other materials either created by or provided to Employee in connection with the performance of this Agreement shall be held confidential by Employee to the extent permitted by applicable law. Such materials, without the prior written consent of the City, shall not be used by Employee for any purpose other than the performance of

his duties. Nor shall such materials be disclosed to any person or entity not connected with the performance of services under this Agreement, except as required by law.

Section 3: COMPENSATION/ BENEFITS PROHIBITED

A. The City agrees to compensate Employee at approved rate of compensation for the City Manager position, which is currently Thirteen Thousand Three Hundred Thirty-three Dollars and Thirty-three Cents ($13,333.33) per month (based on an annual salary of $160,000.00), to equal an hourly rate of Seventy-six Dollars and Ninety-two Cents ($76.92; $13,333.33 divided by 173.333). That calculated hourly rate is simply to show compliance with CalPERS' requirements (Gov't Code subdivision 21221(h)) and not to be construed as designating the Interim City Manager position as hourly employment and anything other than salaried and exempt pursuant to the FLSA.

B. Employee shall not be eligible for any other benefits, incentives, compensation in lieu of benefits, or any other forms of compensation in addition to the hourly rate except for the above hourly rate and workers' compensation benefits.

C. Not as a benefit to Employee, but as a means of the City controlling its costs for services provided by Employee, during the term of this Agreement, when reasonably available, the City shall provide Employee with a suitable City-owned automobile for Employee's reasonable use only to perform City-related business, including attending City-related functions during normal City work hours for which Employee's presence is necessary. The City shall be responsible for paying for liability, property damage and comprehensive insurance for that automobile, and shall be responsible for paying for gasoline and maintenance and repair of that automobile.

Section 4: RESIGNATION/TERMINATION

A. Employee may resign at any time; provided, however, Employee shall reasonably provide the City Council with at least **thirty-days' advance written notice**.

B. Employee is an at-will employee and serves at the will and pleasure of the City Council and may be terminated at any time, with or without cause, and with or without notice, at any time by the City Council.

C. In accordance with state law and the requirements of the California Public Employees Retirement Law, Employee may not be reappointed to this position following the expiration of this Agreement, nor may this Agreement be modified to extend the term of the Agreement.

D. After notice of resignation or termination, Employee shall cooperate with the City, as requested by the City, to effect a transition of Employee's responsibilities and duties and to ensure the City is aware of all matters being handled by Employee.

E. Employee shall not be entitled to severance pay and Employee expressly waives any and all rights with respect to severance pay.

Section 5. NOTICES

Notices required to be served pursuant to this Agreement shall be served in person or by first-class U.S. mail addressed as follows:

City

Mayor
City of Morro Bay
595 Harbor Street
Morro Bay, California 93442

Employee

Martin Lomeli
Address on file with the City

Section 6: GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Agreement are described as follows:

A. Indemnification. To the extent mandated by the California Government Code, the City shall defend, hold harmless, and indemnify Employee against any tort, professional liability, claim or demand, or other legal action arising out of an alleged act or omission occurring in the performance of Employee's services under this Agreement. This section shall not apply to any intentional tort or crime committed by Employee, to any action outside the course and scope of Employee's employment, or any other intentional or malicious conduct or gross negligence of Employee.

B. Entire Agreement. The text of this Agreement shall constitute the entire and exclusive agreement between the Parties regarding the subject matter hereof. All prior oral or written communications, understandings, or agreements between the Parties not set forth herein shall be superseded in total by this Agreement. No amendment or modification to this Agreement may be made except by a written agreement signed by the Employee and the City's Mayor and approved as to form by the City Attorney.

C. Assignment. This Agreement is not assignable by either the City or Employee.

D. Severability. In the event any provision of this Agreement is finally held or determined to be illegal or void by a court having jurisdiction over the Parties, the remainder of this Agreement shall remain in full force and effect unless the parts found to be illegal or void are wholly inseparable from the remaining portions of this Agreement.

E. Effect of Waiver. The failure of either Party to insist on strict compliance with any of the terms, covenants, or conditions in this Agreement by the other Party shall not be deemed a waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of

any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other time or times.

F. Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of California, which are in full force and effect as of the date of execution. Any action to interpret or enforce the terms of this Agreement shall be held exclusively in a state court in San Luis Obispo County, California. Employee expressly waives any right to remove any such action from San Luis Obispo County.

G. Effective Date. This Agreement shall not become effective until it has been signed by Employee and on behalf of the City.

H. Effect of Agreement on Employee's CalPERS Retirement Benefits. The City makes no representation on the impact, if any, this Agreement shall or may have upon his CalPERS retirement benefits, status, duties, and/or obligations. Employee acknowledges that in entering into this Agreement, he has not relied upon any such representations (none of which being in existence) in assessing the CalPERS-related impact of his employment. Therefore, Employee releases the City from any and all CalPERS-related claims or liabilities that may arise in connection with his employment pursuant to this Agreement.

I. No Unemployment Insurance Benefits Received By Employee. Employee expressly certifies and warrants to the City that he has not received any unemployment insurance payments for retired annuitant work for any public employer within the 12 months prior to his appointment date.

J. Compliance With 960 Hours Per Fiscal Year Limit. Employee further certifies and warrants to the City his anticipated work schedule of 40 hours per week will not cause him to exceed the 960 hours per fiscal year limit pursuant to Government Code subdivision 21221(h), including work for any other CalPERS employer during the current fiscal year.

K. Conflicts Prohibited. During the term of this Agreement, Employee shall not engage in any business or transaction or maintain a financial interest which conflicts, or reasonably might be expected to conflict, with the proper discharge of Employee's duties under this Agreement. Employee shall comply with all requirements of law, including but not limited to, Sections 1090, 1125, and 87100 *et seq.* of the Government Code, and all other similar statutory and administrative rules.

L. Independent Legal Advice. The City and Employee represent and warrant to each other that each has received legal advice from independent and separate legal counsel with respect to the legal effect of this Agreement, that each has carefully reviewed this entire Agreement, that each and every term thereof is understood, and that the terms of this Agreement are contractual and not a mere recital. This Agreement shall not be construed against the Party or its representatives who drafted it or who drafted any portion thereof.

M. Government Code §§ 53243 - 53243.4. Government Code §§ 53243 - 53243.4 sought to provide greater transparency in local government and institute certain limitations on compensation paid to local government executives. Those statutes also require contracts between local agencies and its employees include provisions requiring an employee who is

convicted of a crime involving an abuse of his office or position to provide reimbursement to the local agency. Those statutes are incorporated herein by reference. Accordingly, the Parties agree it is their mutual intent to fully comply with the cited Government Code sections and all other applicable law as it exists as of the date of execution of this Agreement and as such laws may be amended from time to time thereafter. Specifically, the following Government Code sections are called out and hereby incorporated by this Agreement:

> §53243. Reimbursement of paid leave salary required upon conviction of crime involving office or position.
>
> §53243.1. Reimbursement of legal criminal defense upon conviction of crime involving office or position.
>
> §53243.2. Reimbursement of cash settlement upon conviction of crime involving office or position.
>
> §53243.3. Reimbursement of noncontractual payments upon conviction or crime involving office or position.
>
> §53243.4. "Abuse of office or position" defined.

Employee represents Employee has reviewed, is familiar with, and agrees to comply fully with each of these provisions if any of these provisions are applicable to Employee.

IN WITNESS WHEREOF, the City of Morro Bay has caused this Agreement to be signed and executed on its behalf by its Mayor, and approved as to form by the City Attorney, and executed by the Employee.

CITY OF MORRO BAY,

Dated: _____

Jamie L. Irons,
Mayor

Attest:

_____

Dana Swanson,
City Clerk

Approved as to form:

_____

Joseph W. Pannone,
City Attorney

[Signatures continued on Page 7]

[Signatures continued from on Page 6]

EMPLOYEE,

In signing this Agreement, Employee understands and agrees he is an **at-will, salaried and exempt employee** and his rights to employment with the City are governed by the terms and conditions of this Agreement rather than the ordinances, resolutions, and policies of the City, which might otherwise apply to classified or other employees of the City. Employee further acknowledges he was given the opportunity to consult with an attorney prior to signing this Agreement.

Dated: 6-21-17

Signed: _____
Martin Lomeli

May 15, 2017

Mayor Irons and the Morro Bay City Council
595 Harbor Street
Morro Bay, CA 93442

Dear Council Members:

After visiting the Central Coast for many years, my wife and I moved to Morro Bay last year. Recently we purchased a home in your beautiful city fulfilling our dream of retiring here.

Early in my career I discovered this area by working for San Luis Obispo County, I then went on to serve as a city manager in Southern California for over 23 years and retired in 2010. Since then I have been fortunate to serve as an interim city manager in three municipalities. While in these cities, I was able to maintain operations and conducted successful recruitments for permanent city managers. Attached is my resume that I hope merits your consideration.

Best regards for you and the City of Morro Bay,

Martin R. Lomeli
Home Phone: 805-225-1543

MARTIN R LOMELI

401 Arbutus Ave
Morro Bay, CA 93442
Phone: (805) 225-1543

EXPERIENCE

June 2014
to
November 2014

City of Upland, 460 N Euclid Ave, Upland, CA 91786
Population: 76,043, a full service city
Interim City Manager

- Recruited and hired a permanent City Manager
- Supervised six department heads on a daily basis
- Managed a $39 million dollar general fund budget
- Negotiated a developer agreement for an automotive dealership
- Developed a plan for outsourcing fleet maintenance
- Explored options for animal control services.

October 2013
to
January 2014

CITY OF LA PUENTE, 15900 East Main Street, La Puente, CA 91744
Population: 39,816, a contract city
Interim City Manager

- Recruited and hired a City Manager and Administrative Services Director
- Began process the for March 2014 municipal election
- Managed five departments in the general day-to-day operations
- Negotiated a contract with the SEIU Labor Association

June 2011
to
November 2011

CITY OF IRWINDALE, 5050 North Irwindale Avenue, California 91706
Daytime Population: 40,000, a full service city
Interim City Manager

- Supervised 5 department heads and managed a total City budget of $57 million, $19 million General Fund.
- Negotiated a potential settlement agreement of a multi-million dollar lawsuit with a neighboring City.
- Handled citizen complaints, requests, and general business of the City on a day-to-day basis.
- Supervised the City Clerk through a volatile election process.
- Recruited and negotiated salary and benefits for a permanent City Manager.

June 1987
to
August 2010

CITY OF LA VERNE, 3660 D Street, La Verne, California 91750
Population: 34,000, 160 full-time employees
City Manager serving a five-member City Council

- Managed and coordinated the activities of the City's Administrative, Parks and Community Services, Police, Fire, Public Works, and Community Development Departments.
- Initiated and implemented a five-year ongoing strategic planning process with the City Council and staff.
- Supervised and annually evaluated eight department heads, the City Attorney and City Engineer.

- Prepared and administered the City's annual $40 million program budget, $37 million operational, $3 million capital improvement.
- Served as Executive Director of the City's Redevelopment Agency, Housing Authority and Finance Authority.
- Developed a unique 36-hour, 4-day workweek schedule resulting in an annual savings of over $300,000.
- Administered the issuance of $9.2 million in revenue bonds for the purchase of a mobile home park and the construction of a $1.2 million pool facility, secured by the Redevelopment Agency.
- Negotiated with developers the establishment of a fund for enhanced fire service in north La Verne.
- Instituted a City Manager evaluation process involving department heads, staff, and Council.

January 1981
to
June 1987

CITY OF LA VERNE, La Verne, California 91750
Population: 29,000
Assistant City Manager/Administrative Services Director
Supervisor: William Sheldon, City Manager

- Supervised and administered the functions of Finance, Data Processing, Purchasing, and Water Customer service.
- Appointed City Treasurer by the City Council responsible for the City's multi-million dollar investment portfolio.
- Functioned as the City's Personnel Officer and labor negotiator.
- Administered the City's safety/risk management program.
- Facilitated the development of a mobile home rent review ordinance.

December 1979
to
January 1981

COUNTY OF SAN LUIS OBISPO, San Luis Obispo, CA 93408
Population: 175,000
Administrative Analyst
Supervisor: Don Stilwell, County Administrative Officer

- Acted as the County Administrator's liaison to the following departments: Auditor/Controller, Assessor, Animal Regulations, Agricultural Commissioner, Air Pollution Control, County Counsel, Farm Advisor, Purchasing Agent, Veterans Service, and the Treasurer/Tax Collector.
- Administered 33 program budget units within ten departments totaling over $15 million.
- Administered County contracts for Public Defender and Fire Suppression Services.

December 1978
to
December 1979

CITY OF ROSEMEAD, Rosemead, California 91770
Population: 50,000, a contract city
Administrative Assistant
Supervisor: Frank G. Tripepi, City Manager

EDUCATION

Bachelor of Arts degree in Business Administration, La Verne College, California
Bachelor of Arts degree in Public Administration, La Verne College, California

Honors: Both degrees awarded Cum Laude in May 1978.
Awarded Departmental Honors in Business, Government, and History.
Nominated for membership in Pi Gamma Mu, a National Social Science Honor Society

AGENDA NO: C-2
MEETING DATE: June 27, 2017

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 15, 2017**

FROM: **Rob Livick, Public Works Director**

SUBJECT: **Water Reclamation Facility Program Update – Review Peer Review Process Schedule and Provide Direction Deemed Appropriate**

RECOMMENDATION

Staff recommends City Council review, receive and file this status report of the Water Reclamation Facility (WRF) program schedule update, specifically related to the peer review process and provide direction deemed appropriate.

ALTERNATIVES

None available for this matter.

FISCAL IMPACT

No additional fiscal impact is proposed within this agenda item. All work is proceeding within the City's fiscal year budget for the WRF. Additionally, work has been paused on the project except for any work required for peer review and administrative tasks, such as invoice processing and responding to questions.

DISCUSSION

At the April 25, 2017, City Council meeting, City Council made two motions regarding the WRF Project, as follows:

1. Direct staff to assemble team of local experts to review current project for potential cost savings recommendations, then return with two revised engineer's opinion of probable cost for Phase 1 of the WRF project only, with cost basis analysis and user rate implications, and based on a careful examination of the Facilities Master Plan to identify cost savings. The two alternatives that will be reviewed are: full secondary treatment that at some future date could become tertiary with additional treatment; and full tertiary. The proposals should also include a revised timeline that includes robust public outreach, including two public workshops and flyers/notices, and a proposed date for the Prop 218 hearing.

2. Direct staff to focus solely on building only a treatment plant at that the new site. Staff clarified that based on the Council action, certain project goals would be considered in Phase 2 and others would be removed.

Based on that direction from City Council at that April meeting, staff formed a panel of local public works experts, from the neighboring local agencies with recent experience in large wastewater treatment projects, to review current project for potential cost savings recommendations.

Prepared By: ___RL_____	**Dept Review: ____**
City Manager Review: __CS____	**City Attorney Review: __JWP_**

So there is robust public participation, staff originally proposed presenting the findings and all recommendations of the peer review panel to PWAB, CFAC and WRFCAC prior to presenting those to Council for direction. At your meeting of June 13, 2017, Council requested staff to bring this back at this meeting for the Council to determine which City committees should review and provide recommendations on the peer review results prior to that being reviewed by the Council.

The review schedule previously provided by staff at your June 13, 2017, Council meeting is below:

Event	Proposed meeting date
Peer Review	June 7, 2017 (completed)
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 September 22 (Specific Dates and Times TBD)
City Council Prop 218 Hearing	November 14, 2017

As a result of Council's request for Staff to return this matter for further Council discussion and direction, Staff has developed the below alternative schedule for consideration:

Event	Proposed meeting date
Peer Review	June 7, 2017 (completed)
WRFCAC Review	July 5, 2017 (Special Meeting)
City Council	July 11, 2017
Revisions to Rate Study	July 12 – August 11
City Council – Start prop 218 Process	August 22, 2017
Two Community Workshops	September 13 through September 22 (Specific Dates and Times TBD)
City Council Prop 218 Hearing	October 10, 2017

As stated before, following the direction from City Council as to the extent of the WRF project, the City's rate consultant will make any requisite changes to the sewer and water rate update study. After that the Council will be asked to authorize the rate setting procedures specified in the California Constitution as directed by Proposition 218 and related legislation and court decisions.

CONCLUSION

Staff requests Council provide direction as to the schedule for review of the peer review for the WRF project.

ATTACHMENTS

None