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, September 26, 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
CLOSED SESSION REPORT
MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS
CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS
PRESENTATIONS

- Shelby Walker, RTA – Present Proposed Fare Increases and Seek Public Comment

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 SEPTEMBER 12, 2017 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF PROCLAMATION DECLARING SEPTEMBER 24-30, 2017 SEA OTTER AWARENESS WEEK; (HARBOR)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF PROCLAMATION DECLARING OCTOBER 8-14, 2017 AS "FIRE PREVENTION WEEK"; (FIRE)

RECOMMENDATION: Approve as submitted.

A-4 APPROVAL OF A LICENSE AGREEMENT WITH CENTRAL COAST MARITIME MUSEUM ASSOCIATION FOR USE OF REAL PROPERTY IN THE FRONT STREET PARKING LOT AND "TRIANGLE" PARKING LOT AREAS; (HARBOR)

RECOMMENDATION: Council approve the License Agreement with the Central Coast Maritime Museum Association as presented.

A-5 ADOPTION OF RESOLUTION NOS. 52-17, 53-17, 54-17 AND 55-17, RESPECTIVELY APPROVING MEMORANDA OF UNDERSTANDING FOR SERVICE EMPLOYEES INTERNATIONAL UNTION LOCAL 620 AND THE MORRO BAY FIREFIGHTERS ASSOCIATION IAFF LOCAL 3725, AND ESTABLISHING COMPENSTATION AND BENEFITS FOR MANAGEMENT AND CONFIDENTIAL EMPLOYEES; (ADMINISTRATION)

RECOMMENDATION: City Council:

1. **Adopt Resolution No. 52-17 approving a Memorandum of Understanding (MOU) for Morro Bay Firefighters Association (MBFFA) IAFF Local 3725.**
2. **Adopt Resolution No. 53-17 approving a MOU for Service Employees International Union (SEIU) Local 620 for the period July 1, 2017 through June 30, 2020.**
3. **Adopt Resolutions 54-17 and 55-17 establishing compensation and benefits for the City's unrepresented confidential and management designated employees.**

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

C-1 ADOPTION OF RESOLUTION NO. 51-17 APPOINTING PLANNING COMMISIONER, JOSEPH INGRAFFIA, TO THE GENERAL PLAN ADVISORY COMMITTEE (GPAC); (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Council adopt Resolution No. 51-17 to appoint Joseph Ingraffia to the General Plan Advisory Committee (GPAC) to serve as liaison between the Planning Commission and GPAC.

C-2 WATER RECLAMATION FACILITY PROGRAM UPDATE; (PUBLIC WORKS)

RECOMMENDATION: Staff recommends the following:

1) **City Council consider the status report of the Water Reclamation Facility (WRF) program, specifically related to the City Council direction in the July 11, 2017, meeting; and**
2) **Provide direction as necessary. Options including directing staff to:**
    a. **Proceed with planning and permitting at a preferred site;**
    b. **Conduct additional community outreach; and/or**
    c. **Provide additional information on one or more sites; and/or**

d. Provide other direction as deemed appropriate by a majority of the Council.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday**, **October 10, 2017 at 6:00 p.m.** at the Veteran's Memorial Hall located at 209 Surf Street, Morro Bay, California.

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

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

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

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MINUTES – MORRO BAY CITY COUNCIL
SPECIAL CLOSED SESSION MEETING –
SEPTEBMER 12, 2017
CITY HALL CONFERENCE ROOM–12:30 P.M.

AGENDA NO: A-1

MEETING DATE: September 26, 2017

PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Headding	Council Member
	Matt Makowetski	Council Member *(arrived at 3:55 p.m.)*
	Marlys McPherson	Council Member
STAFF PRESENT:	Martin Lomeli	Interim City Manager
	Joseph Pannone	City Attorney
	Dana Swanson	City Clerk
	Eric Endersby	Harbor Director
	Laurie Goforth	Human Resources Analyst
CONSULTANT:	Greg Nelson	Ralph Andersen & Associates

ESTABLISH QUORUM AND CALL TO ORDER – A quorum was established at 12:30 p.m. and the meeting was called to order with all but Council Member Makowetski present.

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

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

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

CS-1 <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; and Unrepresented Employees

CS-2 <u>GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR:</u>
Property: Lease Site 90/90W, Otter Rock, 885 Embarcadero
Property Negotiators: Cliff Branch and Paul Parker
Agency Negotiators: Eric Endersby, Harbor Director; Joseph Pannone, City Attorney
Negotiation: Price and Terms of Payment

The meeting was recessed at 1:49 p.m. and reconvened at 3:30 p.m.
Council Member Makowetski joined the meeting at 3:55 p.m.

CS-3 <u>PUBLIC EMPLOYEE APPOINTMENT</u>
Title: 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 5:09 p.m.

Recorded by:

Dana Swanson
City Clerk

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A PROCLAMATION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY DECLARING SEPTEMBER 24 – SEPTEMBER 30, 2017 AS THE 15TH ANNUAL SEA OTTER AWARENESS WEEK

CITY COUNCIL
City of Morro Bay, California

WHEREAS, the sea otter is a symbol of wildness, an integral part of California's natural ecosystem and serves as an indicator for the overall health of California's nearshore marine environment; and

WHEREAS, a growing awareness of the benefits of maintaining the health of the nearshore marine environment has raised public awareness in the sea otter; and

WHEREAS, disease from a variety of sources, including land-based biological pathogens, accounts for a significant amount of the mortality of California sea otters in a given year; and

WHEREAS, increased human viewing and other interactions with sea otters can have a detrimental effect on sea otter health; and

WHEREAS, the survival of the sea otter in California remains dependent upon continued public support and increased understanding of the essential role sea otters play in nature.

NOW, THEREFORE, BE IT RESOLVED, that the Morro Bay City Council does hereby proclaim September 24 – September 30, 2017, to be the 15th Annual "Sea Otter Awareness Week."

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the City of Morro Bay to be affixed this 26th day of September 2017

_____
Jamie L. Irons, Mayor
City of Morro Bay, California

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PROCLAMATION OF THE CITY OF MORRO BAY DECLARING NATIONAL FIRE PREVENTION WEEK OCTOBER 8TH - 14TH, 2017

CITY COUNCIL
City of Morro Bay, California

WHEREAS, the City of Morro Bay, California is committed to ensuring the safety and security of all those living in and visiting Morro Bay; and

WHEREAS, U.S. fire departments responded to 365,500 home fires in 2015, according to the National Fire Protection Association (NFPA); and

WHEREAS, U.S. home fires resulted in 2,560 civilian deaths in 2015, representing the majority (78 percent) of all U.S. fire deaths; and

WHEREAS, newer homes are built with lightweight materials that burn faster than older home constructions; and

WHEREAS, many of today's products and furnishings produce toxic gases and smoke when burned, making it impossible to see and breathe within moments; and

WHEREAS, these conditions contribute to a much smaller window of time for people to escape a home fire safely, with people having as little as one to two minutes to escape from the time the smoke alarm sounds; and

WHEREAS, a home fire escape plan provides the skill set and know-how to quickly and safely escape a home fire situation; and

WHEREAS, a home fire escape plan includes two exits from every room in the home; a path to the outside from each exit; smoke alarms in all required locations; and a meeting place outside where everyone in the home will meet upon exiting; and

WHEREAS, home fire escape plans should be developed by all members of the household; and

WHEREAS, practicing a home fire escape plan twice a year ensures that everyone in the household knows what to do in a real fire situation; and

WHEREAS, Morro Bay Fire Department is dedicated to reducing the occurrence of home fires and home fire injuries through prevention and protection education; and

WHEREAS, Morro Bay Fire Department personnel will participate in the San Luis Obispo County Fire Chief's Burn Relay on October 12th educating up to 8,000 school age children and raise donations to send juvenile burn survivors to Alisa Ann Ruch Burn Foundation's summer camp; and

WHEREAS, the Morro Bay Fire Department will participate in partnership with the Alisa Ann Ruch Burn Foundation in the Firefighters In Safety Education (FISE) program at Del Mar Elementary educating 500 children in fire safety and home escape plans; and

WHEREAS, Morro Bay's residents are responsive to public education measures and are able to take personal steps to increase their safety from fire, especially in their homes; and

WHEREAS, the 2017 Fire Prevention Week theme, "Every Second Counts: Plan 2 Ways Out!" effectively serves to educate the public about the vital importance of developing a home fire escape plan with all members of the household and practicing it twice a year.

NOW, THEREFORE, the City Council of Morro Bay does hereby proclaim October 8-14, 2017, as Fire Prevention Week throughout this community. I urge all the people of Morro Bay to develop a home fire escape plan with all members of the household and practice it twice a year, and to participate in the many public safety activities and efforts of Morro Bay's fire and emergency services during Fire Prevention Week 2017.

IN WITNESS WHEREOF I have here unto set my hand and caused the seal of the City of Morro Bay to be affixed this 26th day of September 2017

_____

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

AGENDA NO:	**A-4**
MEETING DATE:	**September 26, 2017**

Staff Report

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

FROM: **Eric Endersby, Harbor Director**

SUBJECT: **Approval of a License Agreement with Central Coast Maritime Museum Association for Use of Real Property in the Front Street Parking Lot and "Triangle" Parking Lot Areas**

RECOMMENDATION

Staff recommend the City Council approve the License Agreement with the Central Coast Maritime Museum Association as-presented.

ALTERNATIVES

Council could elect not to approve the agreement, and direct staff accordingly.

FISCAL IMPACT

There is no fiscal impact to this action.

BACKGROUND

The Central Coast Maritime Museum Association (CCMMA) project for a maritime museum in Morro Bay is a project over 20 years in the making between museum members, City officials, City staff, business leaders and the public at-large. A full project description and history is included in the "Maritime Museum of Morro Bay Project Synopsis" document, included with this staff report as Attachment 1.

On September 9, 2014, the City Council authorized the City Manager to negotiate and execute a License Agreement for CCMMA's proposed project. In 2016, the City made certain hardscape improvements in the Front Street and "Triangle" parking lot areas in anticipation of CCMMA building, a small ~20' x 20' museum and associated vessel and other displays. The tugboat *Alma,* rescue submarine *Avalon* and Coast Guard rescue vessel *CG 30615* are currently displayed in this area.

DISCUSSION

Since 2014, staff have been negotiating with CCMMA officials to create a license agreement that would permit the project as-proposed, while at the same time honoring the City's original agreements and commitments to CCMMA and the project.

The draft license agreement, included with this staff report as Attachment 2, is the culmination of those efforts. Because the 2014 Council approval differs from the current project description, staff are bringing this license agreement back to Council for approval.

Prepared By: ___EE_____	**Dept Review: ___EE___**
City Manager Review: _____	**City Attorney Review: ___JWP___**

The 2014 Council approval, in addition to other terms and conditions, was for display of up to three museum vessels and two informational kiosks. The current CCMMA project and license agreement includes these highlights:

A. The current three vessels displayed there now, and up to two more vessels in the future, as approved by the Community Development Director and/or any required permitting.
B. Public viewing of vessel exteriors at no cost, and opportunity to charge a reasonable fee or request a donation to view vessel interiors from time to time.
C. Construction of a 400-square foot museum on the 20' x 20' concrete pad currently on-site, with associated hardscaping, landscaping and other public improvements such as picnic tables, benches, public art or cultural artifacts.
D. Up to four architectural-grade informational kiosks for display items related to the museum's purposes, including maritime and native American cultural history.
E. Occasional fundraising events on the premises, as approved by the Harbor Director.
F. Right to install utilities.
G. Term ending December 31, 2022, with one five-year option to extend as-approved by the Harbor Director, or until replaced by a long-term lease agreement, discussed below.
H. No fees for the agreement.
I. CCMMA responsible for all costs related to use, including utilities if installed.
J. Right of either party to terminate upon 180-days' notice with or without cause.

The license agreement also contemplates and provides the parties will work in good faith to agree to a long-term lease, which would replace and supersede the license agreement and all previous agreements between and City and CCMMA. Due to the extended nature of the use of the City's property contemplated by this project, a stand-alone lease would be a better document for that landlord-tenant relationship. However, CCMMA preferred first working through a license agreement to meet its timing for commencement of this important project.

CONCLUSION

CCMMA has received a Coastal Commission permit waiver for the project, and is currently in the final phases of obtaining the necessary building permits from the City. CCMMA anticipates commencing construction of the building and other improvements before the end of this year, and be ready for opening next summer.

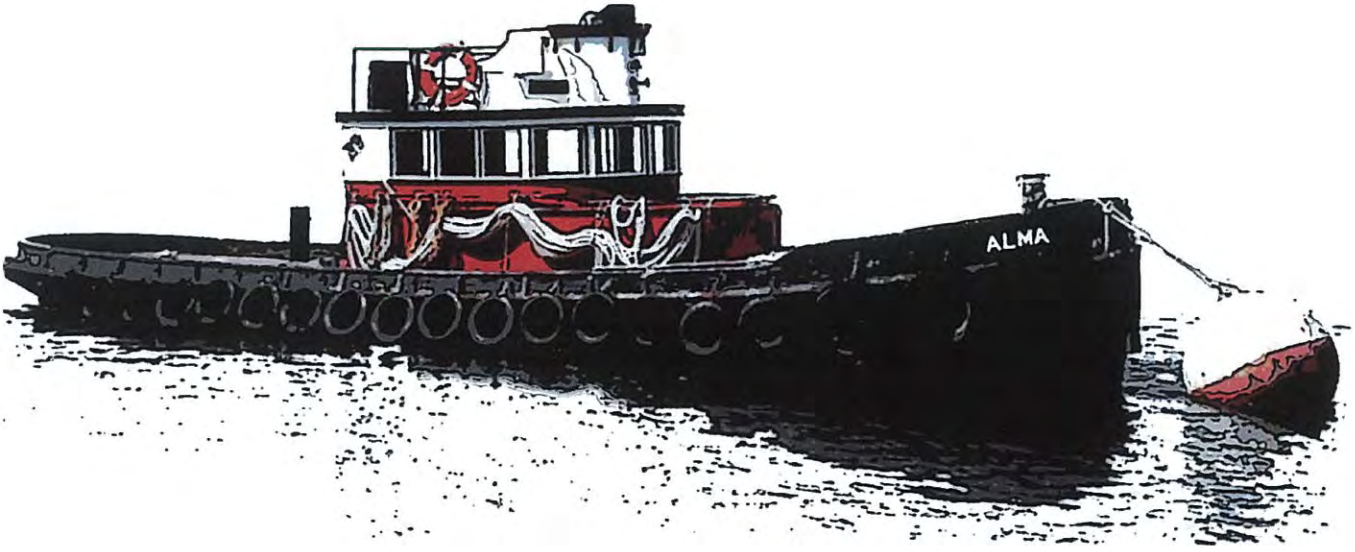
Approval of this license agreement is in keeping with the City's historic support of this important project, and will provide an interim memorialization for the necessary legal and other conditions to ensure the continued mutually beneficial relationship between the City and CCMMA.

ATTACHMENTS

1. Maritime Museum of Morro Bay Project Synopsis, March 2017
2. Final draft License Agreement

Maritime Museum of Morro Bay

Project Synopsis



Prepared by the Central Coast Maritime Museum Association

March 2017

Forward

The Maritime Museum of Morro Bay (MMMB) project is the culmination of more than twenty years of discussions, meetings, networking, and brainstorming with elected City officials, City staff, business leaders, and the public at large. In the true sense of the word, the Maritime Museum project is a partnership.

This report is being furnished to the City of Morro Bay Community Development Department as an adjunct to the required deliverables that are normally assembled for project review by staff and submittal to the Planning Commission. While not exhaustive in detail, the CCMMA Board of Trustees felt it was important to have one succinct document that could answer many of the questions which decision makers, City staff, and members of the community typically have regarding the museum project.

Professional services used to develop the MMMB plan have been performed pro-bono or at well below market rate. The CCMMA and museum employs no staff and that condition is expected to continue for the first two or three years of the museum's operation. However, the Board of Trustees, as part of its strategic planning process, will begin long range planning for the hiring of an executive director of the museum.

The operational plan calls for the facility to be open every weekend of the year with some expansion during peak visitor times such as, holiday weekends, and special events. The museum will also be available by appointment for school tours and private showings. Hours of operation may be expanded to include Fridays in addition to weekends. When open to the public the museum will be staffed by two or more, well-trained volunteers. At this time an entrance fee-structure has not been adopted by the CCMMA Board.

In the true sense of the word, the Maritime Museum project is a partnership.

Interpretive focus areas will include myriad aspects of maritime history, science and technology. While the focus will be on central California, some topic areas have a more global context. General interpretive subject areas may include such subjects as:

- Central California commercial fishing and abalone industry
- *Montebello* Incident and the WWII period
- US Coast Guard mission in Estero Bay
- Development of the estuary into a working harbor
- Recreational boating and sailing
- Pre-railroad transportation and coastal steamers
- Navigation, seamanship and small boat handling
- Naval architecture and marine technology
- Native Americans (Salinan/Chumash) and their relationship to the sea
- Early California, and explorers

At this time the project is funded sufficiently to construct the building, the landscaping, and installation of a portion of the exhibits. A broad stakeholder base is standing by, enthusiastically waiting for the "all ahead full" command. All that is standing in the way is a building permit.

When you make a decision, the universe conspires to make it happen

-Emerson-

Project History

The Maritime Museum project was the brainchild of the late Brent Roberts of Morro Bay. In 1991 Mr. Roberts convened a group of like-minded individuals to explore the concept of establishing a permanent Maritime Museum on the central coast, preferably in Morro Bay. The group organized itself as the *Central Coast Maritime Museum Association* (CCMMA) and obtained official non-profit status (EIN #33-0646429) in January 1995. CCMMA is a registered California non-profit, public benefit corporation, whose official mission statement follows:

> The Maritime Museum of Morro Bay will be a cornerstone of civic pride and a contributor to the local sense of place

> *The Central Coast Maritime Museum Association preserves and interprets the maritime history of central California and beyond. Our mission is to provide an easily accessible educational venue for maritime history, science, and technology.*

Numerous meetings with City staff, elected officials, and the business community in the early and mid-1990's generated enthusiasm and awareness of the Maritime Museum concept. The City of Morro Bay began to treat this idea as a serious, viable proposal as early as 1995. This is documented by the attached, formal City Resolution (#65-95, June 12, 1995) and other subsequent documentation from 1998 and 2011.

Beyond our mission statement, the organization has the following goals:

1. Sponsor regional maritime related events and activities
2. Contribute to Morro Bay's unique sense of place
3. Enhance the tourist/visitor economy of the community
4. Support other maritime and historical organizations

Collaboration

CCMMA's goals and collaboration with numerous partners have benefitted Morro Bay by encouraging visitation and providing local schools and residents with interesting and educational venues. The historic "tall ships" that visit Morro Bay are due to CCMMA efforts. These include:

- *Lady Washington*
- *Hawaiian Chieftain*
- *Nina*
- *Golden Hind*
- *Californian*
- *Lynx*
- *HMS Endeavour*
- *San Salvador*

The visit of the galleon *San Salvador* in October 2016 was the result of collaboration between CCMMA Trustees, the Maritime Museum of San Diego and the City of

Morro Bay. The vessel's hugely successful visit resulted in nearly ten thousand people visiting the *San Salvador* exhibit in Morro Bay.

Additionally, CCMMA has participated in every Harbor Festival since 1992 and more recently developed the idea of establishing the month of October as *Maritime Discovery Month.* Last year, this became formalized through City Council action in an effort to compliment the Morro Bay Harbor Festival and other activities, reinforcing the historical, maritime and marine cultural identity of Morro Bay.

Through hard work and commitment, CCMMA has established local, state, and national credibility.

The iconic anchor at Tidelands Park was donated to CCMMA by Chevron. CCMMA organized the transportation of the artifact from southern California and worked with City Harbor Department staff to have it installed at the park where it has become a landmark for that section of the waterfront.

In 1996, CCMMA teamed up with the National Oceanographic and Atmospheric Administration (NOAA) and Delta Oceanographics of Southern California to locate and dive on the sunken Union Oil tanker *Montebello.* This was the first time since its sinking on December 23, 1941 that human eyes were able to examine close-up and video tape the wreckage, in nearly 900' of water off the coast near Piedras Blancas.

CCMMA also partnered with AGP Video and the *California Sea Grant* of the Scripps Institute of Oceanography to record important oral histories of prominent commercial fishing and marine related individuals in the community.

Through hard work and commitment, CCMMA has established local, state, and national credibility. The organization has worked with and enjoyed support from the following private and governmental entities:

- The City of Morro Bay
- Morro Bay Chamber of Commerce
- Morro Bay Commercial Fisherman's Association
- Morro Bay Harbor Festival
- Morro Bay Historical Society
- Morro Bay waterfront businesses
- Morro Bay Tourism Bureau Improvement District (TBID)
- Morro Bay Yacht Club
- AGP Video
- United States Navy History and Heritage Command, Washington, DC
- U.S. Bureau of Land Management
- U.S. Coast Guard
- Senator Lois Capps' Office
- National Oceanographic & Atmospheric Administration
- Monterey Bay Marine Sanctuary
- California Department of Parks & Recreation
- Cal Poly San Luis Obispo (School of Engineering and History Departments)
- San Luis Coastal Unified School District
- Maritime Museum of San Diego
- Hind Foundation
- Chevron (formerly Unocal)
- US Submarine Veterans Association Inc. (USVVI)
- Retired Lockheed Corp. Scientists & Engineers

Outdoor Exhibit

The museum concept has always considered the Front Street/Embarcadero area as the most logical and viable location. In cooperation with the City, CCMMA initiated an outdoor exhibit in 2011 by placing a donated US Coast Guard boat on display at the Front Street parking lot. This display was expanded in 2012 to include the much-visited DSRV *Avalon* rescue submarine. To improve on the exhibit and move forward with construction of the initial Maritime Museum facility, CCMMA contracted with a local land surveyor and Civil Engineer to draw a concept and this was presented to City staff and management in 2015. The new concept not only removed the existing maritime display from the Front Street lot, it also facilitated more efficient use of the recently acquired "triangle lot" for daytime, overflow public parking. Further, by vacating the Front Street site, thirteen old parking spaces were now free to help address peak parking demands.

> The design of the new museum is modern with a nod to Morro Bay's fishing village heritage. Its' clapboard siding and simple asphalt shingle roof are evocative of the coastal maritime, working waterfront tradition, so vital to the community's character and economic development.

In 2015, at City expense, the installation of improvements designed by CCMMA was completed. At the same time, the concrete foundation for the Museum building was poured at CCMMA expense. Soon after completion of the improvements, the USCG Surf Rescue Boat was moved to this new exhibit area. Subsequent to that, in June of 2016, both the DSRV *Avalon* and the historic, and locally significant, tug *Alma* were added to the new exhibit.

Moving Forward

In October of 2016, in partnership with the City and business community, CCMMA hosted the galleon *San Salvador* for a two week visit during her maiden, Pacific Heritage Tour. This event was so successful that sufficient funds were raised to construct the proposed project. This includes the building, additional outdoor display-fixtures and most if not all of the landscaped areas as shown on the site plan.

Project Description

Early in the project's history, prominent, local architect Jim Maul developed conceptual drawings of the proposed museum building. Recently, Morro Bay architect Chris Parker has taken elements of Mr. Maul's original designs and incorporated them into the current proposal. The simple design of the building is modern with a nod to Morro Bay's fishing village heritage. Its' clapboard siding and asphalt shingle roof are evocative of the coastal maritime and working waterfront tradition of Morro Bay.

The initial installment of the Maritime Museum of Morro Bay (MMMB) will be constructed on City-owned land between the existing Front Street parking area and the recently acquired 2.2 acre "triangle lot." The museum will operate under a long-term use agreement in the form of a lease with the City of Morro Bay, the property owner. The lease agreement will include specific performance provisions and obligations for CCMMA, the lessee. These provisions include, but are not limited to, conditions relating to insurance, maintenance, and security.

Working with local landscape architect Debbie Black, CCMMA has designed a site consisting of a landscaped park area with components such as decomposed granite paths, benches, and interpretive displays for both plants and cultural resources. It is planned that the easterly portion of this park area be devoted to a Native American (Salinan) interpretive area relating to California's first occupants and their relationship with the ocean. A three-sided kiosk (identical in design and size to the existing kiosk) will be dedicated to the Salinan/Native American area. Two or three more kiosks will be included in the project and designed in cooperation with other community groups including, but not limited to, the Morro Bay Historical Society and the Morro Bay Commercial Fisherman's Association.

Project landscaping and plant selection is based on four criteria:

1. Drought tolerance and ease of maintenance,
2. Consistency with the City's list of approved plants and trees
3. Pollination syndrome establishment
4. Cultural and historic significance to the Salinan Tribe.

The 400-square-foot museum building will sit on an existing concrete foundation poured in 2016 for this purpose. The entrance to the building will front the existing walkway and patio area which was also constructed in 2016. Stick-frame construction will be used with 2x6 walls and exposed ceiling members consisting of a 14" x 26" engineered ridge-beam and 4x8 or 4x10 rafters. Electric power to the building will be supplied underground from an adjacent pole. The building will also include solar panels and consideration of southern exposure and solar panel efficiency was factored into initial design. The building will be sided with a pre-primed, concrete siding product, and roofed with architectural grade asphalt shingles. The building will not contain a restroom, basin or sewer hook-up. Security will be addressed via an appropriate amount of LED lighting around the building perimeter, consistent with review by Planning and Building Department. Additionally, a modern, multi-faceted security system with battery back-up will be incorporated. The building will be insulated, meeting *Title 24 criteria*, and interior temperature and humidity will be addressed using combination of both passive and electric strategies. Natural gas will not be supplied to the building. All exhibit areas will meet current American with Disabilities Act (ADA) criteria for accessibility.

LANDSCAPING PROPOSAL

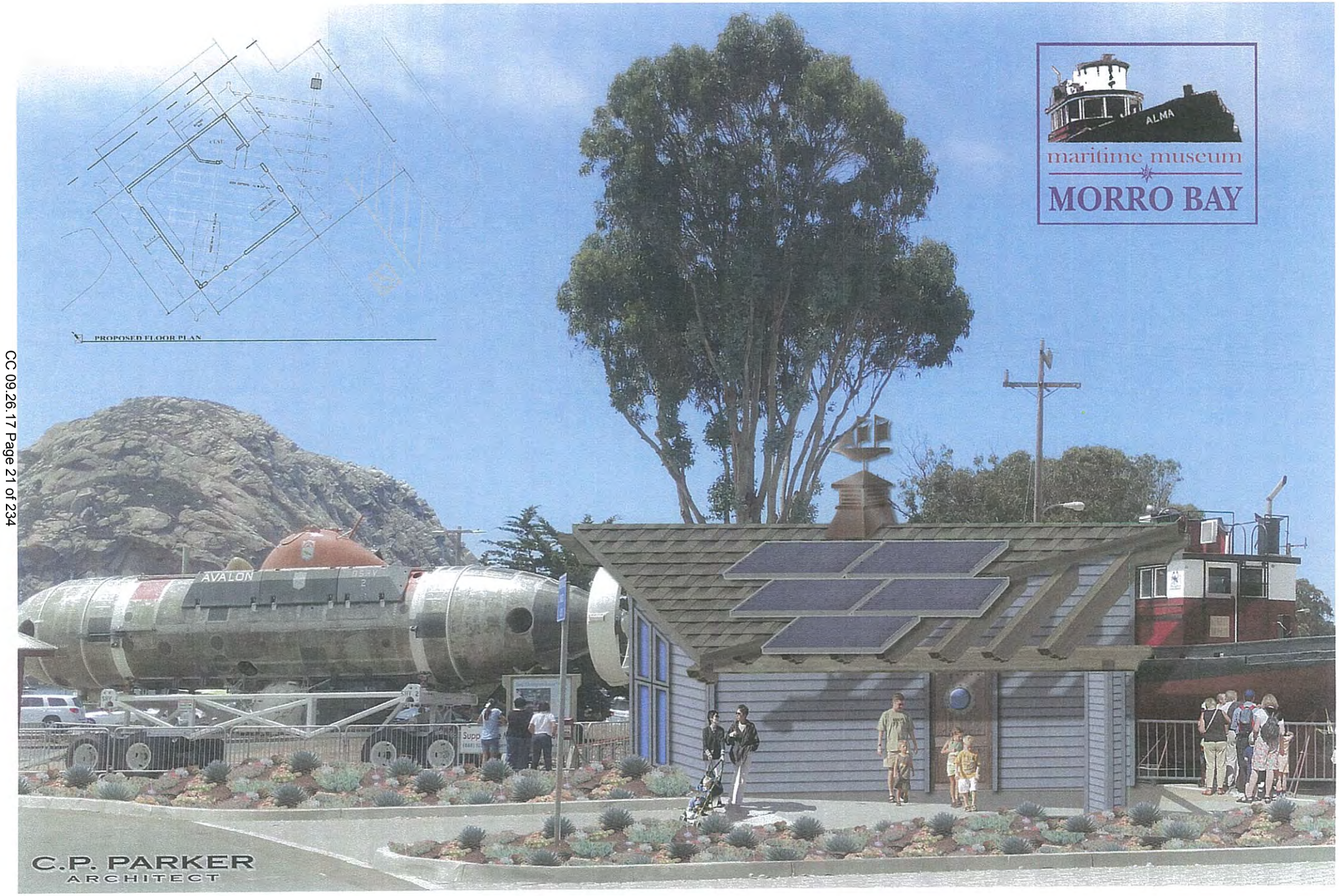
- Consistent with the City's list of approved plants and trees
- Drought tolerant
- Easily maintained
- Encourages plant pollinators
- Culturally and historically important to the Salinan Tribe

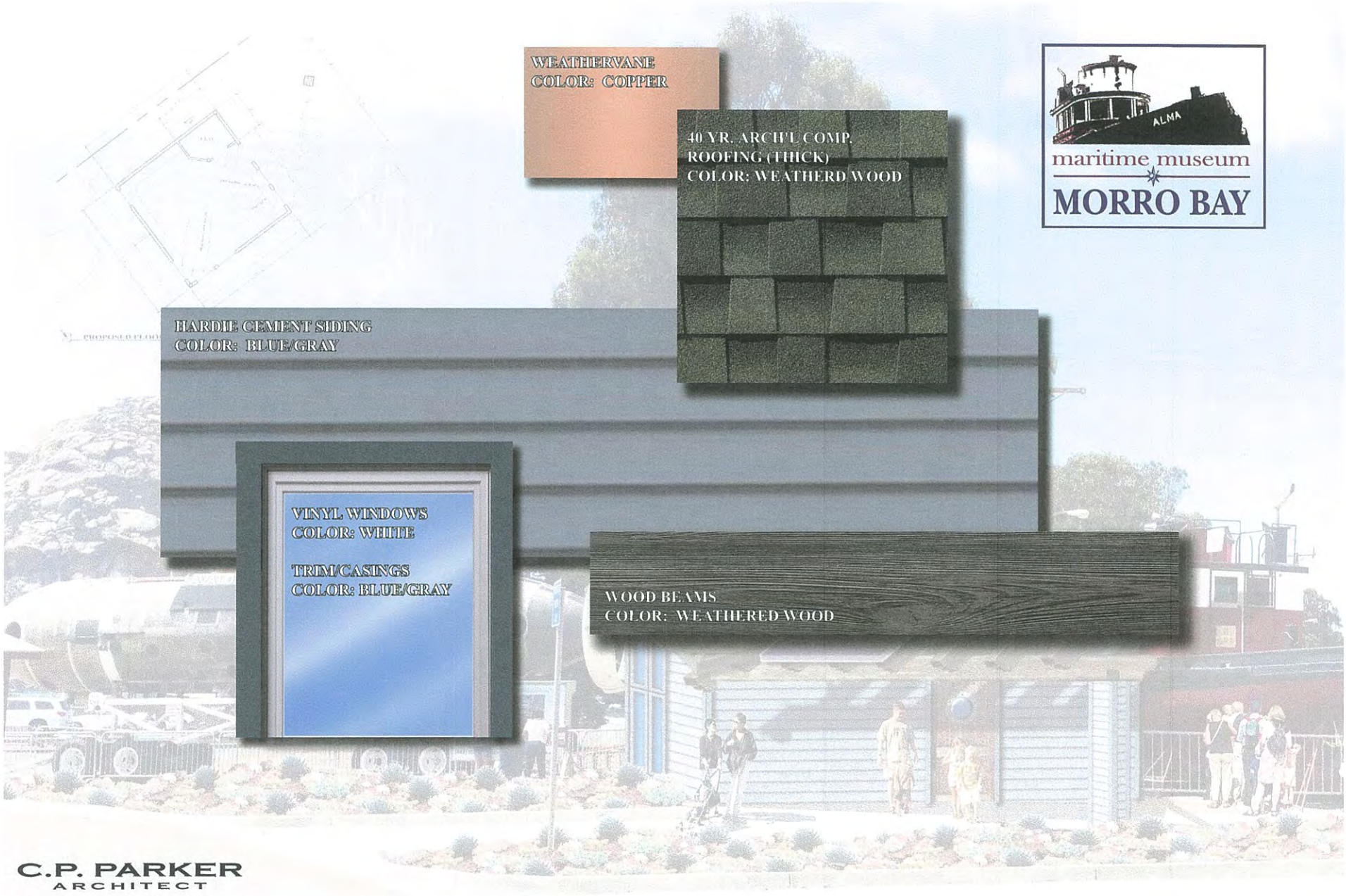
PLANT LIST

Monarch Milkweed
Lemonade Berry
Blue Oat Grass
Sea Lavender
Blue Fescue
Yarrow
Agave
Rockrose
Russian Sage
Cajeput Tree
Pink Melaluca
Scarlet Penstemon

ATTACHMENTS

ALMA
maritime museum
MORRO BAY
PROPOSED FLOOR PLAN
AVALON
www.morrobaymaritime.org
Central Coast Maritime Museum Association
C.P. PARKER
ARCHITECT


PROPOSED FLOOR PLAN
ALMA
maritime museum
MORRO BAY
AVALON
C.P. PARKER
ARCHITECT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COLOR: COPPER
40 YR. ARCH'L COMP.
ROOFING (THICK)
COLOR: WEATHERD WOOD
HARDIE CEMENT SIDING
COLOR: BLUE/GRAY
VINYL WINDOWS
COLOR: WHITE
TRIM/CASINGS
COLOR: BLUE/GRAY
WOOD BEAMS
COLOR: WEATHERED WOOD
ALMA
maritime museum
MORRO BAY
C.P. PARKER
ARCHITECT

PUBLIC WORKS

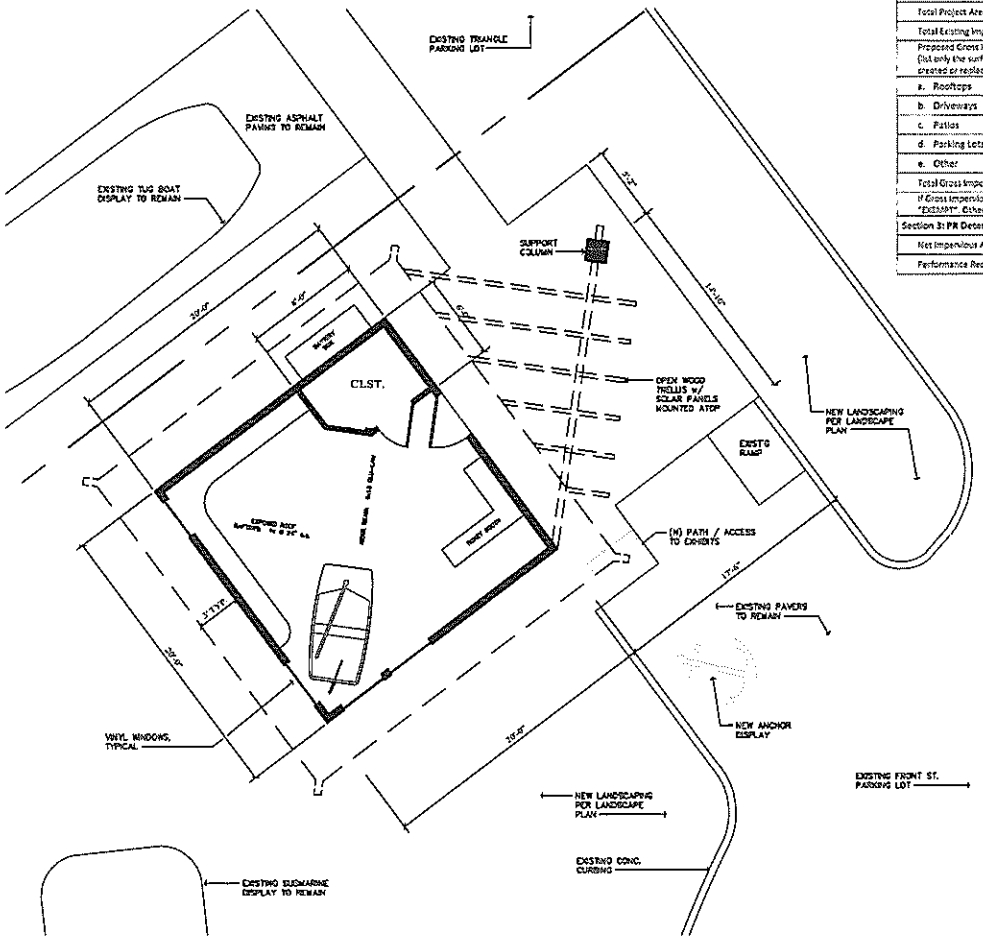
NO WORK WITHIN NOR ANY USE OF ANY PUBLIC RIGHTS OF WAY SHALL OCCUR WITHOUT AN ENCROCHMENT PERMIT. ENCROACHMENT PERMITS ARE AVAILABLE AT THE CITY'S PUBLIC SERVICES OFFICE LOCATED AT 955 SHASTA AVE. THE ENCROACHMENT PERMIT SHALL BE ISSUED CONCURRENTLY WITH THE BUILDING PERMIT.

ANY DAMAGE TO ANY OF THE CITY'S FACILITIES (SUCH AS CURB/BERM, STREET, SEWER LINE, WATER LINE, OR ANY PUBLIC IMPROVEMENTS) RESULTING, DIRECTLY OR INDIRECTLY FROM CONSTRUCTION OPERATIONS RELATED TO THIS PROJECT SHALL BE REPAIRED AT NO COST TO THE CITY.

NO GRADING IS PROPOSED FOR PROJECT, ASIDE FROM FOOTING EXCAVATION.

DUST CONTROL: TO PREVENT DUST AND WIND BLOWN EARTH PROBLEMS DURING FOOTING EXCAVATION, CONTRACTOR TO KEEP SOIL MOIST USING NON-POTABLE WATER

EROSION CONTROL: STRAW WADDLES TO BE PLACED FOR EROSION CONTROL DURING CONSTRUCTION ARDUND ANY AREAS OF EXCAVATION



PROPOSED FLOOR / PARTIAL SITE PLAN

STORMWATER CALCULATIONS

APPENDIX A

SFR PERFORMANCE REQUIREMENTS DETERMINATION FORM

The following form shall be completed for all SFR development and redevelopment projects. Projects that are exempt from performance requirements are required to complete Section 1 & 2 only.

Section 1: General Information	
Project name	Morro Bay Maritime Museum
Project Address	Front Street Parking Lot
Assessor's Parcel Number(s)	-
Name of Applicant	Larry Newland
Applicant e-mail address:	
Applicant phone:	(805) 549-3103
Project Type (e.g. single-family residential, commercial, etc.)	Commercial
Section 2: Area Information (ft^2)	
Total Project Area	400 S.F. on Existing Slab
Total Existing Impervious surface area	400 S.F. on Existing Slab
Proposed Gross Impervious Area (list only the surface areas that are being created or replaced)	
a. Rooftops	
b. Driveways	
c. Patios	
d. Parking Lots	
e. Other	
Total Gross Impervious Area	0 Additional / 400 S.F. Existing Slab
If Gross Impervious Area <2,500 ft^2, write "EXEMPT". Otherwise continue to Sec. 3	<EXEMPT>
Section 3: PR Determination	
Net Impervious Area (from page 2)	
Performance Requirements (from Flow Chart)	

CONST. HOURS

PURSUANT TO MBMC SUBSECTION 9.28.030.I, CONSTRUCTION OR REPAIRING OF BUILDINGS, THE ERECTION (INCLUDING EXCAVATING), DEMOLITION, ALTERATION, OR REPAIR OF ANY BUILDING OR GENERAL LAND GRADING AND CONTOUR ACTIVITY USING EQUIPMENT IN SUCH A MANNER AS TO BE PLAINLY AUDIBLE AT A DISTANCE OF FIFTY FEET FROM THE BUILDING OTHER THAN BETWEEN THE HOURS OF SEVEN A.M. AND SEVEN P.M. ON WEEKDAYS AND EIGHT A.M. AND SEVEN P.M. ON WEEKENDS EXCEPT IN CASE OF URGENT NECESSITY IN THE INTEREST OF PUBLIC HEALTH AND SAFETY, AND THEN ONLY WITH A PERMIT FROM THE PUBLIC SERVICES DEPT., WHICH PERMIT MAY BE GRANTED FOR A PERIOD NOT TO EXCEED THREE DAYS OR LESS WHILE THE EMERGENCY CONTINUES AND WHICH PERMIT MAY BE RENEWED FOR A PERIOD OF THREE DAYS OR LESS WHILE THE EMERGENCY CONTINUES.

EXTERIOR LIGHTING

EXTERIOR LIGHTING SHALL BE INSTALLED WITH BEST PRACTICES TO KEEP LIGHTING FROM CREATING GLARE CAST TO ADJACENT RESIDENCES AND BUSINESSES. BULBS SHALL BE SHIELDED AND DOWNWARD FACING.

PROJECT DESCRIPTION

THIS PROJECT CONSISTS OF THE ON-SITE CONSTRUCTION OF A SINGLE STORY MARITIME MUSEUM. THE MUSEUM WILL BE CONSTRUCTED ATOP AN EXISTING CONCRETE SLAB LOCATED ADJACENT (WITHIN) THE FRONT STREET PARKING LOT.

PROJECT INFO.

APN:	-
ZONING:	COMMERCIAL / VISITOR SERVING
LOT SIZE:	TO BE DEFINED
LOT COVERAGE: (EXISTING)	EXISTING 400 SQ. FT. SLAB TO BE USED (NO CHANGE)
OCCUPANCY:	B
CONSTRUCTION TYPE:	TYPE V, NON-SPRINKLED
EXISTING CONCRETE SLAB/FOUNDATION:	400 SQ. FT.
PROPOSED MUSEUM:	400 SQ. FT.
TRASH ENCLOSURE:	NONE
TREE REMOVALS:	NONE

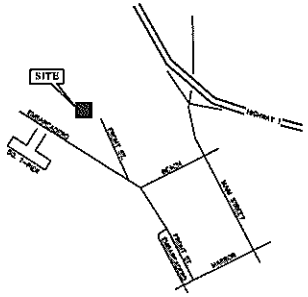
BLDG. CODES

2016 CALIFORNIA BUILDING CODE
2016 CALIFORNIA RESIDENTIAL CODE
2016 CALIFORNIA PLUMBING CODE
2016 CALIFORNIA MECHANICAL CODE
2016 CALIFORNIA ELECTRIC CODE
2016 CALIFORNIA ENERGY CODE
CALIFORNIA GREEN BUILDING CODE
2016 CALIFORNIA FIRE CODE
CALIFORNIA REFERENCE STANDARDS CODE

VICINITY MAP

N

MORRO BAY, CALIF.



SHEET INDEX

A1.1 PROJECT INFO., FLOOR/PARTIAL SITE PLAN
A2.1 ELEVATIONS AND SECTION
L1 LANDSCAPE / SITE PLAN

Copyright © 2014

C. P. PARKER
ARCHITECT

CHRISTOPHER P. PARKER
ARCHITECT
850 QUINTANA RD. #250
MORRO BAY, CA.
93442-1968
(805) 772-8708

STAMPS

CONSULTANTS

PROJECT

PROPOSED MARITIME MUSEUM
FOR
CCMMA

FRONT ST. / EMBARCADERO
MORRO BAY, CALIFORNIA
93442

DRAWING PHASE

DESIGN DEVELOPMENT

Project No.	15-108
Drawn By	CPP
Dwg. Date	03/16/17
Updated	-
Scale	AS NOTED

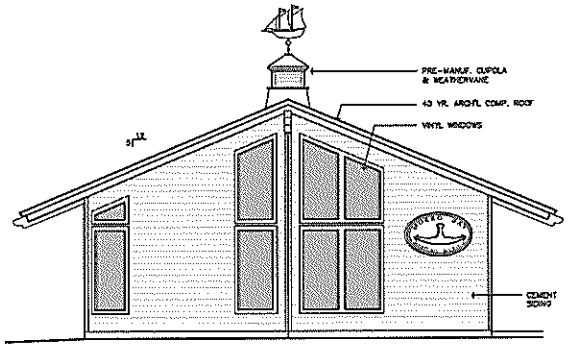
REVISIONS

SHEET TITLE

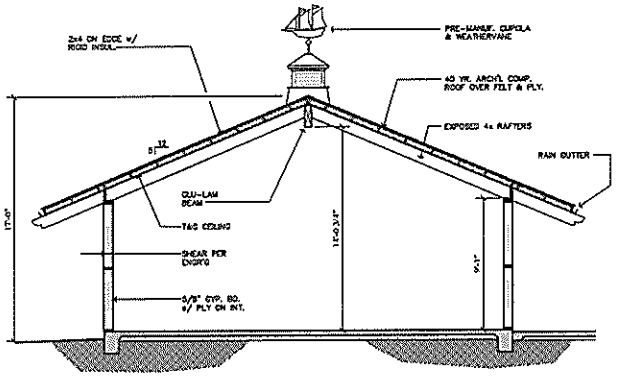
SITE / FLOOR PLAN ELEVATIONS

SHEET NO.

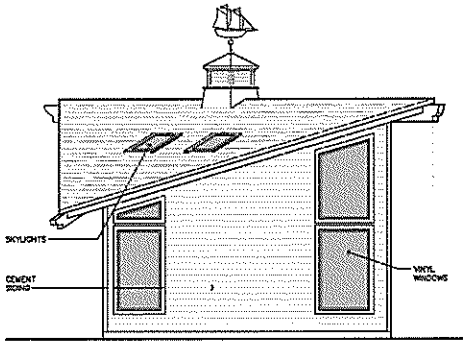
A1.1



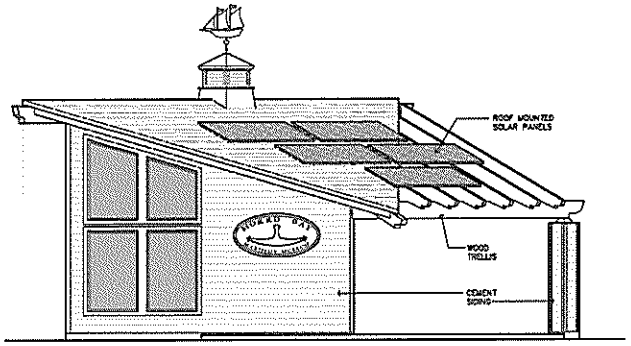
FRONT ELEVATION - ON AXIS



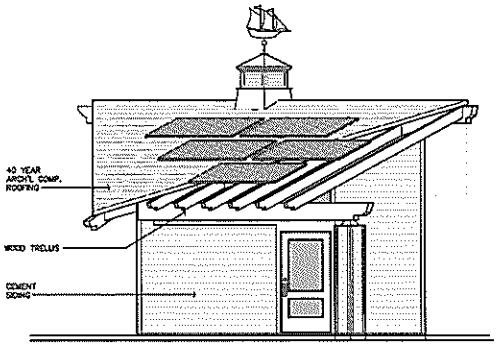
BUILDING SECTION - ON AXIS



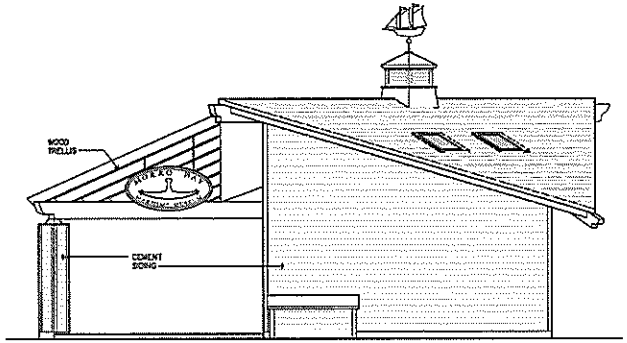
WEST ELEVATION



SOUTH ELEVATION



EAST ELEVATION



NORTH ELEVATION

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All ideas, designs, arrangements and plans indicated or represented by this drawing are owned by and property of C.P. PARKER ARCHITECT and were created, evolved and developed for use on, and in connection with, the specified project. None of such ideas, designs, arrangements or plans shall be used by or disclosed to any person, firm or corporation for any purpose whatsoever without the written permission of C.P. PARKER ARCHITECT.

C. P. PARKER
ARCHITECT

CHRISTOPHER P. PARKER
ARCHITECT
[illegible] QUINTANA RD. #[illegible]
MORRO BAY, CA
[illegible]
(805) 772-[illegible]

STAMPS

CONSULTANTS

PROJECT

PROPOSED MARITIME MUSEUM
FOR
CCMMA

FRONT ST. / EMBARCADERO
MORRO BAY, CALIFORNIA
93442

DRAWING PHASE

DESIGN DEVELOPMENT

Project No.	15-108
Drawn By	CPP
Dwg. Date	03/16/17
Updated	-
Scale	AS NOTED

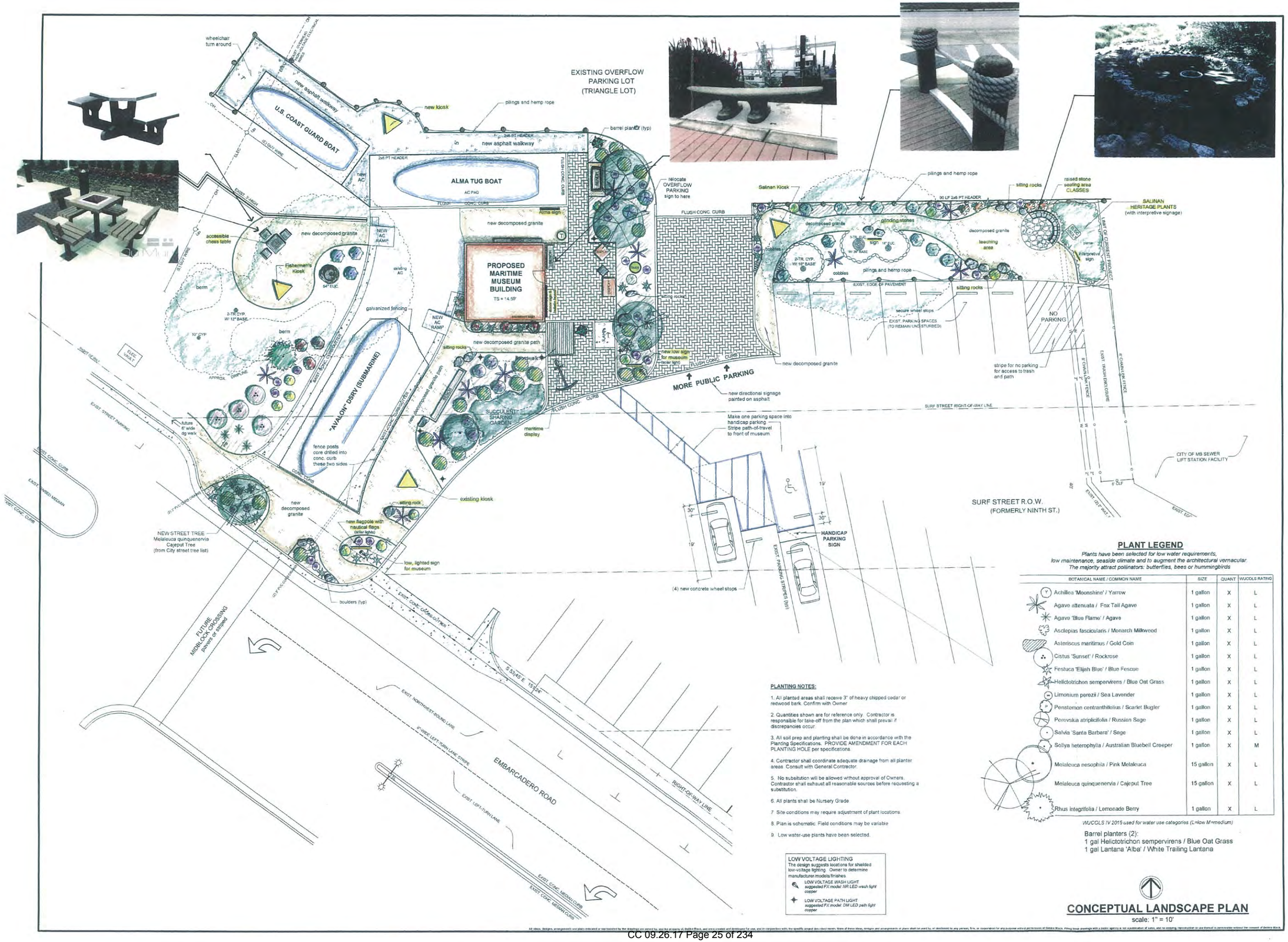
REVISIONS

SHEET TITLE

ELEVATIONS & SECTION

SHEET NO.

A2.1



PLANT LEGEND

Plants have been selected for low water requirements, low maintenance, seaside climate and to augment the architectural vernacular. The majority attract pollinators: butterflies, bees or hummingbirds

BOTANICAL NAME / COMMON NAME	SIZE	QUANT	WUCOLS RATING
Achillea 'Moonshine' / Yarrow	1 gallon	X	L
Agave attenuata / Fox Tail Agave	1 gallon	X	L
Agave 'Blue Flame' / Agave	1 gallon	X	L
Asclepias fascicularis / Monarch Milkweed	1 gallon	X	L
Asteriscus maritimus / Gold Coin	1 gallon	X	L
Cistus 'Sunset' / Rockrose	1 gallon	X	L
Festuca 'Elijah Blue' / Blue Fescue	1 gallon	X	L
Helictotrichon sempervirens / Blue Oat Grass	1 gallon	X	L
Limonium perezii / Sea Lavender	1 gallon	X	L
Penstemon centranthifolius / Scarlet Bugler	1 gallon	X	L
Perovskia atriplicifolia / Russian Sage	1 gallon	X	L
Salvia 'Santa Barbara' / Sage	1 gallon	X	L
Solliya heterophylla / Australian Bluebell Creeper	1 gallon	X	M
Melaleuca nesophila / Pink Melaleuca	15 gallon	X	L
Melaleuca quinquenervia / Cajeput Tree	15 gallon	X	L
Rhus integrifolia / Lemonade Berry	1 gallon	X	L

WUCOLS IV 2015 used for water use categories (L=low M=medium)

Barrel planters (2):
1 gal Helictotrichon sempervirens / Blue Oat Grass
1 gal Lantana 'Alba' / White Trailing Lantana

PLANTING NOTES:

1. All planted areas shall receive 3" of heavy chipped cedar or redwood bark. Confirm with Owner.
2. Quantities shown are for reference only. Contractor is responsible for take-off from the plan which shall prevail if discrepancies occur.
3. All soil prep and planting shall be done in accordance with the Planting Specifications. PROVIDE AMENDMENT FOR EACH PLANTING HOLE per specifications.
4. Contractor shall coordinate adequate drainage from all planter areas. Consult with General Contractor.
5. No substitution will be allowed without approval of Owners. Contractor shall exhaust all reasonable sources before requesting a substitution.
6. All plants shall be Nursery Grade.
7. Site conditions may require adjustment of plant locations.
8. Plan is schematic. Field conditions may be variable.
9. Low water-use plants have been selected.

LOW VOLTAGE LIGHTING
The design suggests locations for shielded low-voltage lighting. Owner to determine manufacturer,models/finishes.
LOW VOLTAGE WASH LIGHT *suggested FX model: NR LED wash light copper*
LOW VOLTAGE PATH LIGHT *suggested FX model: DM LED path light copper*

CONCEPTUAL LANDSCAPE PLAN

scale: 1" = 10'

All ideas, designs, arrangements and plans indicated or represented by the drawings are owned by, and the property of, Debbie Black, and were created and developed for use, and in conjunction with, the specific project described herein. None of these ideas, designs and arrangements or plans shall be used by, or disclosed to any person, firm, or corporation for any purpose without permission of Debbie Black. Filing these drawings with a public agency is not a publication of same, and no copying, reproduction or use thereof is permissible without the consent of Debbie Black.

Debbie Black
Landscape Architect
RLA #5940
Mobile: (805) 748-7724
3600 Richards Avenue Capitola, CA 95010

LICENSED LANDSCAPE ARCHITECT DEBORAH NOBLE BLACK NOT FOR CONSTRUCTION No. 1940 REN 10-17 STATE OF CALIFORNIA

CLIENT: Central Coast Maritime Museum Association

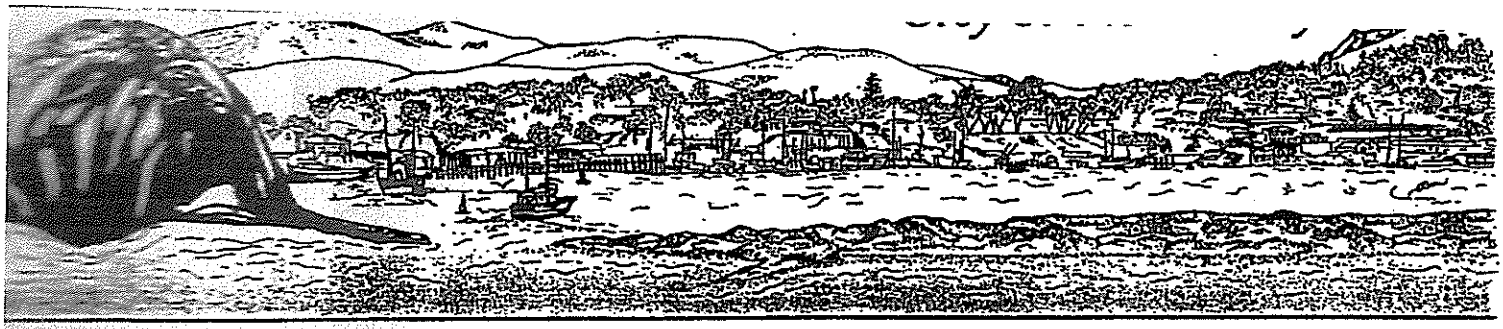
PROJECT: Heritage Park and Maritime Museum of Morro Bay

SHEET: CONCEPTUAL LANDSCAPE PLAN

DATE	REMARKS

DRAWN BY: DNB
DATE: 1-8-17
SCALE: 1" = 10'
JOB NO.: 1622

SHEET L1 OF SHEETS



ADMINISTRATION • 595 HARBOR STREET, MORRO BAY, CALIFORNIA 93442 • 805-772-6200

June 13, 1995

Brent E. Roberts
2369 Hemlock Avenue
Morro Bay, CA 93442

Dear Mr. Roberts:

At a regular meeting held on June 12, 1995, the Morro Bay City Council adopted Resolution No. 65-95 in support of the plan of the Central Coast Maritime Museum Association to establish a Maritime Museum in the Community of Morro Bay.

A copy of the Resolution is enclosed for your information.

Sincerely,

Bridgett Bauer

Bridgett Bauer
City Clerk

RESOLUTION NO. 65-95

RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
IN SUPPORT OF THE PLAN OF THE
CENTRAL COAST MARITIME MUSEUM ASSOCIATION
TO ESTABLISH A MARITIME MUSEUM
IN THE COMMUNITY OF MORRO BAY

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, the Central Coast of California has a maritime history extending back to antiquity and encompassing the Native American, Spanish, Mexican, and American periods of California's history; and

WHEREAS, the development of Central Coast communities was greatly dependent on the ocean commerce carried on by the vessels of many nations, including all manner of canoes, galleons, fragatas, barques, brigs, schooners, and steamers; and

WHEREAS, this rich and varied maritime history must be studied, taught, and preserved as an invaluable and indispensable component of our heritage; and

WHEREAS, Morro Bay has a past and ongoing connection with the sea and with maritime industries, and is currently one of the few communities that continues to be a base for ongoing maritime activity; and

WHEREAS, in 1994, the Central Coast Maritime Museum Association was organized with the objective of establishing a world-class maritime museum to preserve and perpetuate the maritime history of our area through:

a) Collecting, conserving, and exhibiting all manner of nautical artifacts, documents, and memorabilia;

b) Developing outreach programs to schools, cultural and historical societies, service organizations, community groups, and senior citizens to introduce and educate them in maritime history;

c) Creating and maintaining a computer data base of historical information related to the maritime activities of the Central Coast, California, and the Pacific Rim;

d) Establishing and maintaining a library that, in conjunction with the data base, will become a primary research center for the study of California and Pacific Coast maritime history;

e) Attracting maritime historians and scholars to research at the library, and hold symposia and conferences at the museum;

f) Creating an outstanding institution that will take its place among the world's great maritime museums and become a "must place to visit" for maritime museum buffs and afficionados the world over.

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

1. The City of Morro Bay strongly supports this worthy project to establish a world-class maritime museum and invites the Central Coast Maritime Museum Association to consider a suitable site within the limits of the City; and

2. Requests all private and governmental granting agencies to consider the Central Coast Maritime Museum Association worthy of their support; and

3. Requests all businesses, institutions, landowners, service organizations, societies and community groups of all types, and residents to recognize the value of a maritime museum to the cultural and commercial life of the community, and to support the Central Coast Maritime Museum Association in whatever manner they are able.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 12th day of June, 1995 on the following vote:

AYES: Anderson, Crotzer, Unger
NOES: None
ABSENT: Novak, Yates

Ahnawake Unger
AHNAWAKE UNGER, Vice-Mayor

ATTEST:

Bridgett Bauer
BRIDGETT BAUER, City Clerk

Economic Vitality Committee

Morro Bay Chamber of Commerce
880 Main Street
Morro Bay, CA 93442

July 10, 1998

Dear Mayor and City Council Members:

The Economic Vitality Committee has been discussing the Maritime Museum project which we understand will soon be coming before you.

The Maritime Museum Association is seeking the city's cooperation in finding an appropriate site, perhaps involving city-owned property.

We believe the public benefits of a world class museum located in Morro Bay are sufficient to warrant the city's participation as a financial partner in this endeavor. We urge you to join forces with the Central Coast Maritime Museum Association to bring this project to fruition as quickly as possible.

Our two main industries in Morro Bay are tourism and fishing. Tourism accounts for about 60% of the city's general revenues. This project will offer a substantial boost to Morro Bay businesses dependent on tourism. It also will spotlight the commercial fishing industry by educating the public about the rich history of commercial fishing in Morro Bay.

This can be done at little or no cost to the citizens of Morro Bay and once opened the museum would generate significant new revenues for the city.

We strongly recommend that a formal commitment be made by the city to the Central Coast Maritime Museum Association and that the city actively work with them to open a museum in Morro Bay that all of its citizens will be proud of.

Robert C. Pool

Robert C. Pool, Co-Chair
Economic Vitality Committee

Copy to Dave Cole

★ ★ ★ "THE VOICE OF THE CENTRAL COAST" ★ ★ ★

THE BAY NEWS

FREE • Every other Friday - Serving Over 30,000 Readers • **WEEKEND EDITION** • **Friday, June 16, 1995** • Volume Seven – Number Twenty-Two

CC 09.26.17 Page 30 of 234

Council Supports Effort to Establish Maritime Museum

By JACK BEARDWOOD
SPECIAL TO THE BAY NEWS

Morro Bay City Council has voted unanimously to support the concept of building a maritime museum in Morro Bay, preferably on the waterfront.

In a resolution approved by council June 12, the city "strongly supports this worthy project to establish a world-class maritime museum" and requests all private and governmental granting agencies to consider the Central Coast Maritime Museum Association worthy of their support.

Brent Roberts, a member of the association's Board of Directors, said that the group recently received non-profit corporation status. The effort is beginning to pick up momentum in the form of private donations and interest from possible corporate sponsors. They are still looking for a location. Once they locate a plot of land, Roberts expects interest to pick up dramatically.

"I want it because the maritime history of the area is something that's been forgotten," he said. "It's valuable to share the history."

"It's been a passion of mine. I feel strongly about this. None of the Board of Trustees will receive money from this."

The museum would deal with the history of the entire

(See MARITIME, page 2)

MARITIME *continued from page ONE*

Central Coast, he added. "It will create a lot of tourism, but tourism isn't the main idea. I think people enjoy history and enjoy learning about it and it will be an asset to the city."

The museum hopes to preserve local maritime history through:

*Collecting, conserving and exhibiting nautical artifacts, documents and memorabilia.

*Developing outreach programs to schools, cultural and historical societies, service organizations, community groups and senior citizens to introduce and educate them in maritime history.

*Creating and maintaining a computer data base of historical information related to the maritime activities of the Central Coast and the Pacific Rim.

*Establishing and maintaining a library that will become a primary research center for the study of California and Pacific Coast maritime history.

*Attracting maritime historians and scholars to research at the library and hold symposiums and conferences at the museum.

*Creating an outstanding institution that will take its place among the worlds great maritime museums and become a "must place to visit" for maritime museum buffs and afficionados the world over.

Roberts said that his group is already involved in the process of documenting artifacts and conducting historical research.

Roberts is a real estate appraiser for Mid-State Bank.

The city's resolution of support states that the Central Coast of California has a maritime history extending back to antiquity and encompassing the Native American, Spanish, Mexican and American periods of California's history.

It states that the development of Central Coast communities was greatly dependent on the ocean commerce carried on by the vessels of many nations, including all manner of canoes, galleons, fragata, barques, brigs, schooners and steamers.

"This rich and varied maritime history must be studied, taught and preserved as an invaluable and indispensable component of our heritage,"the resolution states.

"Morro Bay has a past and ongoing connection with the sea and with maritime industries, and is currently one of the few communities that continues to be a base for ongoing maritime activity."

1998 AGREEMENT

AGREEMENT BETWEEN THE CENTRAL COAST MARITIME MUSEUM ASSOCIATION AND THE CITY OF MORRO BAY TO IDENTIFY A POTENTIAL SITE FOR CONSTRUCTION OF A MARITIME MUSEUM IN MORRO BAY

Whereas, the Central Coast Maritime Museum Association (CCMMA) was incorporated as a non-profit California corporation in 1991 for the purpose of preserving the maritime history of the Central Coast; and,

Whereas, CCMMA desires to construct a maritime museum in Morro Bay; and,

Whereas, the City Council of the City of Morro Bay (City) strongly supports the CCMMA and desires to assist CCMMA in constructing a maritime museum in Morro Bay.

Now therefore the parties hereto agree as follows:

The City desires to designate two areas of City owned property for potential sites to construct the proposed Central Coast Maritime Museum. These sites are designated in "as is condition" and it is the responsibility of the CCMMA to investigate the sites to assure they are suitable for CCMMA's proposed project.

Site #1 is a portion of the approximately 4 acres of City owned land directly West of the Duke Energy Services Power Plant Farm and east of the existing Embarcadero extension as shown on the attached Exhibit A, made a part hereof by this reference. In the event that adjacent property is acquired by the City, the CCMMA would have the opportunity to discuss relocation of the museum site accordingly.

Site #2: is that portion of the Front Street lot shown on the attached Exhibit A, made a part hereof by this reference, and labeled on Exhibit B as "Requested City Property for Museum Location" The City commits these lands to the Central Coast Maritime Museum project at no cost under the following conditions:

1. FUNDING: CCMMA shall assume all costs and responsibility for planning, permitting, design, construction, operation and any other costs or tasks associated with the maritime museum project. The City shall not be responsible for any costs unless specifically directed by a future City Council action. It is understood between the parties that CCMMA will attempt to acquire grant or foundation funding for the costs of the proposed museum.

2. DESIGN: Should CCMMA be successful in raising funds to construct the museum, CCMMA will meet with the City to define detailed property needs on the selected site and CCMMA will acquire all local, state, and federal permits and approvals required for said project on the site. Prior to final City Council action to dedicate a final detailed site on City property, the City Council shall review and approve the precise plan phase of the conditional use permit and the City reserves the right to choose not to proceed with the project on City land should the City Council not accept the precise plan. CCMMA understands that public parking and traffic are critical issues for the

City and CCMMA agrees that it will provide all additional parking required by the new museum in addition to existing public parking at the site.

3. OPTION TO LEASE: In the event that CCMMA obtains City Council approval of precise plans, the City action to dedicate the property for actual construction may take the form of a long term lease or option to lease. CCMMA shall negotiate with City staff a mutually agreeable lease or option to lease agreement which shall be presented to the City Council for review and or approval subsequent to the City Council's approval of the precise plan. The City reserves the right to negotiate a fair land rental and all other terms of any future lease agreement.

4. HOLD HARMLESS: The sites are offered in "as is" conditions and CCMMA agrees that it shall be CCMMA's sole responsibility to investigate the conditions (both physical and regulatory) of the Site to insure the sites are suitable for the proposed operations of the CCMMA. CCMMA agrees to investigate, defend, indemnify and hold harmless the City, its employees and agents, from and against any and all losses, damage, liability, claims, demands, detriments, costs, charges and expenses (including attorney's fees) and causes of action whatsoever character, which the City may incur due to this agreement or CCMMA's operations or any acts or omissions of CCMMA or its guests, employees, agents and contractors..

5. TERM: This agreement shall be in effect from September 14, 1998 until September 30, 2003. Either party may terminate this agreement for any reason upon 90 days written notice to the other party.

6. ENTIRE AGREEMENT: This document constitutes the entire agreement between the City and CCMMA and supercedes all prior negotiations, oral and written. This agreement shall not be amended or modified in any respect whatsoever, except by a written instrument signed by the City and CCMMA.

Brian E. Roberts 9-17-98
Central Coast Maritime Museum Association, Director

Cathy Novak
Cathy Novak, Mayor, City of Morro Bay

Central Coast Maritime Museum Association, Director

Bridgett Bauer
Bridgett Bauer, City Clerk, City of Morro Bay

Robert Schultz
Robert Schultz, City Attorney, City of Morro Bay

2011 MOU 1

MEMORANDUM OF UNDERSTANDING
MARITIME MUSEUM DESIGN AND PERMIT PROCESSING

This Memorandum of Understanding ("MOU") is entered into by and between the City of Morro Bay, a Municipal Corporation formed under the laws of the State of California, hereinafter referred to as the "City"; and Central Coast Maritime Museum Association, a 501(c)(3) non-profit organization hereinafter referred to as "CCMMA." Collectively, the City and CCMMA are referred to herein as the "Parties."

WHEREAS, the Central Coast Maritime Museum Association (CCMMA) was incorporated as a non-profit California corporation in 1991 for the purpose of preserving the maritime history of the Central Coast; and

WHEREAS, CCMMA is a 501(c)(3) non-profit organization committed to establishing a Maritime Museum within Morro Bay, including but not limited to the design, development, operation, and maintenance of the Maritime Museum; and

WHEREAS, CCMMA has raised funds for the design and permitting of the Maritime Museum and has caused to be prepared preliminary plans for the Maritime Museum to be constructed on the property known as the Front Street Parking Lot; and

WHEREAS, the preliminary plans for the Maritime Museum in the Front Street Parking Lot include an Interpretive Center just under 1500 square feet in size and incorporate an outdoor small craft display; and

WHEREAS, The Front Street Parking Lot is governed by the Waterfront Master Plan and is located within the Visitor Serving/Special Design Criteria Overlay (C-VS/S.4) zone district, where the establishment of an indoor museum is permitted with the approval of a Minor Use Permit. Due to the outdoor nature of the proposed Maritime Museum, a CUP is required. In addition, since the project site is located within the Original Jurisdiction of the California Coastal Commission (CCC) the project is also required to obtain a Coastal Development Permit from the CCC subsequent to obtaining a CUP from the City; and

WHEREAS, the City Council of the City of Morro Bay (City) strongly supports the CCMMA and desires to assist CCMMA in the permitting and constructing of a maritime museum in Morro Bay but has made it clear that it has no financial resources at this time to commit to the design, development, operation, or maintenance of the Maritime Museum; and

2011 MOU 2

WHEREAS, CCMMA expects that it can raise funds and secure other commitments for the development, operation, and maintenance of the Maritime Museum; and

WHEREAS, the City Council has reviewed the preliminary plans submitted by CCMMA and has consented to the processing of any and all permits and abandonment of rights of way in order to accommodate the Maritime Museum at the Front Street Parking Lot; and

WHEREAS, the Parties desire a Memorandum of Understanding to document their mutual commitment to proceed in good faith with the permitting process for the Maritime Museum, including consideration of permits and abandonment of right of way, subject to one or more future public hearings and the discretion of the City Council in its ultimate approval or disapproval of the Maritime Museum.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the Parties agree as follows:

1. CCMMA will proceed expeditiously as follows:

   a. Prepare all design documents and plans required for approval of any and all permits and abandonment of the Front Street Right of Way (collectively, the "Permits") for the Maritime Museum as required by the City.

   b. Apply for the Permits as required by the City.

   c. Submit all documents and provide all plans, prepared by appropriate professionals, required by the City for the Abandonment of the Front Street Right of Way and the Permits.

   d. Perform, by appropriate professionals, all environmental analysis and review for the abandonment of Front Street Right of Way and the Permits as required by the City.

2. The City will proceed as follows:

   a. Advise CCMMA in writing within 45 days of all requirements for a complete abandonment of the Front Street Right of Way application.

   b. Advise CCMMA in writing within 45 days of all other Permits that will be required by the City and of all requirements for complete applications for such Permits.

c. Advise CCMMA in writing within 45 days of any other Permits that, to the knowledge of the City, will be required by any other governmental agency, and, to the knowledge of the City, all requirements for complete applications for such Permits.

d. Process the Front Street Right of Way application and all Permit applications at a staff level expeditiously and advise CCMMA of the status of such processing upon request.

e. Schedule all required hearings at the earliest possible date convenient to CCMMA.

f. Upon request of CCMMA, provide all pertinent information necessary for CCMMA to fulfill its responsibilities under this MOU.

3. The City will waive all Front Street Right of Way abandonment and Permit processing fees and development fees, normally charged applicants by the City, including fees for environmental review by City staff. Within 30 days of request by the City, CCMMA will pay all other fees and costs charged by any third party associated with the preparation and submittal of plans and documents required for the Front Street Right of Way and Permits.

4. The City shall permit CCMMA to establish a temporary display at the Front Street Parking Lot for the intention of gathering public and financial support. This display would be subject to City approval and include one or two vessels on display cradles with architectural grade signage describing the project. CCMMA agrees to maintain its own liability insurance and indemnify the City for the temporary display.

5. Each party to this MOU will at all times act in good faith in the performance of its duties and responsibilities under this MOU, will use its best efforts to assist the other party, and will be courteous, helpful, cooperative with, and appreciative of the other party.

6. The Parties agree that in the event of approval of the Front Street Right of Way and Permits, they will enter into a long term Lease Agreement regarding the development (construction), operation, and maintenance of the Maritime Museum. CCMMA shall negotiate with City staff a mutually agreeable lease which shall be presented to the City Council for review and/or approval subsequent to the City Council's approval of all permits. The City reserves the right to negotiate a fair land rental and all other terms of any future lease agreement.

2011MOU4

7. CCMMA will furnish to the City the names and telephone numbers of two representatives of CCMMA, each with authority to act alone on behalf of CCMMA, and who will act as the contacts with the City concerning the subject matter of this MOU. CCMMA will notify the City in writing if a representative can no longer serve and will provide the name and telephone number of a replacement.

   The City will furnish CCMMA the names and telephone numbers of two representatives of the City, each with the authority to act alone on behalf of the City, and who will act as the contacts with CCMMA concerning the subject matter of this MOU. The City will notify CCMMA in writing if a representative can no longer serve and will provide the name and telephone number of a replacement.

8. Written notice to the respective parties will be provided as follows:

   To the City:

   City of Morro Bay
   Department of Recreation & Parks
   Attention: Director
   Morro Bay, CA 93442

   To CCMMA:

   Central Coast Maritime Museum Association
   P.O. Box 1775
   Morro Bay, CA 93443

9. This MOU shall be effective upon approval by the City Council and execution by the Parties. The persons executing this MOU represent that they are duly authorized by the party they represent to execute and bind that party. This MOU is the final, complete, and exclusive statement of the terms of the understanding between the Parties, supersedes all previous understandings between the Parties as to its subject matter, and may be amended only in a further writing executed by both Parties.

IN WITNESS WHEREOF, the parties hereto have caused this MOU to be executed at Morro Bay, California, on the dates written below.

2011 MOU 5

CITY OF MORRO BAY	CCMMA
William Yates, Mayor	By: Larry Newland, President
Date: January 13, 2011	Date: 14 JAN 2011
ATTEST:	
Bridgett Kessling, City Clerk	

LOIS CAPPS
23RD DISTRICT, CALIFORNIA

2231 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-0522
(202) 225-3601
www.capps.house.gov

COMMITTEE ON
ENERGY AND COMMERCE

Congress of the United States
House of Representatives

DISTRICT OFFICES:
☐ 1411 MARSH STREET, SUITE 205
SAN LUIS OBISPO, CA 93401
(805) 546-8348

☐ 301 EAST CARRILLO STREET, SUITE A
SANTA BARBARA, CA 93101
(805) 730-1710

☐ 2675 NORTH VENTURA ROAD, SUITE 106
PORT HUENEME, CA 93041
(805) 985-5607

Attn: Commander David T. Lemly
Moffett Road Building 497
Deep Submergence Unit
Naval Air Station North Island
San Diego, CA 92135-7049

Dear Commander David T. Lemly:

I am writing to you on behalf of the Central Coast Maritime Museum Association (CCMMA), and the City of Morro Bay, California, which is located in my Congressional District. The CCMMA is a California 501(c)3 non-profit organization that is collaborating with the City to build a maritime museum on the Morro Bay waterfront.

I am writing because both the City and the CCMMA are interested in obtaining the DSRV (2) *Avalon* for use in a static maritime museum display on the Morro Bay waterfront. The City values its maritime heritage and knows that the DSRV (2) *Avalon* would generate a great deal of community excitement and enthusiasm for maritime history and science. These maritime museum exhibits may also include a USCG 30' surf rescue boat that was station in Morro Bay in the 1980's and the 1920's tug *Alma*. The *Alma* rescued crew members of the Union Oil tanker *Montebello* after it had been sunk by the Japanese I21 submarine on the morning of December 23, 1941. Obtaining the DSRV (2) *Avalon* would reinforce and showcase the link between the City and the Navy, particularly because the Morro Bay waterfront was largely built by the Navy for use as a training base for submarine crews and other missions at the onset of World War II.

My understanding is that the *Avalon* has been decommissioned and is being stored on its land transport vehicle (LTV) at Naval Air Station North Island, on the Naval Base Coronado, in San Diego, CA. On behalf of the City of Morro Bay and the CCMMA I enthusiastically support the goal of the City and the CCMMA to obtain and display the DSRV (2) *Avalon* in its maritime museum exhibit. Additionally, I am requesting that the DSRV (2) *Avalon*, its LTV, lifting bridle, pylon assembly and other relevant accessories, be conveyed to the CCMMA as soon as possible for this purpose. Both the City and the CCMMA representatives have assured me they will assume all financial costs associated with its transfer, and that they will obtain all necessary permits from local agencies and the California Department of Transportation. Furthermore the CCMMA has a Memorandum of Understanding with the City of Morro Bay outlining the steps for installation of the Morro Bay Maritime Museum and further financial matters.

If you have further questions or need additional information please contact Brenna Barber on my staff at (202) 225-3601.

Sincerely,

Lois Capps

LOIS CAPPS
Member of Congress

PRINTED ON RECYCLED PAPER

A PROCLAMATION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY DECLARING OCTOBER AS MARITIME DISCOVERY MONTH

CITY COUNCIL
City of Morro Bay, California

WHEREAS, Morro Bay has evolved at the connection between land and ocean for countless centuries before recorded history; and

WHEREAS, Native Americans plied the waters and shores of Morro Bay; and

WHEREAS, Cabrillo's voyage of discovery in 1542 sailed by Morro Bay on the first European expedition up the California Coast; and

WHEREAS, Gaspar de Portolá i Rovira, in 1769, leading a land expedition in search of safe harbors, noted Morro Rock; and

WHEREAS, Morro Bay has been a commercial fishing town for generations; and

WHEREAS, Morro Bay facilitated valuable U.S. Navy training operations during World War II; and

WHEREAS, Morro Bay's vital tourism economy now revolves around activities in and around the bay such as fishing, surfing, kayaking, sailing, etc.

NOW, THEREFORE, BE IT RESOLVED, that the Morro Bay City Council does hereby proclaim the month of October, every year, as Maritime Discovery Month in the City of Morro Bay, and urges the citizens of Morro Bay, California, to join the efforts to celebrate the maritime heritage of our city by the sea.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the City of Morro Bay to be affixed this 23rd day of August, 2016

Jamie L. Irons

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

LICENSE AGREEMENT

FOR USE OF PUBLIC PROPERTY

This License ("this License") is entered into by and between the City of Morro Bay ("Licensor") and Central Coast Maritime Museum Association ("Licensee").

RECITALS

A. Licensee is a 501(c)(3), non-profit, public-benefit corporation, organized and existing under the laws of the State of California since 1994 for educational, scientific and charitable purposes, with the express purpose of preserving the maritime history of the Central Coast of California.
B. Licensor is a municipal corporation formed under the laws of the state of California as a general laws city located in San Luis Obispo County, California;
C. On January 14, 2011, Licensee and Licensor entered into a "Memorandum of Understanding Maritime Museum Design and Permit Processing" ("MOU");
D. Licensor and Licensee now desire to enter into a License Agreement concerning Licensee's use and occupation of certain real property owned by Licensor;
E. Licensee and Licensor hereby acknowledge and ratify the terms of the January 14, 2011, MOU;
F. Licensee and Licensor intend, to the extent any term or provision of this License conflicts with the MOU, this License shall control.
G. Licensee and Licensor intend this License to be a temporary agreement, to be replaced by a long-term lease agreement with terms consistent with the provisions of this License and the MOU, to be entered into no later than six months after the first museum building is occupied, subject to extension by mutual agreement.

Based upon the foregoing Recitals, Licensor and Licensee hereby agree to the following:

1. GRANT OF LICENSE: Licensor hereby grants to Licensee a license ("this License") for use of the real property located at Front Street Parking Lot, the area commonly referred to as the Triangle Parking Lot and associated public property and rights-of-way, as illustrated on the attached Exhibit A, attached hereto and incorporated herein (the "Premises"), subject to the Recitals and all the following terms and conditions.

2. USE: Subject to all the provisions of this License, including the Recitals and only in recognition of the purpose set forth in this Paragraph, Licensee shall have permission to use of the Premises for "Phase I" of the Maritime Museum project for solely the following:

(a) to provide for the public display of three vessels, namely the AVALON, CG 30615 and ALMA and associated equipment, including the placement of barriers, steps and similar items, subject to the reasonable approval of the Community Development Director. In addition, subject to conditional approval of all required land use entitlements from Licensor, acting in its governmental capacity, and any other applicable governmental

body or subject to written conditional approval from the Community Development Director, if no other land use entitlement is required, two additional vessels may also be publicly displayed on Premises;

(b) Licensee will provide opportunities for the public to view (i) the exterior of the Vessels at any and all times at no cost; Licensee may at times open said vessels for public viewing and charge a reasonable fee or request a reasonable donation to viewers. Licensee will inform the City Harbor Director via email or in person when interior viewing will take place;

(c) Licensee may construct one approximately 400-square-foot museum building on a 20-foot by 20-foot concrete pad on the Premises, and associated landscaping, hardscaping and other public improvements, such as, but not limited to addition of picnic tables, benches and public art or historical and cultural artifacts;

(d) Licensee may install and maintain a maximum of four architectural-grade informational kiosks for Licensee to display items related to the Vessels of Licensee's purposes as described in the Recitals, above. Kiosks shall not exceed 16 square feet in floor area and no more than 10 feet in height for use in conjunction with the Vessels; and

(e) Licensee may occasionally, with approval of the City Harbor Director, hold fundraising events on the Premises. Such fundraising events will be in compliance with all applicable Licensor rules, regulations and laws; and

(f) There are currently no utilities (electricity, gas, water, wastewater, internet or phone) available for servicing the Premises. Licensee shall have the right, but not the obligation, to cause to be installed any such service(s) as Licensee may determine in its sole discretion to be necessary or desirable, at Licensee's sole expense. Licensor shall cooperate as necessary to facilitate connection of services. Notwithstanding the foregoing, to the extent any such service may required by any land use entitlement or, permit approval, Licensee, at its sole costs, shall cause such service to be provided to the Premises.

The specific location of all vessels, displays and landscape, hardscape and public g improvements shall be subject to collaboration and approval of City's Harbor Director and Community Development Director, and any and all required and applicable permits and approvals must be appropriately obtained. The parties understand this License does not create any predetermination regarding whether any permits shall be approved, conditionally approved or denied.

The foregoing shall be defined as the "Permitted Uses."

Licensee shall not use the Premises for any of the following:

(a) attempting to influence legislation,
(b) organizing or engaging in protests, petitions, boycotts, or strikes,
(c) assisting, promoting or deterring union organizing,
(d) impairing existing contracts for services or collective bargaining agreements,
(e) engaging in partisan political activities or other activities designed to influence the outcome of an election to any public office,

(f) participating in, or endorsing, events or activities that are likely to include advocacy for or against political parties, political platforms, political candidates, proposed legislation, or elected officials,

(g) engaging in religious instruction; conducting worship services, providing instruction as part of a program that includes mandatory religious instruction or worship, constructing or operating facilities devoted to religious instruction or worship, maintaining facilities primarily or inherently devoted to religious instruction or worship, or engaging in any form of religious proselytization,

(h) providing a direct benefit to a business organized for profit; a labor union; a partisan political organization; a nonprofit organization that fails to comply with the restrictions contained in section 501(c)(3) of the Internal Revenue Code of 1986 except that nothing in this section shall be construed to prevent participants from engaging in advocacy activities undertaken at their own initiative; and an organization engaged in the religious activities described in the preceding subclause, unless Corporation assistance is not used to support those religious activities,

(i) any other activity prohibited by any law, rule or regulation or Licensor cannot legally perform or participate in, or

(j) any other activity Licensor cannot legally perform or participate in.

The parties agree Licensee's use of the Premises for the Permitted Uses shall be exclusive of any other use or user except that of Licensor, subject to Paragraph 18, below.

3. LICENSOR REQUIREMENTS: In connection with the Permitted Uses, Licensee shall comply with all applicable Federal, State and local laws rules and regulations, including payment of local business taxes, if applicable.

4. EFFECTIVE DATE OF LICENSE: This License shall be deemed effective as of June 30, 2017, after it is signed on behalf of both parties (the "Effective Date").

5. TERM: The term of this License shall be for the period from the Effective Date, until the earlier of December 31, 2022, termination pursuant to Paragraph 17, below, or replacement by a long-term lease agreement (the "Term"). This License may be renewed for an additional five-year term (the "Additional Term") by the City Harbor Director. The Additional Term shall be from January 1, 2023, until the earlier of December 31, 2027, termination pursuant to Paragraph 17, below, or replacement by a long-term lease agreement.

6. FEES. There is no fee to be paid by Licensee for this License.

7. OPERATION COSTS: Licensee shall be responsible for all costs related to its use of the Premises, including the utilities used by Licensee for the Premises.

8. MAINTENANCE: Licensee shall be responsible to maintain the Premises in a clean and presentable manner and keep the Premises free from waste, debris, trash and other rubbish. Upon termination of this License for any reason, Licensee shall leave the Premises free

from waste, debris, trash and other rubbish and in a good condition, subject to normal wear and tear.

9. SIGNS: Any and all signs installed or used by Licensee that are visible to the public from outside the Premises are subject to approval by the Community Development Director. All signage is subject to all applicable Licensor zoning laws, rules and regulations.

10. IMPROVEMENTS: Licensee shall not make any improvements to the Premises without prior approval from Licensor's City Harbor Director and Community Development Director.

11. REPORTS: During the Term, Licensee shall report to the City Harbor Director on an annual basis regarding programs and the general operating status of Licensee. Annual reporting shall be subject to a mutually-agreeable format and timing between Licensee's Board of Trustees and the City Harbor Director, but no later than December 31st of each year.

12. LICENSEE OBLIGATIONS: Termination of this Licensee shall not terminate Licensee's obligations pursuant to Paragraphs 13, 14, 15, 16 and 17.

13. TAXABLE INTEREST: This License is not intended to create any interest in real property. If it is determined, by a governmental agency dually authorized to make such decision, this License creates any taxable interest, including, but not limited to, a possessory interest, then Licensee shall be solely responsible to pay such taxes to the extent such taxes are required by law to be paid.

14. HOLD HARMLESS: Licensee agrees to and hereby does hold harmless, indemnify and defend Licensor and its officers, agents and employees ("Indemnitees") from any claim, judgment, liability, award, damages, loss or expense, including reasonable attorney's fees and court costs, arising out of or related to the use of the Premises by Licensee, including, but not limited to, any hazardous materials releases; provided, that Licensee's obligation to indemnify and hold harmless shall apply only to the extent Licensee, its officers, employees or agents caused the claim, loss or expense. For purposes of this License, hazardous materials shall mean any materials as defined by State or Federal laws.

15. INSURANCE: Without limiting the obligation set forth in the immediately preceding sentence, during the term of this License Licensee shall provide evidence of insurance as provided in Exhibit B.

16. NO LIENS ON PREMISES: Licensee shall not permit or suffer any mechanic's or materialman's or other lien of any kind or nature to be recorded or enforced against the Premises for any work done or materials furnished thereon at the instance of requirement of or on behalf of Licensee; and Licensee agrees to indemnify and hold harmless Licensor and the Premises against and from any and all liens, claims, demands, costs and expenses of whatsoever nature in any way connected with such work done, labor performed or material furnished in connection with Licensee's use of the Premises.

17. RIGHT TO TERMINATE/NO DISPLACEMENT LIABILITY: Either party shall have the right to terminate this License, with (subject to the opportunity to cure set forth in this Paragraph 17) or without cause, upon one hundred eighty-days' (180-days') written notice to the non-terminating party, as set forth in Paragraph 22. Subject to the last sentence of this Paragraph, Licensor shall not be liable (i) for any displacement or relocation benefits or expenses experienced by Licensee, (ii) for reimbursement for any improvements installed by Licensee or (iii) for any damages in condemnation, inverse condemnation, loss of goodwill or other legal or equitable bases resulting, directly or indirectly, from any action or inaction of or on behalf of Licensor that may be in any way connected with any termination of this License for any reason or any relocation of Licensee from the Premises for any reason. If City exercises its right to terminate this License for no cause, then City shall reimburse Licensee for a pro rata share of the actual hard and soft costs Licensee paid for installation of the improvements described in Subparagraphs 1. (c) and (d) (the "Costs"), based on a 5-year depreciation of the Costs.

    Termination by Licensor for cause shall be effective only if the notice described above provides sufficient detail of the cause for termination to allow Licensee an opportunity to cure within the 180-day period. If, during that 180-day period or longer period granted by the City Council, the cure is completed, as determined in writing to the reasonable satisfaction of City's City Manager, then the notice to terminate for cause shall be deemed rescinded.

    Nothing in this Paragraph 17 shall prevent Licensor from retaking immediate possession of the Premises in the event the Premises is endangered, destroyed or required for Licensor's use due to natural disaster, as declared by local, state or federal authorities in accordance with applicable law.

18. GOVERNING LAW: The terms of this License shall be interpreted according to the laws of the State of California. If arises out of this License, then venue shall be in the Superior Court of San Luis Obispo County.

19. ALTERNATIVE DISPUTE RESOLUTION: Licensee and Licensor agree before either party may bring any legal or equitable against the other party regarding this License, then each party shall promptly make good faith efforts to negotiate written voluntary resolution of the matter. If the matter remains unsettled for forty-five days after notification (as set forth in Paragraph 22) a dispute exists, the parties shall immediately and jointly retain a mutually-agreed neutral mediator with at least five-years' experience in dispute resolution and participate in confidential mediation to continue attempting to work out a written voluntary settlement.

20. LICENSOR USE OF PREMISES: Licensor may use the Premises for programs and storage and other municipal uses; provided, that such use shall not unreasonably interfere with or prevent in any substantial way Licensee's ability to utilize the Premises for the purposes set forth herein; and provided, further, that Licensor shall be responsible for all operation costs and maintenance for the portion of the Premises Licensor uses or occupies. In addition, without any implied or expressed limitation on Licensor's authority and right to access and inspect the Premises in its governmental capacity, Licensor shall have the right to access at any time to the Premises for inspections upon 8-hours' notice. If, pursuant to this Paragraph any portion of the Premises is used or leased by Licensor to a third party, then that third party shall provide at least 30-days' written notice to Licensee to provide Licensee and that third party an opportunity to meet and confer concerning the intended use by the third party. The third party's use shall not unreasonably interfere with or prevent in any substantial way Licensee's ability to utilize the Premises for the purposes set forth herein.

21. TRANSFERABILITY AND ASSIGNABILITY: The License is neither transferable nor assignable by Licensee without the prior written consent of Licensor.

22. NOTICES: All notices given or required to be given pursuant to this License shall be in writing and may be given by personal delivery or by mail. Notice sent by mail shall be addressed as follows:

To Licensor:

City of Morro Bay
Attn: Harbor Director
595 Harbor Street
Morro Bay, CA 93442

To Licensee:

Central Coast Maritime Museum Association
Attn: Larry Newland/Jack Hunter
PO Box 1775
Morro Bay, CA 93443

23. ENTIRE AGREEMENT: This License (i) constitutes the entire agreement of the parties hereto relating to the use, operation and maintenance of the Premises and (ii) shall supersede prospectively from the date it is entered into the Right-of-Way Encroachment Agreement of April 25, 2011. This License does not nullify or modify other historical agreements or resolutions regarding Licensee or the "Maritime Museum," including but not limited to, the MOU (the "Historical Agreements"). Notwithstanding the foregoing, the parties acknowledge their intent to work in good faith to negotiate and enter into a long-term lease, as referenced in Paragraphs G. and 5., above, which will supersede this License, all previous written or oral agreements that may exist between the parties, including the Historical Agreements. This License shall not be modified in any particular except by a written amendment duly executed by the parties.

LICENSEE

Dated: _____ By: _____
Larry Newland
Its President

Dated: _____ By: _____
_____
Its _____

LICENSOR

Dated:_____ By:_____
Jamie L. Irons, Mayor

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Joseph W. Pannone, City Attorney

ATTEST:

_____
Dana Swanson, City Clerk

EXHIBIT A

ASSESSOR MAP AND AERIAL OF PREMISES
INCLUDING CCMMA CONCEPTUAL SITE PLAN

(Immediately behind this page)

CITY OF MORRO BAY
EXHIBIT B

INSURANCE REQUIREMENTS

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

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

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

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

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

Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a maximum $25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured's liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against another. Coverage shall be applicable to Licensor for injury to employees of Licensee, subcontractors or others involved in the Work. The scope of coverage provided is subject to approval of Licensor following receipt of proof of insurance as required herein. Limits are subject to review but in no event less than $1,000,000 per occurrence.

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

General conditions pertaining to provision of insurance coverage by Licensee. Licensee and Licensor agree to the following with respect to insurance provided by Licensee:

1. Licensee agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds Licensor, and its officials, employees and agents, using standard ISO endorsement No. CG 2010 or an acceptable equivalent. Licensee also agrees to require all Licensees, and subcontractors to do likewise.

2. No liability insurance coverage provided to comply with this Agreement shall prohibit Licensee, or Licensee's employees, or agents, from waiving the right of subrogation prior to a loss. Licensee agrees to waive subrogation rights against Licensor regardless of the applicability of any insurance proceeds, and to require all Licensees and subcontractors to do likewise.

3. All insurance coverage and limits provided by Licensee and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to Licensor or its operations limits the application of such insurance coverage.

4. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to Licensor and approved of in writing.

5. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any Licensee or subcontractor.

6. All coverage types and limits required are subject to approval, modification and additional requirements by Licensor, as the need arises. Licensee shall not make any reductions in scope of coverage (*e.g.,* elimination of contractual liability or reduction of discovery period) that may affect Licensor's protection without Licensor's prior written consent.

7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Licensee's general liability policy, shall be delivered to Licensor at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, Licensor has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by Licensor shall be charged to and promptly paid by Licensee or deducted from sums due Licensee, at Licensor's option.

8. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Licensee or any subcontractor, is intended to apply first and on a primary, noncontributing basis in relation to any other insurance or self insurance available to Licensor.

9. Licensee agrees to ensure that subcontractors, and any other party involved with the project who is brought onto or involved in the project by Licensee, provide the same minimum insurance coverage required of Licensee. Licensee agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Licensee agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to Licensor for review.

10. Licensee agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any Licensee, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this agreement to self-insure its obligations to Licensor. If Licensee's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to Licensor. At the time Licensor shall review options with the Licensee, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.

11. Licensor reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Licensee ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Licensee, Licensor will negotiate additional compensation proportional to the increase benefit to Licensor.

12. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.

13. Licensee acknowledges and agrees that any actual or alleged failure on the part of Licensor to inform Licensee of non-compliance with any insurance requirements in no way

imposes any additional obligations on Licensor nor does it waive any rights hereunder in this or any other regard.

14. Licensee will renew the required coverage annually as long as Licensor, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until Licensor executes a written statement to that effect.

15. Licensee shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Licensee's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to Licensor within five days of the expiration of the coverages.

16. The provisions of any workers' compensation or similar act will not limit the obligations of Licensee under this agreement. Licensee expressly agrees not to use any statutory immunity defenses under such laws with respect to Licensor, its employees, officials and agents.

17. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.

18. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.

19. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

20. Licensee agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge Licensor or Licensee for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to Licensor. It is not the intent of Licensor to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against Licensor for payment of premiums or other amounts with respect thereto.

21. Licensee agrees to provide immediate notice to Licensor of any claim or loss against Licensee arising out of the work performed under this agreement. Licensor assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve Licensor.

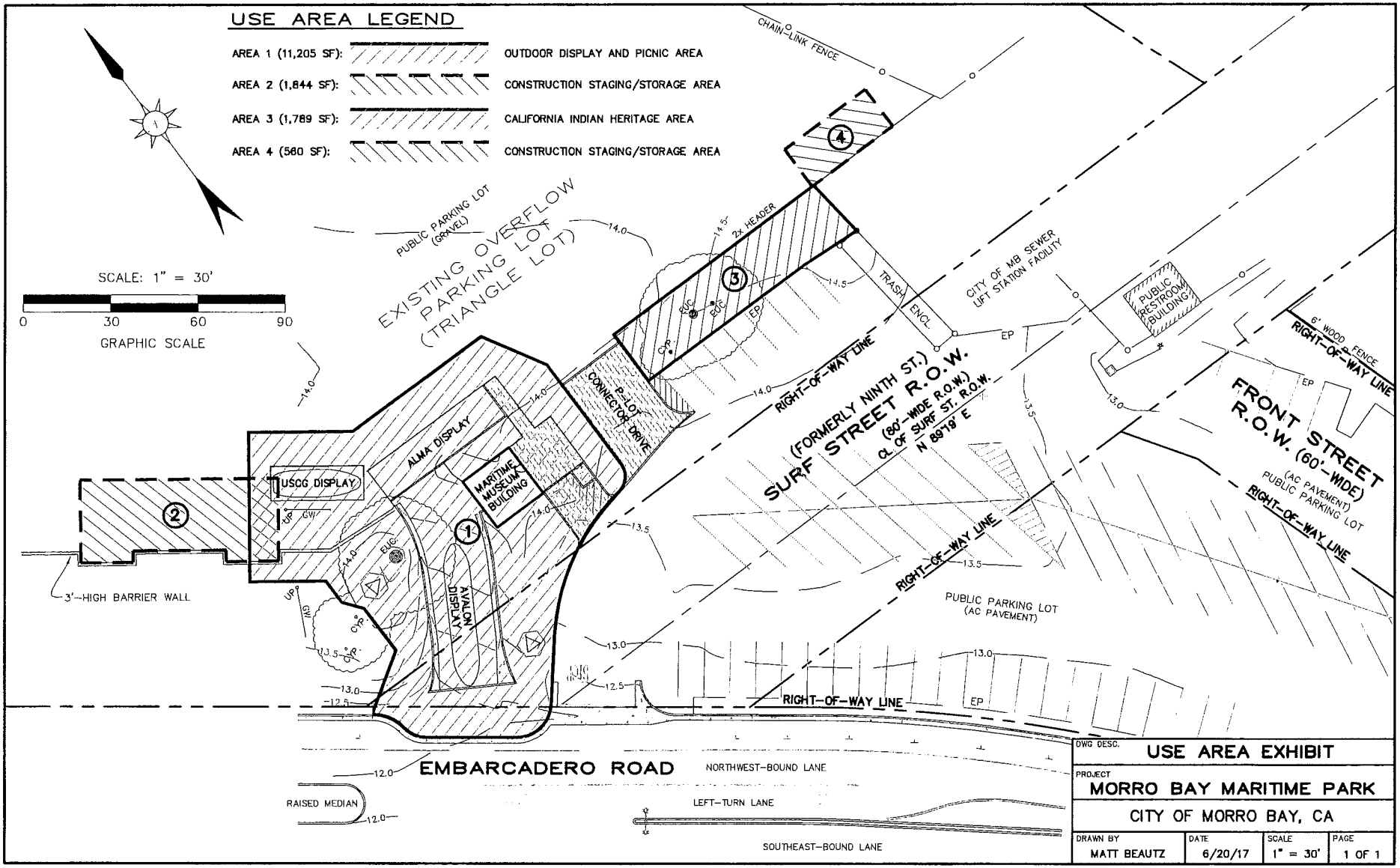

USE AREA LEGEND
AREA 1 (11,205 SF): OUTDOOR DISPLAY AND PICNIC AREA
AREA 2 (1,844 SF): CONSTRUCTION STAGING/STORAGE AREA
AREA 3 (1,789 SF): CALIFORNIA INDIAN HERITAGE AREA
AREA 4 (560 SF): CONSTRUCTION STAGING/STORAGE AREA
SCALE: 1" = 30'
0 30 60 90
GRAPHIC SCALE
CHAIN-LINK FENCE
PUBLIC PARKING LOT (GRAVEL)
EXISTING OVERFLOW PARKING LOT (TRIANGLE LOT)
2x HEADER
TRASH ENCL.
CITY OF MB SEWER LIFT STATION FACILITY
PUBLIC RESTROOM BUILDING
6' WOOD FENCE
RIGHT-OF-WAY LINE
(FORMERLY NINTH ST.)
SURF STREET R.O.W.
(80'-WIDE R.O.W.)
CL OF SURF ST. R.O.W.
N 89°19' E
FRONT STREET R.O.W. (60'-WIDE)
(AC PAVEMENT)
PUBLIC PARKING LOT
P-LOT CONNECTOR DRIVE
ALMA DISPLAY
MARITIME MUSEUM BUILDING
USCG DISPLAY
AVALON DISPLAY
3'-HIGH BARRIER WALL
PUBLIC PARKING LOT (AC PAVEMENT)
EMBARCADERO ROAD
NORTHWEST-BOUND LANE
LEFT-TURN LANE
SOUTHEAST-BOUND LANE
RAISED MEDIAN
DWG DESC. USE AREA EXHIBIT
PROJECT MORRO BAY MARITIME PARK
CITY OF MORRO BAY, CA
DRAWN BY MATT BEAUTZ
DATE 6/20/17
SCALE 1" = 30'
PAGE 1 OF 1

EXHIBIT A

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AGENDA NO:	**A-5**
MEETING DATE:	**September 26, 2017**

Staff Report

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

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

SUBJECT: **Adoption of Resolutions No. 52-17, 53-17, 54-17 and 55-17, Respectively Approving Memoranda of Understanding for Service Employees International Union Local 620 and the Morro Bay Firefighters Association IAFF Local 3725, and Establishing Compensation and Benefits for Management and Confidential Employees**

RECOMMENDATION

Staff recommends the City Council:

1. Adopt Resolution No. 52-17 approving a Memorandum of Understanding (MOU) for Morro Bay Firefighters Association (MBFFA) IAFF Local 3725.
2. Adopt Resolution No. 53-17 approving a MOU for Service Employees International Union (SEIU) Local 620 for the period July 1, 2017 through June 30, 2020.
3. Adopt Resolutions 54-17 and 55-17 establishing compensation and benefits for the City's unrepresented confidential and management designated employees.

FISCAL IMPACT

There is no direct fiscal impact associated with this action. The 2% COLA for FY 2017/18 was included in the adopted budget and previously approved by Council on June 27, 2017. The increase in the City's contribution to employee health banks for FY 2017/18 was also programmed into the FY 2017/18 budget. Fiscal impacts for FY 2018/19 and 2019/20 are not yet known but will be addressed during budget preparations for those years.

BACKGROUND/DISCUSSION

The City met and conferred with SEIU, MBFFA and Morro Bay Police Officers Association (POA) with the intent to negotiate multi-year contracts. Multi-year contracts benefit the City by bringing stability to the organization, reducing the time and expense of conducting negotiations on an annual basis, and improving employee morale. Rather than allow the FY 2016/17 agreements to expire, the parties agreed to extend those agreements through June 30, 2018, to allow for further consideration of the City's proposal for a three-year agreement. The groups were initially given until July 31 to accept the offer; however, that deadline was extended to August 30 to allow staff additional time to meet with members of each of the bargaining units to field questions related to the proposed financial triggers.

The 3-year agreements approved by SEIU and MBFFA are fully consistent with direction provided by the Council in closed session and includes a 2% COLA per year, provided the City meets projected revenues and there are no unexpected major negative impacts to the General Fund. If the City performs at or above projections, then the agreements also provide the potential for a

Prepared By: __DS____	**Dept Review:_____**
City Manager Review: ___MRL_____	**City Attorney Review: _JWP/MCH___**

"lump sum" bonus to employees in addition to the 2% COLA if revenues exceed projections.

1. Triggers are the City's three key revenue sources (Property Tax, Sales Tax and Transient Occupancy Tax), based on adopted FY 17/18 budget and 10-year budget forecast presented to Council and staff February 28, 2017.

2. Safety nets are included for the City if CalPERS liability increases beyond what has been announced by CalPERS on December 21, 2016, and budgeted for, and if there are externally driven unfunded state/federal mandates on the expense side.

3. There are no triggers associated with City-driven expenditures.

FY17-18 agreement:

- City agreed to 2% COLA adjustment beginning July 1, 2017 (this was approved by the Council June 27, 2017).
- In 2018, the City's contribution to health care for Employee + 1 and Employee + Family is increased by 2%.

FY18-19 agreement:

- If the following conditions are met, then City agrees to an additional 2% COLA adjustment beginning July 1, 2018:
  - Total major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined forecasted amount of $9,406,194 (matches FY17/18 budget adopted by Council). These figures are based on current tax rates. Increased tax rates would not count towards increased revenue receipts for this purpose (currently 1% Property Tax, 1.0% City Sales Tax, 10% TOT).
  - The CalPERS investment rate of return (i.e. "Discount Rate") to take effect in FY18-19 does not drop below rates announced on December 22, 2016, causing the City's contribution to PERS to increase more than $100,000 beyond the current budgeted amounts for the General Fund.
  - The City does not become responsible, during FY17-18, for any state/federally imposed unfunded mandates from any external source(s) that require significant unplanned / un-forecasted General Fund expenditure(s) of more than $300,000 in a fiscal year, including significant natural disasters affecting the City. Any such expenditure will be counted as a reduction in the combined revenue amount on which the various conditions are based, resulting either in a lower employee bonus or reduction in the intended COLA increase to 1% or 0%.
- If select combined revenues are above forecast, then in addition to the 2% COLA, 20% of the amount above the forecast amount will be shared with employees in the form of a one-time lump.
- A reopener is included to discuss any changes in health rates for 2019.

FY19-20 agreement:

Same terms as FY 18/19 except for revenue target amount is $9,395,906, as noted below (matches 10-year forecast).

- The City is willing to agree to a re-opener to if there's a 0% COLA in FY 19/20.
- Again, a reopener is included to discuss any changes in health rates for 2020.

Revenue Thresholds

The parties agree the threshold amounts for FY17-18 will be based on the City's adopted FY17-18 budget, and for FY19-20 will be based on the 10-year budget forecast presented to City Council on February 28, 2017.

COLA Year Affected	FY-18-19	FY19-20
Combined Receipts Forecast	FY17-18 Budget	FY18-19 Forecast
Property Tax	2,944,306	3,034,754
Property Tax In-Lieu (VLFAA)	1,004,328	1,037,401
Subtotal Property Tax	3,948,634	4,072,155
Sales Tax (local & triple-flip)	1,777,664	1,745,439
Sales Tax (Prop 172-Safety)	127,345	123,525
Subtotal Sales Tax	1,905,009	1,868,964
Transient Occupancy Tax	3,552,551	3,454,787
Combined Total Threshold	$9,406,194	$9,395,906

The Interim City Manager, Interim Finance Director and City Clerk were invited and attended Union and Association meetings to field questions and help members understand the desire to balance the City's financial position while recognizing the importance of fairly compensating its employees and also providing an incentive for one-time bonus payments should the City outperform the FY 2017/18 adopted budget and FY 2019/20 budget forecast.

The City Council also authorized similar 3-year contract terms be memorialized in resolutions establishing compensation and benefits with its unrepresented confidential and management employees.

CONCLUSION

Human Resources staff and the Interim City Manager recommend the City Council adopt the proposed Resolutions.

ATTACHMENTS

1. Resolution No. 52-17 approving a Memorandum of Understanding (MOU) for Morro Bay Firefighters Association (MBFFA) IAFF Local 3725
2. Resolution No. 53-17 approving a MOU for Service Employees International Union (SEIU) Local 620 for the period July 1, 2017 through June 30, 2020
3. Resolution No. 54-17 establishing compensation and benefits for the City's unrepresented confidential designated employees
4. Resolutions No. 55-17 establishing compensation and benefits for the City's unrepresented management designated employees

RESOLUTION NO. 52-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, APPROVING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY FIRE FIGHTERS ASSOCIATION, IAFF LOCAL 3725, FOR THE PERIOD OF JULY 1, 2017 THROUGH JUNE 30, 2020

THE CITY COUNCIL
Morro Bay, California

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

WHEREAS, the current Memorandum of Understanding between the City and MBFFA, which was duly approved by the City Council on August 23, 2016, was set to expire on June 30, 2017; and

WHEREAS, prior to the June 30, 2017 expiration of the MBFFA MOU 2016-2017, the City and MBFFA reached an agreement extending the term of the MBFFA MOU 2016-2017 by one year and providing a 2% cost of living adjustment ("COLA") for Fiscal Year 2017-18, and thereafter jointly prepared and executed an Amendment No. 1 to the MBFFA MOU 2016-2017 ("First Amendment"), which was ratified by the MBFFA on June 16, 2017 and approved by the City Council by Resolution No. 35-17 on June 27, 2017, and which extended the MBFFA MOU 2016-2017 to June 30, 2018; and

WHEREAS, the City and MBFFA subsequently met and conferred to negotiate the work schedule and leave accrual rates with respect to the Fire Marshal position, and prepared a Revised and Restated Amendment No. 1 to the MBFFA MOU 2016-2017 ("Revised First Amendment"), which superseded and replaced the First Amendment; and

WHEREAS, the Revised First Amendment was ratified by the MBFFA on July 15, 2017 and adopted by the City Council by Resolution No. 43-17 on August 8, 2017; and

WHEREAS, the City and MBFFA have continued to negotiate a three-year agreement for the period of July 1, 2017 through June 30, 2020, with two percent (2%) COLAs each year contingent upon the City meeting specified revenue thresholds; and

WHEREAS, the City labor relations representatives and MBFFA representatives successfully met and conferred to negotiate the three-year MOU between the parties, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Gov't Code Section 3500-3511) and the City's Employer-Employee Relations Resolution, Resolution No. 08-17, and have jointly prepared and executed the attached successor MOU between the City and MBFFA, for the period July 1, 2017 through, and including, June 30, 2020 ("MBFFA MOU 2017-2020"), which was ratified by the MBFFA on August 20, 2017; and

WHEREAS, the MBFFA MOU 2017-2020 is subject to City Council acceptance and approval, which is made a part hereof by this reference; and

WHEREAS, once approved by the City Council, the MBFFA MOU 2017-2020 shall become a binding agreement between the City and MBFFA.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, AS FOLLOWS:

Section 1. City Council Resolution No. 35-17, adopting the First Amendment, and Resolution No. 43-17, adopting the Revised First Amendment, are hereby rescinded and replaced by this resolution.

Section 2. The City Council approves the successor MOU between the City and MBFFA for the period of July 1, 2017 through, and including, June 30, 2020, a copy of which is attached hereto as Exhibit 1.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 26th day of September 2017, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JAMIE L. IRONS, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE MORRO BAY

FIREFIGHTERS ASSOCIATION,

IAFF LOCAL 3725

AND

THE CITY OF MORRO BAY

JULY 1, 2017 – JUNE 30, 2020

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MEMORANDUM OF UNDERSTANDING
BETWEEN THE MORRO BAY FIRE FIGHTERS ASSOCIATION, IAFF LOCAL 3725
AND THE CITY OF MORRO BAY
2017 - 2020

ARTICLE I PURPOSE

WHEREAS, the City of Morro Bay is a municipal corporation, existing under the laws of the State of California as a general law city (hereinafter referred to as the "CITY"); and

WHEREAS, the CITY Bay is limited, insofar as funds are concerned, because of a fixed tax rate, and in structure because it is a public entity, rather than a profit-making business; and

WHEREAS, the Morro Bay Fire Fighters Association (hereinafter referred to as the "MBFFA") is an unincorporated association under the laws of the State of California, and is affiliated with the International Association of Fire Fighters (IAFF) as IAFF Local 3725; and

WHEREAS, the CITY and the MBFFA recognize that the mission and the purpose of the CITY are to provide high-quality and economical municipal services and facilities to the residents of the City of Morro Bay.

THEREFORE, this Memorandum of Understanding (hereinafter referred to as the "MOU") is entered into as of July 1, 2017, between the CITY and the MBFFA.

It is the intent and purpose of this MOU to assure sound and mutually-beneficial working and economic relations and conditions between the parties hereto, to provide for an orderly and peaceable method and manner of resolving any differences, which may arise, and to negotiate any misunderstanding, which could arise, and to set forth, herein, the basic and full agreement between the parties, concerning the pay, wages, hours of employment, and other terms and conditions of employment.

ARTICLE 2 MANAGEMENT

2.1 In order to ensure that the CITY shall continue to carry out its public safety functions, programs, and responsibilities to the public, imposed by law, and to maintain efficient public safety service for the citizens of Morro Bay, the CITY continues to reserve and retain solely and exclusively all management rights, regardless of the frequency of use, including those rights and responsibilities set forth by law, and those CITY rights set forth in the CITY's Personnel Rules and Regulations and including, but not limited to, the following:

2.1.1 To manage the Fire Department, and determine policies and procedures and the right to manage the affairs of the Department.

2.1.2 To determine the existence, or nonexistence, of facts which are the basis of the management decision, in compliance with State law.

2.1.3 To determine the necessity, organization, implementation, and termination of any service or activity conducted by the CITY or other government jurisdiction, and to expand or diminish fire services.

2.1.4 To direct, supervise, recruit, select, hire, evaluate, promote, transfer, discipline, discharge, terminate, demote, reduce, suspend, reprimand, withhold salary increases and benefits for disciplinary reasons, or otherwise discipline employees, in accordance with Department or CITY Rules, Regulations, or Ordinances.

2.1.5 To determine the nature, manner, means, extent, type, time, quantity, quality, technology, standard, and level of fire services to be provided to the public.

2.1.6 To require performance of other public safety services not specifically stated herein, in the event of emergency or disaster, as deemed necessary by the CITY.

2.1.7 To lay off employees of the Fire Department because of lack of work or funds or under conditions where continued work would be inefficient or nonproductive or not cost effective, as determined by the CITY.

2.1.8 To determine and/or change the fire facilities, methods, technology, equipment, operations to be performed, organization structure, and allocate or assign work by which the CITY fire operations and services are to be conducted.

2.1.9 To determine method of financing.

2.1.10 To plan, determine, and manage Department's budget, which includes, but is not limited to, changes in the number of locations and types of operations, processes, and materials to be used in carrying out all Fire Department functions and the right to contract or subcontract any work or operations of the Fire Department.

2.1.11 To determine the size and composition of the Fire Department work force, assign work to employees of the Fire Department, in accordance with requirements determined by the Fire Department, and to establish and require compliance to work hours and changes to work hours, work schedules, including call back, standby, and overtime, and other work assignments, except as otherwise limited by this MOU, or subsequent MOUs.

2.1.12 To establish and modify goals and objectives related to productivity and performance programs and standards, including, but not limited to, quality and quantity, and required compliance therewith.

2.1.13 To determine qualifications, skills, abilities, knowledge, selection procedures and standards, job classification, job specifications, and to reallocate and reclassify employees, in accordance with division and/or CITY Rules and Regulations.

2.1.14 To determine the issues of public policy, and the overall goals and objectives of the Fire Department, and to take necessary action to achieve the goals and objectives of the Fire Department.

2.1.15 To hire, transfer (intra- or inter- Department), promote, reduce in rank, demote, reallocate, terminate and take other personnel action for non-disciplinary reasons, in accordance with Department and/or CITY Rules, Regulations and Ordinances.

2.1.16 To determine policies, procedures and standards for recruiting, selecting, training, and promoting employees.

2.1.17 To establish, implement, and/or modify rules and regulations, policies, and procedures, related to productivity, performance, efficiency, personal appearance standards, code of ethics and conduct, safety, health, and order, and to require compliance therewith.

2.1.18 To maintain order and efficiency in Fire facilities and operation.

2.1.19 To restrict the activity of an employee organization on CITY facilities, except as set forth in this MOU.

2.1.20 To take any, and all, necessary steps and actions to carry out the service requirements and mission of the CITY in emergencies or any other time deemed necessary by the CITY, and not specified above.

2.2 Nothing herein is meant to diminish CITY rights provided by the Government Code.

2.3 Nothing herein is meant to diminish employee rights as provided by the Government Code, including the right to meet and confer on changes in standards for promotion.

ARTICLE 3 MBFFA RECOGNITION

3.1 Pursuant to Resolution No. 08-17, the Employer-Employee Relations Resolution of the City of Morro Bay and applicable state law, the MBFFA was designated by the CITY as the representative of CITY fire fighting employees. The term "employee" or "employees" as used herein is comprised of the following classifications:

Captain/Paramedic
Captain
Engineer/Paramedic
Engineer
Fire Marshal
Firefighter/Paramedic
Firefighter

3.2 Employees working on a regular basis in a classified position, but less than full-time, shall receive vacation and sick leave accruals on a pro-rated basis, commensurate with hours worked. All benefits for new hires, including insurance benefits, will be allocated on a pro-rated basis, commensurate with hours worked.

3.3 FIRE ENGINEER RATING

3.3.1 It is recognized, in principle, as long as the full-time MBFFA personnel complement of the Morro Bay Fire Department remains at ten (10) or less, that efficient operation of the Department requires an increase in the authorized number of Fire Engineers. Accordingly, CITY agrees to promote to Fire Engineer all personnel classified as Fire Fighter hired after the effective date of this MOU provided that they have served for eighteen (18) months with the CITY in the Fire Fighter classification; that at the completion of eighteen months of employment, they have been recommended by the Fire Chief for promotion and have demonstrated, through successful completion of written and practical examinations that they have successfully completed six semester units of Fire Science courses at an institution approved by the Fire Chief. The CITY shall make every effort to schedule the examination to be completed prior to the expiration of eighteen months. The content and passing grade of the written and practical examinations will be determined by the Fire Chief subject to the approval of the City Manager.

3.3.2 An individual recommended for promotion, and failing to attain a passing grade in either the written or practical examination, shall not be eligible for reexamination until six (6) months after the date of failure.

ARTICLE 4 MBFFA BUSINESS

4.1 Employee representatives, designated by the MBFFA, shall be granted time off, without loss of pay, to attend "meet and confer" sessions with the City Manager, and/or his/her designee(s), on subjects within the scope of representation, when such meetings are scheduled during regular working hours. Should such meeting extend beyond an employee representative's regular working hours, the employee representative shall be paid for only the regular working hours.

4.2 It is understood that this time-off provision shall only apply to a maximum of two employees attending any one meeting between CITY and MBFFA; where exceptional circumstances warrant, the City Manager may approve the attendance, at such meetings, of additional employee representatives. The MBFFA shall, whenever practicable, submit the names of all employee representatives to the City Manager, or his/her designee(s), at least two working days in advance of such meetings. Provided further: 1) no employee representative shall leave his or her duty or work station or assignment without specific approval of the department head or other authorized CITY management official; and 2) any such meeting is subject to scheduling by CITY management, in a manner consistent with operational needs and work schedules.

4.3 Off-duty employees will not be paid for attending meet and confer sessions, nor will overtime be paid for same. The parties agree to consider the shift schedules of team members in scheduling meetings.

4.4 MBFFA may hold unit meetings at the Fire Station, 715 Harbor Street, after 1700 hours, with two days' prior notice to Fire Chief. The Fire Chief has the authority to deny and/or cancel said meeting, if it conflicts with official CITY activities for MBFFA duties.

ARTICLE 5 AUTHORIZED AGENTS

For the express purpose of administering the terms and provisions of this MOU:

5.1 Management's principal authorized agent shall be the City Manager, or his/her duly authorized representative(s), (address: 595 Harbor Street, Morro Bay, CA 93442; telephone (805) 772-6201), except where a particular management representative is specifically designated in the MOU.

5.2 The MBFFA principal authorized representative shall be the shop steward of the unit, or his/her duly authorized representative(s) (address 715 Harbor St., Morro Bay, CA 93442).

ARTICLE 6 WITHHOLDING OF MBFFA DUES AND INSURANCE

6.1 It is agreed that CITY will withhold MBFFA dues and MBFFA group insurance premiums from the monthly pay of each regular CITY employee, who is a member of the MBFFA. MBFFA agrees to provide CITY with individual MBFFA member authorizations signed by the individual MBFFA member, authorizing CITY to make agreed deductions, specifying the amount of each deduction, and authorizing CITY to issue a check, payable to MBFFA, for the collective amount of the individual deductions. CITY does not accept responsibility for computing the amounts of deductions or for meeting payment dates, which may not coincide with established pay periods. CITY will issue a single check to the MBFFA for the total amount of deductions withheld from the individual employees' pay. The MBFFA will be responsible for the accounting and disbursing of all such funds received from CITY. MBFFA will be responsible for properly notifying CITY of any changes in deductions, and will be the sole agent, through which CITY will act, in explaining, initiating, executing, or terminating the provisions of this Article. Such notification must be received by the CITY at least two weeks prior to the effective date of the change. Also, such change notice must include a copy of the notice sent to the employees officially, telling them of the change.

6.2 MBFFA shall indemnify and hold harmless the CITY, its officers, agents, and employees from any and all claims, demands, damages, costs, expenses, or liability arising out of this Article.

6.3 It is agreed that CITY will deposit payroll deductions made payable to a CITY-approved Credit Union, providing the MBFFA makes arrangements for such services that are acceptable to both members and CITY.

ARTICLE 7 TERM

Except as otherwise specifically provided herein, the term of this MOU shall be from July 1, 2017, through June 30, 2020.

ARTICLE 8 RENEGOTIATIONS

8.1 In the event either party wants to renegotiate a successor MOU, such party shall serve upon the other, during the period of December 1, 2019 to January 31, 2020, its written request to begin negotiations, as well as its full and entire written proposals amending this MOU. Negotiations shall commence no later than March 15, 2020.

8.2 The parties agree that, except by mutual agreement, no new subjects may be introduced into the process after the third (3rd) negotiations meeting.

8.3 Should the parties be unable to reach agreement on a new contract before the current contract expires, all applicable provisions of this MOU shall remain in full force and effect until such time as a new MOU is reached, or September 30, 2020, whichever first occurs.

ARTICLE 9 ANTI-DISCRIMINATION

The CITY and MBFFA mutually agree they will not discriminate against employees for the exercise of their rights under the State of California Government Code Section 3502.

ARTICLE 10 WORK SCHEDULE (FOR FIRE MARSHAL, SEE ARTICLE 29)

This article is intended to define the normal hours of work, and shall not be construed as a guarantee of work per day or work per week or of days of work per week.

10.1 WORKDAY
The normal workday shall be a twenty-four (24) consecutive hour period, except in cases of emergency or for reasons of attendance at extended training opportunities, or temporary duty assignments while on light duty, when other shifts may be assigned by the Chief, provided there is mutual agreement between the parties.

10.2 WORKSHIFT
Employees shall be scheduled to work on regular work shifts having regular starting and quitting times. Except for emergencies, employees' work shifts shall not be changed without four days (96 hours) prior written notice to the employee. Call out or overtime does not constitute a change in work shift.

10.3 WORKWEEK
The normal workweek shall average fifty-six (56) hours of work in a seven (7) consecutive day period, except in cases of emergency.

10.4 OVERTIME

10.4.1 Overtime is defined as all hours worked in excess of 106 hours worked in a 14-day work period. For those assigned to an 8-hour day, overtime shall be defined as all hours worked in excess of forty hours per week. Vacation time and compensatory time off shall be treated as hours worked.

10.4.2 All overtime, as defined above, shall be paid at one and one-half (1.5) times the employee's regular rate of pay. Compensatory time off earned, pursuant to 10.4.4 below, will accrue at one and one-half (1.5) times hours worked.

10.4.3 Employees, required to return to work on a scheduled vacation day, shall be paid at the rate of 1.5 times their regular rate of pay for the hours actually worked.

10.4.4 Employees may elect compensatory time off (CTO) in lieu of paid overtime, subject to the following provisions.

10.4.4.1 CTO may be elected for overtime incurred due to training time only.

10.4.4.2 Maximum CTO accrual will be 140 hours. All overtime earned after CTO is accrued to the 140-hour maximum will be paid in cash.

10.4.4.3 Accrued CTO may be cashed out upon the request of the employee and the approval of the department. CTO accrued at time of separation will be paid off.

10.4.4.4 CTO may be taken off upon employee request and department approval. CTO will not be approved if it will require overtime.

10.4.4.5 Other overtime provisions notwithstanding, employees forced to hold over for 12 hours or more will receive time and one-half compensation for the hours worked on that day.

10.5 EMERGENCIES

10.5.1 Nothing herein shall be construed to limit or restrict the authority of management to make temporary assignments to different or additional locations, shifts, or duties for the purpose of meeting an emergency.

10.5.2 Such emergency assignments shall not extend beyond the period of said emergency.

10.5.3 Short–staffing, caused solely by absences due to employees taking approved paid leave, shall not be considered an emergency.

ARTICLE 11 VACATIONS AND HOLIDAYS

11.1 CITY and MBFFA agree that difficulties exist in equating the work schedules of fire fighters to the work schedule of non-shift personnel, i.e., shift periods compared to hours and days worked by other CITY employees. Therefore, a formula is agreed to for computing the vacations and holiday periods for fire fighters. Such formula is agreed to be a ratio as follows: Fire Fighter's total available shifts per year is to the general employees' total available work days per year (260) as X is to the number of authorized vacation and holidays days of the general employees, when X equals the amount of shifts off for Fire Fighters comparing Fire Fighters to employees of equal tenure.

11.2 Pursuant to Section 11.1, the following lists the vacation and holiday annual accrual schedule for members of the MBFFA assigned to shift work:

SERVICE YEARS	VACATION ACCRUAL	HOLIDAY ACCRUAL	TOTAL ANNUAL ENTITLEMENT	SHIFTS/ YEAR
0 thru 2	112.0 hrs.	146.96 hrs.	258.96 hrs.	10.792
3 thru 4	123.2 hrs.	146.96 hrs.	270.16 hrs.	11.257
5 thru 6	134.4 hrs.	146.96 hrs.	281.36 hrs.	11.723
7 thru 8	145.6 hrs.	146.96 hrs.	292.52 hrs.	12.19
9 thru 10	156.8 hrs.	146.96 hrs.	303.76 hrs.	12.657
11 thru 12	168.0 hrs.	146.96 hrs.	314.96 hrs.	13.123
13 thru 14	179.2 hrs.	146.96 hrs.	326.16 hrs.	13.59
15 thru 16	190.4 hrs.	146.96 hrs.	337.36 hrs.	14.057
17 thru 18	201.6 hrs.	146.96 hrs.	348.56 hrs.	14.523
19 thru 20	212.8 hrs.	146.96 hrs.	359.76 hrs.	14.99
21 +	224.0 hrs.	146.96 hrs.	370.96 hrs.	15.547

11.3 MAXIMUM ACCUMULATION

It is recognized long-standing accumulations of vacation/holiday time exist for some employees. In order to compensate employees for this unused time, CITY and MBFFA agree on the following policy:

11.3.1 Unused vacation/holiday leave may be carried over into the following year to a maximum of two times an employee's annual accumulation of vacation time plus one year of holiday time. Employees exceeding the maximum, as of the pay period containing November 1 of each year, will be paid off for time exceeding the maximum. The CITY shall make said payment with the pay period containing December 1 of each year. Payment shall be computed, based upon the employee's base hourly rate of pay as of June 30 of the same calendar year.

11.3.2 Employees separating from the CITY are entitled to pay for the accumulated vacation based upon employee's base hourly rate of pay at separation.

11.3.3 A member of the MBFFA may exercise an option to convert into cash a maximum of one hundred twelve (112) hours of accrued vacation leave each fiscal year. Such conversion shall be computed at the employee's current base hourly rate, on an hour-per-hour basis.

11.4 The following holidays are used in Section 11.2 above, to determine total annual entitlement. Employees may be scheduled to work on holidays. All employees, except those assigned to 8-hour shifts, shall be compensated for holidays as provided in 11.2 above.

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

11.5 For any additional holiday proclaimed by the Mayor, shift employees shall be paid (not banked) for 11.2 hours of work, and employees assigned to eight-hour duty shall receive the holiday off. Employees may be scheduled to work on such holidays.

ARTICLE 12 SICK LEAVE

12.1 It is agreed that the firefighters will earn sick leave per month at the same ratio that their assigned shift schedule compares to other full-time employees (1.4:1) for 24-hour shift workers or (1.0:1) for eight-hour shift employees. There shall be no maximum number of sick leave hours that a member of MBFFA may accrue.

12.2 All use of sick leave shall be charged on an hour-for-hour basis.

12.3 At termination, accumulated in the sick leave accrual is not compensable; however, upon retirement, sick leave accrual may be converted to additional time, as provided by California Public Employees Retirement System (CalPERS) unused sick leave credit.

12.4 Any use of sick leave, covering a period beyond seven calendar days, may require approval by a qualified medical authority for release to resume regular duties.

12.5 Recognizing Section 12.1 above requires a transition from the method of accruing and charging sick leave contained in earlier Memoranda of Understanding, the following conversion of previously accrued sick leave shall be made:

12.5.1 For shift workers, all Sick Leave hours accrued, but unused, as of December 31, 2002, shall be multiplied by a factor of three (3) and shall become the employee's Sick Leave Accrual account, until utilized on an hour for hour basis.

12.5.2 Credits added to the Sick Leave Accrual account for full-time employees, after the date above, shall be 11.2 hours per month, or 0.046154 hours, for each regular hour worked for part-time employees on shift work or eight (8) hours per month for employees assigned to an eight-hour day.

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

Sick Leave Utilization	Maximum Conversion Sick Leave	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 160 accrued hours must remain in employee's sick leave bank for any employee to be eligible for conversion, or for any 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 the current calendar year, eliminates the right to do so for that calendar year, and does not permit employees to aggregate conversion hours in any other calendar year.

ARTICLE 13 RETIREMENT BENEFITS

13.1 It is the employee's obligation to contribute the employee's contribution to CalPERS. The employee shall pay his/her own contribution by payroll deduction, consistent with the provisions of 414 (h) 2 of the Internal Revenue Code (9% CalPERS Safety for *classic members*; 50% of the expected normal cost, which is currently 23% (employee pays 11.5%), for *new members*).

13.2 The CITY agrees to continue to provide MBFFA, hired prior to March 19, 2011, with a retirement benefit program through the CalPERS as follows:

13.2.1 3% @ 50 formula (Section 21362.2)
13.2.2 Unused Sick Leave Credit (Section 20965)
13.2.3 Military Service Credit (Section 21023.5, 21024 & 21027)

13.2.4 Final Compensation 1 year (Section 20042)
13.2.5 1959 Survivor Benefit Level 4 (Section 21574)
13.2.6 Pre-Retirement Death Benefits (Section 21548 Option 2W & 21551)
13.2.7 Retired Death Benefit $500 (Section 21620)
13.2.8 Prior Service (Section 20055)
13.2.9 Public Service Credit for Periods of Layoff (Section 21022)

13.3 All employees, hired on or after March 19, 2011, but before January 1, 2013, and those hired on or after January 1, 2013, who meet the definition of *classic member*, pursuant to the California Public Employee's Pension Reform Act of 2013 (PEPRA), in the regular, full-time classifications listed in Article 3.1 of this MOU between the CITY and the MBFFA, shall be provided with the following CalPERS retirement benefits:

13.3.1 3% @ 55 formula (Section 21363.1)
13.3.2 Unused Sick Leave Credit (Section 20965)
13.3.3 Military Service Credit (Section 21023.5, 21024 & 21027)
13.3.4 Final compensation 3 Year (Section 20037)
13.3.5 1959 Survivor Benefit Level 4 (Section 21574)
13.3.6 Pre-Retirement Death Benefits (Section 21548 Option 2W & 21551)
13.3.7 Retired Death Benefit $500 (Section 21620)
13.3.8 Prior Service (Section 20055)
13.3.9 Public Service Credit for Periods of Layoff (Section 21022)

13.4 Pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, Sworn employees hired, who meet the definition of *new member* under PEPRA and are not eligible for reciprocity, will be provided the following CalPERS benefits:

13.4.1 2.7% @ 57 formula (Section 7522.25(d))
13.4.2 Unused Sick Leave Credit (Section 20965)
13.4.3 Military Service Credit (Sections 21023.5, 21024 & 21027)
13.4.4 Final compensation 3 Year (Section 20037)
13.4.5 1959 Survivor Benefit Level 4 (Section 21574)
13.4.6 Pre-Retirement Death Benefits (Section 21548 Option 2W and 21551)
13.4.7 Retired Death Benefit $500 (Section 21620)
13.4.8 Prior Service (Section 20055)
13.4.9 Public Service Credit for Periods of Layoff (Section 21022)

13.5 CITY and MBFFA to jointly explore the establishment of an employee-funded Retirement Health Savings Account.

ARTICLE 14 HEALTH BENEFITS

14.1 CITY shall pay, to each active employee by each pay period, the monthly sum of the health plan selected by the employee, and dental/life and vision plans. CITY and MBFFA agree that CITY payment of this lump sum is to be used to provide medical care coverage for the

employee and/or employees dependents, and that the employees hold harmless the CITY, its officers and agents, including, but not limited to, liability arising out of this MOU. Employees will be supplied with the current division of payment for medical, dental/life, and vision insurance between CITY and each employee in MBFFA, as changes occur during this MOU.

14.2 HEALTH INSURANCE

14.2.1 For 2017, MBFFA shall receive a cafeteria plan contribution, including the minimum contribution 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

14.2.2 For 2018, MBFFA shall receive a cafeteria plan contribution, including the minimum contribution amount required by CalPERS, as follows:

Employee only - up to $715/month or cost of insurance, whichever is less
Employee + 1 – up to $1,135/month or cost of insurance, whichever is less
Employee + family - up to $1,460/month or cost of insurance, whichever is less

14.3 DENTAL/LIFE AND VISION INSURANCE

Life Insurance is provided at $50,000 per employee. The following rates were effective January 1, 2017:

	Vision	Dental	Life	Totals	City pays	EE pays
Employee only	$ 8.86	$ 55.47	$8.15	$ 72.48	$ 69.50	$ 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.

14.4 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 re-open discussion with respect to this ARTICLE, for any changes to the 2019 and 2020 health rates.

ARTICLE 15 UNIFORM ALLOWANCE

The uniform for the Fire Department is a two-piece work uniform and two T-shirts, of a style, material and manufacture determined by the Fire Chief. Two (2) complete uniforms will be provided upon initial employment with the Fire Department, and replacements provided are on an "as needed basis," as determined by the Fire Chief. The CITY will provide safety footgear of a type, style, and

manufacture, as recommended by the Fire Chief. CITY is responsible for normal upkeep, i.e., heels and soles, with replacement as determined by the Fire Chief.

ARTICLE 16 SALARIES

16.1 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%).

16.2 Any and all education/ special pay incentives will be added to base salary.

16.3 Electronic Deposit. All employees hired after January 1, 2003, shall receive their pay by electronic methods. New hires must present account information for a checking or a savings account, with an ACH member financial institution.

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.

16.5 Contingent upon satisfaction of the following financial terms and conditions, the CITY shall provide a COLA increase to be effective July 1, 2018 to base salaries for all Unit classifications in the amount of two percent (2%) for the 2018-2019 fiscal year:

- Total major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined forecasted amount of $9,406,194 (matches FY17/18 budget adopted by Council). This figure shall be based on current tax rates (currently 1% Property Tax, 1.0% CITY Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose.

- The CalPERS investment rate of return (i.e. "Discount Rate") to take effect in FY18-19 does not drop below the rates announced by CalPERS on December 21, 2016, causing the CITY's contribution to CalPERS to increase more than $100,000 beyond the current budgeted amounts for the General Fund.

- The CITY does not become responsible, during FY17-18, for any state/federally imposed unfunded mandates from any external source(s) that require significant unplanned/ un-forecasted General Fund expenditure(s) of more than $300,000 in a fiscal year, including significant natural disasters affecting the CITY. Any such expenditure(s), cumulatively totaling $300,000 in a fiscal year or more, will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting either in a lower employee bonus or reduction in the intended COLA increase to 1% or 0%.

16.5.1 Contingencies in the event of a revenue shortfall for FY 2017-18:

- If total major General Fund Revenues are less than $71,000 below the forecasted amount (i.e. more than $9,335,194), then the COLA will be 2%, effective July 1, 2018.

- If total major General Fund Revenues are between $71,000 and $141,999 below the forecasted amount (i.e. between $9,264,195 - $9,335,193), then the COLA will be 1%, effective July 1, 2018.

- If total major General Fund Revenues are $142,000 or more below the forecasted amount (i.e. less than $9,264,194), there will be no COLA effective July 1, 2018.

16.5.2 Timing of July 1, 2018 COLA, if any:

- If the CITY determines, based on revenues received as of June 1, 2018, that it is reasonable to assume the combined receipts will meet or exceed the General Fund revenue threshold, then the COLA will be effective as of July 1, 2018.

- If meeting the General Fund revenue threshold is not a reasonable assumption as of June 1, 2018, then the parties agree to wait for actual receipts to be posted, which the CITY anticipates will occur by the end of August. If the threshold is met at the time actual receipts are received, the CITY agrees to implement the COLA retroactive to July 1, 2018.

16.5.3 Potential One-Time Lump Sum Payment in the event of revenue surplus for FY 2017/18

- If the conditions described in Section 16.5 are satisfied, and total major General Fund Revenues for FY 2017/18 are above forecast, then in addition to the 2% COLA, 20% of the amount above the forecast amount will be divided equally by the number of full-time equivalent (FTE) employees and such amount shall be distributed to MBFFA-represented Employees in the form of a one-time lump sum payment.

16.6 Contingent upon satisfaction of the following financial terms and conditions, the CITY shall provide a COLA increase effective July 1, 2019 to base salaries for all Unit classifications in the amount of two percent (2%) for the 2019-2020 fiscal year:

- Total major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined forecasted amount of $9,395,906 (matches 10-year forecast). This figure shall be based on current tax rates (currently 1% Property Tax, 1.0% City Sales Tax, 10% TOT). In the event of increased tax

rates, such increased rates would not count towards increased revenue receipts for this purpose.

- The CalPERS investment rate of return (i.e. "Discount Rate") to take effect in FY19-20 does not drop below the rates announced by CalPERS on December 21, 2016, causing the CITY's contribution to CalPERS to increase more than $100,000 beyond the current budgeted amounts for the General Fund.

- The CITY does not become responsible, during FY18-19, for any state/federally imposed unfunded mandates from any external source(s) that require significant unplanned/ un-forecasted General Fund expenditure(s) of more than $300,000 in a fiscal year, including significant natural disasters affecting the CITY. Any such expenditure(s), cumulatively totaling $300,000 in a fiscal year or more, will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting either in a lower employee bonus or reduction in the intended COLA increase to 1% or 0%.

16.6.1 Contingencies in the event of a revenue shortfall for FY 2018-19:

- If total major General Fund Revenues are less than $71,000 below the forecasted amount (i.e. more than $9,322,906), then the COLA will be 2%, effective July 1, 2019.

- If total major General Fund Revenues are between $71,000 and $141,999 below the forecasted amount (i.e. between $9,253,907 - $9,335,194), then the COLA will be 1%, effective July 1, 2019.

- If total major General Fund Revenues are $142,000 or more below the forecasted amount (i.e. less than $9,253,906), there will be no COLA effective July 1, 2019.

16.6.2 Timing of July 1, 2019 COLA, if any:

- If the CITY determines, based on revenues received as of June 1, 2019, that it is reasonable to assume the combined receipts will meet or exceed the General Fund revenue threshold, then the COLA adjustment will be effective as of July 1, 2019.

- If meeting the General Fund revenue threshold is not a reasonable assumption as of June 1, 2019, then the parties agree to wait for actual receipts to be posted, which the CITY anticipates will occur by the end of August. If the threshold is met at the time actual receipts are received, the CITY agrees to implement the COLA retroactive to July 1, 2019.

- In the event of a 0% COLA in FY 2019/20, the parties agree to retain the option to re-open discussion regarding COLAs for FY 2019/20.

16.6.3 Potential One-Time Lump Sum Payment in the event of revenue surplus for FY 2018/19

If the conditions described in Section 16.6 are satisfied, and total major General Fund Revenues for FY 2018/19 are above forecast, then in addition to the 2% COLA, 20% of the amount above the forecast amount will be divided equally by the number of full-time equivalent (FTE) employees and such amount shall be distributed to MBFFA-represented Employees in the form of a one-time lump sum payment.

16.7 The threshold amounts for the COLA contemplated in Section 16.5, potentially occurring in the 2018-2019 fiscal year, will be based on the CITY's adopted 2017-2018 fiscal year budget. The threshold amounts for the COLA contemplated in Section 16.6, potentially occurring in the 2019-2020 fiscal year, will be based on the CITY's 10-year budget forecast presented to City Council on Feb 28, 2017. The threshold amounts referenced in this Article 16 are based on the following calculations:

COLA Year Affected	FY18-19	FY19-20
Combined Receipts Forecast	FY17-18 Budget	FY18-19 Forecast
Property Tax	2,944,306	3,034,754
Property Tax In-Lieu (VLFAA)	1,004,328	1,037,401
Subtotal Property Tax	3,948,634	4,072,155
Sales Tax (local & triple-flip)	1,777,664	1,745,439
Sales Tax (Prop 172-Safety)	127,345	123,525
Subtotal Sales Tax	1,905,009	1,868,964
Transient Occupancy Tax	3,552,551	3,454,787
Combined Total Threshold	$9,406,194	$9,395,906

ARTICLE 17 SPECIAL PAY PRACTICES

17.1 MEDIC DIFFERENTIAL

17.1.1 An employee, certified as an EMT-P (Paramedic), shall receive an annual incentive of $6,088.68. This incentive is calculated as 9% of a Step 5 firefighter's salary ($67,652 x 9%). The incentive will be paid on a bi-weekly payroll in the amount of $234.18.

17.1.2 The CITY may require any employee to attend EMT-P training.

17.2 CALL-OUT PAY

17.2.1 It is agreed that the CITY will guarantee a minimum of three (3) hours pay, computed at straight hourly rates, for any MBFFA member called back to duty from an off-duty status.

17.2.2 If an employee is called to return to duty, such call-out shall not be canceled until the employee reports to the Fire Station. To be eligible to receive the minimum, the employee must report to the Fire Station.

17.2.3 If an employee is on-duty and held beyond the end of the work period, time worked will be paid as actual hours worked, under Section 10.4 of this MOU. Such holdover shall not qualify for Call-out Pay.

17.3 WORKING OUT-OF-CLASS

Employees may be worked on an out-of-class assignment only as provided in the Personnel Rules and Regulations of the CITY, except as provided herein below:

17.3.1 Employees shall receive an additional 5% compensation for out-of-class assignments that last 24 consecutive hours. Such additional 5% pay shall start on the 25th hour, retroactive to the first hour of the out-of-class assignment. Such additional compensation shall be paid during the first six (6) months of the out-of-class assignment.

17.3.2 If the assignment is extended by six (6) months, then starting on the first day of the extension:

17.3.2.1 The employee shall continue to receive the 5% compensation, if the out-of-class assignment is required to fill an absence due to an employee who is out on 4850 leave.

17.3.2.2 The employee shall receive an additional 5% for a total of 10% additional compensation, if the out-of-class assignment is required to fill a vacant position.

17.3.3 An employee placed in an out-of-class assignment will not be taken off that assignment for the sole purpose of avoiding the payment provided above.

17.3.4 Whenever possible, CITY intends to fill vacancies with qualified employees.

17.3.5 Short-term out-of-class assignments (such as acting captain) will be paid on an hour-for-hour basis.

17.4 STANDBY PAY

Compensation for standby duty for acting Fire Chief position, when not called back to duty, shall be paid two (2) hours of overtime pay (acting rate) per full 24-hour shift.

17.5 SPECIAL ASSIGNMENT PAY

17.5.1 Unit members, possessing the appropriate certification as determined by the City, and assigned to work as part of the Rescue Water Craft program operating specialized equipment, shall receive additional compensation of two percent (2%) of base pay. This incentive is limited to a maximum of six (6) designated employees, starting upon approval of this MOU, but may be expanded to eight (8) designated employees, upon approval of City Manager and City Council approval of the additional budgeted funds. City makes no representations as to whether this special pay may be included in a Unit member's "compensation earnable" for purposes of determining the Unit member's CalPERS retirement allowance.

17.5.2 Unit Members, possessing the appropriate certification as determined by the City, and assigned to work as part of the San Luis Obispo County Hazardous Materials Team shall receive additional compensation of two percent (2%) of base pay. This incentive is limited to a maximum of two (2) designated employees, starting upon approval of this MOU.

ARTICLE 18 HEALTH AND SAFETY ARTICLE

18.1 Management shall provide and maintain safe and healthy work facilities and equipment.

18.2 Safety and health conditions in employment in the CITY are subject to the provisions of State and Federal legislation, which regulates the health environment and safety conditions of the work place.

18.3 A Citywide Safety/Loss Control Committee shall be established, and shall review accidents, review alleged safety deficiencies, and recommend safety training and safety equipment. The MBFFA may appoint one Unit representative to serve on the committee. If the committee meets, during the designated employee's normal working hours, the employee shall receive paid release time to attend the meeting.

18.4 If an employee becomes alerted to an unsafe condition or health hazard, he/she shall report such condition to his/her immediate supervisor. If such conditions cannot be satisfactorily remedied by the immediate supervisor, an employee has the right to submit the matter either personally, or through the steward, to his/her Department Head, or designated safety representative. On any matter of safety not resolved, after proceeding through the above process, consultation will take place between management and the MBFFA, if requested.

18.5 A first aid kit shall be furnished and maintained at work facilities readily and conveniently accessible to MBFFA employees.

18.6 Management agrees to provide to employees, who are exposed to potentially toxic agents or toxic materials, the appropriate medical services at no cost to the employee.

18.7 Any safety equipment required by the CITY shall be furnished by the CITY.

ARTICLE 19 MINIMUM STAFFING

19.1 CITY agrees to provide minimum staffing of three full-time personnel except in cases of emergency as determined by the Fire Chief.

a. Exception: For brief transitional periods lasting 10 hours or less, minimum staffing may be allowed to drop to a minimum of two with the Chief's approval.

19.2 Prior City Strategic Plans have recommended the CITY provide 4-person daily staffing in the Fire Department.

a. The CITY and MBFFA agree that 4-person full-time minimum staffing will be provided in the MOU, when a second fire station or second company is staffed and operational. The 4-person minimum refers to the total on-duty staffing of full-time firefighters in the CITY.

b. The CITY currently staffs a single, two-piece suppression company consisting of an engine and a rescue. This response configuration is not affected by item a. above.

19.3 The CITY agrees to cap the total number of part-time, unrepresented firefighters to one per scheduled 24-hour shift.

a. Exception: In an emergency, and for mutual aid response coverage, the CITY may have more than one reserve firefighter working 24-hour shifts, provided the CITY is meeting its minimum staffing requirements.

19.3.1 The Fire Chief may assign the least senior qualified Engineer as a floater to fill shifts when other Unit members are off on leave, training, or otherwise unable to cover their assigned shifts. There may also be some situations whereby it may be a benefit to both parties wherein the Fire Chief may assign a represented member who may need to flex their schedule as the floater upon the agreement of both the Fire Chief and the member.

19.3.2 The CITY will post a work schedule every 30 days for the vacation relief position, and provide 96 hours notice prior to making schedule changes. There will be no more than two schedule changes within each 30-day schedule.

ARTICLE 20 PERSONNEL RULES

Parties recognize the applicability and agreement with the Personnel Rules utilized by the CITY for all employees. From time to time, the Personnel Rules may be amended, and the CITY will offer the opportunity to meet and confer on those items, within the scope of bargaining. Nothing in this article shall make the CITY's Personnel Rules subject to the Grievance Procedure.

ARTICLE 21 LAYOFFS

The parties agree to use the layoff procedure as set forth in 2.32.120 of the CITY's Municipal Code along with the CITY Layoff Policy.

For purposes of workforce reductions, as outlined by the CITY's Personnel Rules and Regulations, shifts worked by part-time, unrepresented employees will be eliminated prior to a reduction in full-time MOU-represented personnel.

ARTICLE 22 PROCESSING OF FORMAL GRIEVANCES

22.1 The MBFFA agrees that whenever investigation or processing of a grievance is to be transacted during working hours, only the amount of time necessary to bring about a prompt disposition of the matter will be utilized. It is further agreed that the time spent on an investigation and processing of grievances will not interfere with the normal operation of the department. CITY agrees to provide a reasonable amount of time for the investigation and the processing of a grievance, but by so agreeing does not imply that the processing or investigation of a grievance shall take priority over normal functions of the department.

22.2 CITY further agrees that any payment of overtime arising because of MBFFA personnel's involvement in grievance investigation or processing shall not be authorized. Time spent on the investigation and processing of grievances will be recorded on a form provided by CITY. Stewards will be permitted reasonable time-off with pay for the investigation and processing of grievances provided, however, stewards shall first obtain permission from the department head and/or his/her designee and inform him/her of the nature of his/her business. CITY shall grant such permission promptly unless such absence would cause an undue interruption of work or would require the CITY to pay overtime in order to maintain the normal operation of the department.

22.3 Upon entering the work location, the steward shall inform the department head and supervisor of the nature of his/her business. Permission to leave a job will be granted to the employee involved unless such absence would cause an interruption of work. If the employee cannot be made available, the steward will seek an alternate time for employee availability with the department head or supervisor.

22.4 It is agreed that in some instances the investigation and processing of a grievance may be accomplished on the employee's time. This MOU is in recognition of the mutual sharing of costs involved in the handling of employee-initiated actions.

22.5 Procedures shall be in accordance with Resolution No. 46-74 and any amendments thereto.

ARTICLE 23 ELIMINATION OF FIRE SERVICE

If the fire service function of the CITY is merged into another agency, or if another agency assumes said function, then prior to such action, the CITY shall meet and confer with MBFFA concerning the effects of such action.

ARTICLE 24 NO STRIKE, NO LOCK-OUT

24.1 During the life of this MOU, the CITY will not lock out any employees nor will the MBFFA cause, authorize, advise or encourage any interruption of work or any other concerted refusal to render services or to work, including overtime or any other curtailment or restriction of work at any time during the term of this MOU. The term "interruption of work" shall mean any work stoppage or strike (including economic and unfair labor practice strikes) or any intentional slow down of work.

24.2 There shall be no refusal to work on, handle or produce any materials or equipment because of a labor dispute.

24.3 Any employee engaging in any action prohibited by this Article shall be subject to immediate discharge or such other discipline as the CITY may assess. Such discharge or discipline shall not be reviewable through the Grievance Procedure.

ARTICLE 25 FULL UNDERSTANDING, MODIFICATION, WAIVER

25.1 This MOU sets forth the full and entire understanding of the parties, regarding the matters set forth herein, and any other prior or existing understanding or MOUs by the parties, whether formal or informal, regarding any such matters are hereby superseded or terminated in their entirety.

25.2 It is agreed and understood that each party hereto voluntarily and unqualifiedly waives its right to negotiate, and agrees that the other party shall not be required to negotiate, with respect to any matter covered herein.

25.3 No agreement, alteration, understanding, variation, waiver, or modification of any of the terms or provisions contained herein shall in any manner be binding upon the parties hereto unless made and executed in writing by all parties hereto, and if required, approved by the CITY and ratified by the membership of the MBFFA.

25.4 The waiver of any breach of any term, or condition of this MOU by either party shall not constitute a precedent in the future enforcement of all its terms and provisions.

ARTICLE 26 SEVERABILITY

If any provision(s) are held to be contrary to law by a court of competent jurisdiction, such provisions will not be deemed valid and subsisting except to the extent permitted by law, but all other provisions will continue in full force and effect.

ARTICLE 27 – JOINT DRAFTING

Each party has cooperated in the drafting and preparation of this MOU. Hence, in any legal construction or interpretation to be made of this MOU, the same shall not be construed against any party.

ARTICLE 28 – CITY COUNCIL APPROVAL

The CITY's labor relations representatives and the MBFFA's representatives have met and conferred in good faith on wages, hours and other terms and conditions of employment for the unit members represented by the MBFFA and have reached agreements which are set forth in this MOU. This MOU when executed by the CITY's labor relations representatives and the MBFFA's representatives constitutes a joint recommendation therefrom, after ratification of the MBFFA's membership, to be submitted to the City Council for its determination and approval by resolution, as the City Council may deem fit and proper. This Memorandum of Understanding is of no force or effect unless or until approved and adopted by a resolution of the City Council.

ARTICLE 29 WORK SCHEDULE AND LEAVE PROVISIONS SPECIFIC TO THE POSITION OF FIRE MARSHAL

The foregoing sections in this Article 29 shall apply only to the position of Fire Marshal. The Fire Marshal's work schedule, and entitlement to overtime, compensatory time off, vacation leave, and holiday leave shall only be as provided in this Article 29.

29.1 Work Schedule.

29.1.1. Workday. The normal workday shall be eight hours of work in a 24-consecutive hour period, except in cases of emergencies. That work schedule may be altered to conduct inspections during special CITY events and is subject to call back for emergencies. In no case shall the Fire Marshal cover 24-hour shifts.

29.1.2. Work Shift. The Fire Marshal shall be scheduled to work on regular work shifts having regular starting and quitting times.

29.1.3. Work Week. The normal workweek shall be five workdays and two consecutive days of rest in a seven-day period, beginning Saturday, 12:00 a.m., and ending seven days later on Friday night at 11:59 p.m., except in cases of special CITY events or emergencies, or at the specific request of the Fire Marshal and approval of the fire chief.

29.1.4. Overtime Compensation. Overtime for the Fire Marshal is defined as all work required by the CITY, and actually performed beyond 40 hours worked in a workweek, as defined by FLSA, and shall be compensated at one and one-half times the employee's regular rate of pay, as defined by FLSA. The Fire Marshal shall not be eligible for daily overtime. Vacation time and compensatory time off shall be treated as hours worked. The Fire Marshal shall not be entitled to a premium rate of pay for work on Saturdays, Sundays, holidays, or regular days of rest, provided he/she does not work beyond 40 hours in a workweek. (For example, if due to a special CITY event, the Fire Marshal works five, eight-hour work days from Wednesday through Sunday, he/she will not be entitled to any premium rate of pay.)

29.1.5 Compensatory Time. The Fire Marshal shall be eligible to elect for compensatory time off (CTO) in lieu of paid overtime, subject to the foregoing requirements and restrictions. Compensatory time off earned will accrue at one and one-half (1.5) times hours worked. CTO may be elected for overtime incurred due to professional training time only. Maximum CTO accrual will be 100 hours. All overtime earned after CTO is accrued to the 100-hour maximum will be paid in cash. Accrued CTO may be cashed out upon the request of the Fire Marshal and the approval of the department. CTO accrued at time of separation will be paid off. CTO may be taken off upon Fire Marshal request and department approval. CTO will not be approved if it will require overtime.

29.2. Vacation Leave. All leave time (vacation, sick leave, holiday, etc.) must be taken on an hour-for-hour basis, equaling actual time off, regardless of accumulation rates.

During the term of this AGREEMENT, paid vacation leave for the Fire Marshal position shall be earned at the following rate:

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

The standard for vacation time is eight (8) hours equals one (1) day.

The Fire Marshal may exercise an option to convert into cash a maximum of forty (40) hours of accrued vacation leave each fiscal year. Such conversion shall be computed at the employee's current base hourly rate, on an hour-per-hour basis.

Unused vacation leave may be carried over, into the following year, to a maximum of two hundred twenty (220) hours. In the event the Fire Marshal exceeds the 220-hour maximum as of the pay period containing November 1 of each year, he/she will have the following options related to the excess hours:

a. Cash out;
b. Convert hours to sick leave on an hour-for-hour basis; and/or
c. Paid to deferred compensation.

The CITY shall take said action(s) with the pay period containing December 1 of each year. Payment shall be computed, based upon the employee's base hourly rate of pay as of June 30 of the same calendar year.

In the event of separation from the CITY, the Fire Marshal shall be entitled to pay for accumulated vacation, prior to separation, at his/her current base hourly rate of pay.

29.3 Holiday Leave. For the purpose of this AGREEMENT, the following days are the holidays for the employee in the Fire Marshal position:

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

Holidays falling on Saturday shall be observed on the preceding Friday and holidays falling on Sunday shall be observed on the following Monday. Such observed holidays shall be considered designated holidays for purposes of overtime.

One holiday equals eight (8) hours. It is agreed that when a holiday is proclaimed by the Mayor of the CITY, the Fire Marshal shall be granted time-off in the same number of equivalent work hours. Such time-off shall authorized by the Fire Chief.

The Fire Marshal may accumulate up to a maximum of forty-eight (48) hours of holiday time. Hours of holiday time, accumulated over 48 hours will be paid off. When the Fire Marshal terminates employment with the CITY, he/she shall receive pay for his/her current holiday balance, up to a maximum of 48 hours, at his/her current base hourly rate.

CITY's denial of requested holiday time off shall be neither arbitrary nor capricious.

The first payroll including July 1, the Fire Marshal's leave bank will be credited with 16 hours floating holiday.

29.4 One-year Review. The CITY and MBFFA agree to review the Fire Marshal position and job description in one year to ensure the positioning is functioning as expected.

MORRO BAY FIRE FIGHTERS ASS'N, IAFF LOCAL 3725

Michael Hoese

~~Jeff Simpson~~ TODD GAIVEY

Grant Brady

CITY OF MORRO BAY

Martin R. Lomeli, Interim City Manager

Colin Tanner, Deputy City Attorney/Lead Negotiator

Dana Swanson, City Clerk

Laurie Goforth, Human Resources Analyst

EXHIBIT A

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

RESOLUTION NO. 53-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, APPROVING 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, 2017 THROUGH JUNE 30, 2020

THE CITY COUNCIL
Morro Bay, California

WHEREAS, the City of Morro Bay ("City") has, and continues to recognize, the Service Employees International Union ("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, was set to expire on June 30, 2017; and

WHEREAS, prior to the June 30, 2017 expiration of the SEIU MOU 2016-2017, the City and SEIU Local 620 reached an agreement extending the term of the SEIU MOU 2016-2017 by one year and providing a 2% cost of living adjustment ("COLA") for Fiscal Year 2017-18, and thereafter jointly prepared and executed an Amendment No. 1 to the SEIU MOU 2016-2017 ("First Amendment"), which was ratified by the SEIU on June 21, 2017 and approved by the City Council by Resolution No. 38-17 on June 27, 2017, and which extended the SEIU MOU 2016-2017 to June 30, 2018; and

WHEREAS, the City and SEIU Local 620 have continued to negotiate a three-year agreement for the period of July 1, 2017 through June 30, 2020, with two percent (2%) COLAs each year contingent upon the City meeting specified revenue thresholds; and

WHEREAS, the City labor relations representatives and SEIU Local 620 representatives successfully met and conferred to negotiate the three-year MOU between the parties, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Gov't Code Section 3500-3511) and the City's Employer-Employee Relations Resolution, Resolution No. 08-17, and have jointly prepared and executed the attached successor MOU between the City and SEIU, for the period July 1, 2017 through, and including, June 30, 2020 ("SEIU MOU 2017-2020"), which was ratified by the SEIU on August 30, 2017; and

WHEREAS, the SEIU MOU 2017-2020 is subject to City Council acceptance and approval, which is made a part hereof by this reference; and

WHEREAS, once approved by the City Council, the SEIU MOU 2017-2020 shall become a binding 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. City Council Resolution No. 38-17, adopting the First Amendment, is hereby rescinded and replaced by this resolution.

Section 2. The City Council approves the successor MOU between the City and SEIU

for the period of July 1, 2017 through, and including, June 30, 2020, a copy of which is attached hereto as Exhibit 1.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 26th day of September 2017, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JAMIE L. IRONS, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE MORRO BAY

SERVICE EMPLOYEES

INTERNATIONAL UNION

LOCAL NO. 620

AND

THE CITY OF MORRO BAY

JULY 1, 2017 – JUNE 30, 2020

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MEMORANDUM OF UNDERSTANDING BETWEEN
SERVICE EMPLOYEES INTERNATIONAL UNION LOCAL NO. 620
AND THE CITY OF MORRO BAY
JULY 2017 - JUNE 2020

ARTICLE 1 – PURPOSE

1.1 **WHEREAS**, the City of Morro Bay is a municipal corporation existing under the laws of the State of California as a general law city; and

1.2 **WHEREAS**, the City of Morro Bay is limited, insofar as funds are concerned, because of a fixed tax rate, and in structure because it is a public entity rather than a profit making business; and

1.3 **WHEREAS**, Service Employees International Union Local No. 620 and the City of Morro Bay recognize that the mission and the purpose of the City is to provide for high-quality and economical municipal services and facilities to the residents of the City of Morro Bay.

1.4 **THEREFORE**, this Memorandum of Understanding ("MOU") is entered into as of July 1, 2017, between the City of Morro Bay, hereafter called the "CITY," and Service Employees International Union Local No. 620, hereafter called the "UNION."

1.5 It is the intent and purpose of this MOU to assure sound and mutually beneficial working and economic relations and conditions between the parties hereto; to provide for an orderly and peaceable method and manner of resolving any differences which may arise; and to negotiate any misunderstanding, which could arise, and to set forth, herein, the basic and full agreement between the parties, concerning the pay, wages, hours of employment, and other terms and conditions of employment.

ARTICLE 2 – MANAGEMENT

2.1 In order to ensure that the CITY shall continue to carry out its municipal functions, programs, and responsibilities to the public imposed by law, and to maintain efficient public service for the citizens of Morro Bay, the CITY continues to reserve, and retain solely and exclusively, all management rights, regardless of the frequency of use, including those rights and responsibilities set forth by law, and those CITY rights set forth in the CITY's Personnel Rules and Regulations, and including, but not limited, to the following:

2.1.1 To manage the CITY, determine policies and procedures, and the right to manage the affairs of all Departments.

2.1.2 To determine the existence, or nonexistence, of facts that are the basis of the management decision in compliance with State law.

2.1.3 To determine the necessity, organization, implementation, and termination of any service or activity conducted by the CITY or other government jurisdiction, and to expand or diminish services.

2.1.4 To direct, supervise, recruit, select, hire, evaluate, promote, transfer, discipline, discharge, terminate, demote, reduce, suspend, reprimand, withhold salary increases and benefits for disciplinary reasons, or otherwise discipline employees, in accordance with Department or CITY Rules, Regulations, or Ordinances.

2.1.5 To determine the nature, manner, means, extent, type, time, quantity, quality, technology, standard, and level of services to be provided to the public.

2.1.6 To require performance of other public services, not specifically stated herein, in the event of emergency or disaster, as deemed necessary by the CITY.

2.1.7 To lay off employees because of lack of work or funds or under conditions where continued work would be inefficient or nonproductive or not cost effective, as determined by the CITY.

2.1.8 To determine and/or change facilities, methods, technology, equipment, operations to be performed, organization structure, and allocate or assign work by which the CITY operations and services are to be conducted.

2.1.9 To determine method(s) of financing.

2.1.10 To plan, determine, and manage Departments' budget, which includes, but is not limited to, changes in the number of locations and types of operations, processes and materials to be used in carrying out all functions, and the right to contract or subcontract any work or operations.

2.1.11 To determine the size and composition of the work force, assign work to employees of the CITY, in accordance with requirements determined by the CITY, and to establish and require compliance to work hours and changes to work hours, work schedules, including call back, standby, and overtime, and other work assignments, except as otherwise limited by this MOU, or subsequent MOUs.

2.1.12 To establish and modify goals and objectives, related to productivity and performance programs and standards, including, but not limited to, quality and quantity, and required compliance therewith.

2.1.13 To determine qualifications, skills, abilities, knowledge, selection procedures and standards, job classification, job specifications, and to reallocate and reclassify employees, in accordance with division and/or CITY Rules and Regulations.

2.1.14 To determine the issues of public policy and the overall goals and objectives of the CITY, and to take necessary action to achieve the goals and objectives of the CITY.

2.1.15 To hire, transfer intra- or inter-Department, promote, reduce in rank, demote, reallocate, terminate, and take other personnel action for non-disciplinary reasons, in accordance with Department and/or CITY Rules, Regulations and Ordinances.

2.1.16 To determine policies, procedures and standards for recruiting, selecting, training and promoting employees.

2.1.17 To establish, implement, and/or modify Rules and Regulations, policies, and procedures related to productivity, performance, efficiency, personal appearance standards, code of ethics and conduct, safety, health, and order, and to require compliance therewith.

2.1.18 To maintain order and efficiency in facilities and operation.

2.1.19 To restrict the activity of an employee organization on CITY facilities, except as set forth in this MOU.

2.1.20 To take any and all necessary steps and actions to carry out the service requirements and mission of the CITY, in emergencies or any other time deemed necessary by the CITY, and not specified above.

2.2 Nothing herein is meant to diminish CITY rights provided by the Government Code.

2.3 Authority of Third Party Neutral – Management Rights
All management rights, powers, authority, and functions, whether heretofore or hereinafter exercised, shall remain vested exclusively with the CITY. No third party neutral shall have the authority to diminish any of the management rights that are included in this MOU.

2.4 Nothing herein is meant to diminish employee rights provided by the Government Code.

ARTICLE 3 – RECOGNITION

3.1 Pursuant to Resolution No. 08-17, the Employer-Employee Relations Resolution of the City of Morro Bay and applicable state law, Service Employees International Union Local 620 was designated by the City of Morro Bay City Council as the exclusive representative

of City employees in the Miscellaneous Employees Unit (hereafter "UNIT"). The UNIT is comprised of the following classifications:

Account Clerk I
Account Clerk II
Account Clerk III
Administrative Technician
Administrative Utilities Technician
Assistant Civil Engineer
Assistant Planner
Associate Civil Engineer
Associate Planner
Building Inspector
Building Inspector/Plans Examiner
Consolidated Maintenance Worker I
Consolidated Maintenance Worker II
Consolidated Maintenance Worker III
Consolidated Maintenance Leadworker
Consolidated Maintenance Field Supervisor
Engineering Technician I
Engineering Technician II
Engineering Technician III
Engineering Technician IV
Harbor Business Coordinator
Harbor Patrol Officer
Harbor Patrol Officer Supervisor
Housing Programs Coordinator
Mechanic
Office Assistant II
Office Assistant III
Office Assistant IV
Permit Technician
Permit Technician - Certified
Recreation Supervisor - Sports
Recreation Supervisor – Youth
Recreation Coordinator
Support Services Technician
Wastewater Systems Operator In-Training
Wastewater Systems Operator I
Wastewater Systems Operator II
Wastewater Systems Operator III

Wastewater Systems Leadworker
Wastewater Systems Supervisor
Wastewater Treatment Plant Operator In-Training
Wastewater Treatment Plant Operator I
Wastewater Treatment Plant Operator II
Wastewater Treatment Plant Operator II/Lab Analyst
Wastewater Treatment Plant Leadworker
Wastewater Treatment Plant Supervisor
Wastewater Collection System Operator I
Wastewater Collection System Operator II
Wastewater Collection System Operator III
Wastewater Collection System Leadworker
Wastewater Collection System Supervisor
Water System Operator I
Water System Operator II
Water System Operator III
Water System Supervisor

The term "employee" or "employees," as used herein, shall refer only to the foregoing classifications.

3.2 Employees, working on a regular basis in a classified position, but less than full-time, shall receive vacation and sick leave accruals on a pro-rated basis, commensurate with hours worked. Effective January 1, 1998, all benefits for new hires, including insurance benefits, will be allocated on a pro-rated basis, commensurate with hours worked.

3.3 Electronic Deposit:
All Employees, hired after the effective date of this contract, shall receive their pay by electronic methods. New hires must present account information for a checking or a savings account with an ACH-member financial institution.

ARTICLE 4 - UNION BUSINESS

4.1 Employee representatives, designated by the UNION, shall be granted time off, without loss of pay, to attend "meet and confer" sessions with the City Manager, and/or his/her designee, on subjects within the scope of representation, when such meetings are scheduled during regular working hours. Should such meeting extend beyond an employee representative's regular working hours, the employee representative shall be paid for only the regular working hours.

It is understood that this "time-off provision" shall only apply to a maximum of three (3) employees attending any one meeting between CITY and UNION. Where exceptional circumstances warrant, the City Manager may approve the attendance at such meetings of additional employee representatives. The UNION shall, whenever practicable, submit the

names of all employee representatives to the City Manager, or designee, at least two working days in advance of such meetings. Provided further: 1) that no employee representative shall leave his/her duty or work station or assignment without specific approval of the department head or other authorized CITY management official; and 2) that any such meeting is subject to scheduling by CITY management and UNION, in a manner consistent with operating needs and work schedules.

4.2 Nothing provided herein shall limit or restrict CITY management and UNION from scheduling such meetings before or after regular CITY or work hours.

4.3 Off-duty employees will not be paid for attending meet and confer sessions, nor will overtime be paid for same.

4.4 If the UNION and the CITY are actively meeting and conferring (e.g. after a successor letter has been delivered to the CITY to initiate conferring), then pursuant to Government Code Section 3505.3, a reasonable number of UNION representatives shall be permitted paid release time from regular working hours upon reasonable notification to the CITY as follows:

a. When formally meeting and conferring with representatives of the CITY on matters within the scope of representation;

b. When testifying or appearing as the designated representative of UNION in conferences, hearings, or other proceedings before the board, or an agent thereof, in matters relating to a charge filed by the UNION against the CITY or by the CITY against the UNION;

c. When testifying or appearing as the designated representative of the UNION in matters before a personnel or merit commission.

d. For the purposes of this section, "designated representative" means an officer of the UNION or a member serving in proxy of the UNION.

4.5 The UNION will be permitted to retain and use bulletin boards for member informational purposes at the following locations: 1) City Hall 2) Public Works/Community Development 3) Recreation Services 4) Water and Collections Department 5) Wastewater Treatment Plant 6) Fire Department and 7) Harbor Department.

ARTICLE 5 - AUTHORIZED AGENTS

For the purpose of administering the terms and provisions of this MOU:

5.1 Management's principal authorized agent shall be the City Manager, or his/her duly authorized representative (address: 595 Harbor Street, Morro Bay, CA 93442, telephone

(805) 772-6201), except where a particular management representative is specifically designated in the MOU.

5.2 The UNIT's principal authorized representative shall be: Service Employees International Union Local 620 (114 Vine Street, Santa Maria, CA 93454 (805) 963-0601).

5.3 The UNION shall furnish the CITY's City Manager with a written list, identifying by name and work location, up to three stewards and one chief steward.

5.4 UNION stewards shall be authorized, when participating in the investigation and processing of a grievance, to take a reasonable amount of CITY–time, without loss of compensation or benefits, to perform these duties.

5.5 UNION stewards shall be selected in accordance with current SEIU written policy on file with the CITY Human Resources Office.

ARTICLE 6 – UNION SECURITY and WITHHOLDING OF UNION DUES/FEES

6.1 "Maintenance of Membership"
All UNIT employees who, on the effective date of this MOU, are members of SEIU Local 620, and all such employees, who thereafter voluntarily become members of Local 620, shall maintain their membership in Local 620, subject to the right to resign membership during the period commencing thirty days prior to June 30 of each year of this MOU.

6.2 Agency Shop
Pursuant to UNION's initiation, allowed by an amendment to the Meyers-Milias-Brown Act, the CITY and the UNION will abide by the following provisions, as they relate to an agency shop.

Agency Shop, as defined under Meyers-Milias-Brown, means "an arrangement that requires an employee, as a condition of continued employment, either to join the recognized employee organization, or to pay the organization a service fee in an amount not to exceed the standard initiation fee, periodic dues, and general assessments of the organization." CITY recognizes that UNION has petitioned for ,and a majority of employees have cast ballots in a secret ballot election in favor of, agency shop for this bargaining UNIT.

The United States Supreme Court has decided that Unions may not charge non-members for expenses unrelated to the actual representation of the employees in the bargaining UNIT, such as political contributions, organizing activities, and member-only benefits. Employees, who question whether the amount of the UNION's Agency Fee contains unlawful charges, may file a written objection with the UNION to the Agency Fee, and if successful, have their Agency Fee reduced to cover only the lawfully-chargeable amount. Any costs related to this objection process will be borne by the UNION.

6.3 Conscientious Objection

Any employee, who is a member of a bona fide religion, body, or sect that has historically held conscientious objections to joining or financially supporting public employee organizations, shall not be required to join or financially support any public employee organization as a condition of employment. Such employees shall be required to, in lieu of periodic dues, initiation fees, or agency fees, pay sums, equal to the dues, initiation fees, or agency fees, to a nonreligious, non-labor charitable fund, exempt from taxation under Section 501(C)(3) of the Internal Revenue Code, chosen by the employee from the following: Hospice, CASA, or United Way for the purpose of payroll deductions. Proof of payments shall be made on a monthly basis to the CITY, as a condition of continued exemption from the requirement of financial support to the UNION.

6.4 Covered employees shall execute written authorization for either UNION dues deductions, the agency fee, or, if eligible, the charitable contribution. In the absence of a written authorization, the CITY shall deduct the agency fee from the employees' paycheck, pursuant to the Meyers-Milias-Brown Act (Gov't Code Sections 3500-3511 et.seq.). Section 3502.5. The CITY agrees to promptly remit, to the UNION, all monies deducted, accompanied by an "Agency Fee Deduction Report," to include the names and amounts of the deductions in the same manner and timeframes as the current provision of the dues deduction reports.

6.5 Rescission of Agency Shop

This agency shop provision may be rescinded by a majority vote of all the employees in the UNIT covered by the MOU, provided that:

6.5.1 A request for such a vote is supported by a petition of at least 30% of the employees in the bargaining UNIT;

6.5.2 The vote is by secret ballot;

6.5.3 The vote may be taken at any time during the term of the MOU, but in no event shall there be more than one vote taken during each contract year.

6.6 Applicability

An agency shop arrangement shall not apply to management, confidential, or supervisory employees.

6.7 Reporting Requirement

The UNION shall keep an adequate itemized record of its financial transactions, and shall make available annually, to the CITY and to the employees who are members of the organization, within 60 days after the end of its fiscal year, a detailed written financial report, thereof, in the form of a balance sheet and an operating statement, certified as to accuracy by its president and treasurer or corresponding principal officer, a certified public accountant, or as otherwise required by law.

6.8 Indemnification

The UNION shall indemnify, and hold the CITY harmless, against any liability arising from any claims, demands, or other action relating to the CITY's compliance with the agency shop obligation. The UNION shall comply with all statutory and legal requirements, with respect to agency shop.

ARTICLE 7 - TERM

Except as otherwise specifically provided herein, the term of this MOU shall be from July 1, 2017, through June 30, 2020.

ARTICLE 8 - RENEGOTIATIONS

8.1 In the event either party wants to renegotiate a successor MOU, such party shall serve, upon the other during the period December 1, 2019 to January 31, 2020, its written request to begin negotiations, as well as its full and entire written proposals amending this MOU.

8.2 The parties agree that, except by mutual agreement, no new subjects may be introduced into the process after the third negotiations meeting.

8.3 Upon receipt of such written notice and proposals, negotiations shall begin no later than March 15, 2020.

ARTICLE 9 - ANTI-DISCRIMINATION

The CITY and UNION mutually agree they will not discriminate against employees for the exercise of their rights under the State of California Government Code Section 3502.

ARTICLE 10 - WORK SCHEDULE

This ARTICLE is intended to define the normal hours of work, and shall not be construed as a guarantee of work per day or per week, or of days of work per week.

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.

10.2 Work Shift

Employees shall be scheduled to work on regular work shifts having regular starting and quitting times. Except for emergencies, employees' work shifts shall not be changed without 24-hour prior notice to the employee. Call-out or overtime does not constitute as change in work shift.

10.3 Work Week

The normal workweek shall be five workdays and two consecutive days of rest in a seven-day period, beginning Saturday, 12:00 a.m., and ending seven days later on Friday night at 11:59 p.m., except in cases of emergencies, or at the specific request of an employee and approval of department head. Nothing herein shall be construed to eliminate currently established irregular work schedules.

10.4 Overtime Compensation

10.4.1 All work required by the CITY, and actually performed beyond 40 hours worked in a workweek, is defined as FLSA overtime. FLSA overtime shall be compensated at one and one-half times the employee's regular rate of pay, as defined by FLSA.

10.4.2 Designated CITY holidays shall be considered as time worked, for purposes of computing overtime, for personnel working a Monday through Friday, eight hours a day, schedule with Saturday and Sunday as regular days off. Employees working other schedules will accrue eight hours holiday time, and if working on the CITY designated holiday, be paid at the rate of one and one-half times the employee's regular rate of pay, as defined by FLSA. Effective upon the ratification of this contract, vacation hours used shall also be considered as time worked, for overtime calculation purposes.

10.4.3 There shall be no double compensation for the same hours of work, nor any "pyramiding" of overtime.

10.5 Compensatory Time Off (CTO):

10.5.1 At the employee's option, CTO may be taken in lieu of payment for overtime.

10.5.2 CTO may be accrued. An employee's CTO balance shall indicate the amount of CTO available for employee's use. For example, if an employee works two hours of FLSA overtime, and elects to accrue CTO, the employee's CTO balance shall indicate three hours.

10.5.3 An employee's CTO balance shall not exceed a maximum of 60 hours. If overtime is earned that would exceed this limit, the excess shall be paid in cash.

10.5.4 All CTO, requested by an employee, must be approved in advance by the employee's Department Head.

10.5.5 Employees, separating from the CITY, are entitled to pay for accumulated CTO at their current base rate of pay.

10.6 Emergencies

10.6.1 Nothing herein shall be construed to limit or restrict the authority of management to make temporary assignments to different or additional locations, shifts, or duties, for the purpose of meeting an emergency. Such emergency assignments shall not extend beyond the period of said emergency.

10.6.2 Short–staffing, caused solely by absences due to employees taking approved paid leave, shall not be considered an emergency.

10.7 Shift Rotation

Shift rotation shall coincide with the first day of a pay period.

10.8 Breaks

As a general practice, employees shall be permitted to take a minimum fifteen (15) minute paid rest/hydration/exercise break for every four (4) hours worked. In addition, employees shall be permitted to take a minimum thirty (30) minute and maximum sixty (60) minute unpaid meal break for up to ten (10) hours worked. The scheduling of these breaks shall be subject to departmental policy and will require approval of an employee's supervisor or manager. The inability of a department to schedule or allow such breaks or of an employee to take such breaks shall not give rise to any right to or claim for compensation and/or monetary damages of any kind.

ARTICLE 11 - VACATION LEAVE

NOTE: All leave time (vacation, sick leave, holiday, etc.) will be taken off on an hour-for-hour basis, equaling employee actual time off, regardless of accumulation rates.

11.1 During the term of this MOU, paid vacation leave shall be earned at the following rate:

	Maximum Entitlement	
Service Years	Days	Hours
1 thru 2	10	80
3 thru 4	11	88
5 thru 6	12	96
7 thru 8	13	104

9 thru 10	14	112
11 thru 12	15	120
13 thru 14	16	128
15 thru 16	17	136
17 thru 18	18	144
19 thru 20	19	152
21 or more	20	160

11.2 The standard for vacation time is eight hours equals one day.

11.3 Effective July 1, 2014, employees will be provided an option to convert up to 40 hours of vacation into compensation per fiscal year provided that at the time of the conversion request at least 20 hours of vacation time remains in the employee's vacation bank. Conversion may be requested throughout the fiscal year, with a minimum of 30 days' notice to payroll, and Department Head approval.

11.4 Maximum Accumulation

It is recognized that long-standing accumulations of vacation time exist for some employees. In order to compensate employees for this unused vacation time, and reduce this liability for the CITY, CITY and UNION agree on the following policy:

11.4.1 CITY and UNION agree that the vacation cap to be in place for this UNIT will be 220 hours, to be achieved in the following manner:

11.4.1.1 Unused vacation leave may be carried over into the calendar year 2008 and subsequent calendar years to a maximum of 220 hours. Employees exceeding the 220-hour maximum, as of the pay period containing November 1st will be paid off for vacation time that exceeds the 220-hour maximum. Payment shall be computed based upon the employee's current base hourly rate of pay. Vacation pay out will occur in the first pay period occurring on or after December 1st.

11.4.2 Employees, separating from the CITY, are entitled to pay for accumulated vacation based upon employee's current base hourly rate of pay.

ARTICLE 12 - HOLIDAYS

12.1 For the purpose of this MOU, the following days are the holidays for the employees in this UNIT:

New Year's Day	January 1
Martin Luther King, Jr.'s, Day	3rd Monday in January
Lincoln's Birthday	February 12th

President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4th
Labor Day	1st Monday in September
Veterans' Day	November 11th
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving Day	Friday after Thanksgiving
Christmas Day	December 25th
Two (2) Floating Holidays	Varies

12.2 Holidays, falling on Saturday, shall be observed on the preceding Friday, and holidays, falling on Sunday, shall be observed on the following Monday, and shall be considered designated holidays for purposes of overtime.

12.3 One holiday equals eight hours. For those UNIT employees, participating in alternative work schedules, one holiday shall equal the number of hours the employee is scheduled to work on the day of the holiday. Accrued holiday time may be taken in less than eight-hour increments.

12.4 It is agreed that when a holiday is proclaimed by the Mayor of the CITY, then each employee shall be granted time-off in the same number of equivalent work hours. Such time-off shall be selected by the Department Head.

12.5 Employees may accumulate up to a maximum of 48 hours holiday time for holidays worked. Hours of holiday time, accumulated over 48 hours, will be paid off. When an employee terminates employment with the CITY, he/she shall receive pay for his/her current holiday balance up to a maximum of 48 hours at his/her current base hourly rate.

12.6 CITY's denial of requested holiday time off shall be neither arbitrary nor capricious.

12.7 Employees, who work on a CITY-designated holiday, shall have up to 10 hours banked, depending on scheduled hours, and also shall be paid one and one-half times their base hourly rate for the hours actually worked on the holiday.

12.8 The first payroll including July 1, each employee's bank will be credited with 16 hours floating holiday, regardless of actual work schedules.

ARTICLE 13 - SICK LEAVE

13.1 During the term of this MOU, sick leave shall be earned at the rate of one eight-hour workday for each calendar month of service. Sick leave used shall be actual employee time off. For example, if an employee works four 10-hour days per week and is off sick for one of the 10 hour days, 10 hours shall be deducted from employee's sick leave

balance. There shall be no maximum to the amount of sick leave that an employee may accumulate.

13.2 Based on individual utilization of paid sick leave in the preceding calendar year, employee 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
0.25 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 160 accrued hours must remain in employee's sick leave bank for any employee to be eligible for conversion or for any conversion to be authorized. In addition, the right to convert, along with any conversion hours, 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.

13.3 Upon the service retirement of an employee who has more than 10 years of service with the CITY, said employee shall be entitled to receive payment for up to 720 hours of his/her accrued sick leave at thirty percent (30%) 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 the respective retirement system thereof.

NOTE: Sick leave, converted to service credit for PERS purposes, cannot be compensated (converted to dollars).

ARTICLE 14 - RETIREMENT BENEFITS

14.1 All employees will contribute the entire employee retirement contribution, which is currently: 1) classic members, Tier 1 - 8% Miscellaneous/9% Safety; classic members, Tier 2 - 7% Miscellaneous/9% Safety; or PEPRA members, Tier 3 – 6.25% Miscellaneous/11.5% Safety.

14.2 The CITY agrees to continue providing all CalPERS Miscellaneous employees in this UNIT, who were hired prior to January 1, 2012, with the following CalPERS retirement formula and optional benefits (existing employees promoted to another position within the CITY, will not be considered new hires, with respect to retirement formulas):

14.2.1 2.7% @ 55 formula (Section 21354.5)
14.2.2 Unused Sick Leave Credit Option (Section 20965)
14.2.3 Military Service Credit (Section 21024 & 21027)
14.2.4 Single Highest Year Final Compensation (Section 20042)
14.2.5 1959 Survivor Benefit, Level 4 (Section 21574)
14.2.6 Pre-Retirement Option 2W Death Benefit (Section 21548)

14.3 For CalPERS Miscellaneous employees, who were hired on or after January 1, 2012, but before January 1, 2013, and those hired on or after January 1, 2013, who meet the definition of classic member, pursuant to the California Public Employee's Pension Reform Act of 2013 (PEPRA), the CITY will provide the following CalPERS optional benefits:

14.3.1 2% @ 60 formula (benefit factor increases to 2.418% @ 63+) (21353)
14.3.2 Unused Sick Leave Option (Section 20965)
14.3.3 Military Service Credit (Section 21024 & 21027)
14.3.4 Final Compensation Average 36 consecutive highest months (20037)
14.3.5 1959 Survivor Benefit, Level 4 (21574)
14.3.6 Pre-Retirement Option 2W Death Benefit (Section 21548)

14.4 Pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, employees hired, who meet the definition of new member under PEPRA, will be covered by following retirement formula and receive the following CalPERS optional benefits:

14.4.1 2% @ 62 retirement formula (benefit factor increases to 2.5% @ 67+)
14.4.2 Final Compensation Average 36 consecutive highest months (20037)
14.4.3 Member contribution rate of fifty (50) percent of the expected normal cost rate (currently 6.25%)
14.4.4 Unused Sick Leave Credit (Section 20965)
14.4.5 Military Service Credit (Section 21024 and 21027)
14.4.6 1959 Survivor Benefit, Level 4 (21574)
14.4.7 Pre-Retirement Option 2W Death Benefit (Section 21548)

14.5 The CITY agrees to continue providing CalPERS Safety employees (Harbor Officers reclassed to Safety 10/17/1998) in this UNIT, who were hired prior to September 17, 2011, with the following CalPERS retirement formula and optional benefits (existing employees, promoted to another position within the CITY, will not be considered new hires, with respect to retirement formulas):

14.5.1 3% @ 50 plan (21362.2)
14.5.2 Unused Sick Leave Credit (Section 20965)
14.5.3 Military Service Credit (Section 21024 & 21027)
14.5.4 Highest Single Year Final Compensation (Section 20042)

14.5.7 1959 Survivor Benefit, Level 4 (Section 21574)
14.5.8 Pre-Retirement Option 2W Death Benefit (Section 21548)

14.6 For CalPERS Safety employees (Harbor Patrol Officers, who were hired on or after September 17, 2011, and those hired on or after January 1, 2013, who meet the definition of classic member pursuant to the California Public Employees Pension Reform Act of 2013 (PEPRA), the CITY will provide the following CalPERS optional benefits:

14.6.1 3% @ 55 plan (Section 21363.1)
14.6.2 Unused Sick Leave Credit (Section 20965)
14.6.3 Military Service Credit (Section 21024)
14.6.4 Final Compensation 3 Year (20037)
14.6.5 1959 Survivor Benefit Level 4 (Section 21574)
14.6.6 4th Level Survivor Benefit (Section 21574)
14.6.7 Pre-Retirement Death Option 2W

14.7 Pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, safety employees hired who meet the definition of new member under PEPRA, will be covered by the following retirement formula and optional CalPERS benefits:

14.7.1 2.7% @ 57 retirement formula (Section 7522.25(d))
14.7.2 Final Compensation Average 36 consecutive highest months (20037)
14.7.3 Member contribution rate of fifty (50) percent of the expected normal cost rate (currently 11.5%)
14.7.4 Unused Sick Leave Option (Section 20965)
14.7.5 Military Service Credit (Section 21024)
14.7.6 1959 Survivor Benefit Level 4 (Section 21574)
14.7.7 4th Level Survivor Benefit (Section 21574)
14.7.8 Pre-Retirement Death Option 2W

14.8 City will contribute, on a 2:1 basis (i.e., employee contributes $2, and City contributes $1) with City maximum of $600.00 per employee in any calendar year, to an employee's deferred compensation 457 plan.

ARTICLE 15 - HEALTH BENEFITS

15.1 Health Insurance

15.1.1 Employees of this UNIT shall participate in the CalPERS medical insurance plans on a cafeteria style basis, with the CITY contributing the CalPERS minimum (currently $125/month) to the active employee's medical insurance, and $1.00/month, or the amount required by CalPERS, to retiree medical insurance. Any costs in excess of these contribution rates shall be paid by the employee and retiree.

15.1.2 For 2017, 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

For 2018, UNIT employees shall 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 $1,135/month or cost of insurance, whichever is less
Employee + family - up to $1,460/month or cost of insurance, whichever is less

15.1.3 Effective January 1, 2009, cash-back was eliminated, except as provided herein. Employees, receiving cash-back in December 2008, shall continue to receive the same amount for the term of this MOU, except that if cash-back employees change the structure of their insurance (add dependents, delete dependents, drop insurance with the CITY, change carriers, etc.) cash-back is not an option. Cash-back will be eliminated for employees during the open enrollment period in 2012 for calendar year 2013, and in subsequent years, if said employees are required (because of eliminated plans) to change carrier. In the event an employee receiving cash-back is forced to make a plan change because the CITY changes plans and/or ceases to contract with PERS for insurance, that employee will maintain cash-back.

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, 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 re-open discussion with respect to this ARTICLE, for any changes to the 2019 and 2020 health rates.

ARTICLE 16 - EDUCATION INCENTIVES

16.1 CITY agrees to reimburse the costs for job-related and job-required certifications, correspondence courses, and licenses (except Class III driver's license) upon successful completion of the examination or course by the employees, having written authorization in advance from their department head. This shall include application fees, examination fees, and certificate fees. Renewal fees may be paid in advance by the CITY. This provision does not apply to continuing education requirements.

16.2 CITY agrees to provide a CITY vehicle, when available, during normal working hours for required transportation, and will permit paid time for employees to take examinations scheduled during normal working hours. No mileage payments are authorized for personal transportation, and time spent outside normal working hours shall not be compensated, except that tests taken for CITY-required certifications shall be taken in paid status.

ARTICLE 17 - WORK UNIFORMS

17.1 CITY will provide work coveralls, including laundry service, for each employee whose working conditions create undue wear and tear on work clothing.

CITY will select and provide uniform work shirt, including laundry service, for all field employees. Work shirts shall include a CITY logo and the employee's name.

17.2 Determination of individual entitlement to CITY-provided work uniforms will be at the discretion of the appropriate department head, and with the approval of the City Manager. UNIT members in classifications currently receiving uniforms shall continue to do so.

17.2.1 Each employee, as determined in 17.2, will be provided a CalPERS benefit of $16.18 per pay period. This benefit shall increase should the cost increase.

17.3 Safety Shoes

Effective July 1, 2016, employees required to wear steel-toed safety shoes and Harbor Patrol Officers required to wear approved footwear in the performance of their duties, shall be eligible to receive an annual reimbursement, for the provision of said shoes, in the amount of $200 per fiscal year. Harbor Patrol Officers shall be required to wear 6" black leather boots or water/safety-specific shoes as approved within the sole discretion of the Harbor Director. Proof of purchase of shoes and boots are required. Once purchased, such appropriate footwear must be worn only while working.

ARTICLE 18 – WAGES AND INCENTIVES

18.1 Effective retroactive to the pay period including July 1, 2016 for those employees still employed by the CITY upon City Council adoption of this MOU, the CITY shall provide a Cost of Living Adjustment (COLA) increase to base salaries for all UNIT classifications by 2.25% (see Exhibit A updated salary table).

18.2 Required Certificate.

Employees in the Maintenance Worker classifications in the Collections division shall receive a $75 per month incentive for the California Water Environment Association Collections Certificate required by their classification. Those employee classifications are: Wastewater Collection System Leadworker and Wastewater Collection System Operator I, II and III.

18.3 Additional Certificate. An employee classified as a Wastewater Treatment Plant Operator with a certificate issued by the California State Water Resources Control Board, or those employees classified as Water System Operator and Wastewater Collection System Operator, shall receive a $50 per month incentive for one certification above that required by the position held.

Those employees classified as Water System Operator will additionally receive a $50 per month incentive for one treatment certification above that required by the position held.

18.4 All salary adjustments, including but not limited to merit increases, educational incentives, and any other pay adjustments will take effect at the beginning of the next payroll period after the scheduled effective date of the increase.

18.5 Any and all special pay incentives will be calculated on base salary.

18.6 Attached Exhibit A reflects wages for UNIT members for the duration of this MOU.

18.7 CITY conducted internal salary survey for informational purposes as agreed in the SEIU MOU 2016-17. The market comparable cities studied included: City of Paso Robles, the City of Atascadero, the City of San Luis Obispo, the City of Pismo Beach, the City of Grover Beach and the City of Arroyo Grande. Positions dedicated to the Harbor Department included Channel Island Harbor, Pillar Point Harbor, and Ventura Port district.

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%).

18.9 Contingent upon satisfaction of the following financial terms and conditions, the CITY shall provide a COLA increase to be effective July 1, 2018 to base salaries for all UNIT classifications in the amount of two percent (2%) for the 2018-2019 fiscal year:

- Total major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined forecasted amount of $9,406,194 (matches 10-year forecast and FY17/18 budget adopted by Council). This figure shall be based on current tax rates (currently 1% Property Tax, 1.0% CITY Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose.

- The CalPERS investment rate of return (i.e. "Discount Rate") to take effect in FY18-19 does not drop below the rates announced by CalPERS on December 21, 2016, causing the CITY's contribution to CalPERS to increase more than $100,000 beyond the current budgeted amounts for the General Fund.

- The CITY does not become responsible, during FY17-18, for any state/federally imposed unfunded mandates from any external source(s) that require significant unplanned/ un-forecasted General Fund expenditure(s) of more than $300,000 in a fiscal year, including significant natural disasters affecting the CITY. Any such expenditure(s), cumulatively totaling $300,000 in a fiscal year or more, will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting either in a lower employee bonus or reduction in the intended COLA increase to 1% or 0%.

18.9.1 Contingencies in the event of a revenue shortfall for FY 2017-18:

- If total major General Fund Revenues are less than $71,000 below the forecasted amount (i.e. more than $9,335,194), then the COLA will be 2%, effective July 1, 2018.

- If total major General Fund Revenues are between $71,000 and $141,999 below the forecasted amount (i.e. between $9,264,195 - $9,335,193), then the COLA will be 1%, effective July 1, 2018.

- If total major General Fund Revenues are $142,000 or more below the forecasted amount (i.e. less than $9,264,194), there will be no COLA effective July 1, 2018.

18.9.2 Timing of July 1, 2018 COLA, if any:

- If the CITY determines, based on revenues received as of June 1, 2018, that it is reasonable to assume the combined receipts will meet or exceed the General Fund revenue threshold, then the COLA will be effective as of July 1, 2018.

- If meeting the General Fund revenue threshold is not a reasonable assumption as of June 1, 2018, then the parties agree to wait for actual receipts to be posted, which the CITY anticipates will occur by the end of August. If the threshold is met at the time actual receipts are received, the CITY agrees to implement the COLA retroactive to July 1, 2018.

18.9.3 Potential One-Time Lump Sum Payment in the event of revenue surplus for FY 2017/18

- If the conditions described in Section 18.9 are satisfied, and total major General Fund Revenues for FY 2017/18 are above forecast, then in addition to the 2% COLA, 20% of the amount above the forecast amount will be divided equally by the number of full-time equivalent (FTE) employees and such amount shall be distributed to UNION-represented Employees in the form of a one-time lump sum payment.

18.10 Contingent upon satisfaction of the following financial terms and conditions, the CITY shall provide a COLA increase effective July 1, 2019 to base salaries for all Unit classifications in the amount of two percent (2%) for the 2019-2020 fiscal year:

- Total major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined forecasted amount of $9,395,906 (matches 10-year forecast). This figure shall be based on current tax rates (currently 1% Property Tax, 1.0% City Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose.

- The CalPERS investment rate of return (i.e. "Discount Rate") to take effect in FY19-20 does not drop below the rates announced by CalPERS on December 21, 2016, causing the CITY's contribution to CalPERS to increase more than $100,000 beyond the current budgeted amounts for the General Fund.

- The CITY does not become responsible, during FY18-19, for any state/federally imposed unfunded mandates from any external source(s) that require significant unplanned/ un-forecasted General Fund expenditure(s) of more than $300,000 in a fiscal year, including significant natural disasters affecting the CITY. Any such expenditure(s), cumulatively totaling $300,000 in a fiscal year or more, will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting either in a lower employee bonus or reduction in the intended COLA increase to 1% or 0%.

18.10.1 Contingencies in the event of a revenue shortfall for FY 2018-19:

- If total major General Fund Revenues are less than $71,000 below the forecasted amount (i.e. more than $9,322,906), then the COLA will be 2%, effective July 1, 2019.

- If total major General Fund Revenues are between $71,000 and $141,999 below the forecasted amount (i.e. between $9,253,907 - $9,335,194), then the COLA will be 1%, effective July 1, 2019.

- If total major General Fund Revenues are $142,000 or more below the forecasted amount (i.e. less than $9,253,906), there will be no COLA effective July 1, 2019.

18.10.2 Timing of July 1, 2019 COLA, if any:

- If the CITY determines, based on revenues received as of June 1, 2019, that it is reasonable to assume the combined receipts will meet or exceed the General Fund revenue threshold, then the COLA adjustment will be effective as of July 1, 2019.

- If meeting the General Fund revenue threshold is not a reasonable assumption as of June 1, 2019, then the parties agree to wait for actual receipts to be posted, which the CITY anticipates will occur by the end of August. If the threshold is met at the time actual receipts are received, the CITY agrees to implement the COLA retroactive to July 1, 2019.

- In the event of a 0% COLA in FY 2019/20, the parties agree to retain the option to re-open discussion regarding COLAs for FY 2019/20.

18.10.3 Potential One-Time Lump Sum Payment in the event of revenue surplus for FY 2017/18

- If the conditions described in Section 18.10 are satisfied, and total major General Fund Revenues for FY 2018/19 are above forecast, then in addition to the 2% COLA, 20% of the amount above the forecast amount will be divided equally by the number of full-time equivalent (FTE) employees and such amount shall be distributed to UNION-represented Employees in the form of a one-time lump sum payment.

18.11 The threshold amounts for the COLA contemplated in Section 18.9, potentially occurring in the 2018-2019 fiscal year, will be based on the CITY's adopted 2017-2018 fiscal year budget. The threshold amounts for the COLA contemplated in Section 18.10, potentially occurring in the 2019-2020 fiscal year, will be based on the CITY's 10-year budget forecast presented to City Council on Feb 28, 2017. The threshold amounts referenced in this Article 16 are based on the following calculations:

COLA Year Affected	FY18-19	FY19-20
Combined Receipts Forecast	FY17-18 Budget	FY18-19 Forecast

Property Tax	2,944,306	3,034,754
Property Tax In-Lieu (VLFAA)	1,004,328	1,037,401
Subtotal Property Tax	3,948,634	4,072,155
Sales Tax (local & triple-flip)	1,777,664	1,745,439
Sales Tax (Prop 172-Safety)	127,345	123,525
Subtotal Sales Tax	1,905,009	1,868,964
Transient Occupancy Tax	3,552,551	3,454,787
Combined Total Threshold	$9,406,194	$9,395,906

18.12 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.

18.13 The parties agree herewith to retain the option to re-open discussion of salary equity adjustments proposed by the UNION for the following personnel: Harbor Patrol Officer, Harbor Patrol Supervisor, Harbor Business Coordinator, and Associate Civil Engineer.

ARTICLE 19 - SPECIAL PAY PRACTICES

19.1 Standby

19.1.1 Standby duty is defined as that circumstance which requires an employee so assigned to:

Be ready to respond immediately to a call for service;
Be readily available at all hours by telephone or other agreed upon communication equipment; and
Refrain from activities which might impair his/her assigned duties upon call.

19.1.2 It is agreed that personnel, who are scheduled on a routine basis, for standby duty, shall be compensated at the rate of forty-two ($42) per day for each day of scheduled standby duty performed. This increase is effective upon the City Council ratification of this MOU.

Effective upon City Council ratification of this MOU, standby pay rates for the following, City recognized holidays, shall be compensated at the rate of sixty dollars ($60.00) for UNION employees except Harbor Department:

New Year's Day	January 1
Martin Luther King, Jr.'s, Day	3rd Monday in January
Lincoln's Birthday	February 12th
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4th

Labor Day	1st Monday in September
Veterans' Day	November 11th
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving Day	Friday after Thanksgiving
Christmas Day	December 25th

19.1.3 For Harbor Department employees (HPO Supervisor and Officers), standby rates shall be compensated at the rate of sixty dollars ($60.00) for the agreed upon holidays listed below, regardless of the City-recognized holiday schedule:

1) New Year's Eve
2) New Year's Day
3) Memorial Day Weekend Friday
4) Memorial Day Weekend Saturday
5) Independence Day
6) Labor Day Weekend Friday
7) Labor Day Weekend Saturday
8) Thanksgiving Day
9) Day after Thanksgiving
10) Christmas Eve
11) Christmas Day

19.2 Call Back

19.2.1 Call back is defined as that circumstance which requires an employee to unexpectedly return to work after the employee has left work at the end of the employee's work shift; except that an early call in of up to two (2) hours prior to the scheduled start of a work shift shall not be counted as a call back.

19.2.2 CITY will guarantee a minimum of three (3) work hours credit (four and one half (4-1/2) hours compensation), for each employee called back for work, as defined above.

19.2.3 Whenever an employee is called back to work, the CITY considers the employee "on-duty" for three hours, even if employee returns home. No additional call-back time pay is allowed during this period, if the employee is again called back. However, if more than three hours have passed since the initial call-back, and the employee is called back to work again, the employee may claim an additional three work hours credit (four and one-half hours call-back compensation) under the conditions set forth in 19.2.1 above.

19.2.4 Said employee shall receive either pay or compensatory time-off, pursuant to Article 10 - Overtime Compensation, for the minimum or for all time actually worked, whichever is greater.

19.2.5 Employees called back to work, pursuant to this section, shall be eligible for mileage reimbursement when utilizing their personal vehicle.

19.3 Members of this UNIT who are required by their supervisor to attend meetings outside of the normal work schedule shall be paid a minimum of three hours at time and one-half without regard to hours actually worked during the work week. Meetings during regular work hours shall be included in employees' regular rate of pay and not compensated beyond that.

19.4 Class A Driver's License and Captain's License
Effective with the City Council ratification of this MOU, UNIT members, possessing a Class A Driver's License, will receive $50 per month.

Effective with the City Council ratification of this MOU, UNIT members in the Harbor Department, possessing a Captain's License, will receive $50 per month.

19.5 Bilingual Pay (Spanish)
Effective with the City Council ratification of this MOU, up to three (3) UNIT members may earn $75 per month for speaking Spanish, and $75 per month for writing in Spanish, for a total possible of $150 per month.

A test is required; Human Resources, or designee, will administer the test.

UNIT employees have the option to re-open and discuss this section to add other languages, if the need is demonstrated.

ARTICLE 20 - PROBATION

The probationary period for newly hired employees shall be 12 months. The probationary period for employees promoted to a higher classification shall be six months in the new classification. The CITY shall have the option of granting a newly-hired employee regular status at any time after nine months of service.

ARTICLE 21 - GRIEVANCE PROCEDURE

21.1 Purpose of the Procedure

The primary purpose of this procedure shall be to provide a means whereby an employee, without jeopardizing his/her employment, can express a personal grievance relating to his/her wages, hours of work, and working conditions, and obtain a fair and equitable disposition of his/her grievance.

21.2 Definition of Informal Grievance

An informal grievance is defined as an oral (or email) concern by an employee expressed to his/her supervisor with a request to informally discuss the grievance with the supervisor and/or the department head.

21.3 Definition of Formal Grievance

A formal grievance shall be defined as any formal written complaint of an employee filed with his/her immediate supervisor within thirty days of the action or inaction by the CITY which constitutes the subject of the grievance relating to his/her wages, hours of work, and working conditions. Such grievance shall not include performance evaluations or reprimands. However, employees may provide a written rebuttal to a performance evaluation or written reprimand that will be attached to the original document for placement in the employee's file.

21.4 Informal Discussion with Supervisor

An employee shall first pursue all informal grievances with his/her supervisor and at any time that the employee deems that the informal grievance is a formal grievance, the employee may reduce it to a formal written grievance.

21.5 Formal Conference with Supervisor

If an employee does not obtain satisfaction of his/her informal grievance by means of an informal discussion with his/her supervisor, or if employee is unable to communicate with his/her supervisor, employee and/or his/her representative may, by written grievance, request and shall be accorded a formal conference within ten days with the supervisor and/or department head. The decision of the supervisor shall be reported to the employee and/or his/her representative within five business days of the date the conference was held with the supervisor.

21.6 Department Review

In the event the employee does not obtain satisfaction at any level of review by means of informal or formal grievance and a formal conference with his/her supervisors, employee and/or his/her representative may submit the grievance in writing to the supervisor or department head. The procedure to be followed by the supervisor who receives a grievance in writing shall be established by each department head for his/her department, and shall include review of the grievance by the immediate supervisor and such successively higher levels of management as may be determined by the department head. A cumulative record of the decision and the reason for the decision at each level of review shall be maintained. The ultimate decision shall be that of the department head. The

decision must be reported to the employee in writing within ten business days of the date that the request for departmental review was submitted to the supervisor.

21.7 Mediation

If, within ten working days after receipt of the written decision of the Department Head the employee is still dissatisfied, he/she may request the services of a mediator from the State Mediation and Conciliation Service. CITY is not bound by the determination and/or recommendations of said mediator.

21.8 Appeal to the City Manager

In the event the employee does not obtain satisfaction by means of the mediator, employee and/or his/her representative shall submit the grievance in writing to the City Manager within ten days after notification of the mediator's determination is given to the employee. The City Manager may meet with the employee and/or his/her representative, the mediator and the department head before making a decision; or may waive administrative review and refer the grievance directly to a committee of the City Council appointed to hear grievances. A copy of the City Manager's decision on the matter must be presented to the employee within ten business days of the date the grievance was filed with the City Manager.

21.9 Submission to a Committee of the City Council

In the event that the employee does not obtain satisfaction by means of the administrative procedures outlined above, he/she may request a hearing by a committee of the City Council. The hearing shall be held by the committee within fifteen business days of the date of receipt of the request at the convenience of all parties, unless waived by mutual consent of the employee and the department head. The hearing shall be informal. The employee and/or his/her representative, the department head and/or the City Manager shall appear before the committee to present the facts pertinent to the case. The burden of proof shall rest with the employee. The committee shall limit its review of the grievance to the subject matter contained in the previous steps of the grievance procedure and shall make its decision within thirty days after the termination of the hearing unless of the hearing unless a reasonable time extension is deemed necessary and all parties are notified.

21.10 Time Limits

In case the time limits outlined above are not observed by the representative of the CITY, the employee and/or his/her representative shall have the right to carry the grievance directly to the next higher level of review.

21.11 Group Grievance Procedure

The recognized employee organizations may present a general grievance (affecting several employees) in writing directly to the City Manager. Upon receipt of such grievance, the City Manager shall establish a time for a hearing, at which time all affected parties may appear before the City Manager to present facts pertinent to the issue. The decision of the City Manager shall be presented to all parties concerned within fifteen business days and, within five business days of receipt of the City Manager's decision which is unacceptable, shall be appealable by the group to a committee of the City Council for their findings and recommendations within thirty days thereafter. If either party wishes to appeal, they may file an appeal with the City Council as a whole within five business days of the final decision of the committee of the City Council.

ARTICLE 22 - NO STRIKE, NO LOCK-OUT

22.1 During the term of this MOU, the CITY will not lockout any employees nor will UNIT employees or the UNION cause, authorize, advise or encourage any interruption of work or any other concerted action. The term "interruption of work" shall mean any work stoppage, "sick out," or strike (including economic, sympathy, and unfair labor practice strikes) or any intentional slowdown of work. The term "other concerted action" includes picketing or boycott activities by the UNION.

22.2 There shall be no refusal to work on, handle or produce any materials or equipment because of a labor dispute.

22.3 Any employee engaging in any action prohibited by this Article shall be subject to immediate discharge or such other discipline as the CITY may assess. Such discharge or discipline shall not be reviewable through the Grievance Procedure.

ARTICLE 23 - FULL UNDERSTANDING, MODIFICATION, WAIVER

23.1 This MOU sets forth the full and entire understanding of the parties regarding the matters set forth herein, and any other prior or existing understanding or agreements by the parties, whether formal or informal, regarding any such matters are hereby superseded or terminated in their entirety.

23.2 It is agreed and understood that each party hereto voluntarily and unqualifiedly waives its right to negotiate, and agrees that the other party shall not be required to negotiate, with respect to any matter covered herein. Notwithstanding the foregoing, it is agreed that from time-to-time the CITY may introduce changes in its Personnel Rules and offer the Union an opportunity to meet and confer prior to implementing changes within the scope of bargaining.

23.3 No agreement, alteration, understanding, variation, waiver, or modification of any of the terms or provisions contained herein shall in any manner be binding upon the parties hereto unless made and executed in writing by all parties hereto, and if required, approved by the CITY and ratified by the membership of the UNION.

23.4 The waiver of any breach of any term, or condition of this MOU by either party shall not constitute a precedent in the future enforcement of all its terms and provisions.

24.4 The City agrees to meet and confer regarding any change in job titles and descriptions of represented employees.

ARTICLE 24 - SEVERABILITY

If any provision(s) are held to be contrary to law by a court of competent jurisdiction, such provision(s) will not be deemed valid and subsisting except to the extent permitted by law, but all other provisions will continue in full force and effect.

ARTICLE 25 – JOINT DRAFTING

Each party has cooperated in the drafting and preparation of this MOU. Hence, in any legal construction or interpretation to be made of this MOU, the same shall not be construed against any party.

ARTICLE 26 – CITY COUNCIL APPROVAL

The CITY's labor relations representatives and the UNION's representatives have met and conferred in good faith on wages, hours and other terms and conditions of employment for the UNIT members represented by the UNION and have reached agreements which are set forth in this MOU. This MOU, when executed by the CITY's labor relations representatives and the UNION's representatives, constitutes a joint recommendation therefrom, after ratification of the UNION's membership, to be submitted to the City Council for its determination and approval by resolution. This MOU is of no force or effect unless or until approved and adopted by a resolution of the City Council.

SEIU LOCAL 620	**CITY OF MORRO BAY**
Darryl Scheck, Field Representative	Martin R. Lomeli, Interim City Manager
Lori Stilts, Shop Steward	Colin Tanner, Negotiator, Aleshire & Wynder
Dustin Pittman, Team Member	Laurie Goforth, Human Resources

Dylan Pruitt, Team Member

Dana Swanson, City Clerk

Dana Stein, Team Member

EXHIBIT A

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
WASTEWATER COLL SYS 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
WASTEWATER COLL SYS OPERATOR II	42,368	44,486	46,710	49,046	51,498
CONS MAINTENANCE 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 OP-IN-TRNG	42,368	44,486	46,710	49,046	51,498
WASTEWATER TREATMENT OP-IN-TRNG	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
WASTEWATER COLL SYS OPERATOR III	45,377	47,646	50,028	52,529	55,156
CONS MAINTENANCE WORKER III	45,377	47,646	50,028	52,529	55,156
WASTEWATER SYSTEMS OP I	45,377	47,646	50,028	52,529	55,156
WASTEWATER TREATMENT OP 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 OP II	50,078	53,002	55,652	58,434	61,356
WASTEWATER TREATMENT OP II	50,078	53,002	55,652	58,434	61,356
HARBOR PATROL OFFICER	52,650	55,283	58,047	60,949	63,997

WASTEWATER COLL SYS LEADWORKER	52,802	55,442	58,215	61,125	64,182
TITLE	**STEP 1**	**STEP 2**	**STEP 3**	**STEP 4**	**STEP 5**
CONS MAINTENANCE LEADWORKER	52,802	55,442	58,215	61,125	64,182
ENGINEERING TECHNICIAN III	52,802	55,442	58,215	61,125	64,182
WATER SYSTEM OPERATOR 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
WASTEWATER TRTMT OP 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
WASTEWATER TREATMENT 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
WASTEWATER COLL SYS SUPERVISOR	63,211	66,372	69,691	73,175	76,834
CONS MAINTENANCE 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
WASTEWATER TREATMENT SUPERVISOR	63,211	66,372	69,691	73,175	76,834
WATEWATER SYSTEMS SUPERVISOR	72,692	76,327	80,143	84,150	88,358

RESOLUTION NO. 54-17

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 through FY 2019; 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. 34-17:

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

A. POSITION LIST

The following are the FY's 2017 through 20/19~~8~~ 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 (220) 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 (40) 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

Effective January 1, 2018, all employees shall receive the following contribution toward the purchase of CalPERS health insurance, which includes the required CalPERS contribution:

Employee only - up to $715/month or cost of insurance, whichever is less
Employee + 1 – up to $1,135/month or cost of insurance, whichever is less
Employee + family - up to $1,460/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.

1. 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.

2. Contingent upon satisfaction of the following financial terms and conditions, the CITY shall provide a COLA increase to be effective July 1, 2018 to base salaries for all confidential employees in the amount of two percent (2%) for the 2018/2019 fiscal year:

   - Total major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined forecasted amount of $9,406,194 (matches 10-year forecast and FY 2017/18 budget adopted by Council). This figure shall be based on current tax rates (currently 1% Property Tax, 1.0% CITY Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose.

   - The CalPERS investment rate of return (i.e. "Discount Rate") to take effect in FY 2018/19 does not drop below the rates announced by CalPERS on December 21, 2016, causing the CITY's contribution to CalPERS to increase more than $100,000 beyond the current budgeted amounts for the General Fund.

   - The CITY does not become responsible, during FY 2017/18, for any state/federally imposed unfunded mandates from any external source(s) that require significant unplanned/ un-forecasted General Fund expenditure(s) of more than $300,000 in a fiscal year, including significant natural disasters affecting the CITY. Any such expenditure(s), cumulatively totaling $300,000 in a fiscal year or more, will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting either in a lower employee bonus or reduction in the intended COLA increase to 1% or 0%.

   Contingencies in the event of a revenue shortfall for FY 2017/18:

   - If total major General Fund Revenues are less than $71,000 below the forecasted amount (i.e. more than $9,335,194), then the COLA will be 2%, effective July 1, 2018.

   - If total major General Fund Revenues are between $71,000 and $141,999 below the forecasted amount (i.e. between $9,264,195 - $9,335,193), then the COLA will be 1%, effective July 1, 2018.

   - If total major General Fund Revenues are $142,000 or more below the forecasted amount (i.e. less than $9,264,194), then there will be no COLA effective July 1, 2018.

   Timing of July 1, 2018 COLA, if any:

   - If the CITY determines, based on revenues received as of June 1, 2018, that it is reasonable to assume the combined receipts will meet or exceed the General Fund revenue threshold, then the COLA will be effective as of July 1, 2018.

- If meeting the General Fund revenue threshold is not a reasonable assumption as of June 1, 2018, then the parties agree to wait for actual receipts to be posted, which the CITY anticipates will occur by the end of August. If the threshold is met at the time actual receipts are received, then the CITY agrees to implement the COLA retroactive to July 1, 2018.

Potential One-Time Lump Sum Payment in the event of revenue surplus for FY 2017/18

- If the conditions described above are satisfied, and total major General Fund Revenues for FY 2017/18 are above forecast, then in addition to the 2% COLA, 20% of the amount above the forecast amount will be divided equally by the number of full-time equivalent (FTE) employees and such amount shall be distributed to confidential designated employees in the form of a one-time lump sum payment.

3. Contingent upon satisfaction of the following financial terms and conditions, the CITY shall provide a COLA increase effective July 1, 2019 to base salaries for all Unit classifications in the amount of two percent (2%) for the 2019/20 fiscal year:

   - Total major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined forecasted amount of $9,395,906 (matches 10-year forecast). This figure shall be based on current tax rates (currently 1% Property Tax, 1.0% City Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose.

   - The CalPERS investment rate of return (i.e. "Discount Rate") to take effect in FY 2019/20 does not drop below the rates announced by CalPERS on December 21, 2016, causing the CITY's contribution to CalPERS to increase more than $100,000 beyond the current budgeted amounts for the General Fund.

   - The CITY does not become responsible, during FY 2018/19, for any state/federally imposed unfunded mandates from any external source(s) that require significant unplanned/ un-forecasted General Fund expenditure(s) of more than $300,000 in a fiscal year, including significant natural disasters affecting the CITY. Any such expenditure(s), cumulatively totaling $300,000 in a fiscal year or more, will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting either in a lower employee bonus or reduction in the intended COLA increase to 1% or 0%.

   Contingencies in the event of a revenue shortfall for FY 2018/19:

   - If total major General Fund Revenues are less than $71,000 below the forecasted amount (i.e. more than $9,322,906), then the COLA will be 2%, effective July 1, 2019.

   - If total major General Fund Revenues are between $71,000 and $141,999 below the forecasted amount (i.e. between $9,253,907 - $9,335,194), then the COLA will be 1%, effective July 1, 2019.

   - If total major General Fund Revenues are $142,000 or more below the forecasted amount (i.e. less than $9,253,906), then there will be no COLA effective July 1, 2019.

Timing of July 1, 2019 COLA, if any:

- If the CITY determines, based on revenues received as of June 1, 2019, that it is reasonable to assume the combined receipts will meet or exceed the General Fund revenue threshold, then the COLA adjustment will be effective as of July 1, 2019.

- If meeting the General Fund revenue threshold is not a reasonable assumption as of June 1, 2019, then the parties agree to wait for actual receipts to be posted, which the CITY anticipates will occur by the end of August. If the threshold is met at the time actual receipts are received, then the CITY agrees to implement the COLA retroactive to July 1, 2019.

Potential One-Time Lump Sum Payment in the event of revenue surplus for FY 2018/19

- If the conditions described above are satisfied, and total major General Fund Revenues for FY 2018/19 are above forecast, then in addition to the 2% COLA, 20% of the amount above the forecast amount will be divided equally by the number of full-time equivalent (FTE) employees and such amount shall be distributed to confidential designated Employees in the form of a one-time lump sum payment.

The threshold amounts for the COLA contemplated in Section 16.5, potentially occurring in the 2018/19 fiscal year, will be based on the CITY's adopted 2017/18 fiscal year budget. The threshold amounts for the COLA contemplated in Section 16.6, potentially occurring in the 2019/20 fiscal year, will be based on the CITY's 10-year budget forecast presented to City Council on Feb 28, 2017. The threshold amounts referenced in this Section M are based on the following calculations:

COLA Year Affected	FY18-19	FY19-20
Combined Receipts Forecast	FY17-18 Budget	FY18-19 Forecast
Property Tax	2,944,306	3,034,754
Property Tax In-Lieu (VLFAA)	1,004,328	1,037,401
Subtotal Property Tax	3,948,634	4,072,155
Sales Tax (local & triple-flip)	1,777,664	1,745,439
Sales Tax (Prop 172-Safety)	127,345	123,525
Subtotal Sales Tax	1,905,009	1,868,964
Transient Occupancy Tax	3,552,551	3,454,787
Combined Total Threshold	$9,406,194	$9,395,906

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 26th day of September 2017, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JAMIE L. IRONS, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

ATTACHMENT A

FY 2017/18 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

RESOLUTION NO. 55-17

**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**

**T H E C I T Y C O U N C I L
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 through FY 2019.

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. 33-17:

A. CLASSIFICATION/POSITION LIST

The following are the FY's 2017 through 2019 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 (300) 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

Effective January 1, 2018, all employees shall receive the following contribution toward the purchase of CalPERS health insurance, which includes the required CalPERS contribution:

Employee only - up to $715/month or cost of insurance, whichever is less
Employee + 1 – up to $1,135/month or cost of insurance, whichever is less
Employee + family - up to $1,460/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.

1. 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.

2. Contingent upon satisfaction of the following financial terms and conditions, the CITY shall provide a COLA increase to be effective July 1, 2018 to base salaries for all confidential employees in the amount of two percent (2%) for the 2018/2019 fiscal year:

   - Total major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined forecasted amount of $9,406,194 (matches 10-year forecast and FY 2017/18 budget adopted by Council). This figure shall be based on current tax rates (currently 1% Property Tax, 1.0% CITY Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose.

   - The CalPERS investment rate of return (i.e. "Discount Rate") to take effect in FY 2018/19 does not drop below the rates announced by CalPERS on December 21, 2016, causing the CITY's contribution to CalPERS to increase more than $100,000 beyond the current budgeted amounts for the General Fund.

   - The CITY does not become responsible, during FY 2017/18, for any state/federally imposed unfunded mandates from any external source(s) that require significant unplanned/ un-forecasted General Fund expenditure(s) of more than $300,000 in a fiscal year, including significant natural disasters affecting the CITY. Any such expenditure(s), cumulatively totaling $300,000 in a fiscal year or more, will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting either in a lower employee bonus or reduction in the intended COLA increase to 1% or 0%.

   Contingencies in the event of a revenue shortfall for FY 2017/18:

   - If total major General Fund Revenues are less than $71,000 below the forecasted amount (i.e. more than $9,335,194), then the COLA will be 2%, effective July 1, 2018.

   - If total major General Fund Revenues are between $71,000 and $141,999 below the forecasted amount (i.e. between $9,264,195 - $9,335,193), then the COLA will be 1%,

effective July 1, 2018.

- If total major General Fund Revenues are $142,000 or more below the forecasted amount (i.e. less than $9,264,194), then there will be no COLA effective July 1, 2018.

Timing of July 1, 2018 COLA, if any:

- If the CITY determines, based on revenues received as of June 1, 2018, that it is reasonable to assume the combined receipts will meet or exceed the General Fund revenue threshold, then the COLA will be effective as of July 1, 2018.

- If meeting the General Fund revenue threshold is not a reasonable assumption as of June 1, 2018, then the parties agree to wait for actual receipts to be posted, which the CITY anticipates will occur by the end of August. If the threshold is met at the time actual receipts are received, then the CITY agrees to implement the COLA retroactive to July 1, 2018.

Potential One-Time Lump Sum Payment in the event of revenue surplus for FY 2017/18

- If the conditions described above are satisfied, and total major General Fund Revenues for FY 2017/18 are above forecast, then in addition to the 2% COLA, 20% of the amount above the forecast amount will be divided equally by the number of full-time equivalent (FTE) employees and such amount shall be distributed to management designated Employees in the form of a one-time lump sum payment.

3. Contingent upon satisfaction of the following financial terms and conditions, the CITY shall provide a COLA increase effective July 1, 2019 to base salaries for all Unit classifications in the amount of two percent (2%) for the 2019/20 fiscal year:

   - Total major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined forecasted amount of $9,395,906 (matches 10-year forecast). This figure shall be based on current tax rates (currently 1% Property Tax, 1.0% City Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose.

   - The CalPERS investment rate of return (i.e. "Discount Rate") to take effect in FY2019/20 does not drop below the rates announced by CalPERS on December 21, 2016, causing the CITY's contribution to CalPERS to increase more than $100,000 beyond the current budgeted amounts for the General Fund.

   - The CITY does not become responsible, during FY 2018/19, for any state/federally imposed unfunded mandates from any external source(s) that require significant unplanned/ un-forecasted General Fund expenditure(s) of more than $300,000 in a fiscal year, including significant natural disasters affecting the CITY. Any such expenditure(s), cumulatively totaling $300,000 in a fiscal year or more, will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting either in a lower employee bonus or reduction in the intended COLA increase to 1% or 0%.

Contingencies in the event of a revenue shortfall for FY 2018/19:

- If total major General Fund Revenues are less than $71,000 below the forecasted amount (i.e. more than $9,322,906), then the COLA will be 2%, effective July 1, 2019.

- If total major General Fund Revenues are between $71,000 and $141,999 below the forecasted amount (i.e. between $9,253,907 - $9,335,194), then the COLA will be 1%, effective July 1, 2019.

- If total major General Fund Revenues are $142,000 or more below the forecasted amount (i.e. less than $9,253,906), then there will be no COLA effective July 1, 2019.

Timing of July 1, 2019 COLA, if any:

- If the CITY determines, based on revenues received as of June 1, 2019, that it is reasonable to assume the combined receipts will meet or exceed the General Fund revenue threshold, then the COLA adjustment will be effective as of July 1, 2019.

- If meeting the General Fund revenue threshold is not a reasonable assumption as of June 1, 2019, then the parties agree to wait for actual receipts to be posted, which the CITY anticipates will occur by the end of August. If the threshold is met at the time actual receipts are received, then the CITY agrees to implement the COLA retroactive to July 1, 2019.

Potential One-Time Lump Sum Payment in the event of revenue surplus for FY 2018/19

- If the conditions described above are satisfied, and total major General Fund Revenues for FY 2018/19 are above forecast, then in addition to the 2% COLA, 20% of the amount above the forecast amount will be divided equally by the number of full-time equivalent (FTE) employees and such amount shall be distributed to management designated Employees in the form of a one-time lump sum payment.

The threshold amounts for the COLA contemplated in Section 16.5, potentially occurring in the 2018/19 fiscal year, will be based on the CITY's adopted 2017/18 fiscal year budget. The threshold amounts for the COLA contemplated in Section 16.6, potentially occurring in the 2019/20 fiscal year, will be based on the CITY's 10-year budget forecast presented to City Council on Feb 28, 2017. The threshold amounts referenced in this Section M are based on the following calculations:

COLA Year Affected	FY18-19	FY19-20
Combined Receipts Forecast	FY17-18 Budget	FY18-19 Forecast
Property Tax	2,944,306	3,034,754
Property Tax In-Lieu (VLFAA)	1,004,328	1,037,401
Subtotal Property Tax	3,948,634	4,072,155
Sales Tax (local & triple-flip)	1,777,664	1,745,439
Sales Tax (Prop 172-Safety)	127,345	123,525
Subtotal Sales Tax	1,905,009	1,868,964
Transient Occupancy Tax	3,552,551	3,454,787
Combined Total Threshold	$9,406,194	$9,395,906

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 26th day of September 2017, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JAMIE L. IRONS, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

ATTACHMENT A

FY 2017/18 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
Police Support Services Manager	58,715	61,651	64,734	67,970	71,369

AGENDA NO: C-1

MEETING DATE: September 26, 2017

Staff Report

TO: **Honorable Mayor and City Council** **DATE: September 13, 2017**

FROM: **Scot Graham, Community Development Director**

SUBJECT: **Adoption of Resolution No. 51-17 Appointing Planning Commissioner, Joseph Ingraffia, to the General Plan Advisory Committee**

RECOMMENDATION

Staff recommends the City Council adopt Resolution No, 51-17 to appoint Joseph Ingraffia to the General Plan Advisory Committee (GPAC) to serve as liaison between the Planning Commission and GPAC.

ALTERNATIVES

1. Open community at large recruitment to fill the vacancy on the GPAC
2. Reduce the GPAC to a seven-member committee

FISCAL IMPACT

None

BACKGROUND/DISCUSSION

The Morro Bay City Council adopted Resolution No. 39-15 (Attachment A) in June of 2015, forming the nine-member GPAC and appointing nine community at-large members. Robert Davis was one of the original members of the GPAC, but because of his election to Council and, therefore, his automatic vacancy of that membership, the number of GPAC members was reduced to eight. Recently, Robert Tefft resigned from the GPAC further reducing the number of committee members to seven.

Robert Tefft was also a member of the City's Planning Commission, giving him both a unique perspective related to all things land use related and allowing him to serve as somewhat of a liaison between the two boards. The liaison function has proven invaluable in conveying sentiment and perspective between the GPAC and Planning Commission. Staff, in recognizing the value of this liaison function, scheduled the possible appointment of a Planning Commission member to the GPAC for discussion on September 5, 2017. The Planning Commission agreed having one of its members on the GPAC served a valuable purpose and they voted to recommend appointment of Joseph Ingraffia as the Planning Commission liaison to the GPAC.

Given the GPAC was appointed by Council, it is the Council that is required to appoint new members to the GPAC. The Council could forgo the Planning Commission recommendation and either open the vacant position/positions to the community at-large, or the Council could choose to reduce the number of GPAC members to seven.

The current makeup of the GPAC, as a nine-member board with only seven serving members, creates an issue with the establishment of a quorum. A nine-member board is required to have at least five

Prepared By: _____SG_____ **Dept Review:** __SG_____

City Manager Review: __MRL___ **City Attorney Review:** __JWP____

members present to have a quorum. A seven-member board would be required to have at least four members present to form a quorum. The reduction in board members became an issue recently when Robert Tefft resigned from the GPAC, leaving us with only four members for a special meeting that was scheduled for August 29th, resulting in the cancellation of that meeting.

There are also issues with opening the recruitment to the general public, insofar as the General Plan/Local Coastal Program/Zoning Code update process has been underway for well over a year and the amount of background material covered to date, totals well in excess of 1,000 pages of material. Someone attempting to come up to speed with the process would face a steep learning curve. Conversely, the Planning Commission has reviewed the same background material as the GPAC and, therefore, has the same knowledge base.

If the Council were to reduce the number of GPAC member to seven, then the board would continue to function much as it has and the liaison function that was lost when Robert Tefft resigned, would in part be replaced by staff.

CONCLUSION

Staff recommends the Council accept the Planning Commission recommendation for the appointment of Joseph Ingraffia to the GPAC, to help maintain the benefits of having a liaison between the two boards.

ATTACHMENTS

A. Resolution No. 39-15
B. Resolution No. 51-17

RESOLUTION NO. 39-15

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, AUTHORIZING FORMATION OF A GENERAL PLAN/ LOCAL COASTAL PROGRAM ADVISORY COMMITTEE (GPAC)

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, the City of Morro Bay has both an outdated General Plan and Local Coastal Program; and

WHEREAS, the City Council has adopted the goal of updating and combining the General Plan and Local Coastal Program; and

WHEREAS, the City Council authorized preparation of a consultant prepared work plan for the update of General Plan/Local Coastal Program; and

WHEREAS, the City is in the process of preparing a Request for Proposal for consultant services to prepare an update of the General Plan/Local Coastal Program; and

WHEREAS, on April 14, 2015, the City Council moved to form a General Plan/Local Coastal Program Citizens Advisory Committee (GPAC), and directed staff begin recruitment for that committee to be selected and formed in May 2015; and

WHEREAS, following a broad outreach, the City Council held a special meeting on May 18, 2015 to conduct interviews and establish the committee.

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

A. The GPAC is to be composed of nine members selected from the community at-large, with consideration also given to non-Morro Bay residents with established property or financial interests in the City, to be appointed by the City Council.

B. The initial City Council appointments to GPAC are:
   - Rich Buquet
   - Robert Davis
   - Jan Goldman
   - Christine Rogers
   - Susan Schneider
   - Glenn Silloway
   - Melani Smith
   - Susan Stewart
   - Robert Tefft

PASSED AND ADOPTED, by the City of Morro Bay City Council, at a regular meeting held on this 9th day of June, 2015 by the following vote:

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

Jamie L. Irons, Mayor

ATTEST:

Dana Swanson, City Clerk

01181.0001/254860.1

RESOLUTION NO. 51-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, MODIFYING THE APPOINTMENT OF THE MEMBERS OF THE GENERAL PLAN/LOCAL COASTAL PROGRAM ADVISORY COMMITTEE (GPAC)

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, by Resolution No. 39-15, the City Council formed the GPAC and appointed its 9 members; and

WHEREAS, there are currently two vacancies on the GPAC; and

WHEREAS, the City Council, at this time, desires to fill one of those vacancies.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Morro Bay, California, appoints Planning Commissioner Joseph Ingraffia to the GPAC to serve as a liaison between the GPAC and the Planning Commission.

PASSED AND ADOPTED, by the City of Morro Bay City Council, at a regular meeting held on this 26th day of September, 2017 by the following vote:

AYES:
NOES:
ABSENT:

_____
Jamie L. Irons, Mayor

ATTEST:

_____
Dana Swanson, City Clerk

01181.0001/410375.1

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AGENDA NO: C-2 (REVISED 9/22/17)
MEETING DATE: September 26, 2017

Staff Report

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

FROM: **Rob Livick, Public Works Director**

SUBJECT: **Water Reclamation Facility Program Update**

RECOMMENDATION

Staff recommends the following:

1) City Council consider the status report of the Water Reclamation Facility (WRF) program, specifically related to the City Council direction in the July 11, 2017, meeting; and
2) Provide direction as necessary. Options including directing staff to:
    a. Proceed with planning and permitting at a preferred site;
    b. Conduct additional community outreach; and/or
    c. Provide additional information on one or more sites; and/or
    d. Provide other direction as deemed appropriate by a majority of the Council.

ALTERNATIVES

No alternatives are recommended.

FISCAL IMPACT

No additional fiscal impact is proposed within this update. All work is proceeding within the City's fiscal year budget for the WRF. Further delays to the project risk anticipated subsidized funding (ie U.S. Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) and State Revolving Fund (SRF)) for the construction of the WRF. If final site selection occurs after November 1, 2017, then there will be insufficient time to complete the environmental work required for the WIFIA application submittal deadline of July 19, 2018. The State's SRF funding may be over subscribed and without WIFIA funding, the State Water Resources Control Board staff has stated the City should not anticipate a guarantee of funding.

BACKGROUND/DISCUSSION

At the July 11, 2017, City Council meeting, City Council made several motions regarding the WRF Project as described below:

1) Direct staff to immediately begin discussions with the California Coastal Commission (CCC) and the Regional Water Quality Control Board (RWQCB) to determine the feasibility of constructing a WWTP and WRF west of the highway, at or near the existing WWTP site.
2) Staff should begin evaluating costs and feasibility of constructing a WRF including recycling at the Giannini site, the Righetti site, and a site west of Highway 1 at or near the existing WWTP site and bring back the information and costs to City Council within 60 days.
3) Direct staff to report on the Request for Proposals (RFP) process for a Design-Build project.
4) Evaluate all outreach options and prepare for further discussion with the community on the

Prepared By: ___mn_____	**Dept Review: __RL__**
City Manager Review: _MRL_____	**City Attorney Review: __JWP_____**

results of the City Council requested items. Return to City Council with a recommended process.

The results from the preceding directives that Council provided will be used to determine whether to continue moving forward with the project at the South Bay Boulevard site, or instead pursue another site based on cost considerations as well as community and regulatory agency input. Information regarding the Design-Build process (Item 3) was addressed at the August 12, 2017, City Council meeting; additionally, staff provided an update on the progress to date on the other items Council's direction from July 11, 2017.

The following summarizes the progress made toward addressing Council direction as of September 26, 2017.

Updated Site Comparison Report

The Program Management team prepared a draft report that is attached for discussion at this meeting. The report includes a comparison of costs and qualitative evaluation criteria at each of the sites as requested by City Council.

As discussed in the report, the estimated costs for a new WRF at each site vary within a range of $26M (from $124M to $150M) with the Hanson site being least expensive and the South Bay Boulevard site being most expensive. However, pursuing a WRF at one of the two sites closest to the bay (Hanson or Dynegy) presents uncertainty. Based on discussions with California Coastal Commission (CCC) staff and the previous denial of a project in the general proximity to those two locations it is not known whether the CCC would ultimately support and permit a facility at either location. The primary challenge at the South Bay Boulevard location is capital cost due to the distance between the site and the existing wastewater collection system. Cost reduction strategies include the pursuit of other low-interest financing (including the State Revolving Fund Water Recycling Program loans), grants, onsite solar power, and various capital and lifecycle cost reduction strategies (to be evaluated during the design-build procurement process). Additionally, the preparer of draft rate study was conservative in their estimate of interest rate, debt coverage ratio, capital reserve for other non-WRF projects. That level of conservatism is appropriate due to the unknowns with the proposed project and its potential funding, but in the end the rate to be paid will only be what is necessary to retire the debt and effectively operate the utility.

After a site is selected by Council for planning and permitting, the Program Management team will revise the draft rate study to incorporate recommendations from the June 7, 2017, "Peer Review" into the capital and operating cost assumptions. As that work is underway, community outreach will be conducted as described herein. The following activities will also be necessary to keep moving the proposed project forward:

- The draft rate study will be circulated and a Proposition 218 protest hearing will be scheduled;
- A draft Request for Qualifications (RFQ) for design-build of the new WRF will be released; and
- The Draft Environmental Impact Report will be released for public review.

The schedule for those activities will depend on the site selected by City Council.

WRF Project Update – Outreach Efforts

The Program Management team refined the intended goals for outreach efforts related to the City Council direction of July 11, 2017. Those goals included:

1. Inform the community and key regulatory agencies of where we are in the process, that among other things the only site Council has, thus far, authorized preparing a detailed Facility Master Plan for is the South Bay Boulevard (SBB) site;
2. In reaching out to key agencies, inform them the City is trying to determine, in an effort to reduce costs, whether sites other than SBB are potentially feasible;
3. Develop cost estimates for different sites to see what the potential cost differences might be compared to SBB; and
4. Gather input regarding the other sites for which we are developing cost estimates, especially related to the question of balancing costs and site location.

Since the City Council direction of July 11, City staff and the program management team have met with representatives of the CCC, Regional Water Quality Control Board (RWQCB), Cayucos Sanitary District (CSD), and Local Agency Formation Commission (LAFCo). The team has also met with representatives of the Dynegy property, in order to gain a better understanding of that site. Finally, team members have met with representatives of the appellants to the previous WWTP upgrade project in order to assess the potential for support or opposition at one of the two sites west of Highway 1.

A summary of recent input from the CCC, RWQCB and CSD is provided below. All recent input is described in more detail in the attached site comparison report.

California Coastal Commission. The CCC provided correspondence to the City Council in a letter dated July 11, 2017, expressing "shock" the City would consider the possibility of locating the new WRF at a site west of Highway 1, which it felt was a fundamental change in strategy for locating a new facility, since the CCC denied a Coastal Development Permit for the WWTP Upgrade project at its current location in January 2013. Until then, CCC staff had been highly supportive of locating the proposed project at the South Bay Boulevard site.

City staff met with CCC staff on August 8, 2017, to discuss the WRF project, particularly with regard to CCC staff's concerns expressed in their July 2017 letter to the City Council. It was a productive meeting. CCC staff suggested pursuing a project at this location would face important challenges to securing needed permitting from the CCC, stemming from the fact the Commission had previously denied a permit at an adjacent site with similar general characteristics. CCC staff, including District Director Dan Carl, outlined a suggested approach the City would need to pursue in order to gain staff support for such an undertaking, but noted that would be no guarantee the CCC itself would approve the permit. CCC staff recommended the City continue pursuing the project at the South Bay Boulevard location.

CCC staff's input is described in greater detail in the site comparison report. After the report was drafted, it was sent to CCC staff for review to ensure their input was accurately characterized.

City staff recognizes input from CCC staff will not necessarily reflect on the ultimate position of the CCC itself. That fact will be a consideration in the City Council's decision regarding the site at which to continue moving the project forward.

Regional Water Quality Control Board. RWQCB staff has not focused on suitable sites as much as achieving their broad overall objectives: 1) to protect water quality, 2) to encourage a strong water reclamation component and 3) to achieve those goals as quickly as possible. RWQCB staff had been supportive of the City's efforts at the existing WWTP in 2013.

The RWQCB provided correspondence to the City Council dated July 11, 2017, and provided supporting testimony at the meeting that evening. RWQCB staff indicated the Regional Board was beginning to lose patience with the City's delays in choosing a site and moving forward. At the same time, RWQCB staff expressed they would be highly supportive of a project that included a substantial reclamation component that provides augmentation to the City's water supply and reduces the City's reliance on imported water, either at the outset of the project, or with a firm timetable related to its implementation. If the project did not have such a component, or if its implementation was time uncertain, then the RWQCB would be less supportive, and likely push harder on implementing a strict timetable. Failure to meet such a timetable could involve substantial financial penalties. The RWQCB has considerable latitude regarding the magnitude of such penalties. Staff indicated it would not be in the City's financial interest to pay those penalties as a way of avoiding moving forward with the WRF project.

City staff had previously met with RWQCB staff on July 5 and July 10 to discuss their key issues of concern. Those concerns are reflected in their July 11 letter to the City; most notably, the RWQCB will be most supportive if the project implements water recycling from the outset. City staff will continue to coordinate with RWQCB staff as we learn more from CCC staff, in order to make sure both agencies are informed of each other's concerns in moving the project forward.

Cayucos Sanitary District. City staff met with the CSD staff on August 3, 2017, in order to coordinate on issues of common interest as the two agencies move forward on their separate projects. A key issue is the two agencies jointly own the Hanson/RV site that is being considered in the attached report. CSD staff indicates the City will need to work closely with CSD before the City can effectively move forward with its project at that location. CSD staff did not indicate what CSD's specific concerns might be.

Next Outreach Steps. The site comparison report reflects the outcome of over 4 years of public outreach efforts, including many workshops, informational flyers sent to the entire community, regulatory agency input, targeted neighborhood outreach, property owner input, input from agricultural community, stakeholder interviews, previous siting reports, a Draft Facilities Master Plan, a Draft Master Water Reclamation Plan, and ongoing updates through the City's website. Although there are diverse views and perspectives reflected in those efforts, and considerable disagreement, the South Bay Boulevard site was recommended in 2016 for planning and permitting because, on the whole, it reflects the best balance of meeting the City's goals related to the project's design, cost and location to minimize neighborhood impacts, while satisfying the regulatory goals of the CCC and RWQCB among others.

The next outreach steps could include the following:

1. Potential refinement of the project goals is the first step. That would likely involve public workshops before the WRFCAC and City Council, with the Council ultimately adopting refined goals to help guide the project parameters.
2. Continued regulatory agency coordination, particularly with CCC, RWQCB, and CSD. Specifically, that would involve regular meetings with staff at these agencies as appropriate to provide feedback opportunities as the WRF project undergoes CEQA review in order to better inform that process. Such meetings would occur monthly, or as needed;
3. Community outreach to inform citizens of where we are in the process, and progress made toward the proposed project, including the pursuit of funding opportunities and how these efforts could potentially minimize possible rate increases related to the project. That could

include periodic public workshops, website updates, and informational flyers. This step is best undertaken once the City Council updates the project goals and selects a project site;

4. Property owner outreach and coordination, particularly with the owner of the selected site, in order to keep the project on track;
5. Continual focused outreach to neighbors of the selected site in order to ensure their concerns are being considered in the project design;
6. Formal public outreach through the CEQA process as the Draft EIR is prepared and circulated;
7. Commencement of the permitting process as the CEQA process is underway, especially reaching out to San Luis Obispo County staff (if the site is in unincorporated area), or working internally to coordinate with the City's ongoing LCP update process (if the site is in the City) to ensure that it is accounted for in that process; and
8. Regular updates for WRFCAC and the City Council to report on the progress of the project.

CONCLUSION

Staff understands the significance of the proposed project on the City in the immediate as well as long-term. Much time and effort has been expended by all stakeholders to date on this important project. Staff also knows the Council will take all issues into consideration before making its decision on how to proceed. The time is at hand for clear, final direction to be provided as to how to proceed.

ATTACHMENTS

1. Updated Site Comparison Report
2. Community correspondence received from July 11, 2017 to September 21, 2017 regarding size and location of WRF project.

UPDATED SITE COMPARISON REPORT

CITY OF MORRO BAY
WATER RECLAMATION FACILITY PROJECT

September 21, 2017

City of Morro Bay
Water Reclamation Facility Project
Updated Site Comparison Report
September 2017

Prepared for:
City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442

Prepared by:
MKN & Associates, Inc.
P.O. Box 1604
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In association with:
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MKN & Associates, Inc.

Eileen Shields, PE C74757
Principal Engineer
MKN & Associates, Inc.

WATER - WASTEWATER - REUSE

PLANNING AND ENVIRONMENTAL CONSULTING

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APPENDIX A Comparison of Opportunities and Constraints

APPENDIX B Cost Assumptions and Details

SECTION 1 INTRODUCTION

1.1 City Council Direction

At its July 11, 2017 meeting, the City Council provided the following direction in an effort to explore ways to reduce potential project costs for a new Water Reclamation Facility (WRF):

1) Direct staff to immediately begin discussions with the California Coastal Commission (CCC) and the Regional Water Quality Control Board (RWQCB) to determine the feasibility of constructing a WWTP and WRF west of the highway, at or near the existing WWTP site.
2) Staff should begin evaluating costs and feasibility of constructing a WRF including recycling at the Giannini site, the Righetti site, and a site west of Highway 1 at or near the existing WWTP site and bring back the information and costs to City Council within 60 days.
3) Direct staff to report on the Request for Proposals (RFP) process for a Design-Build project and discuss the quickest way to get to the RFP process.
4) Evaluate all outreach options and prepare for further discussion with the community on the results of the City Council requested items. Return to City Council with a recommended process.

These efforts are intended to help the Council determine whether to continue moving forward with the project at the South Bay Boulevard site, or instead pursue another site based on cost considerations as well as community and regulatory agency input.

As a reminder, the City's adopted goals for this project are as follows:

- *Produce tertiary, disinfected wastewater in accordance with Title 22 requirements for unrestricted urban irrigation*
- *Design to be able to produce reclaimed wastewater for potential users, which could include public and private landscape areas, agriculture, or groundwater recharge. A master reclamation plan should include a construction schedule and a plan for bringing on customers in a cost effective manner.*
- *Allow for onsite composting*
- *Design for energy recovery*
- *Design to treat contaminants of emerging concern in the future*
- *Design to allow for other possible municipal functions*
- *Ensure compatibility with neighboring land uses*

It is recognized that achieving certain goals would result in a potentially higher cost, as recognized in the Peer Review Report of June 2017. For that reason, the City Council has recently been focused on only those goals that are critical to the operation of the WRF itself.

1.2 Report Contents

This report primarily addresses Item 2 from the July 11 Council direction, comparing the various sites in question both from a cost and technical perspective. Cost estimates are based on input gained through the recent June 2017 Peer Review Report, using cost assumptions that have been vetted by local public works officials. From a technical perspective, it draws on past reports related to this project or nearby sites as applicable, including the following:

- Final EIR for the WWTP Upgrade Project (December 2010)
- Rough Screening Report (November 2011)
- Fine Screening Report (November 2011)

- Options Report (December 2013)
- Report on Reclamation and Council Recommended WRF Sites (May 2014)
- Report to City Council on Potential WRF Sites (May 2016)
- Peer Review Report on Cost Assumptions (June 2017)

Finally, this report considers recent input from senior staff at key regulatory agencies, including the California Coastal Commission (CCC) and Regional Water Quality Control Board (RWQCB).

This report concludes with a summary of the cost and non-cost considerations and a brief discussion of the next steps in the process related to site selection, environmental review, and project procurement, and how those steps interrelate.

SECTION 2 SITES UNDER CONSIDERATION

This report compares four possible sites to the South Bay Boulevard site, which had been identified by the City Council for detailed investigation in June 2016, and for which a draft Facilities Master Plan was prepared in December 2016.

In July 2017, the City Council directed staff to evaluate the costs and feasibility of constructing a WRF, including full reclamation, at the Giannini site, the Righetti site, and a site west of Highway 1 at or near the existing WWTP site. These were to be compared to the South Bay Boulevard site, which had been previously selected by the City Council in June 2016 as the basis for a Facility Master Plan. Staff considered several possibilities for sites west of Highway 1, but most included sufficient constraints such that they did not warrant further consideration. This included the existing WWTP site itself, which was considered infeasible because of the need to continue operating the plant while a new plant was being designed and constructed. Staff also eliminated the Lila Keiser Park site, partly because this already includes a developed public facility (a park), and partly because of a series of substantial environmental constraints, including significant flood hazard and a high degree of sensitivity with regard to cultural resources. Ultimately, staff identified two potentially suitable sites west of Highway 1, which are identified in this report as the Hanson/RV Storage site, and the Dynegy Tank Farm site.

Note that some of these sites were already addressed at length in previous reports considered by the City Council. Much of the background and technical information for these sites is drawn from those reports, which are identified in Section 1 of this report. However, the cost information for all five sites is new to this report. Cost assumptions and methodologies for each site are based on input from the June 2017 Peer Review report, and reflect a full recycled water project at each site, something that was not done in previous reports where costs were presented.

The sites examined in this report are summarized in Table 1 and shown in Figure 1. Figures 2 through 6 show the individual sites.

Table 1. Sites Examined in this Report				
Site	**Site Name in this Report**	**General Location**	**Parcel Information**	**Discussion of the Study Site**
1	South Bay Boulevard	Chorro Valley near Highway 1/South Bay Boulevard interchange	APN 073-101-017 Ownership: Tri-W Enterprises Jurisdiction: SLO County	The area of focus is a roughly 15-acre area within the County, toward the eastern end of the property. A draft Facility Master Plan was prepared, which included a preliminary cost estimate. There is currently no development at this location. The study site is about 100 to 120 feet above sea level.
2	Hanson/RV Storage	City of Morro Bay, adjacent to existing WWTP	APN 066-331-032, -033 -034, and -038 Ownership: City of Morro Bay/Cayucos SD Jurisdiction: City of Morro Bay	The area of focus is a roughly 12-acre area adjacent to the existing WWTP. There is an existing RV storage facility and concrete manufacturing at this location. The area also covers a portion of the existing WWTP.
3	Dynegy Tank Farm	City of Morro Bay, adjacent to and northwest of power plant; site of a former tank farm	APN 066-331-040 Ownership: Dynegy Morro Bay LLC Jurisdiction: City of Morro Bay	The area of focus is a roughly 9-acre area south of Morro Creek and the existing WWTP site. It is part of the larger Dynegy property, and the site of a former tank farm. This portion of the Dynegy site is currently vacant.
4	Righetti	Morro Valley, adjacent to Highway 41	APN 073-084-013 Ownership: Paul Madonna, et al Jurisdiction: SLO County	The focus area is limited to a roughly 10-15 acre area in the lowest portion of the property, at the location of an existing ranch house. The focus area is about 80 to 100 feet above sea level.
5	Giannini	South edge of the Morro Valley, adjacent to Little Morro Creek Road	APN 068-401-014 Ownership: J. and E. Giannini Properties LLC Jurisdiction: City of Morro Bay	This site sits in an upland area overlooking the Morro Valley south of Little Morro Creek. The most suitable location would be roughly 10 acres at the toe of the slope, adjacent to Little Morro Creek Road.

Sources Cited:
1. Water Reclamation Facility Project Final Options Report, John F. Rickenbach Consulting, 2014.
2. Water Reclamation Facility Project Report to City Council on Potential WRF Sites, John F. Rickenbach Consulting, 2016.

CITY OF MORRO BAY WATER RECLAMATION FACILITY PROJECT

Figure 1:
WRF Sites Under Consideration

0 3,000

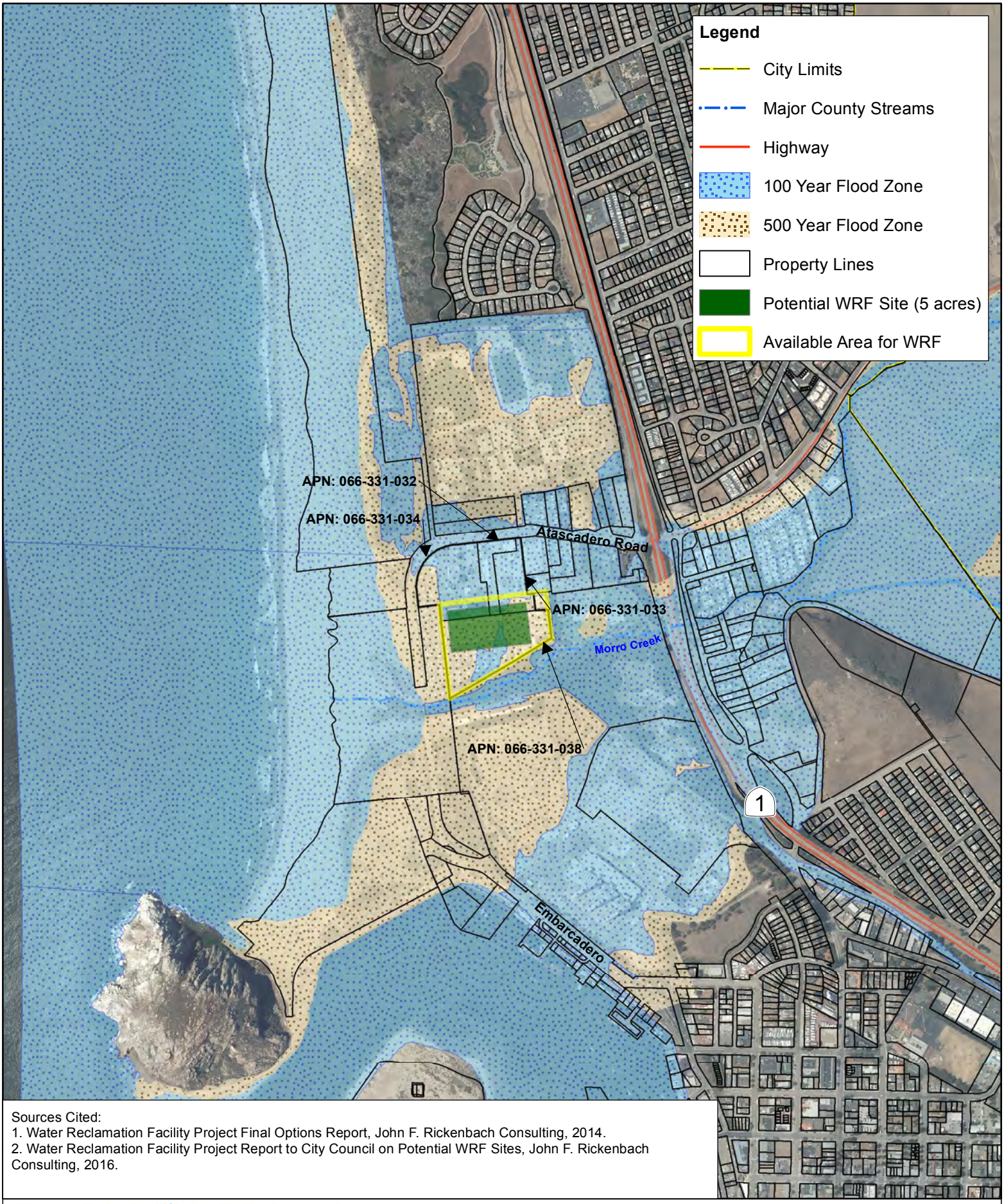
Sources Cited:
1. Water Reclamation Facility Project Final Options Report, John F. Rickenbach Consulting, 2014.
2. Water Reclamation Facility Project Report to City Council on Potential WRF Sites, John F. Rickenbach Consulting, 2016.

CITY OF MORRO BAY WATER RECLAMATION FACILITY PROJECT

Figure 2:
South Bay Boulevard
Site Overview

1 inch = 1,000 feet

0 1,000



Sources Cited:
1. Water Reclamation Facility Project Final Options Report, John F. Rickenbach Consulting, 2014.
2. Water Reclamation Facility Project Report to City Council on Potential WRF Sites, John F. Rickenbach Consulting, 2016.

CITY OF MORRO BAY WATER RECLAMATION FACILITY PROJECT

Figure 3:
Hanson/RV Storage
Site Overview

1 inch = 1,000 feet

0 1,000

N

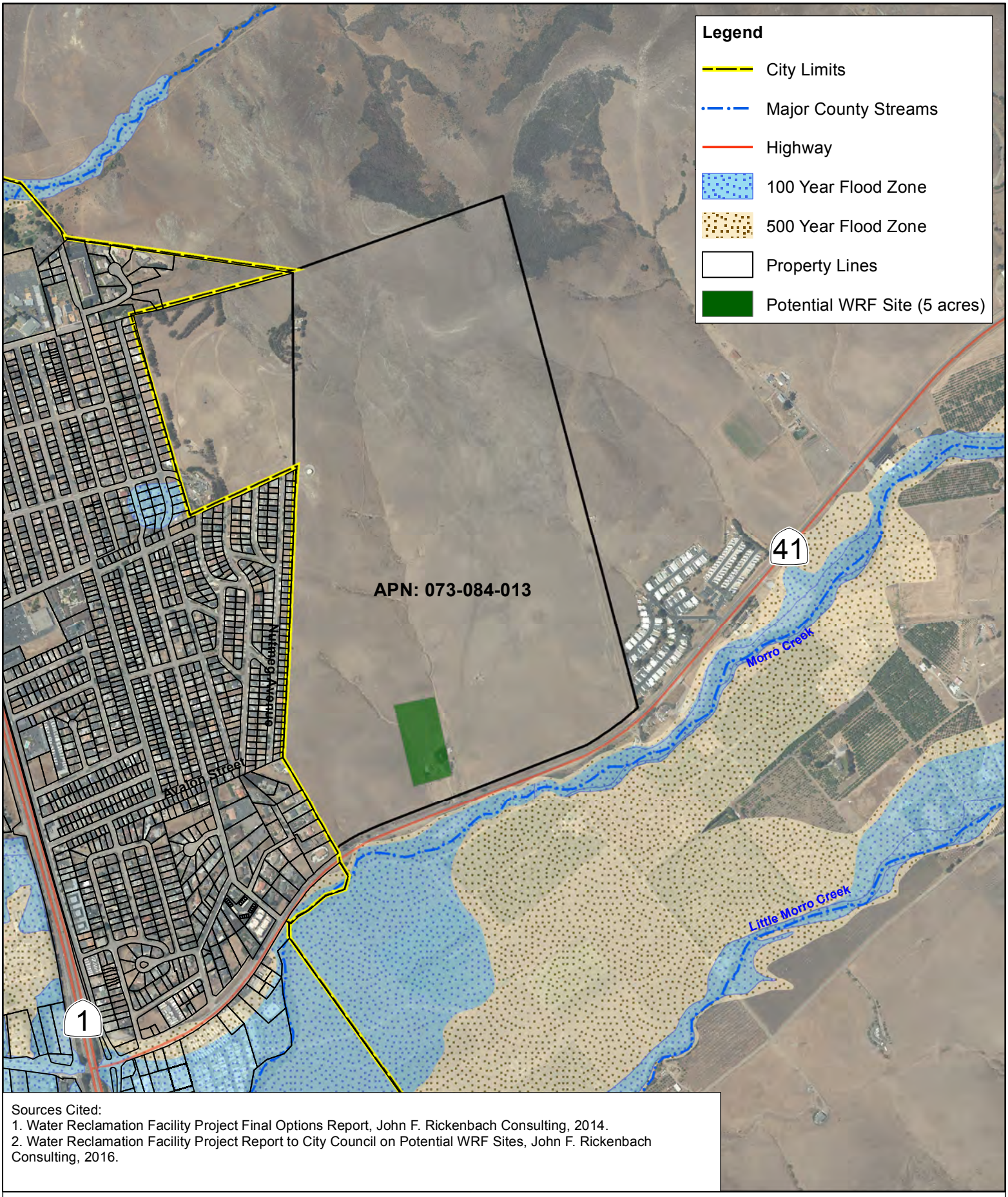
Sources Cited:
1. Water Reclamation Facility Project Final Options Report, John F. Rickenbach Consulting, 2014.
2. Water Reclamation Facility Project Report to City Council on Potential WRF Sites, John F. Rickenbach Consulting, 2016.

CITY OF MORRO BAY WATER RECLAMATION FACILITY PROJECT

Figure 4:
Dynegy Site Overview

1 inch = 978 feet

0 1,000



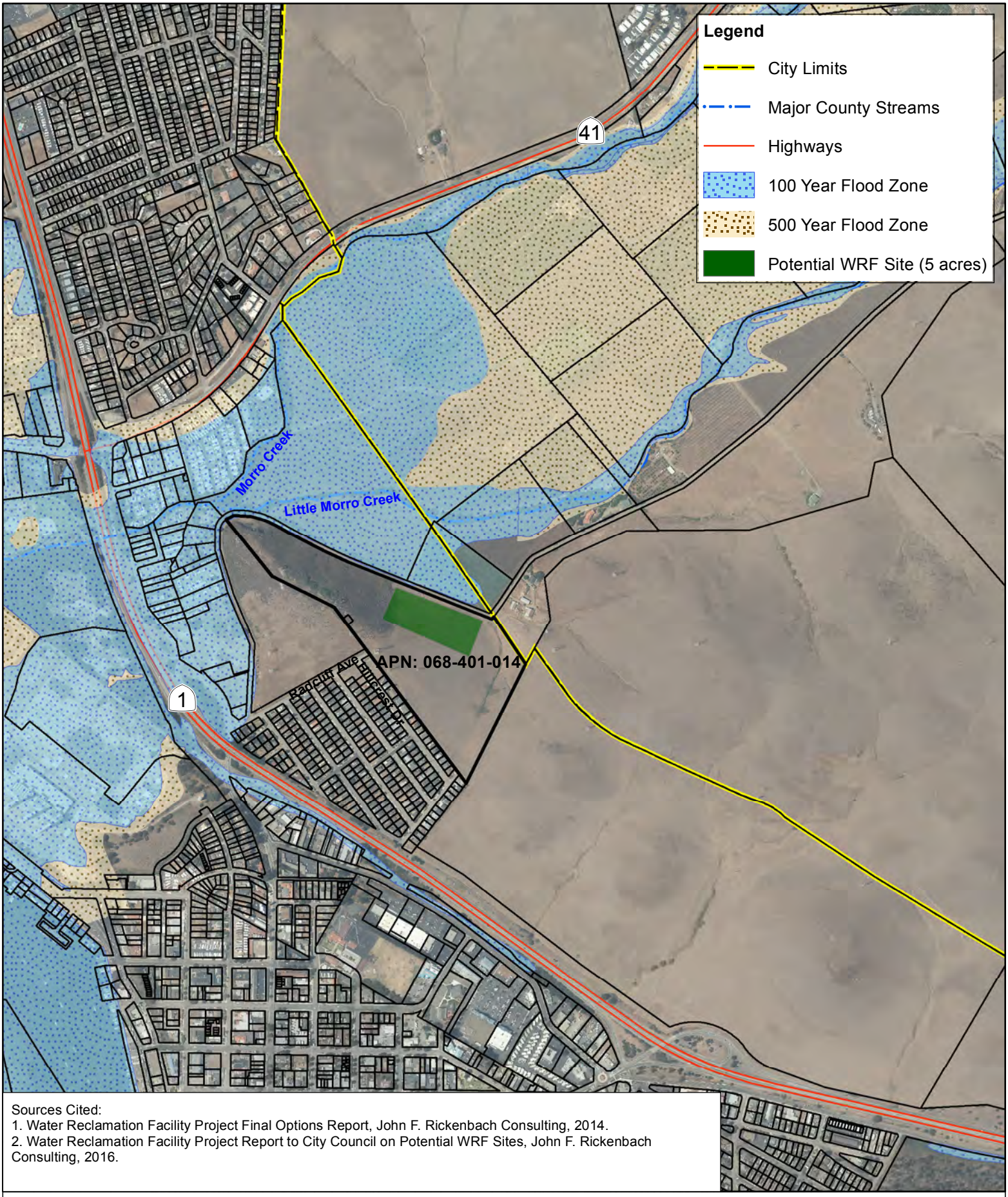
Sources Cited:
1. Water Reclamation Facility Project Final Options Report, John F. Rickenbach Consulting, 2014.
2. Water Reclamation Facility Project Report to City Council on Potential WRF Sites, John F. Rickenbach Consulting, 2016.

CITY OF MORRO BAY WATER RECLAMATION FACILITY PROJECT

Figure 5:
Righetti Site Overview

1 inch = 1,000 feet

0 1,000



Sources Cited:
1. Water Reclamation Facility Project Final Options Report, John F. Rickenbach Consulting, 2014.
2. Water Reclamation Facility Project Report to City Council on Potential WRF Sites, John F. Rickenbach Consulting, 2016.

CITY OF MORRO BAY WATER RECLAMATION FACILITY PROJECT

Figure 6:
Giannini Site Overview

1 inch = 1,000 feet

0 1,000

SECTION 3 SITE ANALYSIS

This section compares the four sites in question to the South Bay Boulevard site from a cost standpoint and also considers any factors not related to cost but that could affect the timing, permitting, or other logistics involved in implementing the project, including the need to address environmental hazards or sensitive resources. A key consideration in this analysis is the extent to which a project at these locations would be consistent with the direction of the Coastal Commission and Regional Water Quality Control Board, both of which have permitting authority over aspects of the project.

3.1 Cost Comparison

A. Capital Costs

Detailed cost opinions were developed as part of the Draft Facility Master Plan (FMP) and Draft Master Water Reclamation Plan (MWRP) based on the community project goals. In June 2017, these costs were reviewed and refined slightly through the Peer Review Workshop (Report of Public Works Cost Review Workshop, MKN, June 29, 2017). WRF construction costs presented include general conditions, contractor's bonds, general liability insurance, builder's risk insurance, subcontractor markup, subcontractor's bonds, building permits, sales tax, and contractor's overhead and profit. These costs were presented separately from the estimated construction costs in the Draft FMP. The capital cost opinions for WRF and conveyance (lift station, brine discharge pipeline, and raw wastewater pipeline) are included in Table 2. Recycled water project costs are summarized in Table 3, and total program cost opinions are summarized in Table 4.

Table 2. Summary of Estimated WRF (Tertiary Treatment System) and Influent Conveyance Capital Costs

	Site 1: South Bay Boulevard	**Site 2: Hanson/RV**	**Site 3: Dynegy Tank Farm**	**Site 4: Righetti**	**Site 5: Giannini**
Sitework	$ 2,380,000	$ 2,980,000	$ 2,980,000	$ 1,590,000	$ 1,540,000
Treatment Facilities	$ 51,460,000	$ 51,460,000	$ 51,460,000	$ 51,460,000	$ 51,460,000
Odor Control	$ 2,750,000	$ 4,750,000	$ 4,750,000	$ 4,750,000	$ 4,750,000
Fire Protection Facility	$ 500,000	$ -	$ -	$ 500,000	$ 500,000
Operations/Admin Facilities	$ 6,330,000	$ 6,330,000	$ 6,330,000	$ 6,330,000	$ 6,330,000
Access Road and Utilities	$ 2,250,000	$ 860,000	$ 1,040,000	$ 1,850,000	$ 2,310,000
Conveyance (Pump Sta. & Offsite Pipelines)	$ 13,460,000	$ 1,000,000	$ 3,030,000	$ 5,970,000	$ 8,480,000
WRF Construction Cost Subtotal	**$ 79,130,000**	**$ 67,380,000**	**$ 69,590,000**	**$ 72,450,000**	**$ 75,370,000**
Soft Costs **(1)**	$ 24,412,200	$ 23,514,000	$ 24,177,000	$ 22,375,800	$ 23,235,400
WRF Capital Cost Subtotal	**$103,500,000**	**$ 90,900,000**	**$ 93,800,000**	**$ 94,800,000**	**$ 98,600,000**
Construction Contingency **(2)**	$ 19,782,500	$ 13,476,000	$ 17,397,500	$ 18,112,500	$ 18,842,500
WRF Capital Cost Opinion Total (Rounded)	**$123,300,000**	**$104,400,000**	**$111,200,000**	**$112,900,000**	**$117,400,000**

Notes: See text below for details regarding soft costs **(1)** and construction contingency **(2)**.
Property costs are not included, but would not factor into the selection of one site over another at the range of costs identified. See Appendix B for additional cost assumptions and details.

Explanation of Differences in Cost Opinions for WRF (Tertiary Treatment System) and Conveyance:

The main differences in the cost opinions for the WRF and conveyance facilities at various sites can be summarized as follows:

- Overall distance from the terminus of the City's existing sewer collection system (the existing WWTP) impacts the length of conveyance piping and size of the influent lift station;
- Relative amount of 'flat' area available on the site impacts the amount of grading and sitework required,
- Proximity to neighbors affects the amount of odor control that would be required; and
- Proximity to established and sufficient roadway impacts the length of access road and utilities required to get to the WRF site.

Notes 1 and 2: The following section describes the assumptions made for the soft costs and the construction contingency.

(1) Soft costs for the WRF project are made up of the following categories. Detailed program costs and descriptions for the soft costs are provided in Appendix B.

- WRF Engineering/Design: 8% of construction costs
- Conveyance Engineering/Design: 10% or 8%, depending on the site
    - The conveyance facilities contract is anticipated to be delivered through a conventional design, bid, build approach (DBB), unless the project is at Site 2 or 3. In these cases, the project would likely be consolidated under one design-build (DB) contract. The engineering and design is estimated at 8% of construction costs for Sites 2 and 3 and 10% for the others.
- Procurement and Preliminary Engineering: 4%
- WRF Project Administration and Construction Management: 10%
- Conveyance Project Administration and Construction Management: 12% or 10%, depending on the site
    - The conveyance facilities contract is anticipated to be delivered through a conventional DBB approach unless the project is at Site 2 or 3. In these cases, the project would likely be consolidated under one DB contract, with administration and construction management estimated at 10%.
- Permitting and Monitoring: 1% or 2%, depending on the site
    - Based on discussions with CCC staff, permitting is anticipated to take longer at Sites 2 or 3, and the costs were estimated at 2% of construction costs at these sites, and 1% of construction costs at the other sites.
- Existing WWTP Demolition: $3,300,000
- Escalation: 3% per year for 1 year or 2 years, depending on the site
    - Escalation was included at 3% for one year for all but Sites 2 and 3. Based on discussions with CCC staff, permitting is anticipated to take longer at Sites 2 or 3. Two years instead of one year were assumed for these sites.

(2) The construction contingency is recommended at 20% of the construction cost subtotal for Site 2 due to the amount of available information for the area, and 25% for the other sites.

Table 3. Summary of Estimated Recycled Water Capital Costs					
	Site 1: South Bay Boulevard	**Site 2: Hanson/RV**	**Site 3: Dynegy Tank Farm**	**Site 4: Righetti**	**Site 5: Giannini**
Advanced Treatment	$8,240,000	$8,240,000	$8,240,000	$8,240,000	$8,240,000
Recycled Water Pump Station, Tank, & Pipeline	$7,720,000	$3,040,000	$2,800,000	$3,530,000	$3,830,000
Injection wells & appurtenances	$1,120,000	$1,120,000	$1,120,000	$1,120,000	$1,120,000
Monitoring wells	$680,000	$680,000	$680,000	$680,000	$680,000
Recycled Water Construction Cost Subtotal	**$17,760,000**	**$13,080,000**	**$12,840,000**	**$13,570,000**	**$13,870,000**
Soft Costs **(1)**	$4,972,800	$4,054,800	$3,980,400	$3,799,600	$3,883,600
Recycled Water Capital Cost Subtotal	**$22,700,000**	**$17,100,000**	**$16,800,000**	**$17,400,000**	**$17,800,000**
Construction Contingency **(2)**	$4,440,000	$3,270,000	$3,210,000	$3,392,500	$3,467,500
Recycled Water Capital Subtotal (Rounded)	**$27,200,000**	**$20,400,000**	**$20,100,000**	**$20,800,000**	**$21,300,000**
Notes: See text below for details regarding soft costs **(1)** and construction contingency **(2)**. Property costs are not included, but would not factor into the selection of one site over another at the range of costs identified. See Appendix B for additional cost assumptions and details.					

Explanation of Differences in Cost Opinions for Recycled Water System:

The main differences in the cost opinions for the recycled water project components are the recycled water pipeline length due to the overall distance from the WRF site to the potential injection well locations in the lower Morro Valley.

Notes 1 and 2: The following section describes the assumptions made for the soft costs and the construction contingency.

(1) Soft costs for the recycled water portions of the project are made up of the following categories:

- Escalation (3% @ 1 yr/2 yrs)
  - The recycled water component of the project may not be constructed concurrent to the new WRF. Escalation was included at 3% for one year for all but Sites 2 and 3. Based on discussions with CCC staff, permitting is anticipated to take longer at Sites 2 or 3. Two years instead of one year were assumed for these sites.
- Engineering, Administration, Legal, and Permitting (25%)

(2) A 25% construction contingency is recommended for the recycled water portions of the project for all of the site options.

Table 4. Summary of Estimated Total Program Capital Costs					
	Site 1: South Bay Boulevard	**Site 2: Hanson/RV**	**Site 3: Dynegy Tank Farm**	**Site 4: Righetti**	**Site 5: Giannini**
WRF (Tertiary Treatment and Conveyance) Capital Cost Opinion Subtotal	$103,500,000	$90,900,000	$93,800,000	$94,800,000	$98,600,000
Recycled Water Capital Cost Opinion Subtotal	$22,700,000	$17,100,000	$16,800,000	$17,400,000	$17,800,000
Program Capital Cost Subtotal	**$126,200,000**	**$108,000,000**	**$110,600,000**	**$112,200,000**	**$116,400,000**
Construction Contingency	$24,222,500	$16,746,000	$20,607,500	$21,505,000	$22,310,000
Total Program Capital Cost Opinion (Rounded)	**$150,400,000**	**$124,700,000**	**$131,200,000**	**$133,700,000**	**$138,700,000**
Notes: See previous text and tables for capital cost opinions and assumptions regarding soft costs and construction contingency. Property costs are not included, but would not significantly affect the selection of one site over another at the range of costs identified. See Appendix B for additional cost assumptions and details.					

In the Peer Review Report published June 29, 2017 (MKN), an estimated cost saving of $8.6M was projected (Table 5 from the report) due to recommendations that resulted from the peer review workshop. As shown here, the total cost reduction is approximately $17M from the MWRP recommended project ($167M). This is a result of more refined cost opinions for the odor control, earthwork, auxiliary facilities, and soft costs that were developed based on the recommendations from the peer review panel.

B. Operating and Maintenance Costs

The main difference in annual operating and maintenance (O&M) costs between the sites the difference in power requirements for pumping. Estimated annual O&M costs for each potential WRF site are summarized in Table 5. The Draft Rate Study includes an estimated O&M cost of $3,700,000 for the SBB site. For the purposes of this study, this was used as a baseline cost, and adjusted for anticipated differences in pumping costs between the sites. The total annual pumping power cost is estimated to range between $24,000 and $64,000 per year (at the Hanson/RV storage site and SBB site, respectively). This considers both raw wastewater pumping and recycled water pumping.

Table 5. Summary of Estimated Annual Operating and Maintenance (O&M) Costs					
	Site 1: South Bay Boulevard	**Site 2: Hanson/RV**	**Site 3: Dynegy Tank Farm**	**Site 4: Righetti**	**Site 5: Giannini**
Influent Pumping	$42,000	$7,000	$11,000	$36,000	$39,000
Tertiary Disinfected WRF O&M **(1)**	$2,238,000	$2,238,000	$2,238,000	$2,238,000	$2,238,000
WRF Staffing	$720,000	$720,000	$720,000	$720,000	$720,000
Subtotal WRF + Conveyance O&M	***$3,000,000***	***$2,965,000***	***$2,969,000***	***$2,994,000***	***$2,997,000***
Advanced Treatment O&M **(2)**	$558,000	$558,000	$558,000	$558,000	$558,000
Recycled Water Staffing	$120,000	$120,000	$120,000	$120,000	$120,000
Recycled Water Pumping	$22,000	$17,000	$17,000	$14,000	$14,000
Subtotal Recycled Water O&M	***$700,000***	***$695,000***	***$695,000***	***$692,000***	***$692,000***
Total Estimated Annual O&M Costs (Rounded)	**$3,700,000**	**$3,660,000**	**$3,664,000**	**$3,686,000**	**$3,689,000**

Notes:
(1) Tertiary disinfected WRF O&M includes power, chemical, replacement, biosolids disposal, and monitoring & reporting for the WRF, excluding influent pumping, advanced treatment and recycled water system O&M.
(2) Advanced treatment O&M includes power, chemical, replacement, and monitoring & reporting.
(3) Two potential areas are under consideration for recycled water injection wells (as described in the Draft MWRP). For each WRF site, recycled water pumping cost estimates assume the alignment with the highest power requirements.
(4) Potential cost savings of $30,000 per year for the Nutmeg Tank lease at the Righetti site are not included.

3.2 Site Comparison

A. Site 1: South Bay Boulevard

Overview

This site was selected by the City Council in June 2016 as the focus for the project, and a draft Facility Master Plan was prepared in November 2016 that could be used as a basis for design and budgeting for a project at that location. This location was previously considered in some of the WRF-related siting reports, including the following:

- Options Report (December 2013)
- Report on Reclamation and Council Recommended WRF Sites (May 2014)
- Report to City Council on Potential WRF Sites (May 2016)

Notably, the site was not addressed in either the Rough or Fine Screening Reports prepared in 2011, although the adjacent parcel under common ownership within the City closer to Highway 1 was considered in those reports. An overview of the site and potential WRF location is provided in Figure 2.

Recent Regulatory Agency Outreach and Input

California Coastal Commission. CCC staff has been generally supportive of this site. City staff kept CCC staff apprised of progress on the project as the draft FMP was developed during 2016. CCC staff has not raised significant concerns with this location in discussions. With respect to permitting, they have been supportive of the concept of working with San Luis Obispo County on a Coastal Development Permit (CDP) based on the County's LCP, since the site is currently in an unincorporated area. CCC staff confirmed this perspective at a conference call meeting on September 19, 2017.

CCC provided correspondence to the City Council dated July 11, 2017. Although it did not address the South Bay Boulevard location in that letter, CCC staff strongly encouraged the City to continue on the path it has been following to relocate the project away from the existing Wastewater Treatment Plant (WWTP). A new facility at the South Bay Boulevard site would be consistent with recent CCC direction.

City staff met with CCC staff on August 8, 2017 to discuss the WRF project, particularly with regard to CCC staff's concerns expressed in their July 2017 letter to the City Council. The South Bay Boulevard site location was not the focus of that meeting, but CCC staff reiterated the concerns with shifting the focus to a site near the existing WWTP.

San Luis Obispo County. County staff has been supportive and collaborative relative to moving forward at the South Bay Boulevard location. They concur with CCC staff that it would be appropriate for the City to obtain a Coastal Development Permit for a project at this location. County staff does not anticipate substantial concerns with this process.

Regional Water Quality Control Board. Regional Board (RWQCB) staff has not focused on suitable sites as much as achieving their broad overall objectives: 1) to protect water quality; 2) to encourage a strong water reclamation component; and 3) to achieve these goals as quickly as possible. RWQCB Staff has been supportive of the City's efforts at this site, and has coordinated closely with City staff throughout the process.

The RWQCB provided correspondence to the City Council dated July 11, 2017. Although it did not address the South Bay Boulevard location in that letter, RWQCB staff strongly encouraged the City to move forward as quickly as possible, and expressed concern that shifting focus to a new site could result in further delays that would hinder the attainment of their key objectives related to water quality and reclamation. RWQCB staff also provided testimony at the July 11 City Council meeting consistent with their letter of the same date.

Key Opportunities

Potential development on the South Bay Boulevard site presents several key opportunities, many of which are described in detail in the May 2016 *Report on Potential WRF Sites*. Others are drawn from more recent regulatory agency input, public outreach, or from the draft Facilities Master Plan and related technical studies. In summary, these include the following:

- ***Facility Master Plan Has Been Prepared.*** One important consideration for this site is that a draft Facility Master Plan (FMP) has already been prepared, which takes into account the various physical opportunities and constraints associated with this location. The draft FMP is also based on detailed recent technical studies related to biological resources, cultural resources, and geotechnical issues. From a technical perspective, the FMP has been vetted by the WRFCAC and City Council. With some minor refinement, it can be used as the basis for the Environmental Impact Report (EIR) to further examine potential impacts associated with its implementation. This represents a likely time and cost savings relative to other sites, if only the planning effort is considered.

- ***Far From Existing Residential Uses.*** The City has already conducted extensive outreach related to this site. Development at this location would neither be near nor visible to any offsite residents, and there are no homes on the site itself. The nearest residents live within Casa de Flores, a senior residential complex roughly 1,200 to 1,600 feet to the south, which is visually blocked by intervening topography. Outreach related to this site conducted in 2016 suggests that compared to other locations closer to residential neighborhoods, there would likely be less controversy or opposition as the project moves forward through the design and CEQA process. It could also reduce cost for architectural features and screening since it will be less visible.

- ***A Large Site Providing Design Flexibility.*** As identified in the draft FMP, the most developable area is a gently sloping 15-acre site, sufficiently large to allow some degree of design flexibility, particularly if no corporation yard is to be considered.

- ***Relatively Free of Coastal Commission Resource Concerns.*** The location shown in the draft FMP on the site is relatively free of issues that would be of potential concern to the Coastal Commission. It not visually prominent from Highway 1, nor does it include prime soils. It may also be possible to avoid onsite drainage features and any potential Environmentally Sensitive Habitat Area (ESHA) associated with them.

- ***Site Acquisition is Straightforward.*** In 2016, the City entered into a Memorandum of Understanding (MOU) to purchase the necessary portion of the site. The MOU does not commit any City financial resources unless it purchases the needed portion of the site.

- ***Potential for Land Conservation.*** Only a portion of the roughly 28 acres addressed in the MOU would be needed for the WRF. The City could explore the potential to work with land trusts to preserve some or all of the remainder of the site that would be purchased in open space, agriculture or some other similar passive use in perpetuity.

- ***Longer Pipeline Route but Fewer Complexities.*** The pipelines are longer than those to the other sites under consideration, but can be generally constructed within City rights-of-way with the exception of the Highway 1 freeway crossing. This requires significantly less coordination with Caltrans than constructing a pipeline along the Highway 41 corridor, particularly with respect to the Righetti site. It also will avoid the cultural resource sites identified along Highway 41 associated with that site. In addition, pipeline construction could be phased with planned repaving of streets or other capital improvements to reduce cost.

Key Constraints

The key constraints facing development at this location include:

- ***Relatively Higher Cost.*** Development of a WRF at this site would be relatively more expensive than any other site now under consideration. Refined cost estimates described earlier in this report suggest that project costs would be 8 to 21% higher than at any of the other locations considered in this report, depending on the location.

- ***Farther from Most Reclamation Opportunities.*** The site would be farther from the most promising reclamation opportunities identified in the draft Master Water Reclamation Plan (MWRP), including groundwater recharge into the Morro Valley aquifer to provide indirect potable reuse. While reclamation can be achieved at this location, the greater distance contributes to the higher cost estimate.

- ***Farther from the City's Existing Wastewater Collection System.*** The site is located about 2.4 miles from the existing treatment plant (the hub of the City's wastewater treatment infrastructure network) and the ocean outfall. This distance is farther from the City's existing wastewater infrastructure than any other site under consideration, which will increase relative potential construction and energy costs for the conveyance of raw wastewater.

B. Site 2: Hanson/RV Storage

Overview

This 11.6-acre site is located adjacent to and just south of the existing Wastewater Treatment Plant site (Figure 3). It covers portions of multiple parcels (APN 066-331-032, -033 -034, and -038), just south of Atascadero Road in the City of Morro Bay, and is jointly owned by the City of Morro Bay and Cayucos Sanitary District. Portions of the site are currently being used as an RV storage facility, with the rest for concrete manufacturing. The site has not been previously studied in the various WRF siting reports, but since it is adjacent to the existing WWTP, there is information in the Rough Screening and Fine Screening Analysis that is likely applicable to the site. The Final EIR for the Morro Bay-Cayucos Wastewater Treatment Plan Upgrade Project (December 2010) also has some relevant information that could apply to the site.

Recent Regulatory Agency Outreach and Input

California Coastal Commission. Until the Peer Review Report was published in June 2017, and the City Council contemplated considering this site, CCC staff had not been aware that a return to a location near the existing WWTP was a possibility. CCC provided correspondence to the City Council dated July 11, 2017, expressing "shock" that the City would consider such a fundamental change in strategy for locating a new facility, which it had been following since the CCC denied a Coastal Development Permit for the WWTP Upgrade project at its current location in January 2013. Until it became aware of this possibility, CCC staff had been highly supportive of locating the project at the South Bay Boulevard site.

City staff met with CCC staff on August 8, 2017 to discuss the WRF project, particularly with regard to CCC staff's concerns expressed in their July 2017 letter to the City Council. It was a productive meeting. CCC staff suggested that pursuing a project at this location would face important challenges to securing needed permitting from the CCC, stemming from the fact that the Commission had previously denied a permit at an adjacent site with similar general characteristics. CCC staff, including District Director Dan Carl, outlined a suggested approach the City would need to pursue in order to gain staff support for such an undertaking, but noted that this would be no guarantee that the Coastal Commission itself would approve the permit.

The following were the key takeaways from CCC staff relative to moving forward at this location:

- Staff is open to discussing possible permitting at a site near existing WWTP, but there are no guarantees of approval;
- Permit approval will be challenging because of previous denial of the upgrade project in 2013;
- The Coastal Commission will need to be convinced that the new project has successfully addressed issues related to previous denial: Therefore, the City will need to show how the new site and project are different than before;
- CCC staff will work iteratively with City staff to address these issues as appropriate, through the permitting and CEQA process;
- The CCC's technical team will need to verify issues related to flooding and sea level rise to ensure impacts are accurately assessed and properly mitigated;
- The permit process will take longer at a site west of Highway 1 because of high level of public scrutiny and previous history in this general location (no specific timeframe was given on August 8,

but in a subsequent conference call meeting on September 19, CCC staff suggested the permitting timeframe could possible take 18 to 24 months);

- It would need to be demonstrated that coastal access is not impeded by a project at this location;
- Timeframe for permitting at sites outside city (South Bay, Righetti) would be less, primarily because those sites could follow County LCP requirements—though all such sites are subject to Coastal appeal; and
- Will need to coordinate with the City's LCP update process as appropriate.

Director Carl was not particularly optimistic about the City's chances of success at this location, but said those chances would improve if the City can make a strong case that the new project can successfully address the issues that were at the heart of the January 2013 denial of the WWTP Upgrade Project. These issues include, but are not necessarily limited to the following:

- Project is not an allowed use under the existing LCP
- Project would be subject to multiple hazards:
    - Within 100-Year Flood Zone
    - Within Tsunami Inundation Area
    - Subject to Liquefaction
    - Subject to Shoreline Erosion
- Project site is visually sensitive
- Project could frustrate public recreational access and visitor-serving objectives
- Project could impact archaeological resources
- Project insufficiently sized to accommodate future growth in the City and CSD
- Project did not include substantial water reclamation component
- Unclear how the project could affect water quality from the outfall

As the City moves forward to investigate these issues, the intent is to work closely with CCC staff to show how the new project and design could be found to be consistent with Coastal policies. CCC staff noted that ideally, the City's current LCP update would account for a project at this location. Otherwise, a separate LCP amendment would need to be processed for this action. It is unclear to CCC staff what the disposition of the Coastal Commission would be if the City were to approve an LCP update, and then amend shortly thereafter it to include a new WRF at this location.

City and program management staff's initial assessment is that the issues outlined by CCC staff could be successfully addressed through an appropriate project design. The following table summarizes how a project might generally address these concerns, and where additional investigation would be required:

Table 6. How a New WRF Project Could Address Coastal Commission Issues of Concern	
Coastal Commission Concerns (1)	**How a New Water Reclamation Facility near the WWTP site could address these issues**
Project is not an allowed use under the existing LCP	An LCP amendment would likely be necessary at any site chosen for a new WRF, not just those near the existing WWTP
Project would be subject to multiple hazards:	
- Within 100-Year Flood Zone	Locate outside of 100-year flood zone to the extent feasible, and mitigate by raising site elevation out of 100-year flood zone where required
- Within Tsunami Inundation Area	Raise site elevation to minimize exposure
- Subject to Liquefaction	Address during design through geotechnical and structural engineering
- Subject to Shoreline Erosion	Address during design through geotechnical and structural engineering. Proposed locations would be farther back from coast.
Project site is visually sensitive	Utilize small footprint technologies (such as MBR or SBR) and house processes with architectural treatment
Project could frustrate public recreational access and visitor-serving objectives	Would result in lesser impacts to public recreational access than the previous WWTP upgrade project because of a smaller footprint and greater distance from the coast
Project could impact archaeological resources	The EIR would investigate this issue and likely require appropriate mitigation
Project insufficiently sized to accommodate future growth in the City and CSD	WRF Project will be sized for City buildout in accordance with the existing General Plan and will be coordinated with the ongoing General Plan update
Project did not include substantial water reclamation component	WRF Project will include indirect potable reuse via augmentation of the Morro Valley Groundwater Basin
Unclear how project could affect water quality from the outfall	Water quality would vary from filtered, disinfected wastewater (during startup and high wet weather conditions) to a concentrated brine stream (from reverse osmosis) when producing water for indirect potable reuse
Notes: **(1)** Coastal Commission Concerns are reasons for possible inconsistency with LCP and related Coastal policies, based on the January 2013 Coastal Development Permit denial for the WWTP Upgrade Project	

At the end of the August 8 meeting, City and CCC staff committed to working together on a program as described above, if the City Council were to select this (or another) site west of Highway 1, near the existing WWTP. If, in the opinion of CCC staff, there was any point in the process that suggested moving forward at this location would be "fatally flawed", they would inform City staff to allow the City to change direction as appropriate.

The program management team reached out to representatives of those who challenged the permit application for the WWTP upgrade project to determine whether or not they would likely be supportive of a WRF at a site near the existing WWTP location. The clear sense of these discussions was that even if the project is designed to address key coastal issues, the City is likely to face a similar challenge at the Coastal Commission for this project. The outcome of such a challenge is uncertain, but it is a process for which the City would need to be prepared, including its potential effect on CCC's disposition related to issuing required coastal permits for the WRF project.

CCC staff also indicates that based on their recent experience with permitting efforts for other coastal wastewater treatment facilities, it is likely that if the coastal permit is approved, there would be a condition that would require the City to pursue the eventual relocation of the facility to an inland site. The timeframe of such a condition could range from 10 to 30 years, depending on specific circumstances related to the site (Dan Carl, Coastal Commission District Director, September 19, 2017).

Regional Water Quality Control Board. Regional Board (RWQCB) staff has not focused on suitable sites as much as achieving their broad overall objectives: 1) to protect water quality; 2) to encourage a strong water reclamation component; and 3) to achieve these goals as quickly as possible. RWQCB staff had been supportive of the City's efforts at the existing WWTP in 2013.

The RWQCB provided correspondence to the City Council dated July 11, 2017, and provided supporting testimony at the meeting that evening. RWQCB staff indicated that the Regional Board was beginning to lose patience with the City's delays in choosing a site and moving forward. At the same time, Board staff expressed that they would be highly supportive of a project that included a substantial reclamation component, either at the outset of the project, or with a firm timetable related to its implementation. If the project did not have such a component, or if its implementation was time uncertain, the Board would be less supportive, and likely push harder on implementing a strict timetable. Failure to meet such a timetable could involve substantial financial penalties. The RWQCB has considerable latitude regarding the magnitude of such penalties. Staff indicated it would not be in the City's financial interest to pay those penalties as a way of avoiding moving forward with the project.

Cayucos Sanitary District. City staff met with the Cayucos Sanitary District (CSD) staff on August 3, 2017, in order to coordinate on issues of common interest as the two agencies move forward on their separate projects. A key issue is that the two agencies jointly own the Hanson/RV site that is being considered in this report. CSD staff indicates that the City will need to work closely with CSD before the City can effectively move forward with its project at this location. CSD staff did not indicate what CSD's specific concerns might be.

Key Opportunities

Potential development on the Hanson/RV storage site presents the following opportunities:

- ***Lowest Cost Option.*** Of all the sites under consideration, this is the lowest cost option. As discussed previously in this report, a reclamation project at this location would cost an estimated 17% less than development of a similar project at the South Bay Boulevard site. Based on the costing methodology assumptions consistent with Peer Review Panel recommendations, the estimated difference is about $26 million, when soft costs and a contingency are applied. Most of the difference is due to reduced pipeline and pump station costs.

- ***Close to Existing Wastewater Infrastructure.*** The site is adjacent to the existing WWTP, so very little new pipeline and a much smaller lift station would be needed to connect a new facility to the City's existing wastewater collection system. This factor is important with respect to minimizing both construction and maintenance costs.

- ***Proximity to Reclamation Opportunities.*** The site is relatively close to potential reclamation opportunities, including to where the most promising groundwater injection opportunities are likely to be. This factor is a key reason why potential costs related to reclamation would be lower than for a project at South Bay Boulevard.

- ***The City Already Owns the Site (jointly with CSD).*** The site is already owned in part by the City, although as noted above, it jointly owns the site with the CSD. In order to gain full control of the site and any development on the site, the City would need to work with CSD on a mutually acceptable agreement. It is not certain what the terms of such an agreement might be, so this is a potential constraint as well.

Key Constraints

The key constraints facing development at this location include:

- ***Previous CCC Denial of WWTP Upgrade Permit at Adjacent Site.*** The site is adjacent to the existing WWTP. The Coastal Commission denied a Coastal Permit at that location in 2013 for a variety of reasons, related to that project's inconsistency with the City's LCP and a variety of Coastal policies. The new project will be challenged to address these issues, which range from a variety of coastal hazards, to other issues related to shoreline access, appropriate coastal development and visual impacts. Some of the key Coastal issues are listed and described in the bullet points that follow.

  - ✓ ***Tsunami Inundation Zone.*** Based on the Tsunami Inundation Map for Emergency Planning (July 2009), the site lies within a tsunami inundation zone. A Shoreline Erosion Study and 100-Year Sea Wave Run-up Analysis was conducted for the adjacent existing WWTP site by Earth Systems Pacific, and concludes the maximum anticipated tidal generated surge that could occur at the property, when considered in conjunction with an eroded or scoured beach, a 100-year storm event, an extreme high tide, and the projected 100-year rise in sea level, would result in a maximum tsunami elevation of 17.2 feet. This elevation is located approximately 220 feet to the west (seaward) of the location of the site. Notably, the 2010 Final EIR for the adjacent WWTP Upgrade Project concluded that potential impacts related to tsunami would be less than significant without mitigation.

  - ✓ ***Partially within the 100-Year Flood Zone.*** Roughly one-third of the 11.6-acre site lies within the 100-year flood plain. Environmental Science Associates (ESA) prepared a site-specific Flood Hazard Analysis (August 2009) for the WWTP upgrade project, the recommendations of which were considered and incorporated into the Final EIR and conditions of approval for that project. These measures could potentially be applied to a new WRF at the Hanson/RV site.

  - ✓ ***Shoreline Erosion and Sea Level Rise.*** The site is potentially subject to the effects of sea level rise. The 2010 Final EIR for the adjacent WWTP Upgrade Project reported the following with respect to the adjacent WWTP site: "In May 2009, the Pacific Institute prepared an evaluation of the population, infrastructure, and property that would be at risk from a projected sea level rise of 1.4 meters (m) in the year 2100 (Pacific Institute, 2009). The study includes a series of maps that indicate changes in coastal base flooding and erosion high hazard zones in 2100 due to a 1.4-m sea level rise. The map for Morro Bay North includes the WWTP site and indicates that by the year 2100, storm surge events could breach the barrier sand dunes and inundate inland areas, including the existing treatment plant and Morro Bay High School. The Morro Dunes RV Park, which is located at a higher elevation, would not be inundated. The map shows that the existing WWTP would remain above the high hazard erosion zone. These long-term projections suggest that the existing plant site may be subject to inundation in the future during a storm surge event." Based on "Draft Sea Level Rise Adaptation Strategy Report" (Moffat and Nichol, August 2017), the Hanson/RV storage site was found to be vulnerable to coastal flooding by the 2100 timeline horizon. An EIR for a new WRF project at the Hanson/RV location would need to critically evaluate this issue with updated information.

  - ✓ ***Liquefaction.*** The potential for liquefaction at the site is moderate to high (San Luis Obispo County PermitView, 2017). Appropriate design mitigation would be needed to address this hazard.

  - ✓ ***Visual Sensitivity.*** The site is near the Pacific Ocean and adjacent to a primary access road to the beach, and thus considered visually sensitive from the perspective of the Coastal Commission. Appropriate design would be required to address this issue. The site would be visible to an adjacent RV park. In addition, although the site (like the existing WWTP) is about 0.5 to 1 mile from the

Nutmeg neighborhood, it is visible to more residents in that neighborhood than the Righetti site is to those residents, because the neighborhood generally slopes west toward the coast, including this site. Appropriate design would be required to address visibility issues.

- ✓ ***Cultural Resources.*** The site is relatively near identified significant cultural resources, including archaeological sites that include human burials (Final EIR for the WWTP Upgrade Project, 2010). It is also generally sensitive because of its proximity to Morro Creek. This issue would need to be evaluated for a project at this location.

- ***Long-Term Possible Relocation Condition from CCC.*** CCC staff has indicated that, as a possible condition of approval, the City may be required to provide a timeline for relocating the plant out of an area that could be affected by future sea level rise. On similar projects elsewhere in the state that could be subject to sea level rise or coastal inundation, CCC has sometimes issued temporary permits or permits that require reconsideration from 10 to 30 years after initial authorization. CCC might also include other design-related conditions to address coastal hazards, which could adversely affect project costs.

- ***Near Morro Bay High School and Residences.*** The site is within 1,000 feet of Morro Bay High School, and within 2,000 feet of an estimated 150 homes east of Highway 1, on either side of Highway 41, generally south and west of Hill Street. Because of this proximity, the WRF would need to be designed to mitigate for possible odor-related impacts.

- ***The City Owns the Site Jointly with CSD.*** As noted above, the City and the CSD jointly own the site. In order to gain full control of the site and any development on the site, the City would need to work with CSD on a mutually acceptable agreement. It is not certain what the terms of such an agreement might be, so this is a potential constraint.

- ***Permit Process Would Take Longer.*** Because of the multiple issues described above, and the need to coordinate closely with CCC staff to resolve them, CCC staff believes the permitting process would take longer than at other sites farther from the existing WWTP site. The CCC staff did not put a specific timeframe on how much longer such a process might take, but suggested the process could take 18 to 24 months. This extended timeframe could jeopardize the WIFIA loan.

C. Site 3: Dynegy Tank Farm

Overview

This 9.2-acre site is located adjacent to and just south of the outlet of Morro Creek, across the creek from and south of both the existing Wastewater Treatment Plant and the Hanson/RV site (Figure 4). It is a relatively small portion of the 90-acre Dynegy property (APN 066-331-040), and includes the part of that site that formerly supported a tank farm. This portion of the Dynegy site is currently vacant. Like the Hanson/RV site, this location has not been previously studied in the various WRF siting reports, but since it is near the existing WWTP, there is information in the Rough Screening and Fine Screening Analysis for the existing WWTP site that is likely applicable to the site. The Final EIR for the Morro Bay-Cayucos Wastewater Treatment Plan Upgrade Project (December 2010) also has some relevant information that could apply to the site.

Recent Regulatory Agency Outreach and Input

California Coastal Commission. Preliminary discussions with CCC staff on August 8, 2017, indicated they had similar concerns as related to the Hanson/RV site, in that both sites are near the existing WWTP. However, based on City staff's description of the site, CCC staff also recognized that the Coastal Act issues at this site are not the same as those at Hanson. For example, the site is at a slightly higher elevation, and generally out of the 100-year flood plain. It is also not subject to sea level rise and shoreline erosion to the same extent as the

Hanson site. Finally, it is not as visually sensitive, as the site is generally not visible from publicly-accessible locations near the shoreline, because of berms, fences, and changes in elevation. Public coastal access would not likely be impeded by a WRF at this location, since it is within the boundaries of a privately-owned industrial facility that already has controlled access. However, CCC staff indicated that the Dynegy site may present a unique challenge that was not the case for the Hanson/RV site. At the meeting of August 8, 2017 with City staff, CCC staff suggested there could be permitting limitations on future uses at the Dynegy related to the tank removal and subsequently recommended review with the California Energy Commission. This issue is being pursued with California Energy Commission.

The following were the key takeaways from CCC staff relative to moving forward at this location:

- Staff is open to discussing possible permitting at a site near existing WWTP, but there are no guarantees of approval;
- Permit approval will be challenging because of previous denial of the upgrade project in 2013 – however, the Dynegy site is not located in the floodplain and does not raise the same flood risk concerns as the Hanson site;
- The Coastal Commission will need to be convinced that the new project has successfully addressed issues related to previous denial. The City will need to show how the new site and project are different than before – as mentioned this site does not have the floodplain concerns the old project had;
- CCC staff will work iteratively with City staff to address these issues as appropriate, through the permitting and CEQA process;
- The CCC's technical team will need to verify issues related to flooding and sea level rise to ensure impacts are accurately assessed and properly mitigated if they are significant;
- The permit process will take longer at a site west of Highway 1 because of high level of public scrutiny and previous history in this general location (no specific timeframe was given on August 8, but in a subsequent conference call meeting on September 19, CCC staff suggested the permitting timeframe could possible take 18 to 24 months);
- It would need to be demonstrated that coastal access is not impeded by a project at this location;
- Timeframe for permitting at sites outside city (South Bay, Righetti) would be less, primarily because those sites could follow County LCP requirements—though all such sites are subject to Coastal appeal; the longer permitting timeframe has potential adverse cost implications; and
- Will need to coordinate with the City's LCP update process as appropriate.

As with the Hanson/RV site, Director Carl was not particularly optimistic about the City's chances of success at this location, but said those chances would improve if the City can make a strong case that the new project can successfully address the issues that were at the heart of the January 2013 denial of the WWTP Upgrade Project. As noted above, several issues of concerns at the Hanson/RV site may be less of an issue at this location, including visual impacts, flooding and sea level rise. Nevertheless, because of the general proximity of the site to the coast and the existing WWTP site, this location will require a detailed technical investigation in the EIR to fully assess these issues in order to determine whether or not they are significant, and if so, the nature of the mitigation that would be required. Table 3 summarizes the key issues of concern to the Coastal Commission that would require investigation at this site.

As the City moves forward to investigate these issues, the intent is to work closely with CCC staff to show how the new project and design could be found to be consistent with Coastal policies. CCC staff noted that ideally, the City's current LCP update would account for a project at this location. Otherwise, a separate LCP amendment would need to be processed for this action. It is unclear to CCC staff what the disposition of the Coastal Commission would be if the City were to approve an LCP update, and then amend shortly thereafter it to include a new WRF at this location.

At the end of the August 8 meeting, City and CCC staff committed to working together on a program as described above, if the City Council were to select this (or another) site west of Highway 1, near the existing WWTP. If, in the opinion of CCC staff, there was any point in the process that suggested moving forward at this location would be "fatally flawed", they would inform City staff to allow the City to change direction as appropriate.

The program management team reached out to representatives of those who challenged the permit application for the WWTP upgrade project to determine whether or not they would likely be supportive of a WRF at a site near the existing WWTP location. The clear sense of these discussions was that even if the project is designed to address key coastal issues, the City is likely to face a similar challenge at the Coastal Commission for this project. The outcome of such a challenge is uncertain, but it is a process for which the City would need to be prepared, including its potential effect on CCC's disposition related to issuing required coastal permits for the WRF project.

CCC staff also indicates that based on their recent experience with permitting efforts for other coastal wastewater treatment facilities, it is likely that if the coastal permit is approved, there would be a condition that would require the City to pursue the eventual relocation of the facility to an inland site. The timeframe of such a condition could range from 10 to 30 years, depending on specific circumstances related to the site (Dan Carl, Coastal Commission District Director, September 19, 2017).

Regional Water Quality Control Board. Regional Board (RWQCB) staff has not focused on suitable sites as much as achieving their broad overall objectives: 1) to protect water quality; 2) to encourage a strong water reclamation component; and 3) to achieve these goals as quickly as possible. RWQCB staff had been supportive of the City's efforts at the existing WWTP in 2013. As long as these goals are achieved, the RWQCB would likely be supportive of a project at this location.

Key Opportunities

Potential development on the Dynegy site presents the following opportunities:

- ***Lower Cost Option.*** This is the second lowest cost option. As discussed previously in this report, a reclamation project at this location would cost an estimated 13% less than development of a similar project at the South Bay Boulevard site. Based on the costing methodology assumptions consistent with Peer Review Panel recommendations, the estimated difference is about $19 million, when soft costs and a contingency are applied. Most of the difference is due to reduced pipeline and pump station costs. It is slightly higher in cost than the Hanson/RV site because of its location on the opposite side of Morro Creek from where the City's existing wastewater collection system terminates.

- ***Close to Existing Wastewater Infrastructure.*** The site is near the existing WWTP, so very little new pipeline or lift station infrastructure would be needed to connect a new facility to the City's existing wastewater collection system. This factor is important with respect to minimizing both construction and maintenance costs.

- ***Proximity to Reclamation Opportunities.*** The site is relatively close to potential reclamation opportunities, including to where the most promising groundwater injection opportunities are likely to be. This factor is a key reason why potential costs related to reclamation would be lower than for a project at South Bay Boulevard.

- ***Outside of 100-Year Flood Zone.*** Unlike the Hanson/RV site, this location is above the 100-year flood zone, which removes one potential constraint that faced the WWTP Upgrade Project when the CCC considered and denied it in 2013.

- ***Not Visually Sensitive.*** Much of the site is generally not visible from publicly-accessible locations, especially those between the site and the shoreline. Much of the site is screened by landscaping, berming, or fencing. Portions of the site are visible from a residential neighborhood across Highway 1, but future WRF uses would be visually consistent with existing industrial development associated with the Dynegy site.

Key Constraints

The key constraints facing development at this location are similar in some respects to the Hanson/RV site, and include:

- ***Previous CCC Denial of Adjacent WWTP Upgrade Permit.*** The site is near the existing WWTP site. The Coastal Commission denied a Coastal Permit at that location in 2013 for a variety of reasons, related to that project's inconsistency with the City's LCP and a variety of Coastal policies. The new project will be challenged to address these issues, which range from a variety of coastal hazards, to other issues related to shoreline access, appropriate coastal development and visual impacts. Some of the key Coastal issues that could be factors at this site are listed and described in the bullet points that follow.

  - ✓ ***Tsunami Inundation Zone.*** Per the "Community Baseline Assessment" (Michael Baker International, May 2017), the tsunami inundation zone extends to Highway 1 between Azure Street and Highway 41, to Little Morro Creek Road between Highway 41 and the power plant, and typically to the immediate beach area south of the power plant. This site, being between Highway 41 and the power plant, is within that zone.

  - ✓ ***Shoreline Erosion and Sea Level Rise.*** The site is potentially subject to the effects of sea level rise, though not to the extent of the Hanson/RV site because of its higher elevation. Based on "Draft Sea Level Rise Adaptation Strategy Report" (Moffat and Nichol, August 2017), the Hanson/RV storage site was found to be vulnerable to coastal flooding by the 2100 timeline horizon. The furthest northwest edge of the Dynegy property is within this floodplain, but preliminary potential site layouts do not occupy the affected portions of the site.

  - ✓ ***Liquefaction.*** The potential for liquefaction at the site is moderate (San Luis Obispo County PermitView, 2017). Appropriate design mitigation would be needed to address this hazard.

  - ✓ ***Cultural Resources.*** The area is near the mouth of Morro Creek, and several cultural resources have been identified in this area. Thus, the site may be considered sensitive relative to the potential to uncover unidentified cultural resources. The site would need to be evaluated further to confirm the presence or absence of such resources at this location.

- ***Long-Term Possible Relocation Condition from CCC.*** CCC staff has indicated that, as a possible condition of approval, the City may be required to provide a timeline for relocating the plant out of an area that could be affected by future sea level rise. On similar projects elsewhere in the state that could be subject to seal level rise or coastal inundation, CCC has sometimes issued temporary permits or permits that require reconsideration from 10 to 30 years after initial authorization. Whether this is an issue in this case would be based to a large extent on a detailed study of sea level rise potential at this location. CCC might also include other design-related conditions to address coastal hazards, which could adversely affect project costs.

- ***Near Morro Bay High School and Residences.*** The site is within 1,800 feet of Morro Bay High School, and within 2,000 feet of an estimated 100 homes east of Highway 1, on the south side of Highway 41, generally including the mobile home development near Errol Street, but also including the far western corner of the neighborhood at the base of Radcliff Avenue. Because of this proximity, the WRF would

need to be designed to mitigate for possible odor-related impacts.

- ***Land Use – Permitting Limitations?*** There may be limitations on future land uses at this location from permitting conditions associated with the removal of the tank farm. Project management staff have also reached out to California Energy Commission for input.

- ***Permit Process Would Take Longer.*** Because of the multiple issues described above, and the need to coordinate closely with CCC staff to resolve them, CCC staff believes the permitting process would take longer than at other sites farther from the existing WWTP site. The CCC staff did not put a specific timeframe on how much longer such a process might take, but suggested the process could take 18 to 24 months. This extended timeframe could jeopardize the WIFIA loan.

D. Site 4: Righetti

Overview

The area commonly known as the Righetti site (APN 073-084-013) is owned by Paul Madonna et al (Figure 5). In 2015, the property was put on the market for sale, and the property owner had indicated a willingness to sell it to the City. The City subsequently entered into an MOU with the property owner that has since expired and has not been renewed. In February 2016, the site had been identified as a preferred option in the Morro Valley to pursue for a new WRF. However, subsequent outreach and community workshops provided important feedback from many residents within the Nutmeg/Ponderosa neighborhood to the west, who were strongly opposed to moving forward at that location. The site was analyzed further in a May 2016 report, comparing it to four other locations, including two others in the Morro Valley as well as the South Bay Boulevard site. That report concluded that the Righetti site was the lowest cost option among these, but presented challenges related to project implementation because of delays and cost escalation related to addressing neighborhood concerns. For that reason, the City Council chose to focus on pursuing a WRF at the South Bay Boulevard site.

This location was previously considered in many of the WRF-related siting reports, including the following:

- Rough Screening Report (2011)
- Fine Screening Report (2011)
- Options Report (December 2013)
- Report on Reclamation and Council Recommended WRF Sites (May 2014)
- Report to City Council on Potential WRF Sites (May 2016)

Recent Regulatory Agency Outreach and Input

California Coastal Commission. As part of the 2011 Fine Screening Report, CCC staff identified the Righetti site as a potentially suitable location at which to pursue a new wastewater facility. CCC staff was generally supportive of this location through the site selection process conducted from 2013-16. There is an ephemeral drainage trending north-south that comes from the higher elevations on the site, and passes directly through the site on its way toward Morro Creek across Highway 41. The drainage is identified by San Luis Obispo County as “Coastal Zone stream”. It is unlikely that development could avoid this typically dry drainage feature, and would most likely need to be elevated to avoid being subject to runoff during heavy rain events. This issue would require further investigation in the design and environmental review processes for a facility at this location. Coastal Commission staff were consulted regarding these drainages, and agreed they will need to be addressed through the permitting process (Dan Carl, CCC staff, April 27, 2016).

Once the South Bay Boulevard site was identified as a preferred option by the City Council in June 2016, CCC staff has not opined further on the Righetti site. However, in a meeting of August 8, 2017, CCC staff suggested to City staff that if the Righetti site is pursued, that the most expeditious permitting process would be to work with San Luis Obispo County, and secure a Coastal Development Permit through their Local Coastal Plan.

San Luis Obispo County. The site is located outside the City, but could potentially be annexed. City staff has not pursued further discussions with San Luis Obispo County staff relative to this location, but it is reasonable to believe they would concur with CCC staff that it would be appropriate for the City to obtain a Coastal Development Permit for a project at this location, similar to the approach that would be applied at the South Bay Boulevard site.

Regional Water Quality Control Board. As noted above, RWQCB staff has not focused on suitable sites as much as achieving their broad overall objectives: 1) to protect water quality; 2) to encourage a strong water reclamation component; and 3) to achieve these goals as quickly as possible. RWQCB Staff has not opined on this site, because it has not been the focus of recent City efforts to construct a WRF.

The RWQCB provided correspondence to the City Council dated July 11, 2017. Although it did not address the this location in that letter, RWQCB staff strongly encouraged the City to move forward as quickly as possible, and expressed concern that shifting focus to a new site could result in further delays that would hinder the attainment of their key objectives related to water quality and reclamation. RWQCB staff also provided testimony at the July 11 City Council meeting consistent with their letter of the same date.

Key Opportunities

Potential development at the Righetti site presents several key opportunities, which include:

- ***Close to Existing Wastewater Infrastructure.*** The site is adjacent to the City, and close to the heart of the City's existing wastewater conveyance system. It is similar in distance compared to Giannini, and closer than South Bay Boulevard. It is farther when compared to the sites west of Highway 1 (Hanson/RV and Dynegy). This factor is important with respect to minimizing both construction and maintenance costs.

- ***The Site is at Lower Elevation than South Bay Boulevard.*** The most developable 10 to 15-acre portion of the site is relatively level and located about 80 to 100 feet above sea level. This is slightly lower than at South Bay Boulevard, which helps to reduce the required size of the new lift station when compared to the South Bay Boulevard site. This is another factor that would help minimize costs to some extent.

- ***Proximity to Reclamation Opportunities.*** Because of its Morro Valley location, the site is relatively close to potential reclamation opportunities, including to where the most promising groundwater injection opportunities are likely to be. This factor is a key reason why potential costs related to reclamation would be lower than for a project at South Bay Boulevard.

- ***Lower Cost Than South Bay Boulevard.*** Development of a WRF at this site would be about 11% less expensive than at South Bay Boulevard, primarily for the reasons cited above related to the proximity to the existing collection system and reclamation opportunities.

- ***Potential for Land Conservation.*** Only a small portion of the 250-acre site would be needed for the WRF. If it acquires the entire site, the City could explore the potential to work with land trusts to preserve the remainder of the site in open space, agriculture or some other similar passive use in perpetuity, including all areas in direct proximity to neighbors in the Nutmeg neighborhood.

- ***City Tank Easement Costs Could be Eliminated***. The City currently pays approximately $30,000 per year

to lease the property for the Nutmeg Tank, which provides storage for the City's water distribution system. By purchasing the entire property, this lease cost could be eliminated. This is not reflected in the costs presented in this Report.

Key Constraints

The key constraints facing development at this location include:

- ***Neighborhood Proximity.*** The site of potential development is as near as 600 feet east of the nearest homes along Nutmeg Avenue and Ponderosa Street, a distance that expands to roughly 2,000 feet for homes at the northernmost end along Nutmeg Avenue. The backyards of some rear-facing windows of some of these homes along the easternmost neighborhood streets have a direct line of sight to the potential WRF location, and are somewhat elevated relative to the site under consideration (from 50 to 250 feet higher, from south to north). In all, 424 homes within this neighborhood are within 2,000 feet of the potential WRF site, with 35 homes within 1,000 feet, although most of these homes are on the opposite side of a ridgeline that separates them from the WRF site.

  At a February 25, 2016 community workshop, many residents in this neighborhood voiced strong opposition to locating the WRF on the Righetti site, citing visual, odor, noise, and traffic concerns. Although City staff committed to designing the facility to address these issues, many in this neighborhood remain unconvinced, since they believe the presence of a WRF, no matter how well-designed, could adversely impact their property values.

  Many of the same residents expressed similar concerns at several subsequent public workshops and meetings, including at the Citizen Advisory Committee meeting (March 1, 2016), City Council (March 8, 2016), two community workshops (April 7 and 10, 2016), and outreach at local farmers' markets (April 9 and 14, 2016).

  The site is also about 1,300 feet west of the nearest homes within the Rancho Colina community. These homes, however, are blocked from a direct line of sight by intervening topography. There is also a ranch home on the south side of Highway 41 about 1,100 feet to the south directly across from the site. Some residents in these areas expressed similar concerns regarding the site, but not to the same extent as those in the Nutmeg/Ponderosa neighborhood.

- ***Onsite Drainage Features.*** There is an ephemeral drainage trending north-south that comes from the higher elevations on the site, and passes directly through the site on its way toward Morro Creek across Highway 41. The drainage is identified by San Luis Obispo County as "Coastal Zone stream". It is unlikely that development could avoid this typically dry drainage feature, and would most likely need to be elevated to avoid be subject to runoff during heavy rain events. This issue will require further investigation in the design and environmental review processes for a facility at this location. Coastal Commission staff were consulted regarding these drainages, and agreed they will need to be addressed through the permitting process (Dan Carl, CCC staff, April 27, 2016).

- ***Property Availability.*** The City had entered into an MOU with the existing property owner to purchase and control the site, but that MOU expired in July 2016. Although the property is potentially available, it is not known whether the property owner would willingly work with the City to enter into a new MOU.

E. Site 5: Giannini

Overview

The 35.7-acre Giannini Property (APN 068-401-014) is located in the City limits just south of Highway 41, and east of Highway 1 (Figure 6). The site is located in an upland area overlooking the Morro Valley south of Morro Creek, and is currently undeveloped rangeland within the Coastal Zone. This site is designated as Low Density Residential with a PD (Planned Development) overlay under the City's General Plan and zoned R-A (Suburban Residential).

Little Morro Creek Road provides direct access to the site. Elevations on the site range from about 60 to 200 feet, sloping upward from the north. Approximately 21% of this sloping is a 10 to 15% slope. The remainder is between 15 and 30% slope. The least sloping portions are along the eastern boundary of the property, following a minor drainage that flows northward to Little Morro Creek, which in turn empties into Morro Creek. This is the portion of the site considered the most optimal for potential development of a new WRF, as shown on Figure 6. The site is separated from coastal views by a low ridgeline, such that the property faces northward toward the Morro Valley. A residential subdivision is located immediately southwest of the site, with homes along Hillcrest Drive immediately fronting the site. Several high voltage power lines traverse the site.

This location was previously considered in some of the WRF-related siting reports, including the following:

- Rough Screening Report (2011)
- Options Report (December 2013)

The 2013 Options Report found that in many respects, the Giannini site has some of the advantages of the Righetti site, including proximity to water reclamation opportunities. It also faces similar challenges, notably its proximity to an existing residential neighborhood, and the potential opposition that could arise from that neighborhood if this site were carried further in the process. From a cost perspective, it is likely similar to Righetti, and somewhat less expensive than the South Bay Boulevard site.

Recent Regulatory Agency Outreach and Input

California Coastal Commission. CCC staff has not previously considered this site in detail, since it was originally dismissed in the 2011 Rough Screening Report and was not the recommended site in subsequent reports. However, in a meeting on August 8, 2017, CCC staff suggested that permitting at this location would require an amendment to the City's LCP because the site is already located within the City limits. Permitting through the County's LCP would not be an option.

Regional Water Quality Control Board. As noted above, RWQCB staff has not focused on suitable sites as much as achieving their broad overall objectives: 1) to protect water quality; 2) to encourage a strong water reclamation component; and 3) to achieve these goals as quickly as possible. RWQCB Staff has not opined on this site, because it has not been the focus of recent City efforts to construct a WRF.

The RWQCB provided correspondence to the City Council dated July 11, 2017. Although it did not address the this location in that letter, RWQCB staff strongly encouraged the City to move forward as quickly as possible, and expressed concern that shifting focus to a new site could result in further delays that would hinder the attainment of their key objectives related to water quality and reclamation. RWQCB staff also provided testimony at the July 11 City Council meeting consistent with their letter of the same date.

Key Opportunities

Potential development at the Giannini site presents several key opportunities, which include:

- ***Close to Existing Wastewater Infrastructure.*** The site is adjacent to the City, and close to the heart of the City's existing wastewater conveyance system. It is similar in distance compared to Righetti, and closer than South Bay Boulevard. It is farther when compared to the sites west of Highway 1 (Hanson/RV and Dynegy). This factor is important with respect to minimizing both construction and maintenance costs.

- ***The Site is at Lower Elevation than South Bay Boulevard.*** The most developable 10 to 15-acre portion of the site is gently sloping and located about 70 to 100 feet above sea level. This is slightly lower than at South Bay Boulevard, which helps to reduce the required size of the new lift station when compared to the South Bay Boulevard site. This is another factor that would help minimize costs to some extent.

- ***Proximity to Reclamation Opportunities.*** Because of its Morro Valley location, the site is relatively close to potential reclamation opportunities, and closer than any other Morro Valley site to the City's wells and the lowest part of the valley, where the most promising groundwater injection opportunities are likely to be. This factor is a key reason why potential costs related to reclamation would be lower than for a project at South Bay Boulevard.

- ***Lower Cost Than South Bay Boulevard.*** Development of a WRF at this site would be about 8% less expensive than at South Bay Boulevard, primarily for the reasons cited above related to the proximity to the existing collection system and reclamation opportunities.

Key Constraints

The key constraints facing development at this location include:

- ***Neighborhood Proximity.*** The site of potential development is as near as 600 feet northeast of the nearest homes along Hillcrest Drive, a distance that expands to roughly 1,000 feet for homes at the northernmost end along Nutmeg Avenue. The backyards of some rear-facing windows of some of these homes along Hillcrest Drive have a direct line of sight to the potential WRF location, and are somewhat elevated relative to the site under consideration (from 70 to 100 feet higher). In all, 227 homes within this neighborhood are within 2,000 feet of the possible WRF site, with 85 homes within 1,000 feet, although most of these homes are on the opposite side of a ridgeline that separates them from the WRF site (City Council presentation, March 8, 2016).

  In addition, the nearest home on Little Morro Creek Road is just to the east, and potentially within 300 feet of the site. The next home along the roadway is about 1,000 feet further to the northeast. These homes would have a direct line of sight with no visual obstructions.

  No community workshops have been held to discuss the Giannini site, because the site was never selected by the City Council for further analysis after the publication of the December 2013 Options Report. However, it is reasonable to expect that there could be substantial neighborhood concerns similar to that experienced relative to the Righetti site if this location is selected. Compared to Righetti, the nearest homes are closer and there are more of them within 1,000 feet. The elevation difference is also less.

- ***Onsite Drainages or Jurisdictional Waters.*** There is an ephemeral drainage trending north-south that comes from the higher elevations on the site, and passes directly through the site on its way toward Little Morro Creek. The drainage is identified by San Luis Obispo County as "Coastal Zone stream". It is

likely that development could avoid this typically dry drainage feature, but this issue will require further investigation in the design and environmental review processes for a facility at this location. The site has not been comprehensively surveyed for biological resources. This site does not contain Environmentally Sensitive Habitat Areas (ESHA) as defined in the City's LCP or shown on its zoning map. Studies included with a previous application for development on the site identified areas on the site supporting Cambria morning glory (a "watch list" species), and the potential for wetlands on portions of the site.

- ***Property Availability.*** The property is not currently for sale, and it is not known whether the property owner would willingly sell it to the City for this purpose.

- ***Cultural Resources.*** The site is on a sloping hillside, uphill from the Little Morro Creek drainage. As noted in the 2011 Rough Screening Evaluation, this site included a permanent prehistoric occupation site. However, only a small portion of the property has been surveyed, so the occupation site may be larger than previously recorded. That said, the entire site may be considered highly sensitive because of its general proximity to Morro Creek. Until it is fully surveyed, the possibility of encountering additional sensitive cultural resources on this property cannot be discounted.

- ***Little Morro Creek Road Improvements.*** Based on past discussions related to development on this site, it is likely that Little Morro Creek Road would require improvements in order to accommodate the construction traffic and, ultimately, City staff vehicles associated with a new WRF at this location. The extent and cost of such improvements has yet to be determined; however, an allowance for road improvement has been included in the capital cost opinion in this report.

SECTION 4 CONCLUSIONS

4.1 Cost Considerations

In general, the two sites nearest the existing WWTP are the lowest cost options, while South Bay Boulevard is the highest. Righetti and Giannini are in the middle of the pack. This is consistent with estimated differences in annual operating and maintenance costs. The lowest cost option is approximately 17% lower than the highest cost option, much of which can be accounted for by the need for lift stations and longer pipeline infrastructure for the sites that are farther either from the City's existing wastewater collection system, or from the preferred well injection field that would be the primary water reclamation opportunity.

All of the sites will be relatively expensive to build a full WRF project. At this stage, cost estimates at the five sites range from approximately $125 to 150 million, which at this stage include a 20 or 25% contingency, depending on the site, based on recommendations in the Draft FMP and the findings of the Peer Review Panel report. The key drivers of the cost differences include:

- *Proximity to the City's existing wastewater collection network;*
- *Proximity to reclamation opportunities, particularly the City's wells; and*
- *Lift stations and the length of pipelines that would be required to connect to a new WRF.*

It is also noteworthy that a water recycling facility will be needed in order to achieve the full support of both the California Coastal Commission and Regional Water Quality Control Board, based on their recent interactions with the City on this project. In addition, many funding sources, including a low-interest SRF loan and up to a $73.7 million WIFIA loan (49% of the project cost) the City recently qualified for, will be contingent on the City building a project that includes a full recycled water component.

Another cost consideration is the City's ability to receive permits within a timeline that is acceptable to EPA for funding under the WIFIA program. This funding is critical to implementation of the project, due to the high cost for bond funding and the anticipated short-term shortfall in SRF funding.

4.2 Non-Cost Considerations

In general, the South Bay Boulevard site has the highest degree of certainty and the clearest path to timely project implementation, for several reasons. It has been studied extensively in several recent siting reports from 2013-16, and a draft Facility Master Plan (FMP) has been prepared for the site. The FMP is based in part on very recent technical investigations of the site, including a biological assessment, cultural resources evaluation, and geotechnical analysis. The FMP responded to these studies by including a preliminary design intended to avoid or minimize potential impacts with respect to these issues. There has also been extensive outreach conducted with respect to the site, including from the nearest residential neighbors as well as adjacent property owners. Their concerns have also been considered in the FMP, especially with regard to minimizing visual impacts, odor impacts, and land use compatibility. Crucially, staff from the Coastal Commission, San Luis Obispo County, and the Regional Water Quality Control Board have expressed support for pursuing development at this site. Their support will be necessary for the City to acquire the necessary permits from these agencies to move forward with the project. Finally, there is an existing Memorandum of Understanding with the property owner to acquire the necessary portion of the site to build the project. If the Council chose to move forward at this location, the preparation of an Environmental Impact Report (EIR) could commence immediately. The completion of that EIR is a critical path item for a number of reasons, including the project procurement process and the ability to secure certain grants and loans to help offset project costs.

Thus, if cost were not a consideration, the South Bay Boulevard site would be the clear choice for moving forward with the project.

That said, each of the other sites has its advantages. The Righetti and Giannini sites are each relatively close to the existing wastewater collection system and potential reclaimed water injection sites, which directly relate to reducing potential project costs. The Righetti site in particular has the potential to support an open space or agricultural conservation easement over the remainder of the site, and thus provide a hard urban edge to growth in the City. Additionally, the City owns water tanks on the Righetti property and the $30,000 annual property lease costs could be avoided if the City purchased the property. But these two sites have some clear disadvantages, notably related to their proximity to residential neighborhoods. In early 2016, the City already explored the potential to locate a WRF at the Righetti site, and many within the adjoining neighborhood demonstrated strong and sustained opposition. It is reasonable to expect that a similar occurrence might occur if the City moved forward at the Giannini site.

The primary advantage of the two sites west of Highway 1 is that they are lower in cost than any other location. If cost were the only consideration, either of these would be an obvious choice. But time is another crucial consideration, both from a funding and permitting perspective. Not only has the RWQCB indicated that the City could face substantial penalties in the event it does not implement a project soon, some of the potential funding for the project may no longer be available if it does not. The City recently was invited to apply for a WIFIA loan to cover up to 49% of the total project cost, but there is a limited window for the City to make an application, which depends to some extent on the completion of an EIR for the project. Finally, a protracted permitting process could result in higher project costs, because project costs tend to escalate over time.

The Coastal Commission has indicated that the permit process for a project at either location west of Highway 1 would likely take considerably longer than for a project located farther from the existing WWTP. To a large extent this is due to the fact the CCC denied a permit to the previous WWTP Upgrade Project in 2013, determining that project was inconsistent with a variety of Coastal Act policies and inconsistent with the City's LCP (Dan Carl, CCC District Director, August 2013). CCC staff have indicated it will take a careful and collaborative effort for the City to demonstrate that a new WRF project near this site can be designed to be consistent with Coastal policies, particularly as they relate to coastal hazards such as sea level rise, flooding, and tsunami inundation. The Dynegy site has fewer constraints related to flooding, so it could have a slight advantage related to the permitting process. Such a project would also need to be designed to be visually compatible and consistent with future coastal development that may occur in the vicinity. And even if these issues are addressed, CCC staff indicates there is some degree of uncertainty that the Commission itself would actually grant the needed permit, regardless of staff's recommendation.

Additionally, CCC staff has indicated the City may be required to provide a timeline for relocating the plant out of an area that could be affected by future sea level rise. This is likely to affect the Hanson site and possibly the Dynegy site. In some cases, CCC has issued temporary permits or permits that require reconsideration from 10 to 30 years after initial authorization.

Thus, if the City Council were to move forward at one of the two sites west of Highway 1, it needs to be prepared for the potential risks related to timing and the possibility that a permit may only be issued with a time limitation or that requires future relocation.

4.3 Summary of Key Findings

The three key factors in developing a successful project are cost, permitting and timing. These factors are highly related.

In order to meet the City's 5-year goal (and Regional Water Quality Control Board's direction to complete the plant construction by December 2021), it is crucial that the City select a site for study in an Environmental Impact Report as soon as possible. The construction cost differences among the sites could be potentially offset to a large extent if one site presents less risk of schedule delays or pauses and can move forward more quickly,

or if timing risks the City's ability to receive funding through the WIFIA program.

A key framing issue with respect to both cost and timing is the City's eligibility to receive a WIFIA loan to pay for up to 49% of the project. The City has a one-year window to apply for this loan from the time it was deemed qualified to apply, after which time an application will not be accepted. That one-year window closes on July 17, 2018. A key consideration in making that application is that the project must be sufficiently defined and vetted to allow the completion of the federal environmental review requirements under the National Environmental Policy Act (NEPA) pursuant to federal standards set forth by the U.S. Environmental Protection Agency (USEPA), the agency administering the loan. Without that loan, it is likely that financing the project will face much higher interest rates, which will drive the project cost upward. Thus, timing and resulting coordination regarding site selection, environmental analysis, and permitting is crucial to the project's success, especially as it relates to minimizing costs.

In addition, it is clear that in order to secure this WIFIA loan, a full reclamation project would be required. Both CCC and RWQCB staff concur that their support also depends on this being a full reclamation project, although both agencies are open to the concept of phasing the reclamation component, if it can be clearly shown when this component will come online.

The following summarizes the key findings of the report relative to the issues of cost, permitting and timing.

Costs

- The cost estimates for a full reclamation project at the five sites range from about $125M to $150M, which includes a 25% contingency and soft costs consistent with peer review panel recommendations. The highest cost is at South Bay Boulevard, and the lowest is at the Hanson/RV site. The lowest cost site east of Highway 1 is Righetti ($133M).
- Without the reclamation component, the cost range at the five sites varies from about $104M to $123M.
- The key consideration in the cost variations are the distance of pipeline conveyance and recycled water pump station infrastructure

Permitting

- The most straightforward permitting path is at the South Bay Boulevard site, since that site has been the focus of multiple recent technical reports, is the focus of the existing Facility Master Plan, has CCC staff's support, and is located within the unincorporated County, so that it can be processed through the County's LCP.
- The Righetti site is the next most straightforward, because it is also in the County, and can be permitted through the County's LCP. CCC staff has also expressed support for this site. However, the project would first need to be defined at this location, since it is not the focus of the existing Facility Master Plan. It is also uncertain how previously-expressed neighborhood concerns about the site's location might affect the timing of the permitting process.
- The two sites west of Highway 1 (Hanson/RV and Dynegy) have the most uncertain permitting path. Both would require extensive vetting to address coastal issues, and CCC staff estimates that the permitting process at either location could take 18 to 24 months, with no certainty that a permit at either site would actually be approved. If a permit is delayed or denied, this has potential negative consequences relative to cost, either by jeopardizing the City's ability to secure a WIFIA loan, and/or through the escalation of project costs over time through inflation.
- Permitting at the Hanson/RV storage, Dynegy Tank Farm or Giannini sites would require an amendment

to the City's LCP, since they are all within the City, not the County. CCC staff recommend that this amendment be processed separately from the current LCP amendment process the City is currently undertaking. It has been suggested that since the Dynegy Tank Farm site is already zoned heavy industrial, it may possible that the LCP amendment process at that location could follow a more simplified approach, but CCC staff could not confirm this at this time.

Timing

- The South Bay Boulevard site presents the fewest regulatory obstacles, and the clearest permitting path. It also has the most technical work completed. For this reason, a project at this site would have the shortest timeframe, and the highest probability of securing a WIFIA loan and needed permitting in a timely manner. The shorter timeframe also would result in the highest probability of minimizing reported project costs.
- The two sites west of Highway 1 (Hanson/RV storage and Dynegy Tank Farm) have the most uncertain permitting path. CCC staff estimates that the permitting process at either location could take 18 to 24 months, with no certainty that a permit at either site would actually be approved. If a permit is delayed or denied, this has potential negative consequences relative to cost, either by jeopardizing the City's ability to secure a WIFIA loan, or through the escalation of project costs over time through inflation.
- Timing at the Righetti site is less certain than at South Bay Boulevard, because of previously expressed neighborhood opposition there, and how this could potentially extend the CEQA process if this is the chosen site. However, from CCC staff's perspective, the permitting process would be similar to the South Bay Boulevard site.
- Timing at Giannini is likely greater than either South Bay Boulevard or Righetti for the following reasons: 1) the need for an amendment to the City's LCP; 2) very little technical work has been done for this site that might help expedite the CEQA and permitting process; and 3) there is the potential for neighborhood opposition because of the proximity of residences to this site.

4.4 Next Steps

The most critical milestone for the City at this time is meeting the July 17, 2018, deadline for submittal of the EPA WIFIA loan application. This loan is critical for funding 49% of the project, but the City will also need to secure the other 51% loan through the State Revolving Fund (SRF) to ensure the project is fully funded. Successfully competing for the WIFIA program is likely to improve the chances of receiving highly competitive SRF loans, since both programs apply similar criteria when evaluating applications. Similarly, receiving WIFIA funding will also position the City for state and federal grants, which are highly competitive. If the City cannot be approved for low-interest federal or state loan programs, financing through bonds will be required which will increase average user costs by $30 to $40 per month compared to a project financed through low-interest loans according to the Draft Rate Study (Bartle Wells Associates, April 2017).

It is recommended to complete the applications for SRF and WIFIA funding concurrently to ensure the full project can be funded. If City Council selects a site by November 1st, the Draft EIR can be completed and circulated in time to allow for the preparation of the NEPA document, which is an important component to allow the processing of the WIFIA application. This would also allow the EIR to be certified soon after the application is submitted, which is a critical step for completion of the SRF application. The review and approval process for the SRF application currently requires approximately nine months for completion. The WIFIA application review and processing would proceed concurrently to ensure both programs build compatible terms and conditions into the loan agreements, which is a requirement for jointly-funded projects. If site selection is deferred until after November 1st, the opportunity for low interest project funding would be jeopardized.

As the EIR is prepared, the revised rate study can be recirculated and the hearing for the rate increase can be scheduled. The design-build request for qualifications (RFQ) will also be finalized and released, so contractor teams can be selected and invited to submit final proposals as soon as the EIR is certified. This allows permitting conditions, monitoring, and mitigation requirements to be incorporated into the design-build bids and reduce the potential for cost increases through expensive change orders by selecting a contractor too early.

The contractor will be selected during SWRCB and EPA review of the SRF and WIFIA applications so the contract award occurs before the loan is approved. Initial design efforts can be funded by the City's SRF Planning and Design Loan until the full construction loan is approved.

APPENDIX A COMPARISON OF OPPORTUNITIES AND CONSTRAINTS

Tables A-1 and A-2 summarize the key opportunities and constraints described in the site analysis above. While these are qualitative assessments, and thus somewhat inherently subjective, they are intended to provide the reader a conceptual summary of the magnitude of potential opportunities and constraints.

Table A-1. Comparative Opportunities at Potential WRF Sites

Key Opportunity	Site				
	South Bay Boulevard	***Hanson/RV Storage***	***Dynegy Tank Farm***	***Righetti***	***Giannini***
	Applicability to the Site				
Relatively Lower Cost	No; highest cost site	Yes; lowest cost site (about 17% less than SBB)	Yes; relatively lower cost site (about 13% less than SBB)	Mid-range cost; (about 11% less than SBB)	Mid-range cost; (about 8% less than SBB)
Facilities Master Plan has been prepared	Yes	No; would need to adapt existing FMP	No; would need to adapt existing FMP	No; would need to adapt existing FMP	No; would need to adapt existing FMP
Far From Existing Residential Uses or Schools	Yes; few neighbors—senior housing is 1,500 feet south, blocked by topography	No; within 1,000 feet of Morro Bay High School; within 2,000 feet of about 150 homes	Relatively far; within 1,800 feet of Morro Bay High School; within 2,000 feet of about 100 homes	No; within 600 feet of nearest homes in adjacent neighborhood; 35 homes within 1,000 feet	No; within 600 feet of nearest homes in adjacent neighborhood; 85 homes within 1,000 feet
Large Site Providing Design Flexibility	Yes; large site with good flexibility	Limited flexibility; smaller site	Limited flexibility; smaller site	Limited flexibility because of terrain	Limited flexibility because of terrain
Relatively Free of Coastal Commission Resource Issues	Yes; far from coast; ESHA is likely avoidable; limited visibility	No; see constraints	Unclear; near coast, but limited visibility, out of 100-year flood; need to investigate sea level rise; see constraints	Generally yes; far from coast; ESHA and drainages could be issues; cultural resources along Hwy 41	Generally yes; far from coast; cultural resource issues may exist
Site Acquisition is Straightforward	Yes; City has existing MOU with property owner	Yes and No, City owns site with CSD; would need to work with CSD	Unclear; subject to negotiation with property owner	Potentially; City had been in MOU; would need to negotiate again	Unclear; subject to negotiation with property owner
Potential for Land Conservation	Yes; large site—could do open space/ag easement	No	No	Yes; large site—could do open space/ag easement	Possibly; most of site is undevelopable as it is
Pipeline Route with Fewer Regulatory Complexities	Yes; longer pipeline, but generally avoids Caltrans ROW and cultural resources	Yes; minimal pipeline needed	Yes; minimal pipeline needed	No; relative shorter pipeline, but Caltrans coordination needed, and cultural resources exist	Yes; likely to mostly avoid Caltrans ROW and cultural resource issues

Table A-1. Comparative Opportunities at Potential WRF Sites					
Key Opportunity	**Site**				
	South Bay Boulevard	***Hanson/RV Storage***	***Dynegy Tank Farm***	***Righetti***	***Giannini***
	Applicability to the Site				
Close to Existing Wastewater Collection Infrastructure	No; about 2.4 miles to center of collection system	Yes; about 0.1 mile from current collection point (SR1/SR41)	Yes; about 0.1 mile from current collection point (SR1/SR41)	Yes; about 0.7 miles from current collection point (SR1/SR41)	Yes/No; about 0.7 miles from current collection point, but pipeline route not direct
Close to Reclamation Opportunities	No; about 2.5 miles from possible injection site	Yes; about 0.5 miles from possible injection site	Yes; about 0.5 miles from possible injection site	Yes; about 0.4 miles from possible injection site	Yes; about 0.5 miles from possible injection site
Relatively Lower Elevation (to reduce pumping costs)	Moderate; about 100-150 feet above sea level	Yes, just above sea level	Yes, just above sea level	Moderate; about 80-100 feet above sea level	Moderate; about 70-100 feet above sea level

Table A-2. Comparative Constraints at Potential WRF Sites					
Key Constraint	**Site**				
	South Bay Boulevard	***Hanson/RV Storage***	***Dynegy Tank Farm***	***Righetti***	***Giannini***
	Applicability to the Site				
Relatively Higher Cost	Yes; highest cost site (about 21% more than Hanson)	No; lowest cost site	No; relatively lower cost site (about 5% more than Hanson)	Mid-range cost; (about 7% more than Hanson)	Mid-range cost; (about 11% more than Hanson)
Previous CCC Denial of WWTP Permit at Adjacent Site	No	Yes	Yes	No	No
Tsunami Inundation Zone	No	Potentially; will be analyzed in EIR	Potentially; will be analyzed in EIR	No	No
100-Year Flood Zone	No	Partially	No	No	No
Shoreline Erosion and Sea Level Rise	No	Potentially Yes	Potentially Yes; but less likely than Hanson/RV site	No	No
Liquefaction	Variable	Moderate to High	Moderate	Low	Low
Visually Sensitive	No; limited views from Hwy 1	Yes; near coast; also visible to residents east of Hwy 1	No; limited visibility from public locations	Yes; from Hwy 41 and neighborhood	Yes; from Little Morro Creek Road and neighborhood

Table A-2. Comparative Constraints at Potential WRF Sites					
Key Constraint	**Site**				
	South Bay Boulevard	***Hanson/RV Storage***	***Dynegy Tank Farm***	***Righetti***	***Giannini***
	Applicability to the Site				
Cultural Resources	Low Potential; site has been surveyed	High Potential based on nearby known resources	High Potential based on nearby known resources	High Potential along pipeline route—known resources	High potential based on past surveys
Close to Residences or Schools	No; few neighbors—senior housing is 1,500 feet south, blocked by topography	Yes; within 1,000 feet of Morro Bay High School; within 2,000 feet of about 150 homes	Relatively far; within 1,800 feet of Morro Bay High School; within 2,000 feet of about 100 homes	Yes; within 600 feet of nearest homes in adjacent neighborhood; 35 homes within 1,000 feet; neighborhood opposition likely	Yes; within 600 feet of nearest homes in adjacent neighborhood; 85 homes within 1,000 feet; neighborhood opposition likely
Site Acquisition is Less Straightforward	City has existing MOU with property owner	Yes and No, City owns site with CSD; would need to work with CSD	Unclear; subject to negotiation with property owner	Potentially; City had been in MOU; would need to negotiate again	Unclear; subject to negotiation with property owner
Potentially Longer Permitting Process	No; process seems straightforward per CCC and County staff	Yes; per CCC staff—timetable uncertain	Yes; per CCC staff—timetable uncertain	No; process seems straightforward per CCC and County staff	No; process seems straightforward, although City LCP may to be amended
Potential Land Use Permitting Limitations	No; would work with County LCP	No, if LCP amended	Yes; possible restrictions related to tank farm removal	No; would work with County LCP	No, if LCP amended
Onsite Drainages or Jurisdictional Waters	Can be largely avoided through setbacks	No	No	Could impact onsite coastal drainage	Can be largely avoided through setbacks
Road Improvements Needed	No, except access road	No; except access road	No; except access road	No	Yes; Little Morro Creek Road would need improvement

Each site is potentially suitable for a WRF. Tables A-1 and A-2 show that each site has relative opportunities and constraints, some of which are shared at more than one site. However, the main constraint for the South Bay Boulevard site is the cost. These are discussed in greater detail in the report conclusions.

APPENDIX B COST ASSUMPTIONS AND DETAILS

Soft costs for the WRF project are made up of the following categories. Detailed costs and descriptions are provided in Appendix B.

- WRF Engineering/Design (8%)
  - Engineering and design costs of the WRF include the range of services from initial geotechnical and survey work at the onset of design, into treatment technology and conveyance design and layout, and through construction where the engineers will provide design clarifications and changes to the contractor as needed.
- Conveyance Engineering/Design (10%/8%)
  - The conveyance facilities contract, which includes the influent pump station and offsite pipelines, is anticipated to be delivered through a conventional design, bid, build approach (DBB), unless the project is at Site 2 or 3. In these cases, the project would likely be consolidated under one design-build (DB) contract. The engineering and design is estimated at 8% of construction costs for Sites 2 and 3, and 10% for the others.
- Procurement and Preliminary Engineering (4%)
  - This category includes all preliminary engineering, such as the Facility Master Plan, surveying and geotechnical evaluation, siting studies, hydrogeology studies, the Master Water Reclamation Plan, and other engineering tasks necessary to support the project through procurement. Procurement was assumed to be a design-build approach. Procurement costs include development of the request for qualifications, request for proposals, development of performance criteria, and stipends for short-listed firms.
- WRF Project Administration and Construction Management (10%)
  - Administration costs include City staff time, outreach efforts, monthly City Council and WRFCAC meetings, value engineering exercises, budget/schedule management, reporting, contract management, document review, and quality assurance/quality control measures. Construction management includes construction observation, change order management, submittal management, special inspections, and quality assurance/quality control measures.
- Conveyance Project Administration and Construction Management (12%/10%)
  - Administration costs include City staff time, outreach efforts, monthly City Council and WRFCAC meetings, value engineering exercises, budget/schedule management, reporting, contract management, document review, and quality assurance/quality control measures. Construction management includes construction observation, change order management, submittal management, special inspections, and quality assurance/quality control measures.
  - The conveyance facilities contract, which includes the influent pump station and offsite pipelines, is anticipated to be delivered through a conventional DBB approach unless the project is at Site 2 or 3. In these cases, the project would likely be consolidated under one DB contract. The administration and construction management is estimated at 10% of construction costs for Sites 2 and 3, and 12% for the others.
- Permitting and Monitoring (1%/2%)
  - Permitting costs include development of an Environmental Impact Report and other special studies needed to meet CEQA requirements. Costs will also include Coastal Development Permit preparation, streambed alteration agreements, mitigation/monitoring, and other general permitting. Based on discussions with CCC staff, permitting is anticipated to take longer at Sites 2 or 3, and the costs were estimated at 2% of construction costs at these sites, and 1% of construction costs at the other sites.
- Existing WWTP Demolition ($3.3M 2017 Dollars)

- Decommissioning of the existing facility will involve removal of all buried pipe and structures to 5 feet below ground surface, backfill, and top with rock. With a 50% contingency, decommissioning of the existing facility is estimated to cost approximately $5,000,000. The City is anticipated to pay approximately two-thirds of that cost.

- Escalation (3% @ 1 yr/2 yrs)
  - Escalation was included at 3% per year for one year for all but Sites 2 and 3. Based on discussions with CCC staff, permitting is anticipated to take longer at Sites 2 or 3. Two years instead of one year were assumed for these sites. The Rate Study Update will consider escalation to the midpoint of construction for financing considerations.

The construction contingency for the WRF and conveyance facilities is recommended at 20% of the construction cost subtotal for Site 2 due to the amount of available information for the area, and 25% for the other sites.

Soft costs for the recycled water portions of the project are made up of the following categories:

- Escalation (3% @ 1 yr/2 yrs)
  - The recycled water component of the project may not be constructed concurrent to the new WRF. Escalation was included at 3% for one year for all but Sites 2 and 3. Based on discussions with CCC staff, permitting is anticipated to take longer at Sites 2 or 3. Two years instead of one year were assumed for these sites. The Rate Study Update will consider escalation to the midpoint of construction for financing considerations.
- Engineering, Administration, Legal, and Permitting (25%)
  - At the current level of planning efforts for the recycled water project, 25% was assumed for engineering, administration, permitting, legal, etc. These costs will be refined further along in the design and planning process.

A 25% construction contingency is recommended for the recycled water portion of the project for all of the site alternatives.

Property acquisition costs are unknown and are not included in the project costs herein. The City will only be responsible for paying the appraised value of the property. Appraisals have not yet been obtained, since the property costs are estimated to be a relatively small percentage of the overall costs. Property costs will increase the total program capital cost opinions; and property costs at Site 2, the Hanson/RV storage site, are anticipated to be the least expensive.

Table B-1. WRF Program Capital Cost Opinion

	Site 1: South Bay Boulevard	**Site 2: Hanson/RV Storage**	**Site 3: Dynegy Tank Farm**	**Site 4: Righetti**	**Site 5: Giannini**
WRF CAPTIAL COSTS					
Sitework	$ 2,380,000	$ 2,980,000	$ 2,980,000	$ 1,590,000	$ 1,540,000
Treatment Facilities	$ 51,460,000	$ 51,460,000	$ 51,460,000	$ 51,460,000	$ 51,460,000
Odor Control	$ 2,750,000	$ 4,750,000	$ 4,750,000	$ 4,750,000	$ 4,750,000
Fire Protection Facilities	$ 500,000	$ -	$ -	$ 500,000	$ 500,000
Operations Facilities	$ 6,330,000	$ 6,330,000	$ 6,330,000	$ 6,330,000	$ 6,330,000
Access Road and Utilities	$ 2,250,000	$ 860,000	$ 1,040,000	$ 1,850,000	$ 2,310,000

Table B-1. WRF Program Capital Cost Opinion					
	Site 1: South Bay Boulevard	**Site 2: Hanson/RV Storage**	**Site 3: Dynegy Tank Farm**	**Site 4: Righetti**	**Site 5: Giannini**
Conveyance (Influent Pump Sta. & Offsite Pipelines)	$ 13,460,000	$ 1,000,000	$ 3,030,000	$ 5,970,000	$ 8,480,000
WRF Construction Subtotal	**$ 79,130,000**	**$ 67,380,000**	**$ 69,590,000**	**$ 72,450,000**	**$ 75,370,000**
WRF & Ops Facilities Engr/Design (8%)	$ 5,253,600	$ 5,310,400	$ 5,324,800	$ 5,318,400	$ 5,351,200
Conveyance Engr/Design (10% / 8%)[1]	$ 1,346,000	$ 80,000	$ 242,400	$ 597,000	$ 848,000
Procurement (4%)	$ 3,165,200	$ 2,695,200	$ 2,783,600	$ 2,898,000	$ 3,014,800
WRF & Ops Facilities Project Admin & CM (10%)	$ 6,567,000	$ 6,638,000	$ 6,656,000	$ 6,648,000	$ 6,689,000
Conveyance Project Admin & CM (12% / 10%)[1]	$ 1,615,200	$ 100,000	$ 303,000	$ 716,400	$ 1,017,600
Permitting & Monitoring (1% / 2%)[2]	$ 791,300	$ 1,347,600	$ 1,391,800	$ 724,500	$ 753,700
Existing WWTP Demolition	$ 3,300,000	$ 3,300,000	$ 3,300,000	$ 3,300,000	$ 3,300,000
Escalation (3% @ 1 yr/2 yrs)[3]	$ 2,373,900	$ 4,042,800	$ 4,175,400	$ 2,173,500	$ 2,261,100
WRF Soft Cost Subtotal	$ 24,412,200	$ 23,514,000	$ 24,177,000	$ 22,375,800	$ 23,235,400
WRF Capital Cost Opinion Subtotal	**$103,500,000**	**$ 90,900,000**	**$ 93,800,000**	**$ 94,800,000**	**$ 98,600,000**
RECYCLED WATER CAPITAL COSTS					
Advanced Treatment	$ 8,240,000	$ 8,240,000	$ 8,240,000	$ 8,240,000	$ 8,240,000
Recycled Water Pump Station, Tank, & Pipeline	$ 7,720,000	$ 3,040,000	$ 2,800,000	$ 3,530,000	$ 3,830,000
Injection wells & appurtenances	$ 1,120,000	$ 1,120,000	$ 1,120,000	$ 1,120,000	$ 1,120,000
Monitoring wells	$ 680,000	$ 680,000	$ 680,000	$ 680,000	$ 680,000
Recycled Water Construction Cost Subtotal	**$ 17,760,000**	**$ 13,080,000**	**$ 12,840,000**	**$ 13,570,000**	**$ 13,870,000**
Escalation (3%)	$ 532,800	$ 784,800	$ 770,400	$ 407,100	$ 416,100
Engr/Admin/Legal/Permitting (25%)	$ 4,440,000	$ 3,270,000	$ 3,210,000	$ 3,392,500	$ 3,467,500
Recycled Water Soft Costs Subtotal	$ 4,972,800	$ 4,054,800	$ 3,980,400	$ 3,799,600	$ 3,883,600
Recycled Water Capital Subtotal	**$ 22,700,000**	**$ 17,100,000**	**$ 16,800,000**	**$ 17,400,000**	**$ 17,800,000**
PROGRAM COSTS (WRF + RECYCLED WATER)					
Subtotal Program Costs	**$126,200,000**	**$108,000,000**	**$110,600,000**	**$112,200,000**	**$116,400,000**
Construction Contingency (25% / 20%)[4]	$ 24,222,500	$ 16,746,000	$ 20,607,500	$ 21,505,000	$ 22,310,000
Total Program Capital Cost Opinion	**$150,400,000**	**$124,700,000**	**$131,200,000**	**$133,700,000**	**$138,700,000**

Notes:

[1] Conveyance facilities contract (influent pump station and offsite pipelines) is anticipated to be delivered through conventional design, bid, build, unless the project is at Site 2 or 3. In this case, the project would likely be consolidated under one design-build contract, with engineering and design is estimated at 8% and Admin/Construction Management is estimated at 10%.

[2] Permitting and monitoring costs are estimated at 1% of WRF Construction Subtotal for Sites 1, 4 and 5, and 2% for Sites 2 and 3 due to their coastal location and input from the Coastal Commission staff.

[3] Escalation is estimated at 3%. One year is included to get through the planning and permitting stage for Sites 1, 4, and 5, and 2 years is included for Sites 2 and 3 due to their coastal location and input from the Coastal Commission staff.

[4] Construction contingency is applied to construction costs only. The recommended construction contingency is 20% for WRF costs at Site 2 due to the amount of available information for the area, 25% for WRF costs at the other sites, and 25% for all recycled water project costs.

[5] Property acquisition costs are not included, but would not factor into the selection of one site over another at the range of costs identified.

July 12, 2017

Morro Bay City Council

Dear council members,

I watched your council session last night on the WRF update. I feel the Hansen location is a long shot especially when dealing with the CCC. I think we need to find a location that we can moved forward on in an expedient manner. We need to meet the deadline that is in place.

The Ragetti or the South Bay Blvd. seems to be the most positive locations providing the least impact on residents. The major difference would be the cost at each location. We need to get the project out for bid so we have a better idea of what technology is available and at what cost. I am in favor of a goal to reach drinking water levels so that we will be able to apply for grants and other loans that might be available to us.

Of course cost is very important to everyone but so is an up to date WRF. If we have to build it in phases then this needs to be done in an efficient and expedient manner so as to save money.

As everyone knows time is of essence. Every delay is costing our city money. Time is running out on our permit and the fines could add up rapidly adding to the cost of building the WRF.

Thank you for your due diligence and time in this very important matter.

Sincerely,

Dr. Robert Swain

Morro Bay

Cc, Members

Jamie L. Irons, Mayor
Phone: 805-550-6595
jirons@morrobayca.gov

Marlys McPherson
Phone: 805-772-1452
mmcpherson@morrobayca.gov

Matt Makowetski
Phone: 805-471-7094
mmakowetski@morrobayca.gov

John Headding, Member
Phone: 805-909-9785
jheadding@morrobayca.gov

Robert Davis, Member
Phone: 805-772-0874
rdavis@morrobayca.gov

Dana Swanson

From: William Glancy
Sent: Saturday, July 15, 2017 1:44 PM
To: Council
Subject: Water reclamation plant

To the Honorable Mayor and City Council, While the water reclamation plant was being discussed with its advantages of making our community more water independent I was all for the project.
After seeing the proposed Cost of the project, I am asking you to please put the proposed project on the back shelf until the cost can be brought way down or we can get some financial assistance from the state or federal government.
Please do not put this financial burden on our lovely little town.

Thank you,
William and Jeanette Glancy

Morro Bay Ca. 93442

Sent from my iPad

Dana Swanson

From: Jeffery Heller
Sent: Tuesday, July 18, 2017 2:23 PM
To: Council
Subject: WRF Project: Progress and Future Challenges-Trust

Mayor Irons and council members--

Thank you for making your recent motions re: the WRF project. The City's #1 essential Goal as you all know--is to secure fiscal sustainability for the City. Nothing has more potential to impact our ability to reach that goal (or not) than the WRF project.

Several of you have recently asked how we can all work together to meet the challenges of successfully completing this project. As usual--I have a few ideas:

1. **Empower the WRFCAC** by allowing a selected member to attend all meetings with public agencies, consultants, staff, cost estimators, etc. If this is to be a legitimate "citizens advisory committee"---a member of the committee must be in attendance. The selected member would be chosen by a vote of committee and would exclude the chair as a candidate.
2. **Further Empower the WRFCAC** by mandating that they comment, review and approve all RFQ's, RFP's, contracts, invoices, financial reports, etc. The immediate concern is the RFQ/RFP that will be issued soon to sewer contractors. Allowing the same group that created a $167M project ("Taj Mahal") --- to generate the RFQ/RFP--will result in "Taj Mahal" proposals from contractors. The devil is in the details. That is why the members of the WRFCAC need to review, comment, and approve of the document before it is issued to contractors for proposals.
3. **Hire a project manager** to control the checkbook. I know you have heard this before--but I cannot overemphasize the importance of this function---which is currently being provided by the residents. I believe the residents active involvement in questioning the costs proposed in the March 2017 document (Master Water Reclamation Plan) has influenced the council's recent decisions. But going forward the City needs to hire a highly qualified individual who has successfully managed the checkbook on other public money projects. I know of 4 or 5 individuals who live in the region and have that background. WRFCAC members need to be on the selection panel as well as members of C.A.L. I urge the council to not delay in moving forward with this action. As active as our residents are----we want the City to put a team in place that we trust so we can go back to living our lives.
4. **Provide Executive Level Information** with detailed backup for those who want to read it. Ideally---a person who walks into a council or WRFCAC meeting for the first time---will see a handout with executive level information (1 page?). This would include summary level financial information, milestone schedule, explanation of commonly used acronyms, etc. Even though this is a technical project---everybody should be able to understand the project on a summary level. **This will also help build trust with your constituents.**

Thank you again for making the tough decisions to look at all options which will satisfy public agencies and provide the rate payers with an affordable project. Carry on.

Jeff Heller

Dana Swanson

From: Jamie Irons
Sent: Thursday, July 20, 2017 7:42 AM
To: Kathleen Oehler
Cc: Dana Swanson
Subject: Re: sewer project

Kathleen,

Thank you for your input on our very important project. I appreciate that you recognize the impacts of climate change and the importance of planning of the future. I am sending your comment on to our City Clerk for the record.

Please continue to follow and comment on the WRF project. In the coming months the City will be discussing the outcomes and cost comparisons of other site options including a site at or near the existing treatment plant site.

Best,
Jamie

From: Kathleen Oehler
Sent: Wednesday, July 19, 2017 12:30 PM
To: Jamie Irons
Cc: Marlys McPherson
Subject: sewer project

To whom it may concern,

I would like to express my dismay when I read, in the Tribune, about Morro Bay considering putting the new sewer at the same site, near the ocean.

Didn't the Coastal Commission tell us it couldn't go there? The threat of rising seas makes the site wrong for a sewer treatment plant.

Please, let's not become Los Osos and let this debate go on for 20 years!

Thanks, Kathy Oehler

Dana Swanson

From: Julia Schenck
Sent: Friday, July 21, 2017 3:05 PM
To: Council
Subject: Sewer plant

Dear City Council, we are new to Morro Bay and have just learned of the plans for the new sewer plant. We are outraged at the projected cost for the proposed site when it could be built so much more reasonably at a different location. There seems to be mixed opinion about whether our current facility could be updated or not. That sure seems to make a whole lot more sense all the way around. Please make sure we get a ballot when this is voted on. Our address is
Morro Bay 93442.

Thank you,
Gary and Julia Schenck

RECEIVED
City of Morro Bay

JUL 24 2017

Administration

ATTACHMENT 2

Morro Bay, CA 93442
July 18, 2017

Morro Bay City Council
595 Harbor Street
Morro Bay. CA 93442

I'm writing to express a sincere protest to the present facility for the water/sewer project that the Council has agreed upon plus it's expensive ramifications to all of its citizens. I have lived in the city for about 30 years and have become familiar through various volunteer groups such as Meals on Wheels, Hospice, library, fire dept. RUOK calls etc. with many citizens. I realize the financial burden of this project will be overwhelming to the majority of the citizens. (in my opinion and to my estimate).

Sincerely, Jacqueline J. Weitman

Dana Swanson

From: Jamie Irons
Sent: Tuesday, August 01, 2017 7:43 AM
To: Dana Swanson
Subject: Fw: wastewater treatment and water reclamation facility

Please retain for WRF citizen input. Thanks - jamie

From: Jan Surbey
Sent: Saturday, July 29, 2017 1:35 PM
To: Robert Davis; Jamie Irons; Marlys McPherson; John Headding; Matt Makowetski
Subject: wastewater treatment and water reclamation facility

Greetings Mayor Irons and City Council members! Just a note to let you know we are thrilled to hear about the EPA loan and urge you to move the Project forward. We believe that building the complete wastewater treatment and water reclamation facility now would ultimately save the city (and the citizens) money rather than building it "piece by piece". Again exploring alternate sites in an effort to find the most cost effective site also sounds reasonable, although considering building in a location likely to denied by the Coastal Commission seems foolish.

Again, thanks for all of your work and efforts on this crucially important issue!

Jan Surbey
(Dennis) Mike Cook

Morro Bay, CA 93442

Dana Swanson

From: Bart Beckman
Sent: Monday, August 07, 2017 9:50 AM
To: Martin R. Lomeli
Cc: Council; Rob Livick; Jeffery Heller
Subject: WRF Consultants

Mr. Lomeli,

Welcome to our "elephant" here in Morro Bay - the WRF Project.

I would like to follow-up on some of Mr. Heller's comments. A decision was made many years ago that it would be a better option to hire consultants rather than have a permanent management team on the City payroll. I will not use hindsight to question that decision, but now that we do have hindsight, that decision and/or who was selected should be re-considered.

The CCC decision was made with the belief that it would have a minimal ($25/month) impact. The cost was $56M for MB. Then the cost was $75M. Then the cost was $100M. Then the cost was $140M. Now the cost is $160M. And when contingency is added to make a Project Budget, the cost will be $180M.

What really changed? Not escalation really as the end date has never changed. Not the sewage treatment. To a small extent, the water treatment. And certainly not the source of these costs - our consultants.

They have not and are not providing any creative or innovative ideas to reduce the cost of the plant - those ideas are coming from our citizens. Some of our Council and citizens visited some local facilities a few years ago and learned that turn-key projects can greatly reduce the cost and timeframe for constructing a facility.

What did the consultants do with this information? ....crickets

What is the motivation for our consultants? A large and extended project might be the answer.

There are those in the community who have been lobbying for a site west of Highway 1 from the outset. Since this is NOT the idea of the Consultants, it would seem their motivation is to not have that be an outcome as they could then be criticized for not finding that option. Nor were the consultants instrumental in forging a bridge-building relationship with our neighbors to the North - isn't that something a good, much less excellent consultant would bring to the table?

Were they and you on the phone to the CCC staff the "day after the last Council meeting"? If not, why not. Has a plan been developed to address why the Dynergy or Hanson sites would NOT be a change from the prior CCC decision, but rather an alternative never presented. In other words, an

aggressive document to achieve a win-win for the CCC prior decision and the citizens of Morro Bay.

Also, these consultants were taught that to keep their jobs, they needed to do what the previous CM told them to do. They sat next to him at Council meetings and allowed him to lie about certain facts. Yes, lie - and they did nothing. Is it reasonable that the mentality can now switch gears and understand their jobs are really to be consultants rather than orderlies? Given that they came to the job with little prior experience, it is doubtful.

I have heard nothing but excellent reports about your credentials. I suspect that you have learned who you can trust. It is my belief that you will find no one in that "Trust" circle who will support the current management approach to our WRF Project with the current consultants.

The only option that will clearly be a lower cost is a site west of 1. All of the other sites have issues - if you do seriously evaluate sites east of 1, you need to be sure a fair review is conducted - prior alternative studies were highly flawed to bias a preference.

While there is a need for support to Mr. Livick for this Project, that support can be from other options.

Respectfully,

Bart Beckman

Dana Swanson

From: Tim Hixson
Sent: Tuesday, August 08, 2017 11:38 AM
To: Tim Hixson
Subject: W.R.F

Dear Mayor Irons & City Council members. Please, please help the city of Morro Bay you were elected to serve. Take a stand & some fiscal responsibility & redirect the the course that the WRF has been on & where it appears currently to be headed. Stop the hemorrhaging of $$ the citizens of Morro Bay cannot afford. If the city can save 60 million $$ by moving it back to the concrete plant location that is what must happen. We certainly must have learned some thing watching the Los Osos plant's construction with it's huge cost over runs due to very poor planning, back & forth site locations & the total lack of fiscal responsibility & common sense. Lean from them, don't repeat it here in Morro Bay.

As our Mayor & City Council you are in a very, very powerful position. You hold the welfare & the ability of an affordable lifestyle for the citizens of Morro Bay in your hands. We can neither afford the proposed huge future water bill or afford to move out of our home. It puts us in a very, very uncomfortable place.

As our elected Mayor & Council I ask you to please exercise some serious fiscal responsibility on our behalf.
The time has come to remove all egos from this project & the burning desire to have your way on a relocation of plant that has such dire consequences to the financial well being of the citizens of Morro Bay.

Please nail this thing down & get this plant built. No more delays. No more studies. No more reviews by every board known to man. We need it, then build it. The meter is running & it's costing us by the day & we haven't even selected a site yet.

Put it up the road from the existing plant where trenching & pipe work will be much less expensive. The South Bay site while out of view is too far away & too expensive to entertain. Going back to the sites off of 41 caused & will cause unrest, protests & delays if not law suits.

Common sense must be at the forefront of this project. I am begging you to use some for the good of us all.

Tim Hixson
Morro Bay Ca.

Dana Swanson

From: Jeffery Heller
Sent: Thursday, August 10, 2017 4:30 PM
To: Martin R. Lomeli
Cc: Council; betty winholtz; Metzger Tina; Bart Beckmann; 'Ron Reisner'; 'Homer Alexander'
Subject: WRF Milestone Schedule---to get CONTRACTOR PRICING BY 11/14/17.
Attachments: 170803-C-1-Agenda Correspondence for Mtg on 170808-r1.docx

Hi Martin,

Just to make sure you see this---I have attached the Milestone Schedule (pg 2 of attachment) that I presented at the MBCC meeting on 8/8/17. It shows how many activities can be done concurrently in order for the council to have real cost figures from contractors by 11/14/17. Please direct your staff and consultants to get this done. No excuses.

Also---contrary to what your consultants and PW Director said at the meeting (which indicates their lack of experience and knowledge of project management)---it is ROUTINE to have contractors bid projects BEFORE permits are issued and BEFORE EIRs are completed. Any cost impacts that result from permit or EIR requirements are excluded from the contractor's base bid---then negotiated after the permit is issued and the EIR approved.

By the way---how can the City apply for financing without contractor pricing? The engineers will NOT be building the sewer plant---contractors will. Financing applications need to be based on real costs---not "cost opinions".

Regards

Jeff Heller

8/8/17 MBCC Meeting-Agenda Correspondence (R-1)

Item C-1 **Receive WRF Program Update and provide comments and direction deemed appropriate.**

The program update is basically a long, sequential description of activities---many of which can be performed concurrently.

1. I agree with the 60 day timeline for staff to report back to the council on the feasibility of the various sites.

2. Additionally, the RFQ process can and should start immediately as well. We don't need to wait for the site to be selected to qualify the contractors. We have an enormous amount of data collected over the years (including critical flow information), which is sufficient to prequalify contractors who have backgrounds in building the size of plant we need. The WRFCAC can generate the first RFQ draft if staff does not have time to do so.

3. The development of "performance criteria" can and should begin immediately as well. These criteria can be slightly modified for each site if necessary. A new Facilities Master Plan is not needed.

4. If the site list is reduced to 2 favorable options at the end of the 60 day period—and the council acts quickly---the short listed (prequalified) design/build contractors should be asked to submit preliminary proposals for the two preferred sites within 45-60 days. If a stipend is required—it should not exceed $20K/contractor.

5. If the City follows this timeline---we will have contractor cost proposals by the first MBCC meeting in November (120 days). ***Only at that time---will we know what this project will cost.***

6. The WRF is one, design build project. There is nothing particularly complicated or out of the ordinary that requires consultants to manage this phase of the project or any future phase of the project. City staff supplemented by professionals on the WRFCAC can and should be in charge of project management. Consultants may be needed from time to time---***but should be retained only as needed and only on a "fixed fee" basis.*** If you want the current consultants to assist with this phase---a "fixed fee" should be negotiated first.

7. We've paid over $6M to consultants over the past 5 years---and the City has approved a $4.3M budget for FY 17/18. ***It's time to stop the wasteful depletion of the residents money.***

Suggested Milestone Schedule:

1. **7/11/17 MBCC Meeting:** MBCC directs staff to explore site feasibility (3 motions) and public outreach (1 motion). Report back to council no later than 120 days (9/8/17-to staff).

2. **7/11/17-8/11/17:** Staff to develop RFQ for sewer contractors. WRFCAC to assist and review as part of developing the RFQ.

3. **7/11/17-8/18/17:** Staff to develop "outreach effort" plan.

4. **7/11/17-9/8/17:** Staff to prepare "performance criteria" for new WRF.

5. **8/8/17 MBCC Meeting:** MBCC to "agendize" presentation of staff's outreach plan for MBCC meeting on 8/22/17.

6. **8/14/17:** Staff to issue RFQ to sewer contractors with a **due date of 9/8/17**.

7. **8/22/17 MBCC Meeting:** MBCC reviews "staff outreach plan" (Item #3 above); discussion and motions may follow. MBCC "agendizes" item #1 for the 9/12/17 meeting where discussion and motions can take place.

8. **9/12/17 MBCC Meeting:** Council discusses and gives direction on item #1 (selects 1-2 sites?).

9. **9/13/17:** Staff issues RFP's to qualified contractors for the selected 1 or 2 sites. **Contractor proposals are due 11/1/17.** Proposals are then reviewed by WRFAC and CFAC before staff reports are prepared for the 11/14/17 MBCC meeting.

10. **10/24/17 MBCC Meeting:** MBCC "agendizes" review of contractor proposals for MBCC meeting on 11/14/17---where discussion and motions can take place.

11. **11/14/17 MBCC Meeting:** MBCC gives direction to staff re: contractor proposals and site selection.

Regards

Jeff Heller

Dana Swanson

From: Jeffery Heller
Sent: Thursday, August 10, 2017 4:05 PM
To: Martin R. Lomeli
Cc: Council; Bart Beckmann; betty winholtz; Metzger Tina; Joseph W. Pannone; 'Homer Alexander'
Subject: WRF Outreach Effort

Hi Martin

I'm not sure who to address this to---but I thought I would start with you. It seems highly illogical to pay the WRF engineering consultants (MKN,JFR, etc.) to perform the outreach efforts for the ever evolving WRF project for the following reasons:

1. There is a clear conflict of interest when a consultant (whose livelihood depends on a project)---and also tasked with providing honest and forthright outreach efforts.
2. Updating their website or sending out colored flyers or a couple of "Workshops" is unlikely to reach a large portion of MB residents. Many do not use the internet, and many do not have time to come to meetings.
3. Will this consultant knock on doors and actually talk with a diverse group of residents? Probably not.

The suggestion I made at this weeks council meeting---was that the various "citizen advisory committees" (WFRCAC, CFAC, PWAB, and GPAC) lead the outreach effort---which could be supported by City Staff and consultants as needed. There is no need to pour more money down the drain with the current batch of consultants to perform an outreach effort---particularly since so many members of the community have nothing but animosity towards this group.

If the City decides to continue on this path---it will be one more meaningless outreach effort and one more example of the City's wasteful spending.

Regards

Jeff Heller

Dana Swanson

From: Jeffery Heller
Sent: Monday, August 21, 2017 6:32 AM
To: Council
Cc: Martin R. Lomeli; Andrew Hamilton
Subject: WRF-Freeze Runaway Spending no later than 9/26/17

Dana
Please add this to the correspondence for the "public comment" portion of the MBCC Meeting on 8/22/17.

To be frank, it is unbelievable to me that the runaway spending on the WRF project continues. The FY17/18 Budget shows $4.3M to be spent on "program management" and "engineering" on the WRF project. You could hire **20 people at $200K/yr each** on a contract basis for $4.3M! The math is very simple.

I assume the "Sewer Accumulation Fund" was set up to accumulate funds for a new sewer plant. Based on the rate increases begun in 2015, the beginning cash balance for this fund this fiscal year is $8.33M---which is a good start. But by spending $4.3M this year of unneeded "soft costs", you are **CUTTING THIS FUND IN HALF**, while paying 8-10 times more than you should be for these professional services!

I understand you want "feasibility studies" done on several sites. That is fine---but once they are submitted---you need to fire the consultants. We desperately need the Sewer Accumulation Funds to be used for construction dollars---rather than consultant dollars. We have enough information to build 10 sewer plants.

Mr. Mayor, council members, and City Manager---you have lost the support of the people of Morro Bay. I urge you all to lead the City by taking strong action to stop the runaway spending now.

Regards

Jeff Heller

Dana Swanson

From: Jeffery Heller
Sent: Thursday, August 24, 2017 12:17 PM
To: Council
Cc: Martin R. Lomeli; Andrew Hamilton; Bart Beckmann; 'Ron Reisner'
Subject: OUTREACH - WRF FINANCIAL REPORTING

Mr. Mayor and council members

I am asking you again to agendize "WRF Financial Reporting" at the next council meeting. 90% of the resident's resistance to the WRF project is a history of unclear, piecemeal and short term expense reports that the average citizen can easily understand. The pie chart with write up issued recently is helpful---but still not clear enough for most residents.

I recommend that one of you step up and agendize "WRF Financial Reporting" at the next council meeting.

Again---I cannot overemphasize how important simplified WRF project cost reporting is to our residents. We are looking for a simple, clear report for each of the past 5 fiscal years beginning FY11/12--FY16/17, as well as a YTD report for FY17/18.

If you need input on how to simplify the reporting---please contact me or Bart Beckman.

Thank you

Jeff Heller

Dana Swanson

From: Jeffery Heller
Sent: Thursday, August 24, 2017 12:37 PM
To: Council
Cc: Martin R. Lomeli; Rob Livick; Bart Beckmann
Subject: Bay News Article re: MB WRF Plant on Chevron Property by Cayucos'
Attachments: 170824-Bay News Article re Chevron Property WRF Option.pdf

Mr. Mayor and council members

I have attached a recent article from the Bay News that I hope you all will read and consider. It is an opinion piece written by Tom Rost---who has attended and spoken at several council meetings re: possibly building our new WRF adjacent to the Cayucos plant currently underway. His cost figures have been informally confirmed by Cayucos. As you may know---Tom has significant business background pertinent to our WRF project. I know many of you have informally met with CSD officials and discussed this option. Due to the significant savings outlined by Mr. Rost----I would hope the council would add this option to those currently under consideration.

Thank you

Jeff Heller

ATTACHMENT 2

Opinion

City Could Save Money at Toro Road

Mayor Irons and City Council Members:

I commend the Council on the action to pause to review the Water Reclamation Project.

My experience, having been a one-third owner of a civil engineering company operating from Frankfort, Ken., to Fairfield, Calif., is that the same current technological design is consistently used. The only variable is the increase or decrease in capacity.

Morro Bay's unit is not of unique design, thus the engineering cost should be very minimal. My wife and I are residential owners in Morro Bay and have grave concerns about the evolution of the Water Reclamation Project.

It is noted that Morro Bay's Public Works Department has a staff person assigned to its Water Reclamation Project and has contracted two outside Water Reclamation Project consultants, being John Rickenbach and Mike Nunley, as well as having the engineering firm from Kansas City of Black and Veach as consultants on the project.

Without question this is an inappropriate use of the taxpayers' money.

These services could be combined by using a local project manager, such as Frank Cunningham from Los Osos. This eliminates layers of bureaucracy and becomes much more efficient and cost effective.

In the July 17 town hall meeting, conducted by Councilman John Headding, he agreed that the treatment and reclamation unit is of a cookie cutter design and would have a basic price no matter what site is chosen.

Morro Bay staff acknowledges this on Page 7 of its Draft Water Reclamation Master Plan of March 2017, citing $89.7 million as construction costs.

It is further noted on that page a category known as "Construction Contingency." Construction contingency is only calculated on the construction costs of the physical unit being constructed. Using $89.7M figure as an example, the contingency allowance would only be $8.9M, not $26.2M, meaning a savings of $17.3M.

Contingencies are not calculated on engineering designs, permits, fees, property acquisitions, procurements, etc.

It is noted in the May 26, 2015 proposed water and sewer rate increases on Page 4 that a wastewater treatment and reclamation facility for both Cayucos and Morro Bay was $75 million. This figure has now been verified as accurate, in that Cayucos has contracted for a total project sum of less than $25M. That means that twice the size of the Cayucos plant should not cost Morro Bay more than $50 million.

The rate structure is already in place and being implemented, as every property owner/rate payer knows by their increased billing from 2014 as projected through 2019 for a $50 million unit. The reasons for the increase of rate were set out in the notice by the City of Morro Bay Council of May 25, 2015 on Pages 1 through 5.

The one project site location that has never been under consideration because it is new is to purchase 3 to 5 acres from the Cayucos Sanitary Water District off of Toro Creek Road. This would be by far the most cost efficient site for the Morro Bay Wastewater Reclamation Project, with the least residential impacts on the residents of Morro Bay.

It is in the community's best interest of Morro Bay and Cayucos that the Morro Bay Wastewater Treatment Plant be located off of Toro Creek Road. Cayucos Sanitary District may be amenable for Morro Bay to acquire from it a 3 to 5-acre site, which would essentiality allow the two plants to be in close proximity to each other. The land cost would be the same cost per acre as Cayucos would have paid per acre for its land.

It is emphasized that this does not suggest or imply in any way that the Morro Bay facility would be tied to the Cayucos facility. Morro Bay's unit would stand alone, be under its own control and its own financing, and would not in any circumstance impact the progress of Cayucos' facility nor its financing.

The Toro Creek site would not be impacted by the Coastal Commission because it is outside their zone, except the required piping under Highway One going east on Toro Creek Road to the new facility, as in like manner Cayucos is required to do.

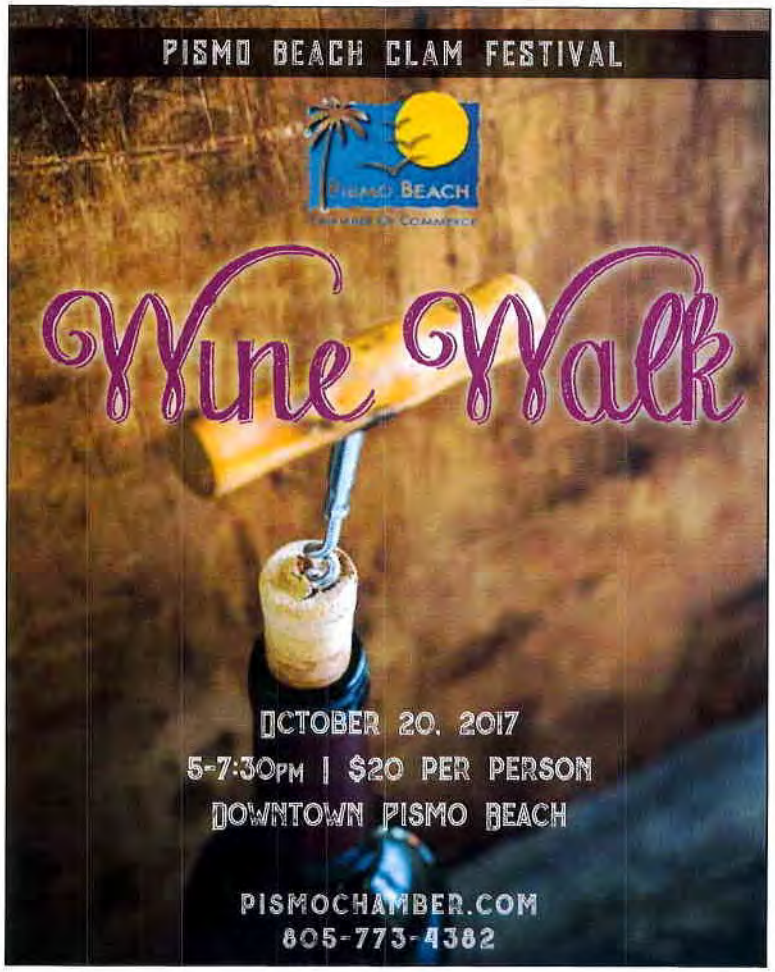
Any new site, other than the present site for wastewater treatment, will require lift stations and new piping. However, the Toro Creek Road site would have the least amount of piping due to the two existing pipes flowing between Morro Bay and Toro Creek Road.

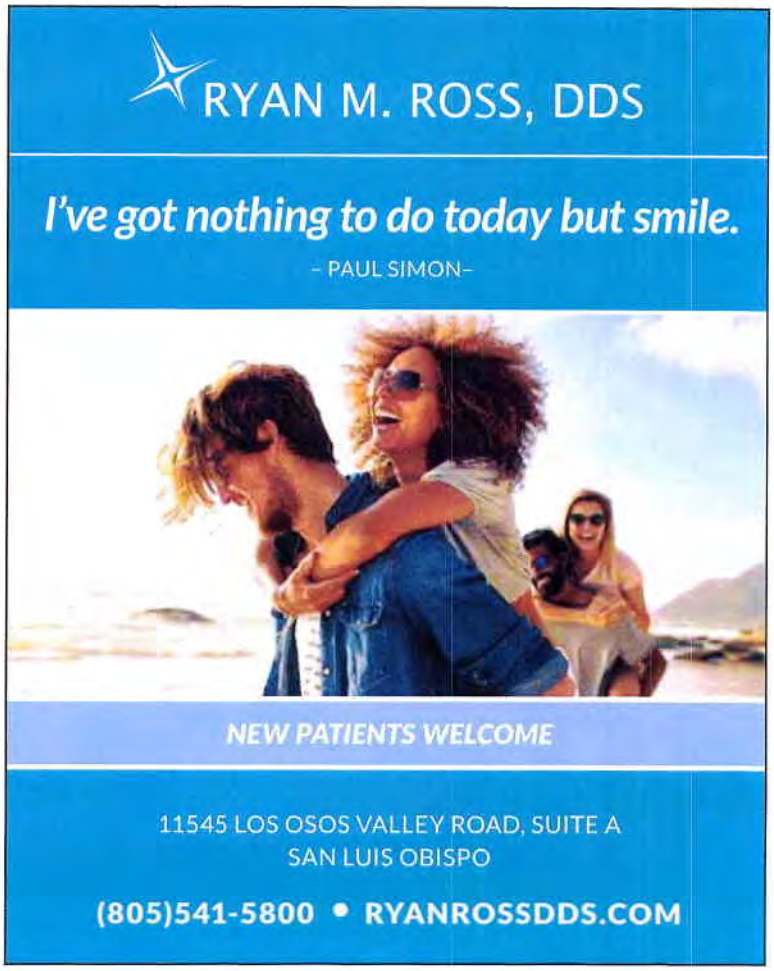
The present treatment site for Morro Bay could be easily retained as an emergency retainage facility until transfer to the new plant thus possibly eliminating outflow to the ocean. The Toro Creek site probably would further minimize the permitting process in that Cayucos has initially paved the way.

Thank you for considering this new project site and the substantial reductions in millions of dollars of costs that this site provides for the benefit of the citizens of Morro Bay, as well as citizens' concerns for odor emissions and other neighborhood-incompatible nuisances. The savings by choosing the Toro Creek site would be in excess of $100 million.

Sincerely,
Thomas Rost, Morro Bay

Editor's Note: Tom Rost is a Morro Bay resident. He sent this letter to the Morro Bay City Council and cc'd it to Coastal Commission and Regional Water Quality Control Board staffers.





"Move the Sewer" was a familiar rallying cry during the sewer wars in Los Osos in the early 2000s. And now, the same could apply to Morro Bay.

Morro Bay City Council was slated Tuesday to discuss a peer review of its proposed new sewer treatment plant, after the review panel gave a stinging critique of the City's $167 million project, calling it too expensive and not likely to be funded through the State Water Quality Control Board's low interest loan program.

Among the recommendations from the review panel were to move the project back to Atascadero Road at or near the existing plant for both cost savings and ease of construction; and to change pretty much everything about the project including the treatment technologies, the level of treatment and more.

Sewer, from page 1

The peer review panel was made up of Wastewater Division Manager, Matt Thompson of Paso Robles; John Waddell, SLO County's Construction Division manager and project manager for the Los Osos sewer project; Russ Fleming, utilities manager in Pismo Beach; and Dave Hix, Utilities Department deputy director for wastewater for the City of San Luis Obispo. They met June 7 in an all-day session with the City staff and project consultants.

That closed meeting was the result of a previous council vote to have the project reviewed for potential cost savings after a proposed rate study said the minimum rate for someone using a minimal amount of water would be $249 a month.

Among the findings was that the location of the project — at the north end of South Bay Boulevard east of town — was the major problem.

"Pipeline and earthwork costs there are very high," the report said. "The most effective way to reduce construction cost is to go back to near or on the existing WWTP site."

One of the City's main conundrums is its use of the State Water Project for drinking water, and the panel said if the City intends to follow through on wastewater reclamation and become water independent it would be a lot cheaper and more easily doable from Atascadero Road.

"To do that," the report said, "the City will need to work closely with the Coastal Commission and RWQCB, and gain buy-in from key community groups."

But the most astonishing revelation from the report was that the project as proposed, while accurate in its cost estimates and assumptions, is simply too expensive.

"Due to the State's fiduciary responsibility, the high cost and rate and resultant controversy may impact the ability to receive low interest State Revolving Fund financing compared with less controversial projects. If the City had to rely on conventional municipal bond financing, the sewer rate would be even more unaffordable," the report concluded.

"The proposed combined water/sewer rate of $250/month is untenable in the context of average Citywide household income of $50,000 about 6% of annual income, which is higher than the EPA's affordable index (4.5%)."

The report also recommends abandoning the idea of moving the City maintenance yard to the South Bay site, and moving around the project's preliminary layout to take advantage of a flatter area that would require less grading and fill. Right now, that's where the City has its new corp yard penciled in.

Changing from the membrane bio reactor or MBR technology to oxidation ditches, and drop building a septage receiver station (they deemed this unnecessary) would save more money. And this: "If the City does not intend to go to full tertiary treatment, consider going to an oxidization ditch with secondary clarifiers."

Such technology, which uses biological treatment and is what is used in Los Osos, Pismo, Paso

and SLO, is cheaper to build, operate and maintain compared to the entirely mechanical and energy intensive MBR.

The report also said that if the City indeed intends to do reclamation, it should build the facilities now because they will be more expensive if put off until later.

Taking the peer panel's recommendations, the project staff crunched some rough preliminary numbers and said the changes suggested — including changes to management costs and other "soft costs" — could save from $38 million to $43 million on the same project the City has in mind at South Bay Blvd. (i.e. full MBR tertiary treatment with advanced micro-filtering to "recycle ready" levels).

But that would still give the City a project for between $124 million and $129 million.

"Approximately 85% of the potential cost savings can be attributed to changes in the WRF costs [through tertiary treatment, but not including advanced treatment]," the report said, "and approximately 15% of the cost savings are associated with the recycled water project."

The report went to the Water Reclamation Facility Citizens Advisory Council or WRFCAC on June 6 where citizens packed the Vet's Hall in a show of growing concern in the community.

WRFCAC member, Richard Sadowski, who also sits on the planning commission, strongly argued for returning the project to Atascadero Road, suggesting that a now-closed concrete batch plant owned by the City was a better site.

"The Coastal Commission doesn't have the authority to move us off that site," Sadowski said.

WRFCAC Chairman, John Diodatti, pointed out that the peer review panel did not review the City's planning documents or the Coastal Act requirements when making its review. "So the peer review panel made land use comments without using the land use data?" he asked.

The City's outreach consultant, John Rickenbacker, confirmed that, but added that they didn't ask for that level of review. Basically he said the panel said if your only goal is to reduce costs, go to a site where you don't have as much costs.

He said they wanted them to look at the project with no restrictions and the panel concluded the project team was using a "reasonable" methodology, which supports the work that he and Mike Nunley have been doing, though the siting and preliminary design work on the project thus far has topped $3.3 million and counting. Work on an environmental impact report is on hold right now until the council gives clear direction where it wants to go with this.

Sadowski pointed out that the City's previous project, which was abandoned by a newly-elected City Council majority (3-2 vote) in late 2012, and denied by the Coastal Commission in January 2013 at the behest of the mayor, had estimated costs of about $34 million and "now it's $124 million?" Sadowski wondered.

WRFCAC member, Ginny Garelick, wanted to know if the City staff has been in contact with the Coastal Commission staff or the regional water board? "Is it even feasible?" she asked referring to possibly moving back to Atascadero Road.

The WRFCAC and the review panel both recommended the City take a 2-month hiatus "to investigate a project at or near the existing Wastewater Treatment Plant site and informally vet that potential with the Regional Water Quality Control Board and the California Coastal Commission."

Because that work would not be within the approved work plan for the consultants, Public Works Director, Rob Livick estimated that would take another $26,000, but that's not a concern as the project budget apparently has enough fat in it to cover that amount.

"If that alternative proves viable and proceeds, then additional work and rework will be required to address project changes in the Facilities Master Plan and may require re-scoping and revisions

to the work already completed for the EIR," Livick's staff report for Tuesday's meeting reads. "Those costs have yet to be determined."

At its June 23 meeting prior to the peer review being released to the public, the City Council discussed a revised project schedule that still calls for a Prop. 218, protest vote on the needed rate increase, spoke about holding a dedicated public workshop in July at a time to be determined at Tuesday's meeting.

The City intends to push forward with a new rate study for whatever project comes out of that process presenting it in August for a possible September protest vote.

-By Neil Farrell

August 29, 2017

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

RE: Sewage plant

I write in support of Thomas Rost's proposal, put forward in his powerful letter to the Council of August 8, for proceeding on a Toro Creek site for the new sewage plant. You must give his suggestions serious attention. From the beginning, it's seemed sheer lunacy that two small adjacent towns, which have had a successful, collaborative agreement for over half a century, are building major infrastructure projects at separate locations.

We've spent years and millions of dollars investigating a succession of inappropriate locations: Rancho Colina (too constricted a site for the Council's ever-expanding plans for what would amount to an industrial park); Righetti Ranch (clearly an incompatible use of a site abutting city neighborhoods, one that sparked—and will continue to spark—fierce opposition); South Bay Boulevard (once thought ideal, now seen as too expensive). A site near the current facility, which might cause the least disruption to Morro Bay, would involve the California Coastal Commission, whose concern for our quality of life and the economic impact on ratepayers is questionable.

It's time to cut our losses and go in at the Toro Creek site, whether as an independent entity or as a customer of Cayucos. The advantages are clear, not least the absence of community opposition and the need to work with the CCC. A disinterested analyst assigned to investigating the pros and cons will surely decide in its favor. The current consultants, Nunley and Rickenbach, have failed, and failed, and failed again to give the city good advice, running up vast bills while producing nothing but an endless stream of PowerPoint presentations—not to mention acrimony, anxiety, and anger among the townspeople. They cannot be trusted to assess this new proposal fairly.

Let's bring this interminable wrangling to a close and move on to fresh battles.

Cordially,

Gary Kuris

Resident, Morro Bay

Dana Swanson

From: Robert Settje <
Sent: Wednesday, August 30, 2017 5:15 PM
To: Council
Subject: WRP

Read the article in the Bay News by Thomas Rost. I do not know anything about WRP but I do know when there is a problem and it appears to be with the mayor and city council of Morro Bay. We have been paying for a WPR for 20 months and to date the only plan is to spend $160 million instead of the $70 million we were promised. It appears that a Prop 218 vote was taken with no plan and this is fraud. Either refund our money or build a plant. This will become a legal issue very soon as the city can not continue to send out water bills for something that was never planned to happen.

Dana Swanson

From: Bart Beckman
Sent: Sunday, September 03, 2017 2:09 PM
To: Council; Martin R. Lomeli
Cc: Jeffrey Heller; cator1@sbcglobal.net; Betty Winholtz; Homer Alexander
Subject: LAFCO Meeting/Siting Options/Water Rates

LAFCO I had not previously been aware of LAFCO and its relationship to Morro Bay, much less the siting of the WTF. They have provided guidance to the City. **Most interesting is the request for 3,100 AFY instead of 1,500. What is the basis for this request?** And note the concerns about the acreage need. Seems like this maybe is a third player along with the CCC and the RWQB.

Siting Options I met last week with Tom Rost to try to understand "his" suggestion (published in the Bay News) that we could save the residents of Morro Bay significant money. It turns out that the proposal is really one suggested by Cayucos (as Tom noted to me) - interesting as the Council representatives would have us believe Cayucos is totally non-responsive.

I had suggested a few years ago that a mediator seemed to be needed to resolve the Morro Bay/Cayucos battle of wills. I still believe this to be a valid approach, but another would be to have Mayor Irons and Mr. Enns remove themselves from the negotiations. Final approval would have to involve both obviously.

I would like to see Rob Livick, Mr. Lomeli, Rick Koons, one of the WRFCAC engineers (definitely NOT Diodati), and Frank Cunningham meet to discuss the "Rost" suggestion.

If we are unable to swallow our pride to work with Cayucos, I am still of a mind that a site west of 1 would be the best alternative to avoid the necessity of "trying" to pass another 218.

Water Rates I am trying to verify if the last 218 included $25M for a water reclamation facility. If yes, funds are already included in the approved rates for this issue. We clearly have to make a significant commitment to the RWQCB for water reuse.

thanks to Tom, Betty, and Homer for providing the input for this note.

Here is the link to the August 17, 2017, staff report for Morro Bay. It was continued from June to make changes as outlined in red as you will see.
http://nebula.wsimg.com/f9cf2d7031d1558e5ca71be4997fabc2?AccessKeyId=242F22EFFFFDE4B18755&disposition=0&alloworigin=1

If you want to here the discussion and approval of the staff report as presented, you can see the video at this link. Press on item B-1 so you don't have to listen to the whole meeting.

http://slocounty.granicus.com/MediaPlayer.php?view_id=34&clip_id=2691

Dana Swanson

From: Akash Patel
Sent: Saturday, September 09, 2017 8:07 PM
To: Council; Jamie Irons; Marlys McPherson; Matt Makowetski; John Headding; Robert Davis
Cc: Darshan Patel; Ankeet Patel
Subject: Increase in Water/Sewage Rates

Hello,

I do not normally email members of the city council, however, this matter is urgent and I cannot stay silent. Recently, the city of Morro Bay has increased Water/Sewage rates on lodging establishments. Personally, this rate hike has increased my hotel's monthly bill to over $5100, this type of rate has never been seen and is not feasible for multiple reasons. Firstly. implementing this type of predatory pricing along side California's plan to raise the minimum wage by 50% means that lodging will not be able to control their cost, as currently 55%-60% of all hotels gross revenue goes toward wages alone. You cannot subsidize your new sewer plant on the backs of your current lodging establishments when the Planning Department in the City of Morro Bay is very anti-development of new hotels. The city already collects a 14% TOT, use that money to build the new sewer plant, and if it is not enough, postpone the construction or cut back on city spending.

I voted for and donated to some of the people receiving this email. I did not vote and donate, for the Mayor and Council to sit back and let this outrageous water /sewage fee to pass. The fee hike is not for the benefit of the community and is not for the lodging businesses. This rate hike is a failure accountable to City planning and City staff members.

Thank You,
Akash Patel
Ram Krupa LLC
Development
P: (805) 538-0239
F: (805) 772-2379
akashpatel@ramkrupallc.com

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Dana Swanson

From: Dawn Beattie
Sent: Sunday, September 10, 2017 12:15 AM
To: Jamie Irons; Robert Davis; Matt Makowetski; John Headding; Marlys McPherson; Dana Swanson
Subject: Letter in Support of What You're Doing

I have attended or watched most, if not all, of the last number of years of City Council meetings. I continue to get frustrated at the abundance of misinformation that goes unchallenged - much on Nextdoor as it appears to have been taken over by folks who do not support you, the current Council, and the decisions you are making.

As always, I respect the opinions of others and try to understand where they're coming from, but would like to go on record to say that my silence on the issue of the WRF is NOT agreement with the folks who do not support the decisions you're making. I believe you have done everything, short of setting a budget target, to fix our sewer problems.

I'm aware that most of the possible locations for a new facility are in the Coastal Commission's purview and thus, we are at their whim when it comes to location selection. When they turned down our initial request, which they appeared to be planning to do with or without a letter from you, Mr. Mayor, they set us on an expensive path of identifying and reviewing (at significant cost) a number of potential sites. From there, we ended up here.

I want to make sure you know I support the decisions you are making. If this were easy (if we had a smaller population like Cayucos, less public interest, again like Cayucos), I think a location would have already been chosen, but we're bigger and have more voices.

In closing, I'd like to request that factual data come out of Council and Staff more quickly to correct the misinformation that is out there. In that way, citizens can make decisions based on truth and not perpetuated inaccuracies. The longer misinformation goes unchallenged (for instance, the latest push for a site location next to where Cayucos is building, which was already looked at, and, as I recall, was much more expensive than the S. Bay Blvd. site), the more it becomes reality.

Dawn

Dana Swanson

From: Rob Kitzman
Sent: Tuesday, September 12, 2017 2:18 PM
To: Council
Subject: Waste Water Treatment Cost

Dear Council and Mayor,
As a business owner, employer and ratepayer for 3 properties in Morro Bay, I would like to make very clear my view of the currently proposed cost of the new sewer plant:

This community cannot take on more cost beyond what has already been committed. Residential rate payers cannot afford more. Businesses cannot afford more. This Morro Bay business economy is weak and unbalanced; increased water and sewer rates will weaken us further.
The existing 5 year water and sewer rate increase schedule is already onerous, and in that rate schedule (we were told by City of Morro Bay) includes funds for a new waste water treatment plant.
If you, the City Council, continue to choose a process, design and budget that requires additional funding beyond what we currently have, I have no choice put all my available effort behind a prop 218 NO VOTE. Many others in the community will do the same. Do the right thing for our city, and get that plant built within our means.

Sincerely,

Rob Kitzman

--
Rob Kitzman
Kitzman's Culligan
355 Quintana Place
Morro Bay, CA 93442
805.772.8164 Reception
805.772.2579 Direct

Dana Swanson

From: Anne
Sent: Thursday, September 21, 2017 10:55 AM
To: Council
Subject: Please choose the least expensive sewer site

Dear City Council;
Please reconsider the most expensive South Bay Blvd sewer site.

Less expensive sites have been identified and should be considered at the **Sept. 26, 6pm Council meeting.**
Please choose the least expensive site!!!!!!!!!!!!!

Respectfully,
Anne Winburn