



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 - Wednesday, February 13, 2019 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 - None

PUBLIC COMMENT PERIOD

Members of the audience wishing to address the Council on City business matters not on the agenda may do so at this time. For those desiring to speak on items on the agenda, but unable to stay for the item, may also address the Council at this time.

Public comment is an opportunity for members of the public to provide input to the governing body. To increase the effectiveness of the Public Comment Period, the City respectfully requests the following guidelines and expectations be followed:

- Those desiring to speak are asked to complete a speaker slip, which are located at the entrance, and submit it to the City Clerk. However, speaker slips are not required to provide public comment.
- When recognized by the Mayor, please come forward to the podium to speak. Though not required, it is helpful if you state your name, city of residence and whether you represent a business or group. Unless otherwise established by the Mayor, comments are to be limited to three minutes.
- All remarks should 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.
- The Council in turn agrees to abide by its best practices of civility and civil discourse according to Resolution No. 07-19.

A. CONSENT AGENDA

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

A-1 APPROVAL OF MINUTES FOR THE JANUARY 8, 2019 CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE JANUARY 22, 2019 CITY COUNCIL SPECIAL
CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE JANUARY 24, 2019 CITY COUNCIL SPECIAL
MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 RECEIVE AND FILE CITY RESPONSE TO BETTY WINHOLTZ REGARDING
ALLEGED BROWN ACT VIOLATION, AND PROVIDE COMMENT AS DEEMED
APPROPRIATE; (CITY ATTORNEY)

RECOMMENDATION: Receive and file.

A-5 RESOLUTION NO. 11-19 APPROVING ADJUSTMENT TO LEASE SITE MAPS FOR
LEASE SITES 113W, 122W AND 123W; (LEASE HOLDERS: R. FOWLER AND T.
LEAGE); (PUBLIC WORKS)

**RECOMMENDATION: City Council approve the adjustment to Lease Sites 113W,
122W and 123W by adopting Resolution No. 11-19.**

A-6 ADOPTION OF RESOLUTION NO. 13-19 UPDATING THE CITY'S CONFLICT OF
INTEREST CODE; (CITY CLERK)

**RECOMMENDATION: City Council update the City's Conflict of Interest Code by
adopting the proposed Resolution No. 13-19.**

B. PUBLIC HEARINGS - None.

C. BUSINESS ITEMS

C-1 APPROVAL OF WATER RECLAMATION FACILITY PROJECT CONVEYANCE
PIPELINE ALIGNMENT AND PUMP STATION STRATEGY; (PUBLIC WORKS)

**RECOMMENDATION: City Council approve staff's recommendation to proceed
with the West conveyance pipeline alignment and the use of the dual pump station
option for the Water Reclamation Facility (WRF) project.**

C-2 PRESENTATION AND DISCUSSION OF THE FISCAL YEAR 2017/18
COMPREHENSIVE ANNUAL FINANCIAL REPORT; (FINANCE)

**RECOMMENDATION: Council receive and provide feedback on the FY 2017/18
year end audit reports for the period July 1, 2017 through June 30, 2018.**

C-3 DISCUSS AND PROVIDE DIRECTION ON RATE SETTING (COLLECTION, PENALTY
AND INTEREST) FOR MORRO BAY COMMERCIAL CANNABIS TAX IN VOTER-

APPROVED CHAPTER 3.70 (CANNABIS TAX) OF TITLE 3 OF THE MORRO BAY MUNICIPAL CODE; (CITY ATTORNEY)

RECOMMENDATION: Council provide direction on a resolution to set rates (collection, penalty and interest) for the Morro Bay commercial cannabis tax, to be brought back for Council consideration at a future Council meeting; and provide other direction as appropriate.

C-4 ADOPT RESOLUTION NO. 12-19 ESTABLISHING THE CITY OF MORRO BAY COMMUNITY GRANTS POLICY; (FINANCE)

RECOMMENDATION: City Council adopt Resolution No. 12-19, establishing the City of Morro Bay's Community Grants Policy.

C-5 HARBOR DEPARTMENT LEASE MANAGEMENT POLICY UPDATE; (HARBOR)

RECOMMENDATION: City Council review the update provided on the Harbor Department Lease Management Policy update process, provide input and/or direction as-necessary, and assess whether or not the proposed draft Lease Management Policy outline covers or addresses desired topics or areas.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, February 26, 2019 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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PRESENT:	John Headding Dawn Addis Robert Davis Jeff Heller Marlys McPherson	Mayor Council Member Council Member Council Member Council Member
STAFF:	Scott Collins Chris Neumeyer Dana Swanson Jennifer Callaway Rob Livick Scot Graham Steve Knuckles Jody Cox Eric Endersby	City Manager City Attorney City Clerk Finance Director Public Works Director Community Development Director Fire Chief Police Chief Harbor Director

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 6:00 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION – None

CLOSED SESSION REPORT – City Attorney Neumeyer stated no reportable action was taken by the City Council in closed session.

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/bGbJxS52teE?t=98>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/bGbJxS52teE?t=382>

PRESENTATIONS

- Measure Q Report Presentation by CFAC Chair Spagnola
<https://youtu.be/bGbJxS52teE?t=390>

PUBLIC COMMENT PERIOD

<https://youtu.be/bGbJxS52teE?t=1327>

Chuck Netnan, Three Stacks Brewing located at 3118 Main Street, provided the business spot. Three Stacks Brewing is a small batch brewing company offering a relaxed family- and dog-friendly atmosphere.

Diane Cogdal, Morro Bay, expressed concern the Surf Street staircase had been removed and asked the Council to champion funding for its replacement.

Robert Cogdal, Morro Bay, was disappointed the Surf Street staircase had been removed. He also asked for an update on his request for a crosswalk from the Maritime Museum to restaurants on the Embarcadero.

Larry Truesdale, Morro Bay, provided the Council with an article from The Scientist magazine regarding cannabis use and shared his concerns about potential health impacts on infants and children.

Carole Truesdale, Morro Bay, provided information regarding the Los Osos sewer plant and expressed concern about potential escalating costs of Morro Bay's WRF project.

Rigmor, Morro Bay, spoke regarding the historic importance of the Surf Street staircase.

Erica Crawford, Morro Bay Chamber of Commerce, welcomed the new Council on behalf of the Chamber Board of Directors and local businesses, announced upcoming 4MB focus group meetings and the Annual Chamber Gala to be held Friday, January 11th.

Todd Gailey, SLO resident, spoke regarding his recent termination from the Morro Bay Fire Department and asked to meet individually with Council Members regarding his concerns.

Tim Gailey, Morro Bay, disagreed with the City's decision to terminate Fire Captain Gailey and urged the Council to investigate the case.

Barbara Spagnola, Morro Bay, spoke regarding application and selection process for advisory committees.

Nancy Bast, Morro Bay, disagreed with the proposed Council sub-committee assignments provided in Item A-4.

Chris Cameron announced the Morro Bay Winter Bird Festival will be held January 18 – 20 and stated his support for Todd Gailey.

Betty Winholtz, Morro Bay, was disappointed the Surf Street staircase had been removed, stated her support for Todd Gailey and noted all Morro Bay residents are qualified to serve on advisory boards.

Steve Stevens, Morro Bay, welcomed the new Council and encouraged appointing those with dissenting voices to committees.

Judith Johnston, Morro Bay, addressed the Council and chose to hold her comments until Item B-1.

Mayor Headding closed public comment.

Council asked staff to respond to issues raised during public comment including the Surf Street staircase, cannabis permit approval process, concerns regarding employee termination, and status of the crosswalk request. Mayor Headding commented on the proposed Council discretionary appointments.

A. CONSENT AGENDA
<https://youtu.be/bGbJxS52teE?t=4936>

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 NOVEMBER 13, 2018 SPECIAL CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-2 APPROVAL OF MINUTES FOR THE NOVEMBER 13, 2018 CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-3 APPROVAL OF MINUTES FOR THE NOVEMBER 29, 2018 CITY COUNCIL SPECIAL
MEETING AND CLOSED SESSION; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-4 APPOINTMENT OF MAYOR PRO TEMPORE AND APPOINTMENT OF
REPRESENTATIVES ON DISCRETIONARY BOARDS, COUNCIL LIAISON
ASSIGNMENTS AND COUNCIL SUB-COMMITTEES; (MAYOR)

**RECOMMENDATION: Appoint Council Member Davis as Mayor Pro Tempore as well
as appoint representatives to serve on the various County or Regional
Discretionary Boards, Council Liaison Assignments and Sub-Committees for
calendar year 2019 as shown on the attached appointment list.**

- A-5 RECEIVE THE CITIZEN'S ADVISORY FINANCE COMMITTEE (CFAC) REPORT ON FY
2017/18 MEASURE Q TRANSACTIONS AND OTHER ACTIVITIES DURING THE YEAR;
(FINANCE)

**RECOMMENDATION: Receive the Citizen's Advisory Finance Committee (CFAC)
Report on FY 2017/18 Measure Q transactions and other activities during the past
year.**

- A-6 ADOPTION OF RESOLUTION NO. 02-19 APPROVING A NEW MASTER LEASE
AGREEMENT BETWEEN THE CITY OF MORRO BAY AND FLYING DUTCHMAN
ENTERPRISES, INC. (STAN VAN BEURDEN) FOR LEASE SITE 96/96W, LOCATED AT
945 EMBARCADERO, AND COMMONLY KNOWN AS "HOUSE OF JUJU"; (HARBOR)

**RECOMMENDATION: City Council adopt Resolution No. 02-19, approving a new
Master Lease Agreement for Lease Site 96/96W, as proposed.**

- A-7 ADOPTION OF RESOLUTION NO. 03-19 AUTHORIZING THE MAYOR TO EXECUTE
DOCUMENTS NECESSARY FOR A NEW LOAN FOR THE LEASE AGREEMENT AT
LEASE SITE 122-123/122W-123W AND EXTENSION OF 122W-123W AND
ACCEPTING A DEED OF TRUST RELATED THERETO FOR IMPROVEMENTS TO THE
LEASED PROPERTY (THMT, INC, HARBOR HUT AT 1205 EMBARCADERO);
(HARBOR)

**RECOMMENDATION: City Council adopt Resolution No. 03-19 authorizing the
Mayor to execute documents necessary: for a new loan regarding the leasehold
interest at Lease Site 122-123/122W-123W, for an extension of the lease for 122W-
123W for improvements to the leased property subject to approval of the City
Attorney and Harbor Director, and to accept a deed of trust related thereto.**

- A-8 ADOPTION OF RESOLUTION NO. 04-19 ESTABLISHING THE 2019 CITY COUNCIL
MEETING CALENDAR AS WELL AS THE GOALS, WORK PLAN AND BUDGET
DEVELOPMENT SCHEDULES; (ADMINISTRATION)

RECOMMENDATION: City Council review the proposed Council meeting calendar and schedules and adopt Resolution No. 04-19 approving the 2019 City Council Meeting Calendar and Goals, Work Plan and Budget Development Schedules.

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

Council Member McPherson pulled Item A-2. Council Member Heller pulled Item A-4.

MOTION: Council Member McPherson moved approval of all items on Consent except Items A-2 and A-4. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

A-2 APPROVAL OF MINUTES FOR THE NOVEMBER 13, 2018 CITY COUNCIL MEETING; (ADMINISTRATION)
<https://youtu.be/bGbJxS52teE?t=5028>

On page 12 of the agenda packet, Council Member McPherson asked that Council clarify action taken regarding Item C-3 at the November 13 meeting. Her understanding was the Harbor Lease Management Policy Council sub-committee would continue but would not attend meetings of the working group.

City Manager Collins commented a member of the public attempted to address the Council during public comment for the Consent Agenda. Mayor Heading re-opened public comment.
<https://youtu.be/bGbJxS52teE?t=5028>

Betty Winholtz, Morro Bay, spoke regarding Item A-4 and suggested the Council Member assignments be more equally divided.

The public comment period for the Consent Agenda was closed.

Council Member McPherson suggested the following correction to the November 13, 2018, Meeting Minutes: "There was also Council consensus that the Council sub-committee (Davis and McPherson) would meet with Mr. Lomeli and staff but would not regularly attend meetings of the lease policy working group."

MOTION: Council Member McPherson moved for approval of Item A-2, as amended. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

A-4 APPOINTMENT OF MAYOR PRO TEMPORE AND APPOINTMENT OF REPRESENTATIVES ON DISCRETIONARY BOARDS, COUNCIL LIAISON ASSIGNMENTS AND COUNCIL SUB-COMMITTEES; (MAYOR)
<https://youtu.be/bGbJxS52teE?t=5028>

Council Member Heller stated he had met with Mayor Heading regarding Council assignments but, after further consideration, he requested the assignments be shuffled so that he would have approximately the same responsibilities as Council Member Addis.

MOTION: Council Member Heller moved the Council pull this item and that he meet with Mayor Heading and discuss committee assignments and not approve these at this time. The motion was seconded by Council Member McPherson for discussion.

At the Mayor's request, City Attorney Neumeyer confirmed the appointment of representatives to County boards and committees are made at the Mayor's discretion but that liaison assignments and Council sub-committees must be approved by the Council as a whole.

Council Member Heller withdrew the motion and Council Member McPherson withdrew the second.

MOTION: Council Member McPherson moved the Council approve the appointments to Regional / County boards that are at the Mayor's discretion as presented. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

Council Member Heller stated the WRFCAC was important to him and he would like that to be a permanent committee.

MOTION: Council Member McPherson moved the Council allow Mr. Heller to meet with the Mayor to consider changing the assignments so he has more opportunity to participate. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

The Council took a brief recess at 7:33 p.m. The meeting reconvened at 7:47 p.m. with all members present.

B. PUBLIC HEARINGS

B-1 ADOPTION OF RESOLUTION NO. 01-19 REGARDING THE APPEAL OF THE PLANNING COMMISSION'S DENIAL OF THE APPEAL OF THE ADMINISTRATIVE COASTAL DEVELOPMENT PERMIT NO. CP0-575 FOR THE CONSTRUCTION OF AN ATTACHED ACCESSORY DWELLING UNIT WITHIN THE EXISTING GARAGE AND THE REMOVAL OF A NONCONFORMING SHED AT 2575 GREENWOOD AVENUE. THE PARCEL IS LOCATED WITHIN THE R-1/S.2 SINGLE-FAMILY RESIDENTIAL ZONING DISTRICT AND OUTSIDE OF THE COASTAL COMMISSION APPEAL JURISDICTION; (COMMUNITY DEVELOPMENT)
<https://youtu.be/bGbJxS52teE?t=5713>

Community Development Director Graham provided the report and responded to Council inquiries. Council Member McPherson disclosed ex parte communications with the applicant and appellant.

Mayor Headding opened the public hearing and invited the appellant and respondent to provide testimony.

Judith Johnson, Appellant, provided background information regarding parking issues related to 2575 Greenwood Avenue and the lack of enforcement. She asked that laws be enforced consistently and evenly to all parties.

Dan Krull, Respondent, believed the proposed plan will help alleviate parking issues but those concerns are not related to this permit. If the proposed project is within legal requirements, he requested it be approved; if not, he would like feedback on what changes are needed to be compliant.

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

Clay Kearny, Morro Bay, stated this is a parking issue, not restrictions on the dwelling unit itself. He suggested the back area be fenced and that parking spaces be added on Greenwood Avenue.

The appellant was provided the opportunity to respond to comments by the respondent.

Judith Johnston added the placement of trash cans for three properties further impedes parking.

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

The public hearing was closed.

Council Member Heller stated he had visited property and met with the appellants. He was inclined to keep parking spaces on the Greenwood Street side of the property.

Following discussion, there was consensus the applicant had met all permit requirements and the issues raised regarding parking and trash can storage were a separate enforcement issue they hoped could be resolved peacefully between neighbors.

MOTION: Council Member McPherson moved the Council deny the appeal and uphold the Planning Commission's denial of the appeal of the Director's approval of Administrative Coastal Development Permit No. CP0-575 for the Accessory Dwelling Unit at 2575 Greenwood by adopting City Council Resolution No. 01-19 with the associated Findings and Conditions of approval. The motion was seconded by Council Member Addis and carried 4-1 by roll call vote with Council Member Heller opposed.

C. BUSINESS ITEMS

C-1 AUTHORIZATION FOR ATTENDANCE AT THE C-MANC ANNUAL WASHINGTON, D.C., "WASHINGTON WEEK" MEETINGS AND FOR SUPPORT OF FUNDING FOR THE WATER RECLAMATION FACILITY; (HARBOR/CITY MANAGER)
<https://youtu.be/bGbJxS52teE?t=8138>

Harbor Director Endersby and City Manager Collins provided the staff report and responded to Council inquiries. Mr. Collins amended the staff recommendation that, in addition to the City Manager and Public Works Director, the WRF Program Manager attend the Washington D.C. meetings to seek support for WRF funding and permitting.

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

Nancy Bast, Morro Bay, expressed concern about cost and suggested only the Mayor and Harbor Director go to Washington D.C.

Betty Winholtz, Morro Bay, suggested it was too early to seek support for grant funding and that only the Mayor and Harbor Director need to attend C-MANC at this time.

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

Following discussion, there was Council consensus to support the revised staff recommendation to send a 3-person contingent to attend meetings with legislative delegates and federal agencies representatives in support of the WRF funding and permitting. The Council appreciated the forethought to be in front of the decision makers before funding decisions were made and there was value in maintaining a presence.

Council Member Heller supported sending the Mayor and Harbor Director to attend C-MANC but felt it was an unnecessary expense to send additional people.

MOTION: Council Member McPherson moved the Council authorize a two-person delegation to attend the C-MANC 2019 "Washington Week" meetings in Washington D.C.,

that's the week of March 4 - 7, and authorize a 3-member delegation, the City Manager, Public Works Director and Program Manager, to travel to Washington D.C. and meet, alongside with the Mayor when appropriate, with Morro Bay's legislative delegation and relevant federal agencies representatives in support of the Water Reclamation Facility funding and permitting. The motion was seconded by Council Member Davis and carried 4-1 by roll call vote with Council Member Heller opposed.

- C-2 DISCUSSION AND DIRECTION REGARDING RESOLUTION NO. 27-18 PLEDGING TO FOLLOW BEST PRACTICES OF CIVILITY AND CIVIL DISCOURSE; (ADMINISTRATION)
<https://youtu.be/bGbJxS52teE?t=10273>

City Clerk Swanson introduced the item.

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

Following discussion, the Council agreed the Code of Civility be amended to clarify the use of profanity is not allowed, that it be brought back annually for Council approval and, once approved, be placed at the entrance to the Vets Hall. In addition, instructions for Public Comment on the front of the agenda should be revised to clarify members of the public are not required to fill out a speaker slip or state their name for the record.

No formal action taken by the City Council.

- C-3 ADVISORY BODY FINANCIAL REVIEW OF THE WATER RECLAMATION FACILITY (WRF) PROGRAM; (CITY MANAGER)
<https://youtu.be/bGbJxS52teE?t=11355>

Mr. Collins provided the report and responded to Council inquiries.

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

Nancy Bast, Morro Bay, stated the analysis of construction costs should remain with the WRFCAC and project updates brought to the WRFCAC on a regular basis.

The public comment period was closed.

Mayor asked for a motion.

MOTION: Council Member Davis moved staff recommendation to revise the Citizens Finance Advisory Committee (CFAC) roles and responsibilities to include review of the financial aspects of the Water Reclamation Facility program, relieve the Water Reclamation Facility Citizens Advisory Committee of that responsibility, while maintaining the WRFCAC role of reviewing, and providing an opportunity for community input on the technical components of the WRF. The motion was seconded by Council Member McPherson for discussion.

Council Member McPherson noted the CFAC Chair is also the Acting Chair for the WRFCAC and is familiar with the workings of both committees. There was Council consensus the CFAC has the financial expertise and was the appropriate body to review and make recommendations regarding financial reports related to the WRF project.

Council Member Heller believed the CFAC should be looking at a high macro level information but that members of the WRFAC had the technical expertise to better understand how technical issues directly relate to cost.

The motion carried 4-1 by roll call vote with Council Member Heller opposed.

The Council took a brief recess at 9:46 p.m. The meeting reconvened at 9:57 p.m. with all members present.

C-4 ADOPTION OF RESOLUTION NO 05-19 REVISING THE CITY OF MORRO BAY EMERGENCY MANAGEMENT PLAN AND INTRODUCTION AND FIRST READING OF ORDINANCE 619 RENAMING AND AMENDING CHAPTER 8.08 OF THE MORRO BAY MUNICIPAL CODE RELATING TO THE EMERGENCY SERVICES ORGANIZATION; (FIRE)

<https://youtu.be/Gua2SJYB-4Y?t=12>

Fire Chief Knuckles provided the report and responded to Council inquiries.

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

MOTION: Council Member Davis moved the Council adopt Resolution No. 05-19 revising the City of Morro Bay Emergency Management Plan, formally known as the Multi-Hazard Emergency Response Plan. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

MOTION: Council Member Davis moved the Council introduce, for first reading by title only and with further reading waived, Ordinance 619, an Ordinance of the City Council of the City of Morro Bay, California Renaming Chapter 8.08 of Title 8 of the Morro Bay Municipal Code as "Emergency Services Organization," and Amending Chapter 8.08, to Provide for Consistency with a Revised City of Morro Bay Emergency Management Plan. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/Gua2SJYB-4Y?t=1730>

Council Member Addis requested discussion of changing the start and end times of regular meetings. There was full support for this item.

Council Member Heller requested discussion town hall meetings or some method to present and listen to opposing ideas regarding the WRF project but did not receive support for the item.

E. ADJOURNMENT

Addis moved to adjourn at 10:37 p.m. Heller second. Motion carried 5-0.

The next Regular Meeting will be held on **Tuesday, January 22, 2019 at 6:00 p.m.** at the Veteran's Memorial Hall located at 209 Surf Street, Morro Bay, California.

Recorded by:

Dana Swanson
City Clerk

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MINUTES - MORRO BAY CITY COUNCIL
SPECIAL MEETING – JANUARY 24, 2019
COMMUNITY CENTER MULTI-PURPOSE ROOM
1001 KENNEDY WAY – 4:00 P.M.

AGENDA NO: A-3
MEETING DATE: February 13, 2019

PRESENT: John Headding Mayor
Dawn Addis Council Member
Robert Davis Council Member
Jeff Heller Council Member
Marlys McPherson Council Member

STAFF: Dana Swanson City Clerk

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding established a quorum and called the meeting to order at 4:00 p.m. with all members present.

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

None

SPECIAL MEETING AGENDA ITEM:

I. ADVISORY BOARD INTERVIEWS

Planning Commission

<https://youtu.be/QX5ZmlT1j1Y?t=113>

- Two (2) upcoming vacancies for 4-year terms ending January 31, 2023

Mayor Headding announced Philip Usher had withdrawn his application.

The following applicants were interviewed for the Planning Commission positions: Gerald Luhr, Susan Stewart, Glenn Turner, Alexis Vincent and Melany Walker. Following interviews, the Council voted by written ballot and the City Clerk read the results. Ms. Stewart received unanimous support, Mr. Luhr received four votes (Headding, Addis, Davis, McPherson), and Ms. Walker received one vote (Heller). Ms. Stewart and Mr. Luhr were each appointed to a four-year term ending January 31, 2023.

Citizens Oversight / Finance Advisory Committee (“CFAC”)

<https://youtu.be/QX5ZmlT1j1Y?t=3986>

- Three (3) upcoming vacancies for 4-year terms ending January 31, 2023
- One (1) current vacancy for the remainder of a term ending January 31, 2022

Mr. William Bowes was unable to attend interviews due to a prescheduled out of country trip. The Council discussed his request to be considered for appointment to the CFAC despite his absence.

MOTION: Council Member McPherson moved the Council allow Mr. Bowes to remain on the ballot. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

Mayor Headding, Council Member Davis and Council Member McPherson announced they met individually with Mr. Bowes. Council Member Addis stated she had spoken with Mr. Bowes by telephone.

The following applicants were interviewed for the CFAC: Homer Alexander, Lois Johnson and Barbara Spagnola. Following interviews, the Mayor asked if anyone preferred to serve the shorter term and Ms. Spagnola stated she had been on the Committee 9 years and would prefer the shorter term. The Council voted by written ballot and the City Clerk read the results: Mr. Alexander, Mr. Bowes and Ms. Johnson received unanimous support for appointment to 4-year terms ending January 31, 2023. Ms. Spagnola received unanimous support to serve a partial term ending January 31, 2022.

Public Works Advisory Board ("PWAB")

<https://youtu.be/QX5ZmlT1j1Y?t=5265>

- One (1) upcoming vacancy for a 4-year term ending January 31, 2023

The following applicants were interviewed for the PWAB. Torrey Byles, Paul Donnelly and Glenn Turner. Following interviews, the Council voted by written ballot and the Clerk read the results. Mr. Byles received four votes (Headding, Addis, Davis and McPherson) and Mr. Donnelly received one vote (Heller). Mr. Byles was appointed to a 4-year term ending January 31, 2023.

Harbor Advisory Board ("HAB")

<https://youtu.be/QX5ZmlT1j1Y?t=6433>

- One (1) upcoming vacancy for a Recreational Boating representative for a 4-year term ending January 31, 2023
- One (1) upcoming vacancy for a Waterfront Leaseholder representative for a 4-year term ending January 31, 2023

Dana McClish was interviewed for the Recreational Boating representative; Cherise Hansson and Alexis Vincent were interviewed for the Waterfront Leaseholder representative. Following interviews, the Council voted by written ballot and the Clerk read the results: Mr. McClish received unanimous support to fill a new 4-year term ending January 31, 2023. Ms. Hansson received four votes (Headding, Addis, Davis and McPherson) and Ms. Vincent received one vote (Heller). Ms. Hansson was appointed to fill a new 4-year term ending January 31, 2023.

Tourism Business Improvement District ("TBID") Advisory Board

<https://youtu.be/QX5ZmlT1j1Y?t=7817>

- One (1) upcoming vacancy for a Hotelier Member-at-Large with term ending January 31, 2023
- One (1) current vacancy for a Hotelier with 50 rooms or less with term ending January 31, 2021
- Two (2) upcoming vacancies for Members-at-Large for 4-year terms ending January 31, 2023

The Council interviewed the following individuals for the Member-at-Large positions: Jim Curnutt, Nancy Dickenson, Sean Green, Taylor Newton, Joan Solu and Alexis Vincent. During opening statements, Mr. Newton withdrew from the process noting there were several other strong applicants and his business/travel commitments were consuming much of his time. Following interviews, the Council voted by written ballot and the Clerk read the results: Ms. Dickenson received four votes (Headding, Addis, Davis and Heller), Ms. Solu received three votes (Headding, Heller and McPherson) and Mr. Green received three votes (Addis, Davis and McPherson). Ms. Dickenson was appointed to a 4-year term and the Council voted again to break the tie between Ms. Solu and Mr. Green. Ms. Solu received three votes (Headding, Heller, McPherson) and Mr. Green received two votes (Addis and Davis). Ms. Solu was appointed to a 4-year term.

The Council interviewed Isaac Su, 456 Embarcadero, and Amish Patel, Fireside Inn, as hotelier representatives to the TBID Advisory Board. Following interviews, Mr. Patel received unanimous support for the Hotelier Member-at-Large position with a 4-year term ending January 31, 2023. Mr. Su was appointed by majority vote (Addis, Davis and Heller) to fill the current vacancy with a term ending January 31, 2021.

ADJOURNMENT

The meeting adjourned at 7:47 p.m.

Recorded by:

Dana Swanson
City Clerk

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AGENDA NO: A-4
MEETING DATE: February 13, 2019

Staff Report

TO: Honorable Mayor and City Council **DATE:** January 30, 2019
FROM: Chris Neumeyer, City Attorney
SUBJECT: Receive and File City Response to Betty Winholtz regarding Alleged Brown Act Violation, and Provide Comment as Deemed Appropriate

RECOMMENDATION

Receive and file.

FISCAL IMPACT

There is no fiscal impact to this decision.

BACKGROUND/DISCUSSION

On January 14, 2019, the City received a letter dated January 13, 2019, from Ms. Betty Winholtz alleging a violation of the Ralph M. Brown Act occurred at the January 8, 2019, City Council Meeting in regard to City Council agenda Item C-1 (Attachment 2). At a duly noticed closed session held on January 22, 2019, the Council concluded no such violation occurred at the January 8 meeting. Therefore, there is no need to “cure or correct” the challenged action. In the interest of transparency, the City’s January 22 response letter is provided as Attachment 1.

ATTACHMENTS

1. City of Morro Bay January 22, 2019 letter to Betty Winholtz
2. January 13, 2019 letter from Betty Winholtz

Prepared By: LK Dept Review:
City Manager Review: SC City Attorney Review: CN



CITY OF MORRO BAY

CITY HALL

595 Harbor Street
Morro Bay, CA 93442

January 22, 2019

Ms. Betty Winholtz

Morro Bay, CA 93442

Re: Government Code § 54960.1 and Alleged Brown Act Violation

Dear Ms. Winholtz:

The City of Morro Bay (City) is in receipt of your letter, dated January 13, 2019, addressed to the Morro Bay City Council. That letter alleges a violation of the Ralph M. Brown Act (Government Code § 54950 *et seq.*) (Brown Act) occurred at the Morro Bay City Council regular meeting held on January 8, 2019 (Meeting) in regards to City Council agenda Item C-1.

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

Your letter references paragraph (3) of subdivision (a) of Section 54954.2 of the Brown Act (which mandates, with certain exceptions): "No action or discussion shall be undertaken on any item not appearing on the posted agenda..." You also reference Section 54952.6 of the Brown Act which provides that an "action taken" includes a "collective decision made by a majority of the members of the legislative body."

Specifically, your letter alleges:

"In its meeting of January 8, 2019, the Morro Bay City Council took action to 'authorize the City Manager, Public Works Director, and WRF Program Manager to travel to Washington, D.C. and meet, alongside the Mayor when appropriate, with Morro Bay's legislative delegation and relevant federal agencies representatives in support of the Water Reclamation Facility (WRF) funding and permitting.' In addition, the Mayor indicated in his comments his intent to garner support for the wind farm and tap Congressional people for earmarks to clean up the power plant site as discussed with the City's lobbyist, the Ferguson Group. The item was acted upon with a formal vote, passing 4-1.

The action taken was not in compliance with the Brown Act because the posted agenda did not provide residents with the required notice that:

1. The City desired to send an additional party on the trip increasing the cost, and

2. Trip objectives included travel and discussions related to the wind farm and to power plant clean up.

There was no finding of fact made by the Morro Bay City Council that urgent action was necessary on this matter as unforeseen at the time the agenda was posted.

In the event it appears to you that the conduct of the Morro Bay City Council specified herein did not amount to the taking of this action, I call your attention to Section 54954.2(a)(3) 'No action or discussion shall be undertaken on any item not appearing on the posted agenda' and Section 54952.6 'collective decision made by a majority of the members of a legislative body.'

As you are aware, the Brown Act creates specific agenda obligations for notifying the public with a 'brief description' of each item to be discussed or acted upon, and also creates a legal remedy for illegally taken actions."

With a reference to subdivision (b) of Section 54960.1 of the Brown Act, your letter demands the City "cure and correct the illegally taken action..."

The Council has reviewed your allegations and responds to you, pursuant to paragraph (2) of subdivision (c) of Section 54960.1 of the Brown Act. That paragraph provides "[w]ithin 30 days of receipt of the demand, the legislative body shall cure or correct the challenged action and inform the demanding party in writing of its actions to cure or correct or inform the demanding party in writing of its decision not to cure or correct the challenged action."

The Council has concluded, as reported out of a duly noticed closed session held on January 22, 2019, no violation of paragraph (3) of subdivision (a) of Section 54954.2 of the Brown Act occurred at the Meeting. The actions taken by the City Council under Agenda Item C-1 at the Meeting were properly taken pursuant to the posted agenda. Therefore, there is no need to "cure or correct" the challenged action.

First, in regards to what persons the Council authorized to attend the C-MANC annual meetings, the agenda title for Item C-1 reads "AUTHORIZATION FOR ATTENDANCE AT THE C-MANC ANNUAL WASHINGTON, D.C., 'WASHINGTON WEEK' MEETINGS AND FOR SUPPORT OF FUNDING FOR THE WATER RECLAMATION FACILITY."

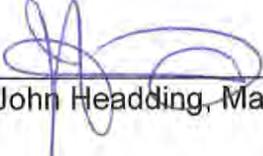
You allege that the Council improperly authorized "the City Manager, Public Works Director, and WRF Program Manager to travel to Washington, D.C. and meet, alongside the Mayor..." in so far as you allege the WRF Manager could not be authorized for attendance based on agenda Item C-1. The agenda title did not limit or specify what persons were to be considered for attendance at the C-MANC meetings. Further, the Council was not limited to either following staff's recommendations or simply taking no action. Paragraph (1) of subdivision (a) of Section 54954.2 of the Brown Act requires an agenda provide "a brief general description of each item of business to be transacted or discussed at the meeting." The agenda title for Item C-1 properly provided the description of the business to be transacted or discussed, namely "authorization for attendance" at the C-MANC meetings.

Second, in regards to what topics may be discussed by the persons authorized to attend the C-MANC conference, the Mayor properly commented on further items he may undertake in the discharge of his duties as a public servant while in Washington, D.C. You observed in your correspondence that "the Mayor indicated in his comments his intent to garner support for the wind farm and tap Congressional people for earmarks to clean up the power plant site..." The Council properly authorized the Mayor and other public servants to travel to our nation's capital to promote the City's interests at the C-MANC meetings. The Mayor also informed the public that while in Washington, D.C., he plans to further promote the City's interests (schedule permitting). Doing so does not need express authorization from the City Council. In fact, to do so is to act in the City's best interests as the elected Mayor of Morro Bay.

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

Sincerely,

Morro Bay Mayor, Mayor Pro Tem and City Council

By: 
John Headding, Mayor

cc: Honorable Morro Bay Mayor Pro Tem and Council Members
Scott Collins, City Manager
Dana Swanson, City Clerk
Chris F. Neumeyer, City Attorney

Morro Bay, CA 93442
January 13, 2019

RECEIVED
City of Morro Bay

JAN 14 2019

Administration

Mayor Headding, and Council Members Davis, McPherson, Heller, and Addis
The City Council
City of Morro Bay

Dear City Council:

This letter is to call your attention to what I believe was a substantial violation of a central provision of the Ralph M. Brown Act, one which may jeopardize the finality of the action taken by the Morro Bay City Council.

The nature of the violation is as follows: In its meeting of January 8, 2019, the Morro Bay City Council took action to "authorize the City Manager, Public Works Director, and WRF Program Manager to travel to Washington, D.C. and meet, alongside the Mayor when appropriate, with Morro Bay's legislative delegation and relevant federal agencies representatives in support of the Water Reclamation Facility (WRF) funding and permitting." In addition, the Mayor indicated in his comments his intent to garner support for the wind farm and tap Congressional people for earmarks to clean up the power plant site as discussed with the City's lobbyist, the Ferguson Group. The item was acted upon with a formal vote, passing 4-1.

The action taken was not in compliance with the Brown Act because the posted agenda did not provide residents with the required notice that:

1. The City desired to send an additional party on the trip increasing the cost, and
2. Trip objectives included travel and discussions related to the wind farm and to power plant clean up.

There was no finding of fact made by the Morro Bay City Council that urgent action was necessary on this matter as unforeseen at the time the agenda was posted.

In the event it appears to you that the conduct of the Morro Bay City Council specified herein did not amount to the taking of this action, I call your attention to Section 54954.2(a)(3) "No action or discussion shall be undertaken on any item not appearing on the posted agenda" and Section 54952.6 "collective decision made by a majority of the members of a legislative body."

As you are aware, the Brown Act creates specific agenda obligations for notifying the public with a "brief description" of each item to be discussed or acted upon, and also creates a legal remedy for illegally taken actions.

Pursuant to that provision (Government Code Section 54960.1), I demand that the Morro Bay City Council cure and correct the illegally taken action as follows:

1. Withdraw your vote, and
2. Re-post the agenda item with the full and accurate information

which includes:

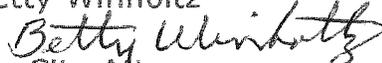
- a. Additionally sending the WRF Program Manager, and
- b. Identifying all topics--harbor, WRF, wind farm/energy, power plant, etc--to be pursued while in Washington, D.C.

These actions are necessary to provide the public the awareness and opportunity to comment of which it was deprived on these items.

As provided by Section 54960.1, you have 30 days from the receipt of this demand to either cure or correct the challenged action or inform me of your decision not to do so.

Respectfully yours,

Betty Winholtz


cc: City Attorney



AGENDA NO: A-5

MEETING DATE: February 13, 2019

Staff Report

TO: Honorable Mayor and City Council **DATE:** January 30, 2019

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

SUBJECT: Resolution No. 11-19 Approving Adjustment to Lease Site Maps for Lease Sites 113W, 122W and 123W; (Lease Holders: R. Fowler and T. Leage)

RECOMMENDATION

Staff recommends City Council approve the adjustment to Lease Sites 113W, 122W and 123W by adopting Resolution No. 11-19.

ALTERNATIVES

No alternatives are being presented.

FISCAL IMPACT

The proposed adjustment will change the leasable area and could result in a change in lease payments, subject to future lease negotiations. Even with the reduction in lease area, the water leases will be developed with income generating uses, such as floating docks, thus increasing the revenue to the City.

BACKGROUND

On December 9, 1974 the City Council adopted Resolution 77-74 approving the “Lease Site Maps” as the official reference document for City lease sites. These maps include all those tide and submerged areas held in trust by the City of Morro Bay for the State of California. These maps have been adjusted from time to time based upon direction from City Council to accommodate new and modified lease sites. Lease Line Adjustments “to which... a local agency holding a trust grant of tide and submerged lands is a party” are excluded from the requirements of the Subdivision Map Act. (Government Code section 66412(e).) The following table summarizes the changes to these water lease sites:

Lease Site	Existing Area (square feet)	Proposed Area (square feet)
113W	23,113	18,079
122W	7,225	8,615
123W	10,653	5,100

The conditional use permit CUP-058 originally approved in 2008 for a revitalization of 22 City land and water lease sites in the City’s northern waterfront area melds water dependent uses, recreational uses and visitor serving needs, supports the working waterfront and existing businesses, and offers new public benefits. The CUP was a joint application between GAFCO,

Prepared By: <u>rl</u>	Dept Review: <u>RL</u>
City Manager Review: <u>SC</u>	City Attorney Review: <u>CN</u>

Harbor Hut, and Morro Bay Landing (formerly Virg's Landing). With the approval of a precise plan for UPO-058 by City Council in June 2010, certain water side improvements, i.e. dock facilities, along with a lease line adjustment, were required. This proposed adjustment to the lease line facilitates the development as approved by UPO-058, specifically the publicly accessible gangway and accommodates changes to operations in the floating docks between Harbor Hut and Morro Bay Landing.

CONCLUSION

Staff recommends the City Council approve the adjustment to Lease Sites 113W, 122W and 123W by adopting Resolution No. 11-19 to comply with the requirements of UPO-058, and subsequent administrative revisions.

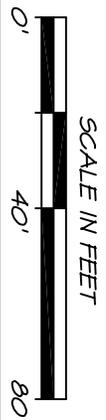
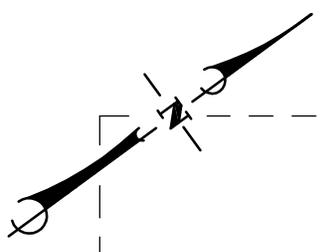
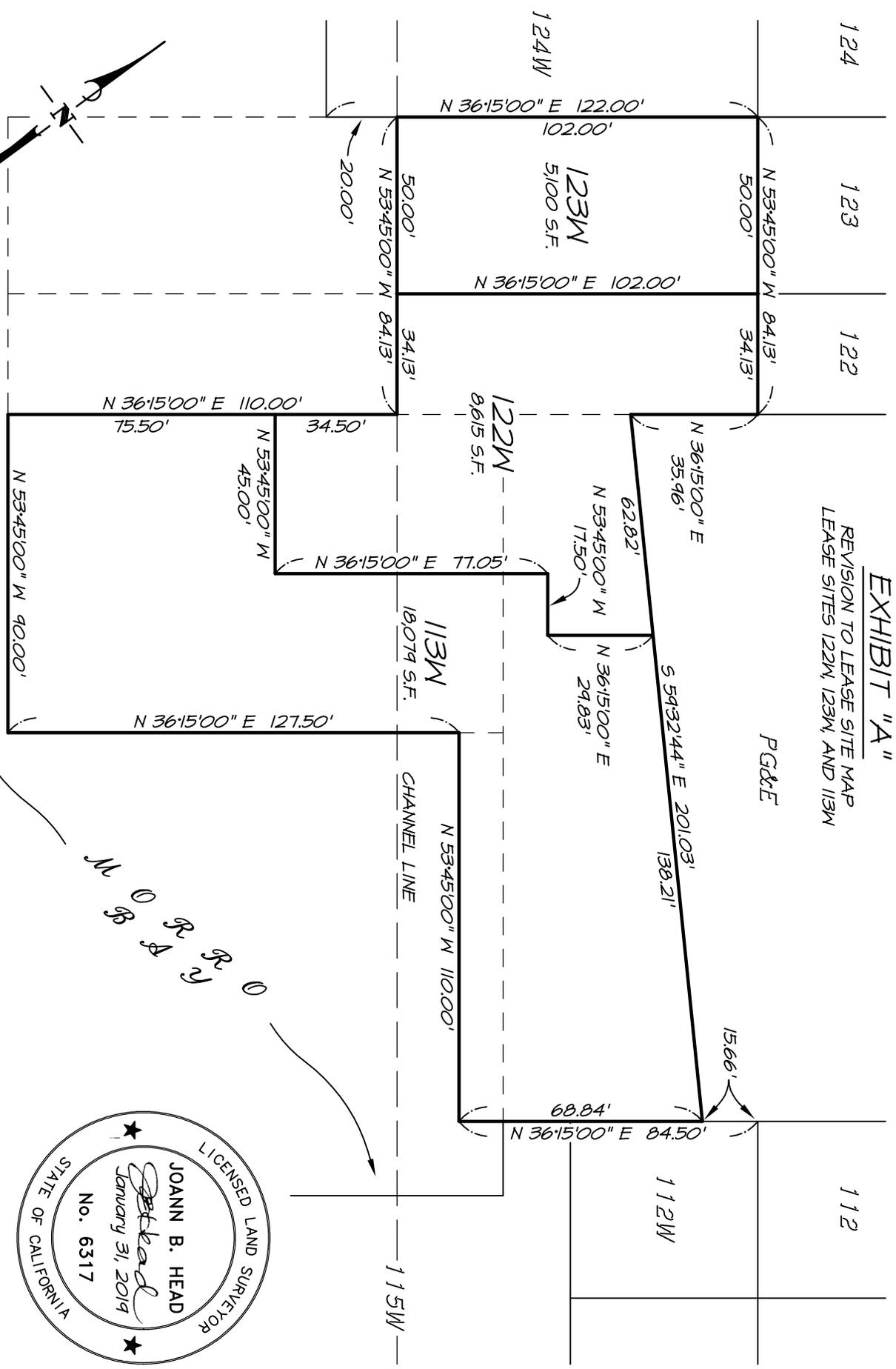
ATTACHMENTS

1. Draft Resolution 11-19

EXHIBIT "A"

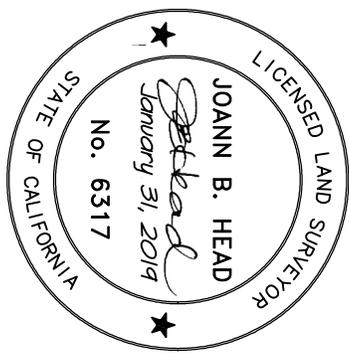
REVISION TO LEASE SITE MAP
LEASE SITES 122W, 123W, AND 113W

PG&E



LEGEND

- LEASE LINE TO BE ADJUSTED
- NEW LEASE LINES



JOANN HEAD LAND SURVEYING

Post Office Box 887
Santa Margarita, CA 93453
(805) 674-1530

January, 2019

146-01 Lease Adjustment Exhibit.dwg

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AGENDA NO: A-6

MEETING DATE: February 13, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: January 29, 2019

FROM: Dana Swanson, City Clerk

SUBJECT: Adoption of Resolution No. 13-19 Updating the City's Conflict of Interest Code

RECOMMENDATION

Staff recommends City Council update the City's Conflict of Interest Code by adopting the proposed Resolution No. 13-19.

ALTERNATIVES

No alternatives are recommended.

FISCAL IMPACT

None

BACKGROUND/DISCUSSION

Government Code, section 83700 requires all cities to adopt a Conflict of Interest Code. A Conflict of Interest Code shall have the force of law, and any violation of a Conflict of Interest Code by a designated employee shall be deemed a violation of the Government Code. To simplify the preparation and adoption of Conflict of Interest Codes, the Fair Political Practices Commission has adopted a form Conflict of Interest Code, which is found at 2 California Code of Regulations, section 18730. As such, the City may comply with Government Code, section 83700 by doing all of the following: (1) adopting the form Conflict of Interest Code, (2) identifying designated positions and boards that must comply with the requirements of the Conflict of Interest Code and (3) identifying financial disclosure categories to which each designation position and board fall within.

In February 2017, the City established an updated Conflict of Interest Code through the adoption of Resolution No. 04-17. Staff has determined it is necessary to update the City's Conflict of Interest Code to reflect changes in job titles and include the newly designated positions: Recreation Services Division Manager, Senior Engineer (vacant), Senior Planner, and Lead Utility Operator. By adopting the attached Resolution No. 13-19, the City Council will ensure the City's Conflict of Interest Code is up to date and reflects the current organization and operations of the City.

ATTACHMENTS

1. Resolution No. 04-17
2. Proposed Resolution No. 13-19

Prepared By: DS

Dept Review: _____

City Manager Review: SC

City Attorney Review: CN

RESOLUTION NO. 04-17

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
ADOPTING A REVISED CONFLICT OF INTEREST CODE
AND RESCINDING RESOLUTION NO. 10-16 AND
EACH OTHER RESOLUTION IN CONFLICT HEREWITH**

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

WHEREAS, pursuant to the provisions of the Government Code, sections 87300 *et seq.* (the Code”), each agency is required to adopt a Conflict of Interest Code; and

WHEREAS, the Fair Political Practices Commission has adopted a regulation, 2 Cal. Code Reg. section 18730, which contains the terms of a standard model Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments to the Political Reform Act; and

WHEREAS, the Fair Political Practices Commission recommends each agency incorporate Commission Regulations 18730 and 18720 by reference as the body of their Code, and all changes to the Political Reform Act and to Regulations 18730 and 18720 will automatically be part of the City’s Conflict of Interest Code; and

WHEREAS, the City of Morro Bay incorporated its Conflict of Interest Code with the adoption of Resolution No. 10-16 adopted February 23, 2016, and its Conflict of Interest Code is in further need of updating; and

WHEREAS, the City Council has determined the documents attached to this Resolution, as Exhibits A and B, accurately set forth the current designated positions regulated by the Conflict of Interest Code, and the respective categories of financial interests which should be made reportable and those boards and commissions which should be designated and the respective categories of financial interests which should be made reportable by their members; and

WHEREAS, this action will ensure the City’s Conflict of Interest Code is up to date and in compliance with the law.

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

SECTION 1. Resolution No. 10-16 and any other resolutions in conflict with this Resolution are hereby rescinded in their entirety.

SECTION 2. The terms of Title 2, Division 6 of the California Code of Regulations, Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, incorporated herein by reference, along with the attached documents entitled Exhibit A, in which members and employees are designated, and Exhibit B in which disclosure

categories are set forth, constitute the Conflict of Interest Code for the City of Morro Bay.

SECTION 3. Pursuant to the Code, any person holding a designated position, including any person holding a designated position in an acting capacity, shall file a Statement of Economic Interest with the City Clerk. Additionally, any person hired for a position not covered by the Code, who makes or participated in making a governmental decision shall file a Statement of Economic Interest with the City Clerk.

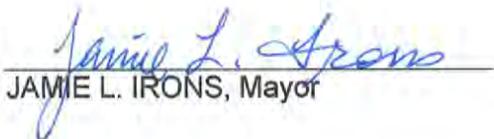
SECTION 4. The City Clerk is the filing official for the Mayor, Councilmembers, City Manager, City Attorney, and Planning Commissioners. For the persons holding those positions, the City Clerk accepts the filing, retains a copy, and forwards the original to the Fair Political Practices Commission in Sacramento. For all other persons holding designated positions, the City Clerk is the filing officer and retains the statements. The City Clerk will make the statements available for public inspection and reproduction, pursuant to Government Code Section 81008.

SECTION 5. Any future amendments to the City's Conflict of Interest Code including, but not limited to, amendments to the designated positions list or to the financial disclosure categories, shall be made by resolution duly adopted by the City Council of the City of Morro Bay.

SECTION 6. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 14th day of February, 2017 on the following vote:

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


JAMIE L. IRONS, Mayor

ATTEST:


DANA SWANSON, City Clerk

EXHIBIT A
RESOLUTION NO. 04-17

CITY OF MORRO BAY

LIST OF DESIGNATED POSITIONS
CONFLICT OF INTEREST CODE

Position	Disclosure Category
Mayor, Council Members, City Manager, City Attorney, City Clerk, City Treasurer, Planning Commission Members	As required by State law
<u>Boards, Committees & Commissions</u>	
Citizens Oversight / Citizens Finance Committee	1,2
Harbor Advisory Board	1,2
Public Works Advisory Board	1,2
Recreation & Parks Commission	1,2
Tourism Business Improvement District Advisory Board	1,2,5
Water Reclamation Facility Citizens Advisory Committee	1,2
General Plan / Local Coastal Program Advisory Committee	1,2
<u>Administration</u>	
Deputy City Manager	1-6
Human Resources Analyst	1,5,6
Information Systems Technician	1,2
Tourism Manager	1,2
<u>Finance</u>	
Budget / Accounting Manager	1-6
<u>Harbor</u>	
Harbor Director	1-6
Harbor Business Coordinator	1-6
Harbor Patrol Supervisor	2,4,5,6
<u>Fire</u>	
Fire Chief	1-6
Fire Captain	1-6
Fire Marshal	1-6
Administrative Technician	2,5,6
<u>Police</u>	
Police Chief	1-6
Police Commander	1-6
Support Services Manager	2,3,5,6
Support Services Coordinator	2,3,5,6

Public Works

Public Works Director	1-6
Management Analyst	1,2,4,5,6
Capital Project Manager	1-6
Associate Engineer	2,3,4,5,6
Assistant Engineer	2,3,4,5,6
Engineering Technician IV	2,3,4,5,6
Environmental Programs Manager	1-6
Utilities Division Manager	1-6
Consolidated Maintenance Superintendent	1-6
Collection Systems Supervisor	1-6
Wastewater Systems Supervisor	1-6
Water Systems Supervisor	1-6
Consolidated Maintenance Field Supervisor	1-6

Community Development

Community Development Director	1-6
Associate Planner	1-6
Assistant Planner	1-6
Building Inspector	1-6

Recreation

Recreation Services Division Coordinator	1-6
Recreation Supervisor – Sports Services	5,6
Recreation Supervisor – Youth Services	5,6

Consultants

1,2

Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation: The City Manager may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. The City Manager’s determination is a public record and shall be retained for public inspection in the same manner and location as the Conflict of Interest Code.

EXHIBIT B
RESOLUTION NO. 04-17

CITY OF MORRO BAY

DISCLOSURE CATEGORIES

General Provisions

When a designated employee or individual is required to disclose investments, business positions and sources of income, he or she need only disclose investments in business entities and sources of income which do business in the City, plan to do business in the City or have done business in the City within the past two (2) years. In addition to other activities, a business entity is doing business within the City if it owns real property within the City. When a designated employee or individual is required to disclose real property, he or she need only disclose that which is located in whole or in part within or not more than two (2) miles outside the boundaries of the City or within two (2) miles of any land owned or used by the City.

Designated employees shall disclosed their financial interests pursuant to the appropriate disclosure category as indicated in Exhibit A.

Disclosure Categories

- Category 1: All investments, business positions and sources of income. (See Statement of Economic Interests Schedules A-1, A-2, C, D and E.)
- Category 2: All interests in real property. (See Statement of Economic Interests, Schedule B.)
- Category 3: All investments, business positions, interests in real property and sources of income subject to the regulatory, permit or licensing authority of the department. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)
- Category 4: Investments in business entities and sources of income which engage in land development, construction or the acquisition of real property. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)
- Category 5: Investments in business entities and sources of income of the type which contracts with the City to provide services, supplies, materials, machinery or equipment to any City department. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)
- Category 6: Investments in business entities and sources of income of the type which contracts with the City to provide to the designated employee's department services, supplies, materials, machinery, or equipment. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)

RESOLUTION NO. 13-19

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
ADOPTING A REVISED CONFLICT OF INTEREST CODE
AND RESCINDING RESOLUTION NO. 04-17 AND
EACH OTHER RESOLUTION IN CONFLICT HEREWITH**

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

WHEREAS, pursuant to the provisions of the Government Code, sections 87300 *et seq.* (the Code”), each agency is required to adopt a Conflict of Interest Code; and

WHEREAS, the Fair Political Practices Commission has adopted a regulation, 2 Cal. Code Reg. section 18730, which contains the terms of a standard model Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments to the Political Reform Act; and

WHEREAS, the Fair Political Practices Commission recommends each agency incorporate Commission Regulations 18730 and 18720 by reference as the body of their Code, and all changes to the Political Reform Act and to Regulations 18730 and 18720 will automatically be part of the City’s Conflict of Interest Code; and

WHEREAS, the City of Morro Bay incorporated Commission Regulations 18730 and 18720 into its Conflict of Interest Code with the adoption of Resolution No. 04-17 adopted February 14, 2017, and its Conflict of Interest Code is in further need of updating; and

WHEREAS, the City Council has determined the documents attached to this Resolution, as Exhibits A and B, accurately set forth the current designated positions regulated by the Conflict of Interest Code, and the respective categories of financial interests which should be made reportable and those boards and commissions which should be designated and the respective categories of financial interests which should be made reportable by their members; and

WHEREAS, this action will ensure the City’s Conflict of Interest Code is up to date and in compliance with the law.

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

SECTION 1. Resolution No. 04-17 and any parts or sections of any other resolutions in conflict with this Resolution are hereby rescinded and/or repealed as necessary to resolve such conflict.

SECTION 2. The terms of Title 2, Division 6 of the California Code of Regulations, Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, incorporated herein by reference, along with the attached documents entitled

Exhibit A, in which members and employees are designated, and Exhibit B in which disclosure categories are set forth, constitute the Conflict of Interest Code for the City of Morro Bay.

SECTION 3. Pursuant to the Code, any person holding a designated position, including any person holding a designated position in an acting capacity, shall file a Statement of Economic Interest with the City Clerk. Additionally, any person hired for a position not covered by the Code, who makes or participated in making a governmental decision shall file a Statement of Economic Interest with the City Clerk.

SECTION 4. For persons holding the positions of Mayor, Councilmember, City Manager, City Attorney, and Planning Commissioner, the City Clerk may serve as the filing official by accepting the filing, retaining a copy, and forwarding the original to the Fair Political Practices Commission in Sacramento; or, for the persons holding those positions, filings may directly be made electronically with the Fair Political Practices Commission in Sacramento. For all other persons holding designated positions, the City Clerk is the filing officer and retains the statements. The City Clerk will make the statements available for public inspection and reproduction, pursuant to Government Code Section 81008.

SECTION 5. Any future amendments to the City's Conflict of Interest Code including, but not limited to, amendments to the designated positions list or to the financial disclosure categories, shall be made by resolution duly adopted by the City Council of the City of Morro Bay.

SECTION 6. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 13th day of February, 2019 on the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

EXHIBIT A
RESOLUTION NO. 13-19

CITY OF MORRO BAY

LIST OF DESIGNATED POSITIONS
CONFLICT OF INTEREST CODE

Position	Disclosure Category
Mayor, Council Members, City Manager, City Attorney, City Clerk, City Treasurer, Planning Commission Members	As required by State law
<u>Boards, Committees & Commissions</u>	
Citizens Oversight / Citizens Finance Committee	1,2
Harbor Advisory Board	1,2
Public Works Advisory Board	1,2
Recreation & Parks Commission	1,2
Tourism Business Improvement District Advisory Board	1,2,5
Water Reclamation Facility Citizens Advisory Committee	1,2
General Plan / Local Coastal Program Advisory Committee	1,2
<u>Administration</u>	
Deputy City Manager	1-6
Human Resources Analyst	1,5,6
Information Systems Technician	1,2
Tourism Manager	1,2
<u>Finance</u>	
Budget / Accounting Manager	1-6
<u>Harbor</u>	
Harbor Director	1-6
Harbor Business Coordinator	1-6
Harbor Patrol Supervisor	2,4,5,6
<u>Fire</u>	
Fire Chief	1-6
Fire Captain	1-6
Fire Marshal	1-6
Administrative Technician	2,5,6
<u>Police</u>	
Police Chief	1-6
Police Commander	1-6
Support Services Manager	2,3,5,6

Public Works

Public Works Director	1-6
Management Analyst	1,2,4,5,6
Senior Engineer	1-6
Associate Engineer	2,3,4,5,6
Assistant Engineer	2,3,4,5,6
Environmental Programs Manager	1-6
Utilities Division Manager	1-6
Consolidated Maintenance Superintendent	1-6
Wastewater Systems Supervisor	1-6
Lead Utility Operator	1-6
Consolidated Maintenance Field Supervisor	1-6

Community Development

Community Development Director	1-6
Senior Planner	1-6
Associate Planner	1-6
Building Inspector	1-6

Recreation

Recreation Services Division Manager	1-6
Recreation Supervisor – Sports Services	5,6
Recreation Supervisor – Youth Services	5,6

Consultants

1,2

Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation: The City Manager may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. The City Manager’s determination is a public record and shall be retained for public inspection in the same manner and location as the Conflict of Interest Code.

EXHIBIT B
RESOLUTION NO. 13-19

CITY OF MORRO BAY

DISCLOSURE CATEGORIES

General Provisions

When a designated employee or individual is required to disclose investments, business positions and sources of income, he or she need only disclose investments in business entities and sources of income which do business in the City, plan to do business in the City or have done business in the City within the past two (2) years. In addition to other activities, a business entity is doing business within the City if it owns real property within the City. When a designated employee or individual is required to disclose real property, he or she need only disclose that which is located in whole or in part within or not more than two (2) miles outside the boundaries of the City or within two (2) miles of any land owned or used by the City.

Designated employees shall disclosed their financial interests pursuant to the appropriate disclosure category as indicated in Exhibit A.

Disclosure Categories

- Category 1: All investments, business positions and sources of income. (See Statement of Economic Interests Schedules A-1, A-2, C, D and E.)
- Category 2: All interests in real property. (See Statement of Economic Interests, Schedule B.)
- Category 3: All investments, business positions, interests in real property and sources of income subject to the regulatory, permit or licensing authority of the department. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)
- Category 4: Investments in business entities and sources of income which engage in land development, construction or the acquisition of real property. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)
- Category 5: Investments in business entities and sources of income of the type which contracts with the City to provide services, supplies, materials, machinery or equipment to any City department. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)
- Category 6: Investments in business entities and sources of income of the type which contracts with the City to provide to the designated employee's department services, supplies, materials, machinery, or equipment. (See Statement of Economic Interests Schedules A-1, A-2, B, C, D and E.)

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AGENDA NO: C-1

MEETING DATE: February 13, 2019

Staff Report

TO: Honorable Mayor and City Council **DATE:** February 06, 2019

FROM: Rob Livick, PE/PLS – Public Works Director/City Engineer
Eric Casares, PE – Water Reclamation Facility (WRF) Program Manager

SUBJECT: Approval of Water Reclamation Facility Project Conveyance Pipeline Alignment and Pump Station Strategy

RECOMMENDATION

City Council approve staff's recommendation to proceed with the West conveyance pipeline alignment and the use of the dual pump station option for the Water Reclamation Facility (WRF) project.

ALTERNATIVES

Provide direction to pursue one of the other viable alignments.

FISCAL IMPACT

No additional fiscal impact is proposed with the staff recommendation. All work is proceeding within the City's fiscal year budget, and overall budget, for the WRF. If Council provides direction to pursue one of the other alternative alignments, then there could be up to a doubling of conveyance facility costs.

DISCUSSION

On November 6, 2017, the City selected Water Works Engineers (WWE) to provide Engineering Design Services for the new WRF Lift Station and Offsite Pipelines Project (*i.e.*, Conveyance Facilities Project). That selection followed the City's procurement guidelines for consultant selection and was vetted through the Water Reclamation Facility Citizen Advisory Committee (WRFCAC). WWE is nearing completion of the Concept Design Report, which is the first major milestone that will solidify the design criteria for the WRF project and allow the designer to move into final design. A major focus of the Concept Design Report is confirming two major elements of the Conveyance Facilities Project including:

- Alignment of the pipelines between the existing wastewater treatment plant (WWTP) conveyance infrastructure that will remain after completion of the WRF project (WWTP Conveyance Infrastructure) and the groundwater injection site and the new WRF site located at South Bay Boulevard; and
- Design criteria for the lift station(s) that will be used to convey raw wastewater from the WWTP Conveyance Infrastructure to the new WRF

The following is a summary of the analysis performed by WWE that is being used to answer those two important questions. The full analysis is presented in the Draft Concept Design Report, which will be delivered to City Council in March 2019.

Alignment Alternatives Development

01181.0001/533764.1	
Prepared By: <u>EC/RL</u>	Dept Review: <u>RL</u>
City Manager Review: <u>SC</u>	City Attorney Review: <u>JWP</u>

For the first step in the assessment of pipeline alignments, WWE identified five (5) working alignments including:

- West Alignment
- East Alignment
- Embarcadero Alignment
- Hills Alignment (Little Morro Creek)
- Hills Alignment (Radcliff St)

WWE began the preliminary assessment by identifying fatal flaws from the pipeline design criteria and constraints for several working alignments. In determining whether an alignment was flawed the following factors were considered: technical feasibility including hydraulics and constructability, environmental impacts, and potential for delay in schedule.

Fatally Flawed Alternative Alignments

Alignment	Fatal Flaw(s)	Order of Magnitude Cost impact compared to recommended
East Alignment	<ul style="list-style-type: none"> • Constructability (i.e., crossing for Morro Creek) • Hydraulics • Environmental/permitting 	\$4,000,000 more
Hills Alignment (Little Morro Creek)	<ul style="list-style-type: none"> • Constructability (i.e., 6,000-foot trenchless construction) • Hydraulics • Environmental/permitting 	\$15,000,000 more
Hills Alignment (Radcliff St)	<ul style="list-style-type: none"> • Constructability (i.e., 6,000-foot trenchless construction and crossing of Morro Creek) • Hydraulics • Environmental/permitting 	\$10,000,000 more

The following alignments were carried forward into the next phase of analysis, as not fatally flawed:

- West Alignment
- Embarcadero Alignment

Those final two alignment alternatives that were not fatally flawed were then assessed based on total project costs and non-cost project impacts. The results of the analysis are presented in the chart and discussion below:

Final Alternative Alignments Total Construction Costs Summary

Alignment	Raw Wastewater and Brine Forcemains (million)	West IPR (million)	East IPR (million)	Communication Conduit (million)
West	\$13.5	\$2.3	\$3.3	\$0.41
Embarcadero	\$15.1	\$3.0	\$4.1	\$0.49

Staff understands the construction of the conveyance pipelines in the west alignment will most certainly result in impacts due to construction to the community, including but not limited to businesses along the City's Quintana Road business corridor. Even when considering impacts to businesses, the West

alignment remains the recommended alternative for the following reasons:

- The West alignment has significant benefits over the other alignment west of Highway 1 (*i.e.*, Embarcadero alignment) including:
 - Depending on the IPR location, cost savings are nearly \$2.5 Million
 - Avoidance of known, sensitive cultural resource areas.
- While alignments east of Highway 1 were initially considered, none of those are viable for the following reasons:
 - Overland construction methods would require a significant permitting effort that could put the overall WRF project schedule in jeopardy.
 - Trenchless construction methods needed to avoid jurisdictional surface water crossings or improve the hydraulics of the system are both extremely costly and expose the City to significant construction risks.

If the Council approves staff’s recommendation on the pipeline routing, then every effort will be made by the City, WWE, Program Manager, and ultimately the contractor to minimize the temporary impacts due to construction on businesses along Quintana Road, and elsewhere. Details regarding those mitigation measures will be further detailed in future deliverables from WWE (*i.e.*, 60 percent design deliverable anticipated in April 2019), and will be brought to WRFAC and City Council for review. Staff will continue outreach efforts and work with the community in the development of construction mitigation strategies that minimize the impact due to this construction project.

Pump Station Alternatives Assessment

WWE conducted a pump station alternatives assessment based on the final alignment alternatives developed as part of the offsite pipeline assessment. With the intent of developing a pumping solution that meets the challenges of operating conditions, is cost-effective, and supports successful long-term operations and maintenance, both single- and dual-pump station configurations were evaluated. Initially, three options were considered, but Scenario 2, which included a second pump station that would only be used during wet weather events, was found to be fatally flawed due to the operational complexity created for that collection system. The two scenarios evaluated in detail included:

- Scenario 1: Single Pump Station (PS)
- Scenario 3: Full-Time PS-B

The anticipated costs for each scenario are summarized below.

Pump Station Total Construction Costs Summary

Scenario	1	3
Estimated Construction Cost (million)	\$11.0	\$8.4
Estimated O&M Cost	\$59,000	\$83,000
Estimated Replacement Costs	\$230,000	\$157,000

Scenario 3 was the preferable alternative as the benefits and costs savings associated with a multi-station setup outweighed that of a single-station. Since the City would not have to procure additional property, PS Site 2 – South of Atascadero is preferable for PS-A, and West Site 2 – Main Street at Highway 1 is preferable for PS-B. Despite having to maintain two stations, the full-time PS-B booster pump station option:

- Eliminates the complexity of pumping operations and valving associated with only using PS-B during wet weather
- Has fewer pumps to maintain than a single station
- Has the least amount of idle/unused infrastructure

- Reduces complexity of sewer forcemain maintenance

Staff, the Program Manager, and WWE have been working over the last several months to keep the public informed by presenting the findings of WWE's analysis in the Draft Concept Design Report to both the WRFCAC and City Council. On December 17, 2018, a presentation was made to WRFCAC regarding the pipeline alignment and lift station evaluation (Attachment 1). Based on input obtained from that meeting, a revised presentation was made at the January 22, 2019, City Council meeting (Attachment 2).

At the January 22, 2019, meeting, City Council, directed staff to agendize the topic at a later date to allow the Council to take formal action on the item. For clarity, a summary of staff's recommendation with pertinent rationale is provided in the following section.

Recommended Project

In June 2018, working with the Blue Ribbon Commission (BRC) to develop the most cost-effective project, that meets all of the City's goals, staff and the Program Manager recommended the West Alignment and the dual pump station alternative (Scenario 3) as the basis of the current \$126 Million budget for the WRF project. Those recommendations were made in large part due to the cost savings associated with those options. The importance of those recommendations to the overall WRF project budget cannot be overlooked. The revised \$126 Million budget was used to complete the rate study by Bartle Wells Associates (BWA), which led to the Proposition 218 process and the adoption of the new rate surcharges (\$41-per month for single-family homes) to fund the WRF project. At that time, staff and the Program Manager utilized the best available information from WWE in order to make that determination. The findings of the Draft Concept Design Report confirm the recommended pipeline alignment and pump station configuration are the preferred alternatives, based on a number of economic and non-economic criteria. Staff recommends the City Council continue moving forward with the final design of the Conveyance Facilities Project based on those alternatives. Other pipeline alignments, such as those on the east side of Highway 1, would lead to significant cost to the WRF project and most certainly put the \$126 Million budget in jeopardy.

As presented and discussed at the January 22, 2019 Council meeting, staff and the Program Manager have been working with the environmental consultant, Environmental Science Associates (ESA), who prepared the Draft and Final Environmental Impact Report (FEIR), to develop a scope of work and contract amendment for revision to the project description that covers the pipeline routing, pumping modifications and related changes to the WRF Program. The changes will be captured in an addendum to the FEIR (Addendum). ESA will begin that work shortly, once their contract amendment is approved, but does not anticipate the proposed modifications to the project description will result in any new impacts nor require additional mitigations. If that stays true, then no public review or comment period for the Addendum would be required. It is anticipated the Addendum would determine there would be no new environmental impacts resulting from the minor changes to the pipeline alignment and additional lift station and therefore no new mitigation measures would be required. ESA based this initial opinion on the minor nature of the proposed modifications along with the areas studied in the EIR were generally broad enough to encompass the proposed minor project modifications. In addition, no impacts will be caused to the WRF Program budget or schedule.

CONCLUSION

Staff recommends the City Council provide direction to proceed with the West conveyance pipeline alignment and the use of the dual pump station option for the WRF project to avoid additional cost and project delays.

ATTACHMENTS

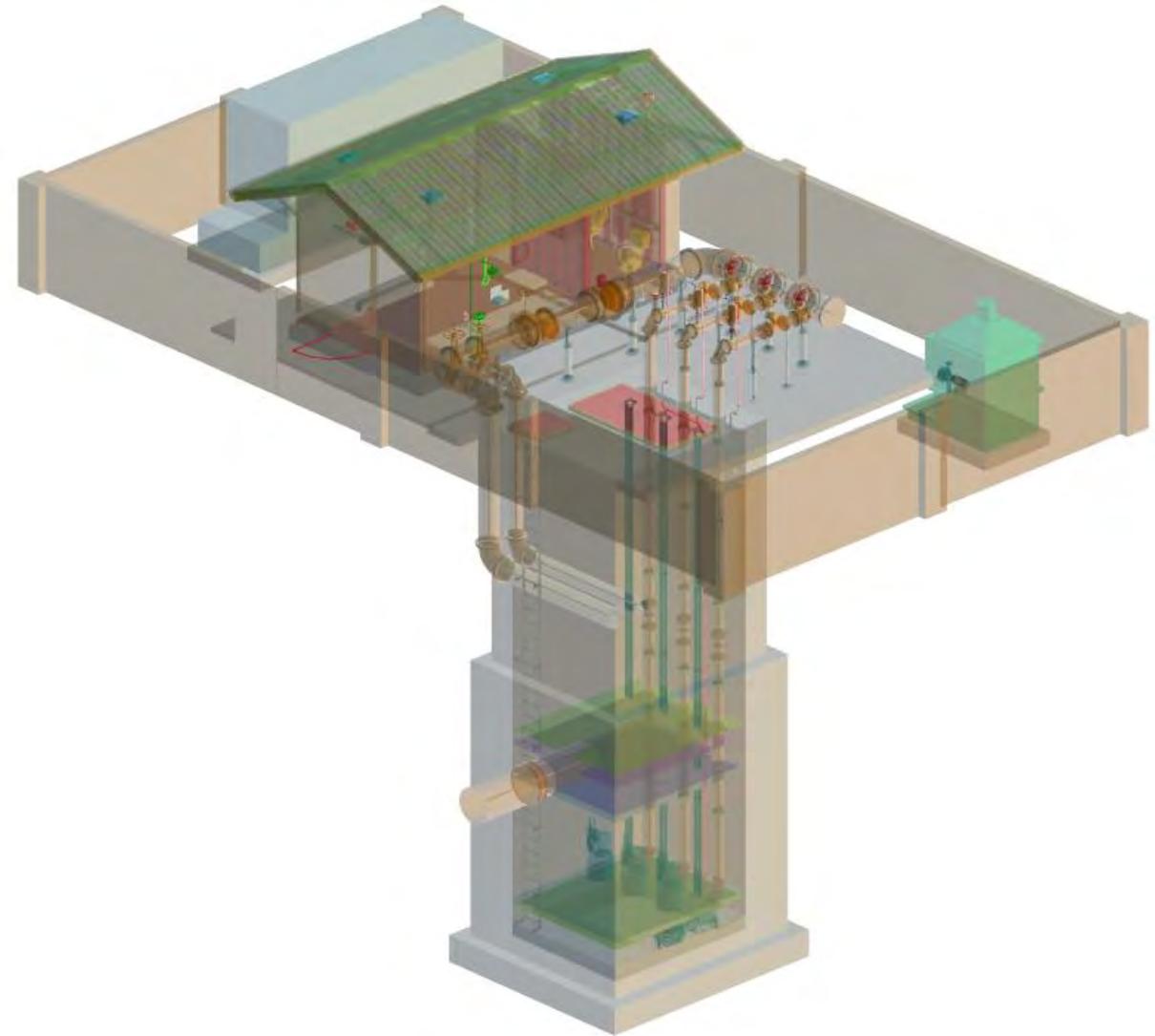
1. WRFAC Meeting (December 17, 2018) Presentation
2. City Council Meeting (January 22, 2019) Presentation



CITY OF MORRO BAY WATER FACILITY RECLAMATION PROJECT

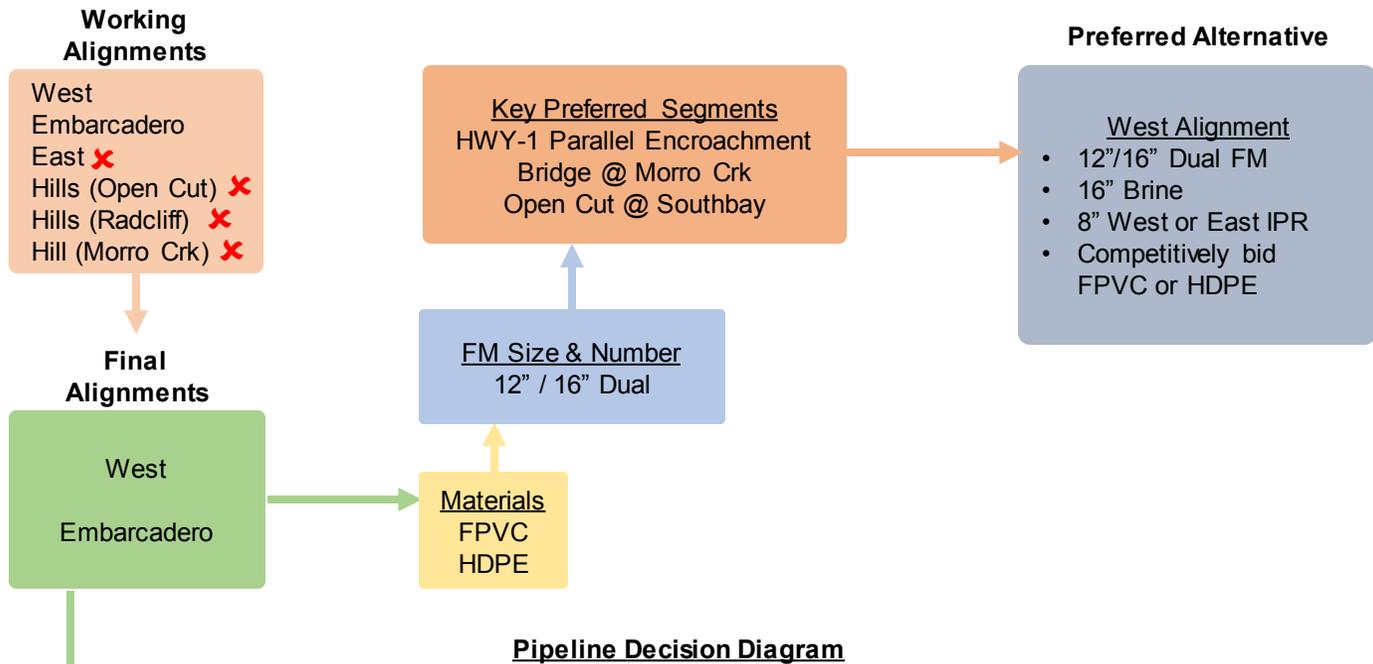
• Project Summary

- Design Flows
- Offsite Pipeline Route Study
- Pump Station Alternatives Assessment
- Preferred Alternative
- Total Project Cost

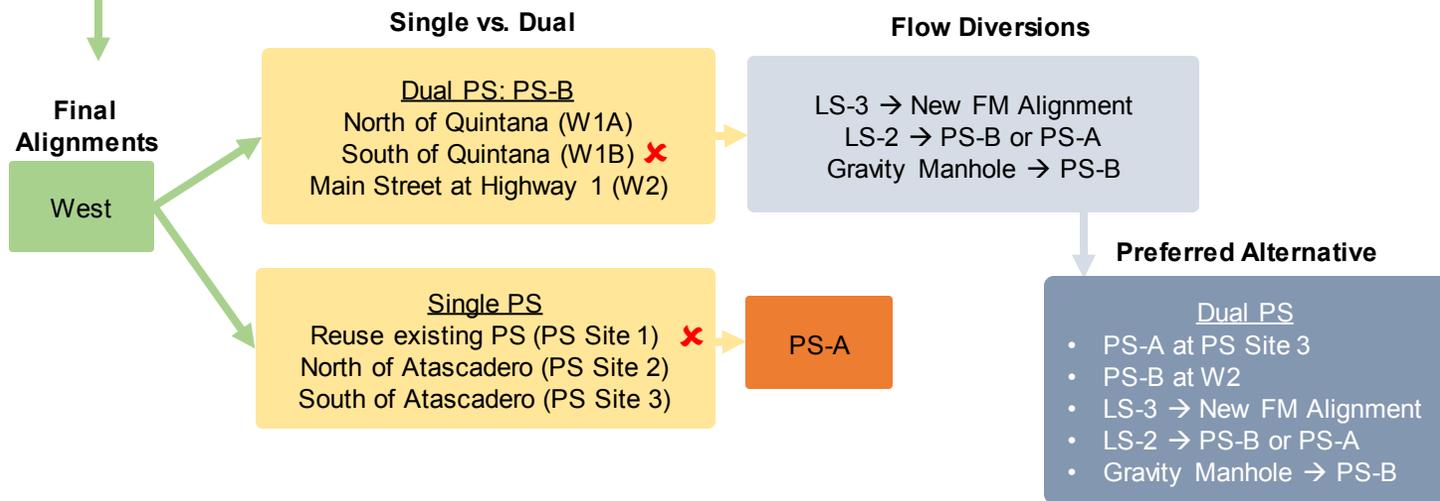


WRFCAC Status Update

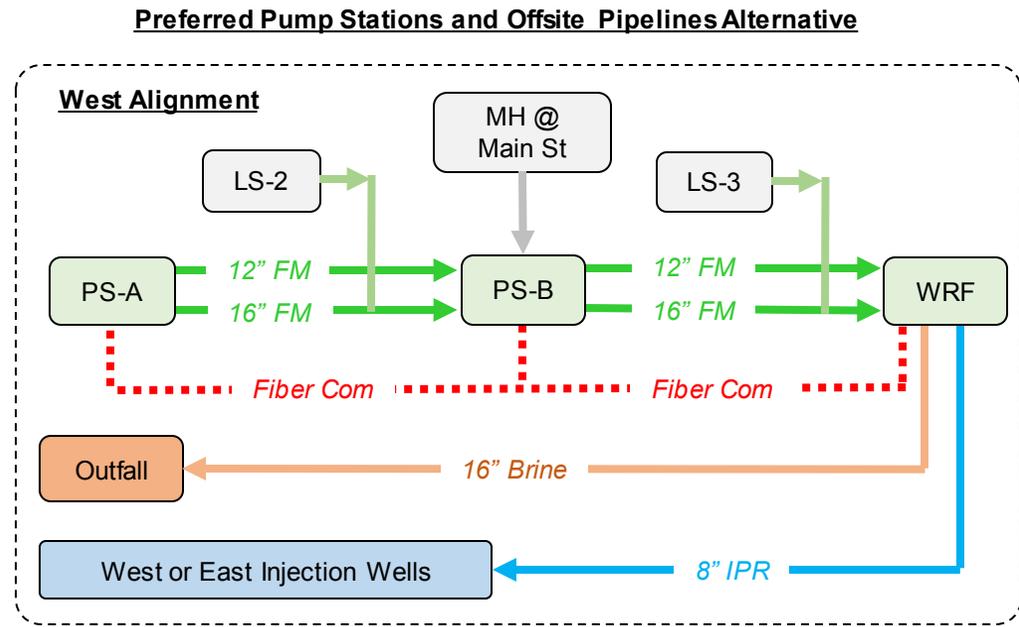
Water Reclamation Facility (WRF) Lift Stations and Offsite Pipelines



Pipeline Decision Diagram



Pump Station Decision Diagram



OneWater: 2040 Future Conditions		
Flow Regime	Hourly (MGD)	Hourly (gpm)
High Winter	8.14	5,650
* Cayucos Sanitary District existing flows are not incorporated in the WRF project		

Pipeline	Brine Pipeline	IPR
Max Flow (mgd)	8.14	0.80

Sewer Forcemains

- Dual forcemains
- Size: 12” and 16” diameter pipelines
- Material: Competitively bid HDPE and FPVC

Indirect Potable Reuse (IPR) Pipeline

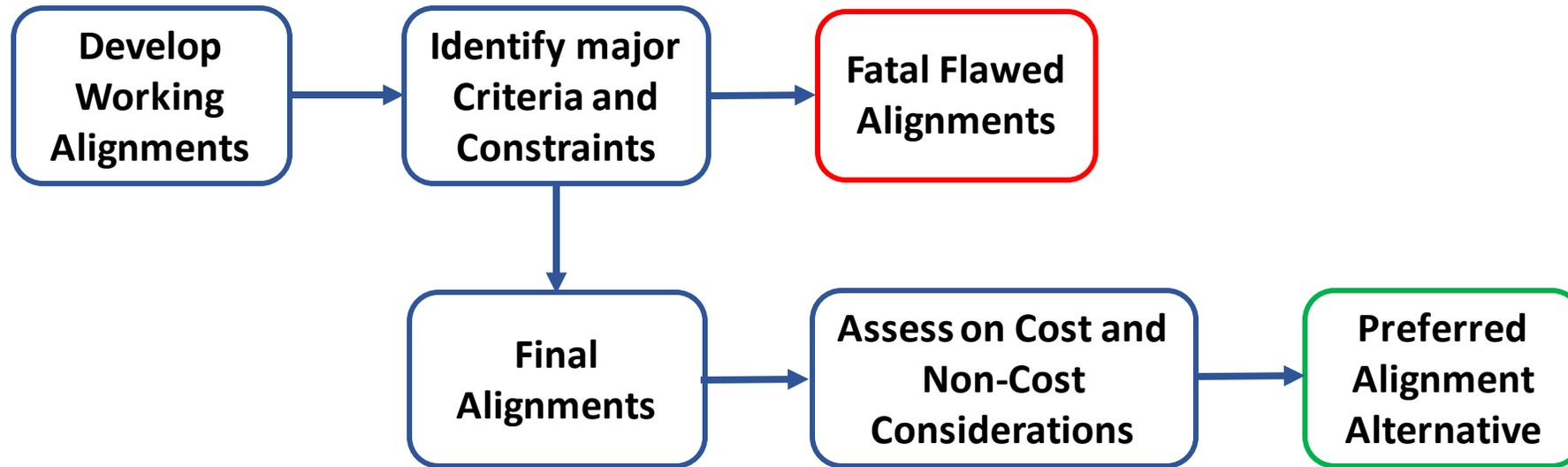
- Size: 8” diameter pipelines
- Material: Competitively bid HDPE and FPVC

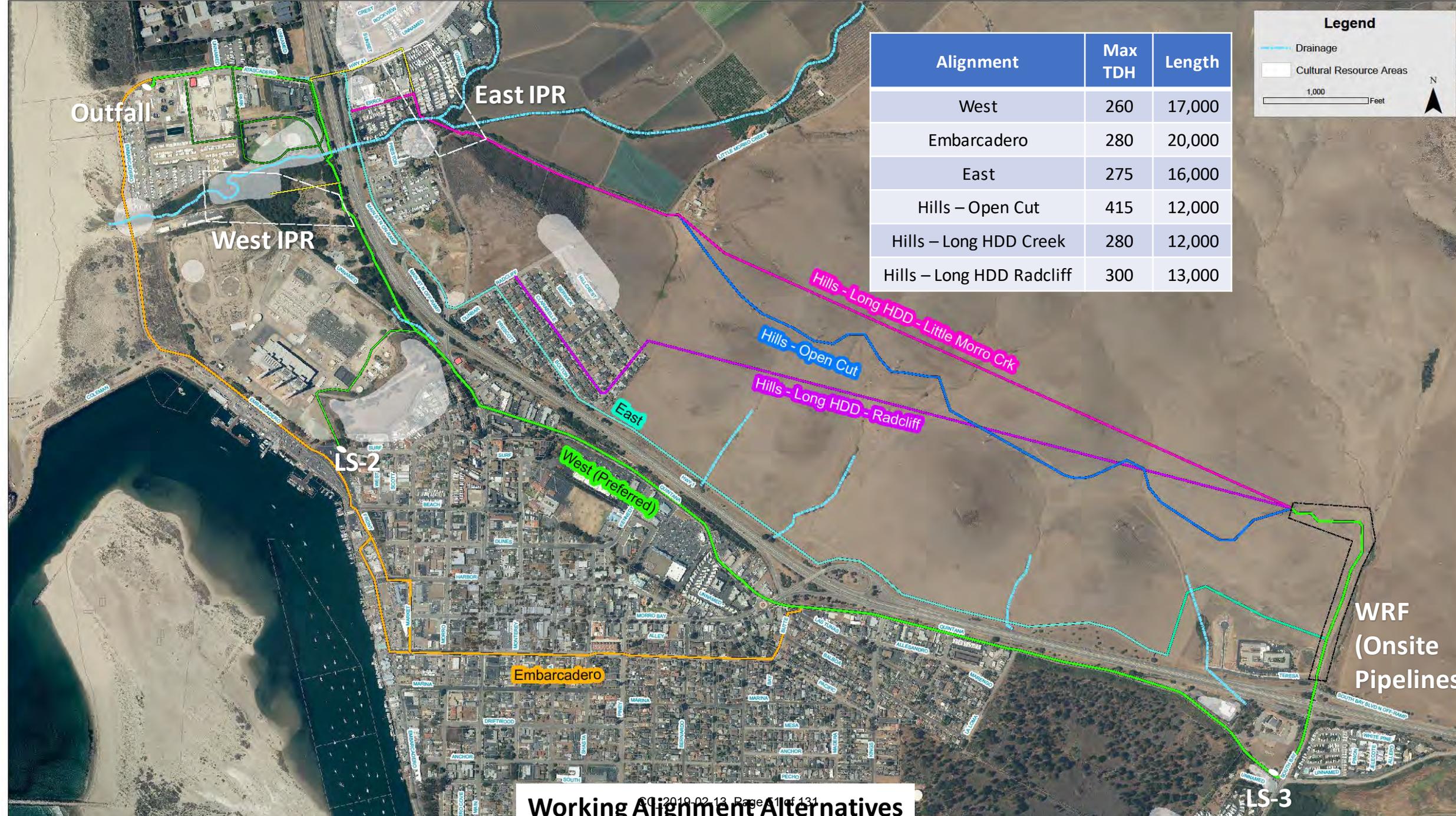
Brine (Outfall) Pipeline

- Size: 16” diameter pipelines
- Material: Competitively bid HDPE and FPVC

Communication Conduit (Fiber Optic)

- 4” diameter PVC Conduit





Alignment	Max TDH	Length
West	260	17,000
Embarcadero	280	20,000
East	275	16,000
Hills – Open Cut	415	12,000
Hills – Long HDD Creek	280	12,000
Hills – Long HDD Radcliff	300	13,000

Legend

- Drainage
- Cultural Resource Areas

1,000 Feet

N

LS-3

LS-2

WRF
(Onsite
Pipelines)

Preferred

Key Criteria and Constraints	West	Embarcadero	East	Hills		
				Open Cut	Long HDD Radcliff	Long HDD Little MorroCrk
Hydraulics (Total Dynamic Head)	+	-	FF/0*	FF	+	+
Environmental / Schedule Risks	0	+	FF	FF	0	-
Geotechnical	+	-	-	-	-	-
Cultural Resources	+	-	0	-	-	-
Accessibility / O&M	+	+	-	-	-	-
Dual Pump Station Integration	+	-	0	-	-	-
Constructability	0	+	FF/-	0	FF	FF
Right of Way Acquisition	0	+	-	-	-	-
Traffic Impacts	-	-	0	+	+	+

FF: Fatal Flawed

**Hybrid alignment East - West*

Working Alignments

West
Embarcadero
East ✘
Hills (Open Cut) ✘
Hills (Long HDD – Little Morro Crk) ✘
Hills (Long HDD – Radcliff) ✘

Final Alignments

- West Alignment Alternative
- Embarcadero Alignment Alternative

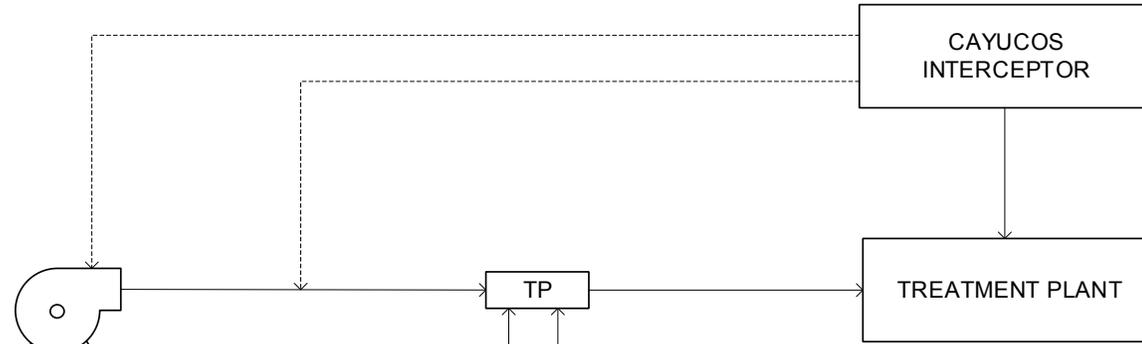
Total Offsite Pipelines Project Costs*					
Alignment	Pipeline Option	Force mains + Brine	West IPR	East IPR	Communication Conduit
West	12"FM + 16"FM + 16"Brine DR 18 FPVC or	\$13.5M	\$2.3M	\$3.3M	\$0.41M
	14"FM + 20"FM + 20"Brine DR 13.5 HDPE				
Embarcadero	12"FM + 16"FM + 16"Brine DR 18 FPVC or	\$15.1M	\$3.0M	\$4.1M	\$0.49M
	14"FM + 20"FM + 20"Brine DR 13.5 HDPE				

*Reflects 20% construction & 10% design contingency applied to direct construction costs

Preferred

Preferred Alignment Alternative

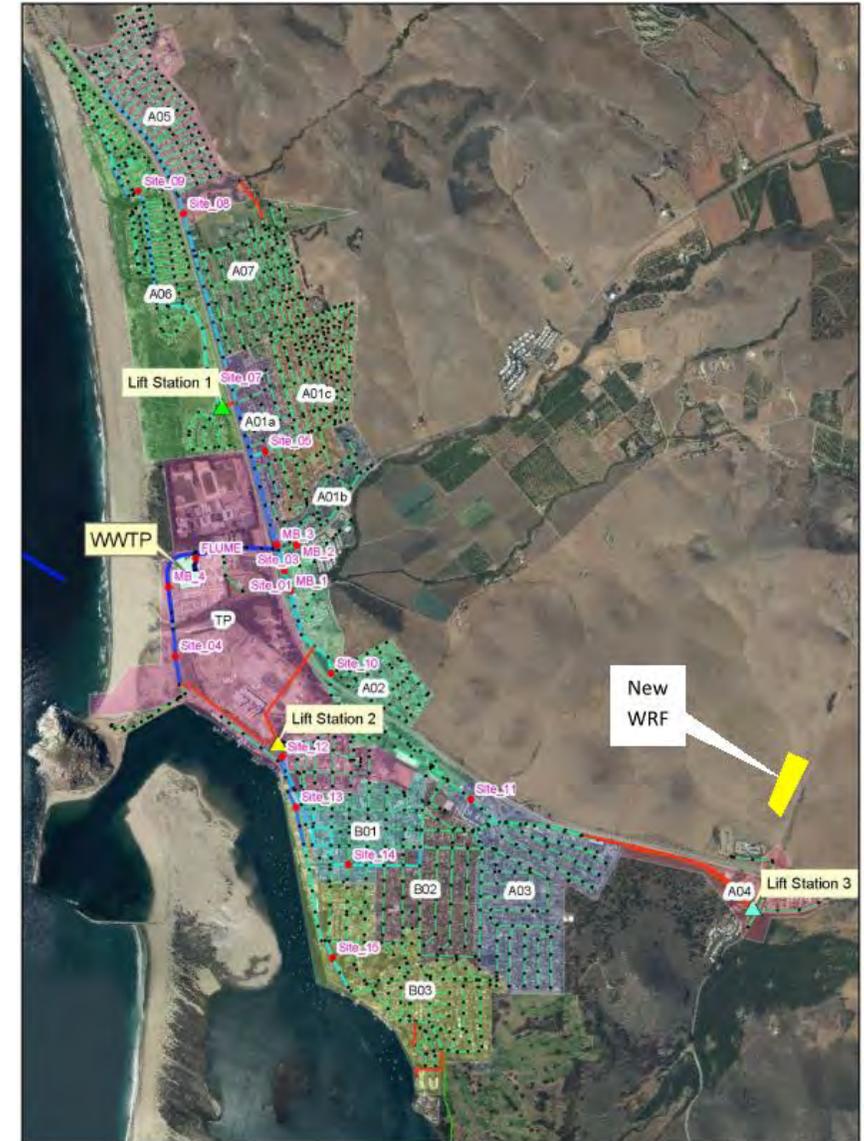
- West Alignment – Dual FM – HDPE/FPVC



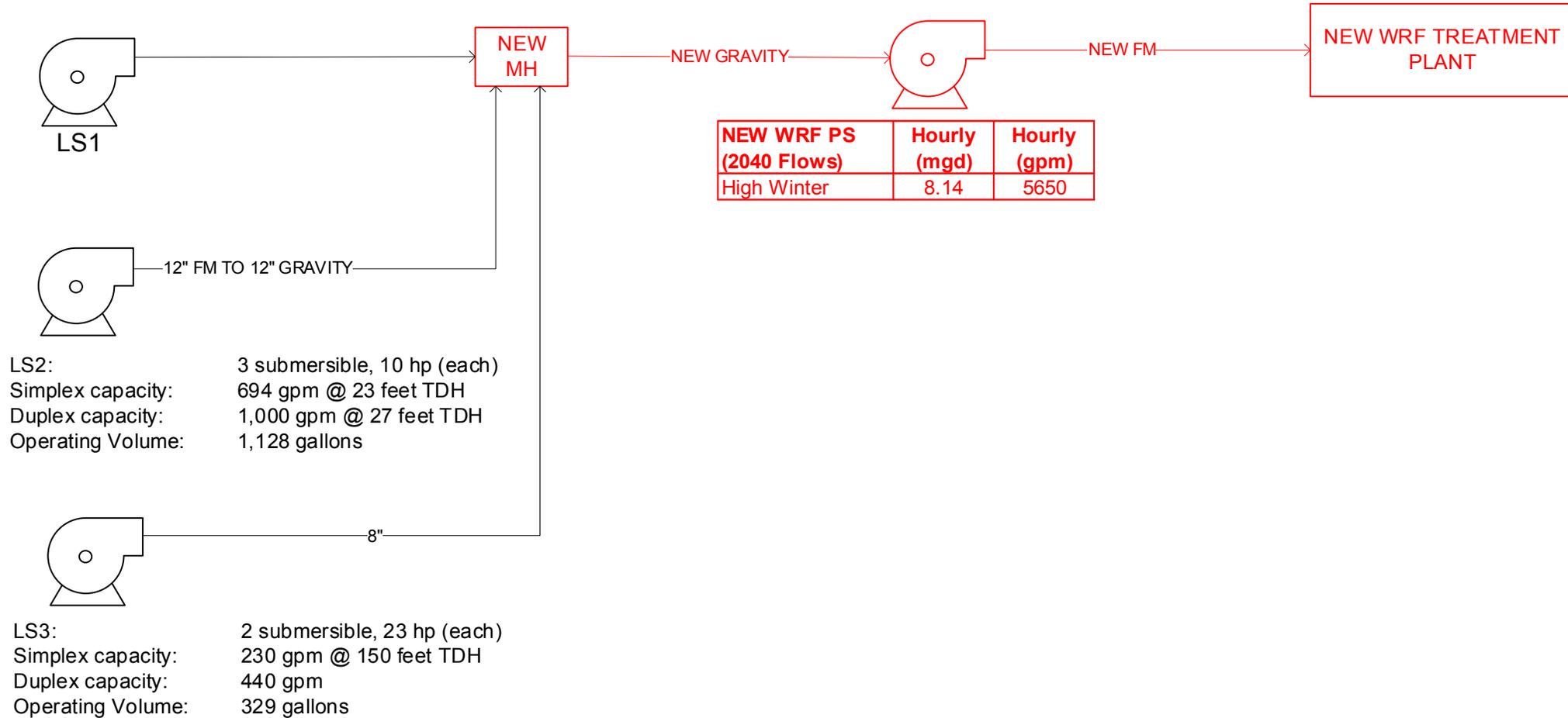
LS2:
 3 submersible, 10 hp (each)
 Simplex capacity: 694 gpm @ 23 feet TDH
 Duplex capacity: 1,000 gpm @ 27 feet TDH
 Operating Volume: 1,128 gallons



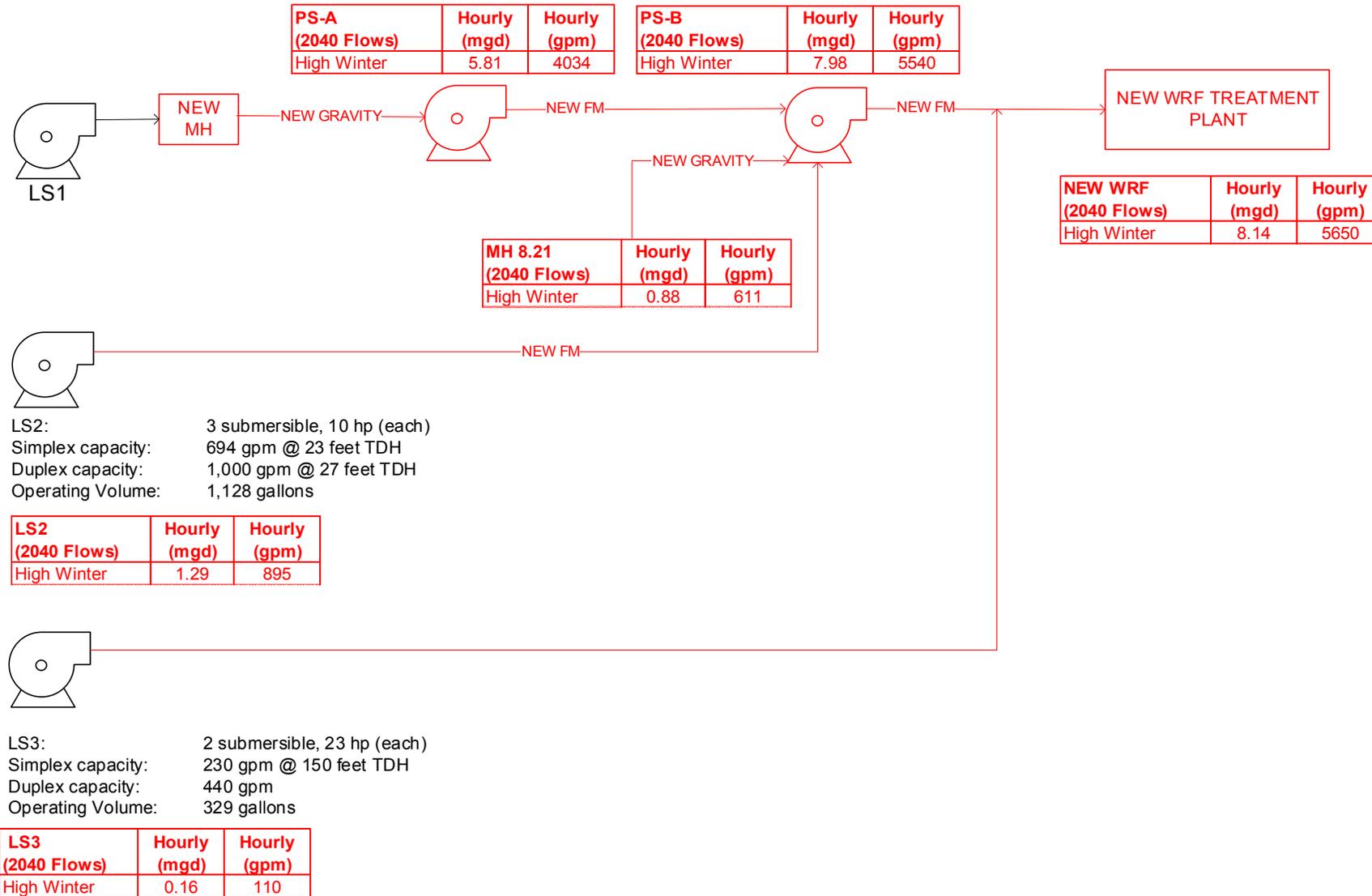
LS3:
 2 submersible, 23 hp (each)
 Simplex capacity: 230 gpm @ 150 feet TDH
 Duplex capacity: 440 gpm
 Operating Volume: 329 gallons



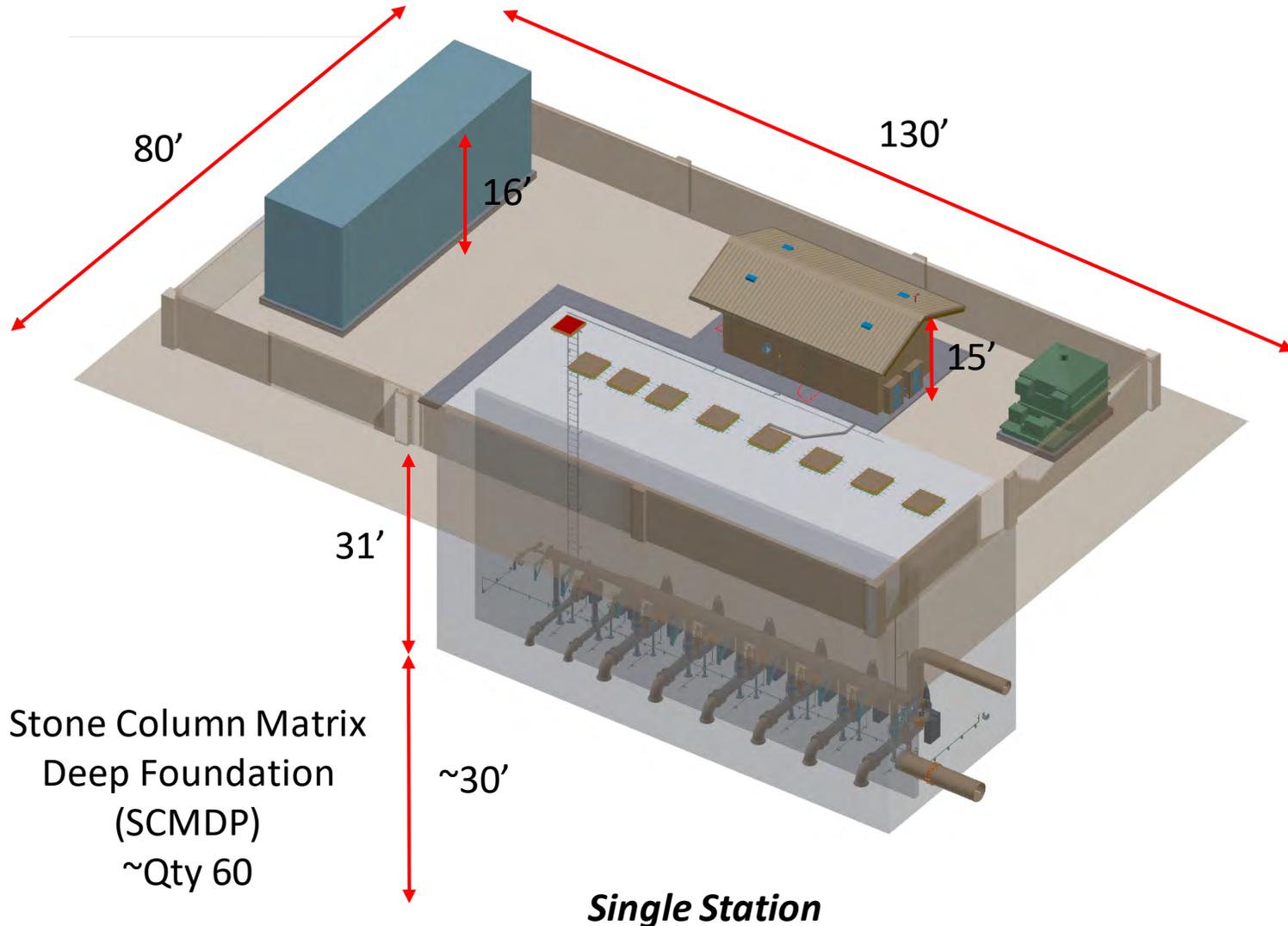
Single Pump Station



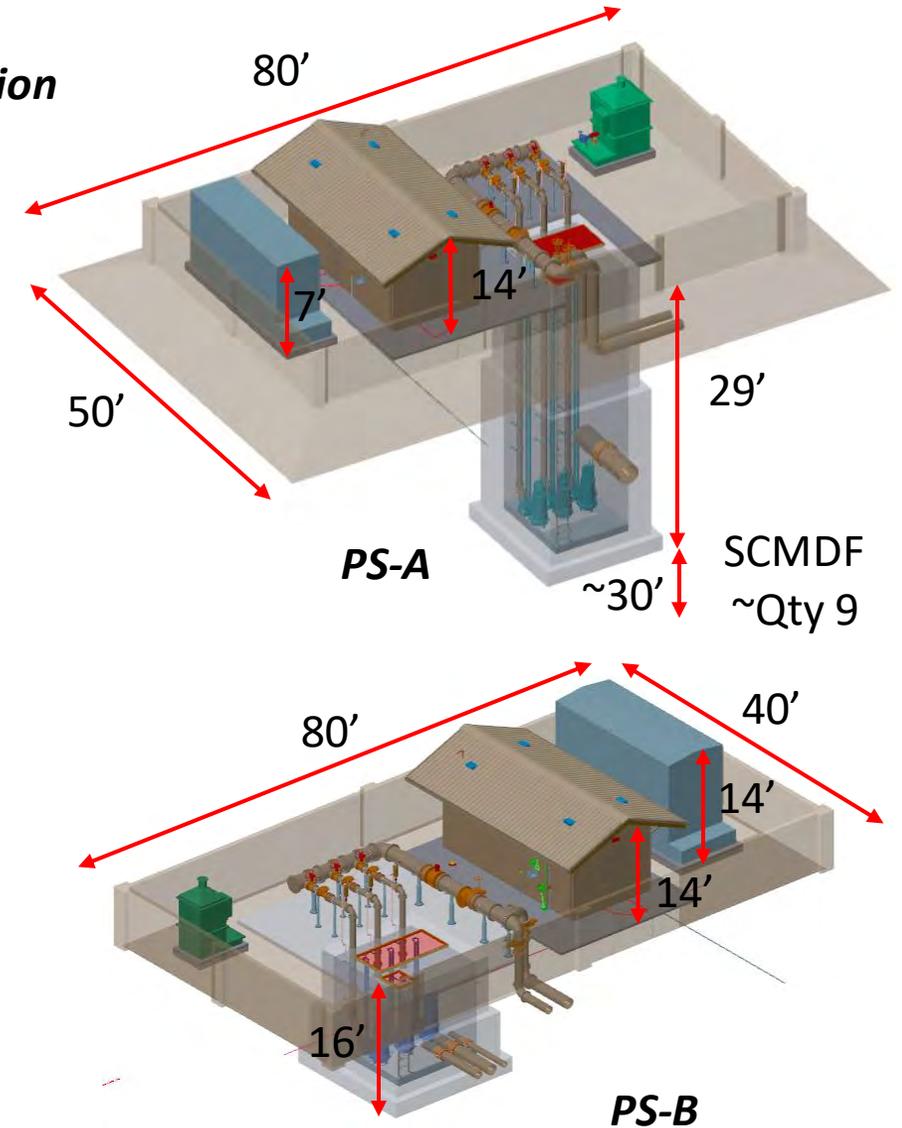
Dual Pump Station



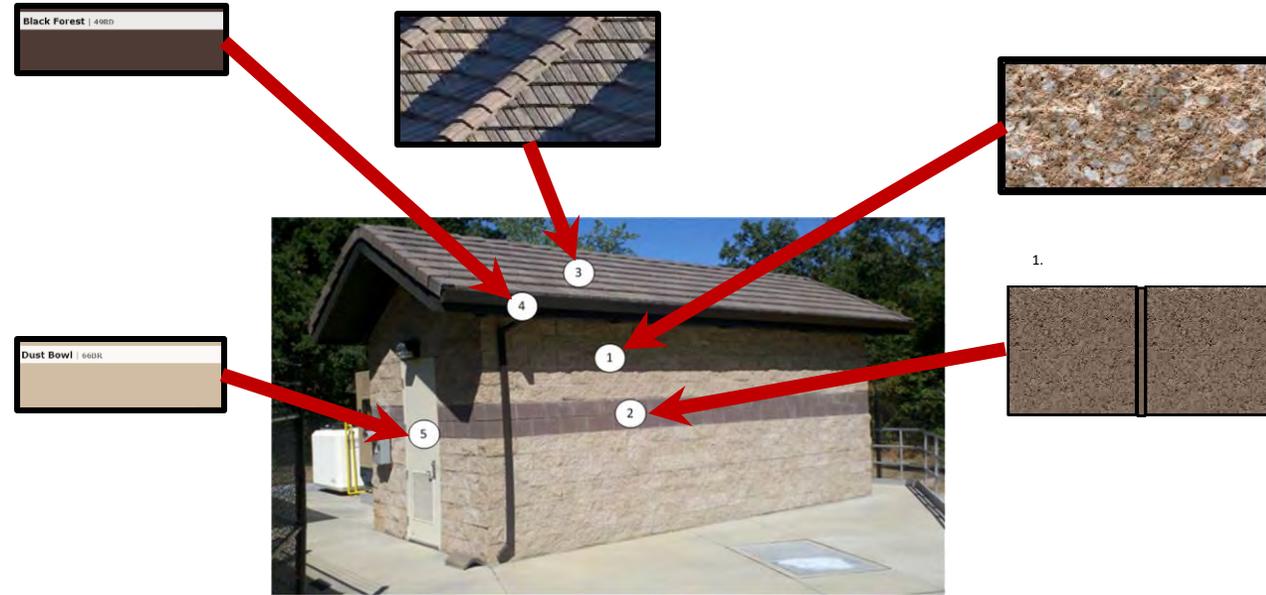
Single vs. Dual Pump Stations



Dual Station



Preliminary Architectural Finishes



Single vs. Dual Pump Stations

Scenario	Single	Dual PS
Facility Maintenance Impacts		
# of New Stations	1	2
PS-A Footprint	Large	Medium
PS-B Footprint	None	Medium
Odor Control	One Site	Two Sites
Pump Maintenance & Reliability		
# of New Pumps		
PS-A (Small)	2 (60 HP)	3 (60 HP)
PS-A (Large)	6 (250 HP)	n/a
PS-B (Large)	n/a	3 (250 HP)
Total	8	6
# of Idle Pumps 99.9% of Yr	5 - PS-A Large	None
Size of Duty Pumps	Smaller	Smaller
Pump Cycling	Less	More
Control Complexity	Medium	Simple
Forcemain Impact		
Forcemain Velocities	Low	Higher
Pipe Length for Pigging	Longer	Shorter
LS-2 FM Redundancy	No	Yes

Preferred



PS-A Configuration and Location



Single Pump Station/PS-A Options Project Constraints				
	PS-A Site 1	PS-A Site 2	PS-A Site 3	Discussion
Property Procurement	+	-	+	PS-A Site 1 and 3 are City Property and do not require permitting
Future use of existing WWTP	-	+	0	PS-A Site 2 – North of Atascadero would allow for the largest sale of contiguous existing WWTP property.
WWTP Impacts during Construction	-	+	+	Re-using the existing influent PS would be the most disruptive to WWTP operations. PS Site 3 would require the demolition of an existing building but would not affect the operations of the WWTP.
Aging Infrastructure / Retrofit Effort	-	+	+	The existing influent PS (PS Site 1) is approaching 40 years old.
Environmental	+	-	+	The site north of Atascadero would require property procurement as well as permitting for construction. Protective fencing may be needed along the northern construction limit.
Emergency Storage	-	+	+	Existing structure is not equipped for emergency storage, new facility storage can be built in.

Preferred

PS-B Configuration and Location



PS-B Options Project Constraints			Discussion
	W1A & W1B	W2	
Property Procurement	-	+	W2 is currently owned by the City.
Elevation	+/-	+	W1B Significantly higher than Quintana Road which adds static head to PS-A.
Construction Impacts / Public Visibility	+	+	The sites along Embarcadero are surrounded by businesses and would likely be surrounded by public parking.
Environmental	+/-	0	West Sites 1A and 2 are bordered by unnamed drainage ditch that parallels Highway 1 and would require protection during construction.

Preferred

Preferred

Total Offsite Pump Stations Project Costs*		
Scenario	Single	Dual
Estimated Capital Cost	\$11.0M	\$8.4M
Estimated 20-yr NPW (O&M + Replacement Funds)	\$3.6M	\$3.0M
20YR NPW	\$14.6M	\$11.4M

*Reflects 20% construction & 10% design contingency applied to direct construction costs

Dual Pump Stations

- Simplifies mechanical valving and reduces complexity of operations during wet weather events
- Fewer pumps to maintain than a single station
- Eliminates idle pumps/infrastructure during 99.9% of year

Preferred PS-A Location: PS Site 2 - South of Atascadero

- Eliminates need for property procurement and permitting

Preferred PS-B Location: West Site 3 - Main Street at Hwy 1

- Eliminates need for property procurement

Legend

- Drainage
- Cultural Resource Areas

1,000 Feet

N

Outfall

PS-A

East IPR

West IPR

PS-B

LS-2

West (Preferred)

WRF
(Onsite
Pipelines)

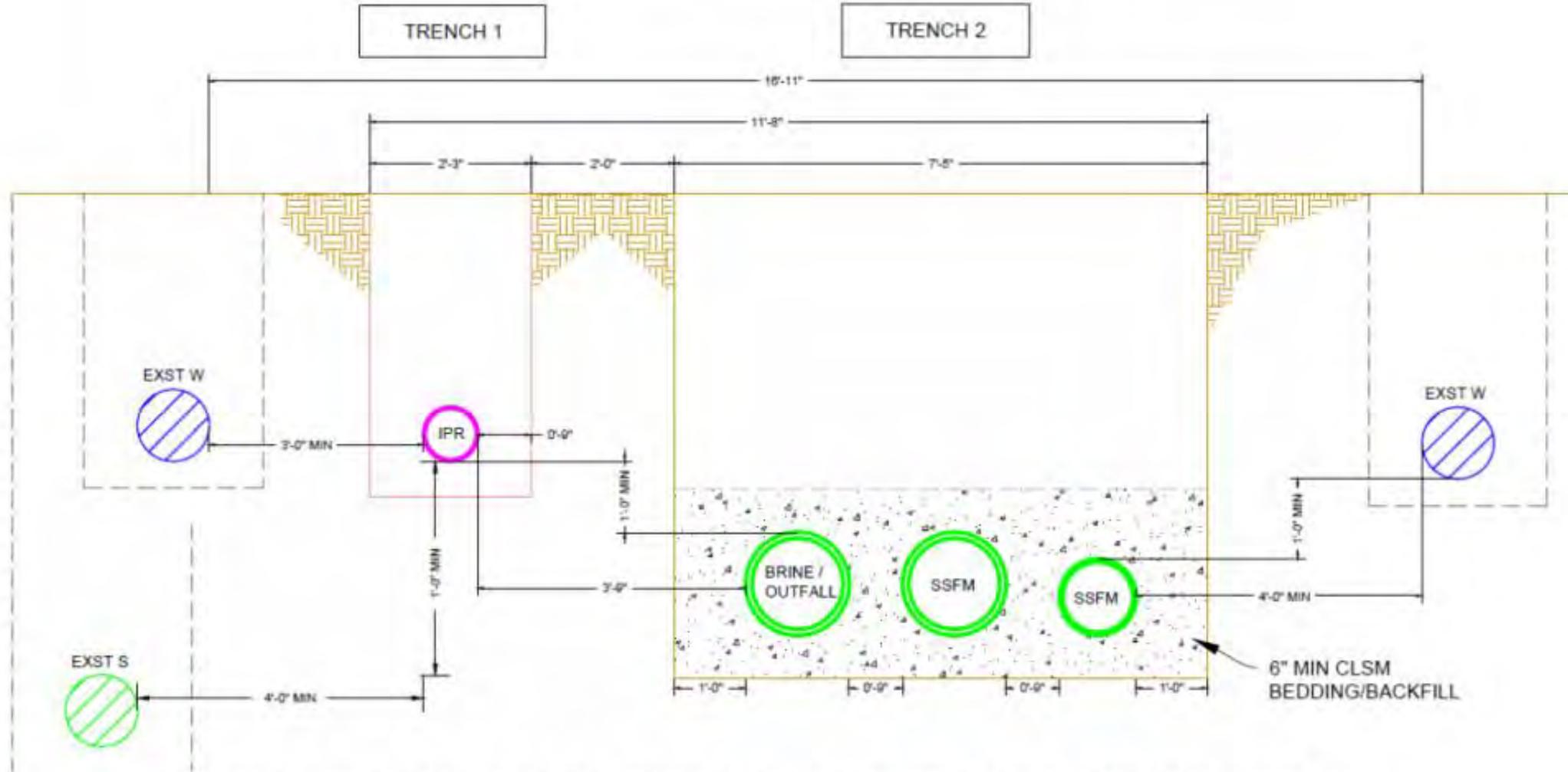
LS-3

Estimated Offsite Pipelines and Pump Stations Project Cost*					
Cost Item	Pump Stations	Forcemains + Brine	IPR West	IPR East	Communications Conduit
Capital Cost	\$8.4M	\$13.5M	\$2.3M	\$3.3M	\$0.41M
Total	\$21.9M		\$3.71M		

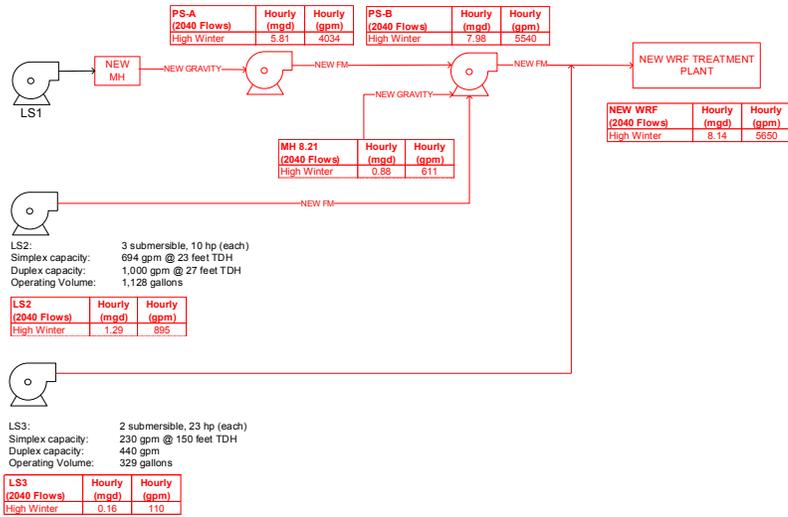
*Reflects 20% construction & 10% design contingency applied to direct construction costs

Questions

Typical Cross Section



Proposed Trench Section w/ Mitigation To Provide Equal Protection to 10-ft Separation



Item C-1 Monthly Review of the Status of and Actions Regarding the Water Reclamation Facility

Morro Bay, CA
January 22, 2019



Recommendations



- Receive the status report of the Water Reclamation Facility (WRF) Program
 - Status of the WRF Design/Build Project
 - Consolidated Coastal Development permit from the California Coastal Commission (CCC) for all components of the WRF Program
 - Status of the Conveyance Facilities Project
 - Status of the project budget
 - Provide any other direction as deemed appropriate by a majority of the Council

Recommendations



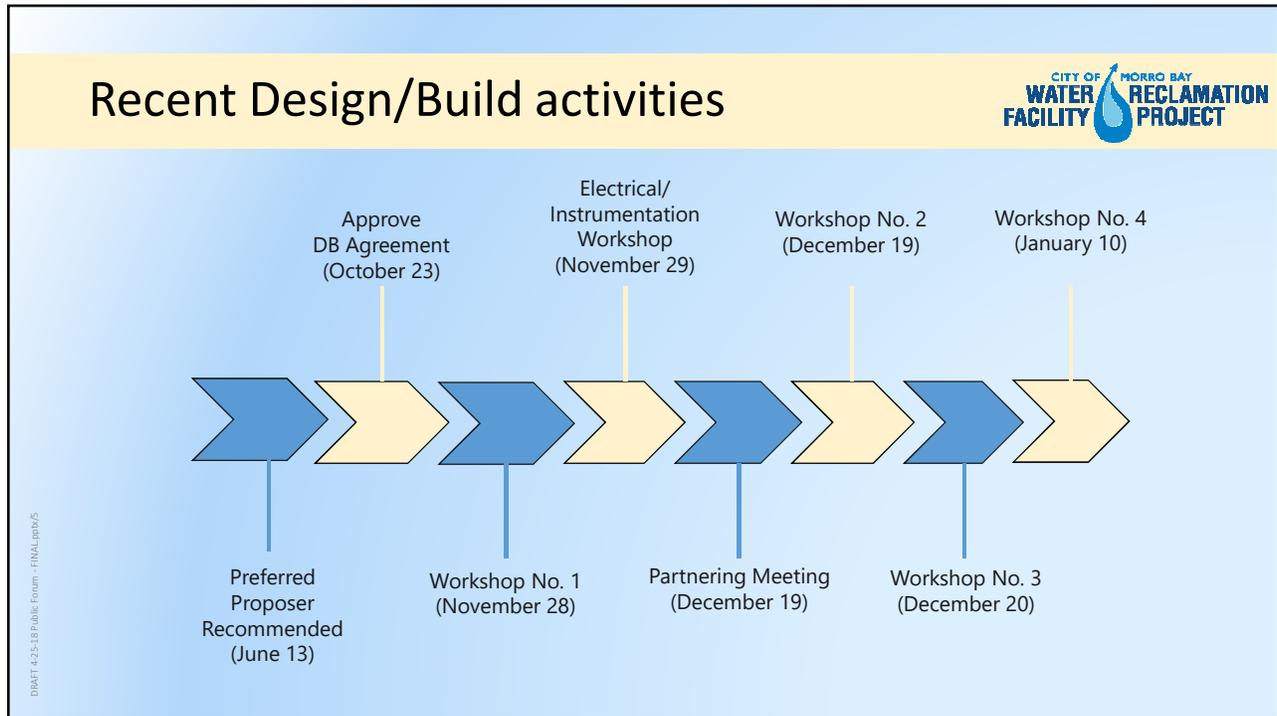
- **Take Action:** Approve Resolution No. 08-19 authorizing staff to complete and submit an application to the Local Agency Formation Commission (LAFCO) for a sphere of influence designation for the approximately 400-acre Tri W, Inc., property near South Bay Boulevard and annexation of 27.6 acres of that property (Assessor's Parcel Number 073-101-017)

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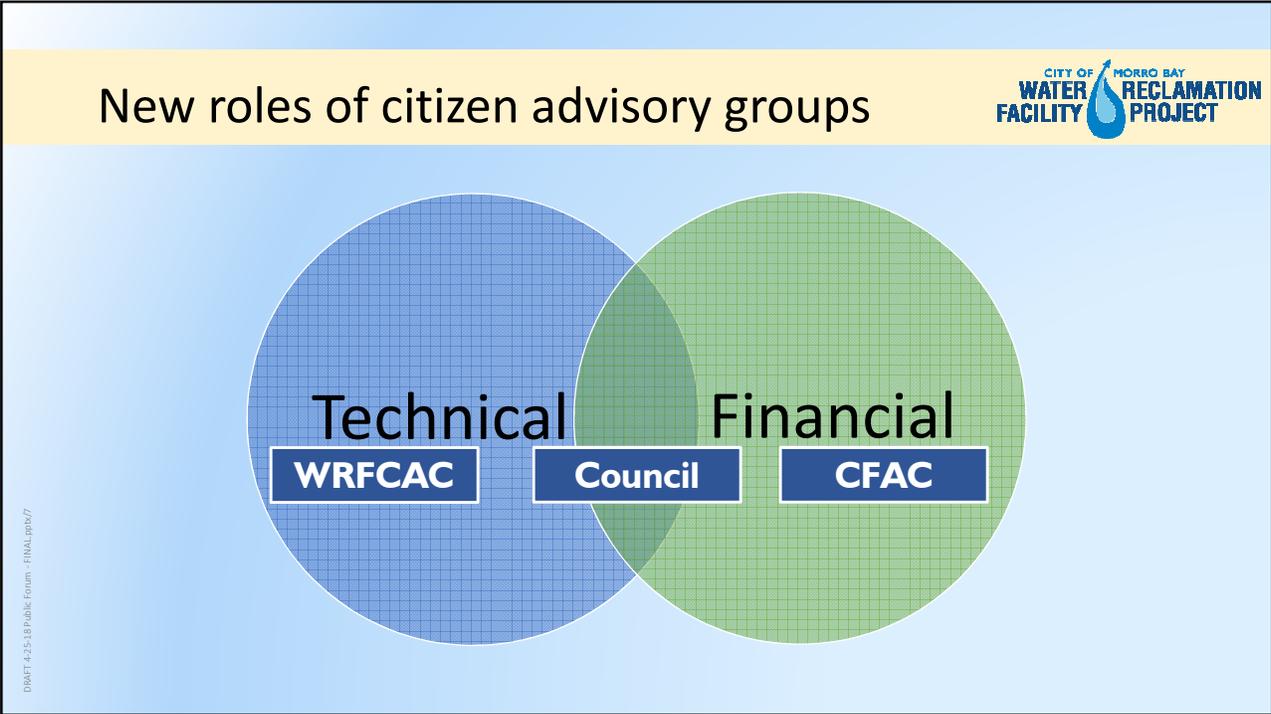


WRF Design/Build Project





- ## Deliverables for the Design/Build project
-
- CITY OF MORRO BAY
WATER FACILITY RECLAMATION PROJECT**
- Schematic Design (30 percent)
 - Design Development (60 percent)
 - Construction Documents (100 percent)
- DRAFT 4.25-18 Public Forum - FINAL.pptx/6



Path to final project definition

Activity	Meeting	Date
Conceptual Engineering Report Presentation	WRFCAC	March 13 th or 14 th
Potential Change Orders Presentation	CFAC	March 19 th
Conceptual Engineering Report/Potential Change Orders Presentation	City Council	March 26 th

DRAFT 4.25-18 Public Forum - FINAL.pptx/8



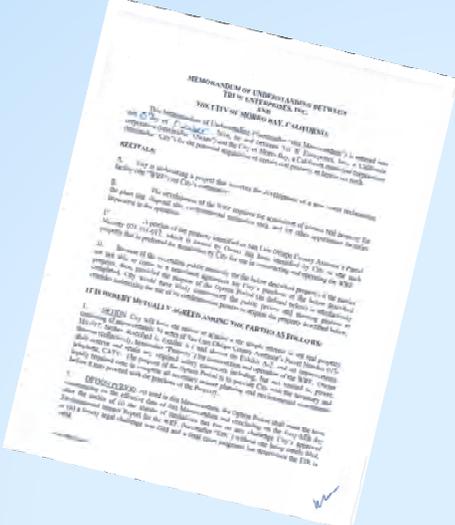
South Bay Boulevard Property Acquisition



Requirements of the MOU with Tri W



- MOU signed in October 2016
- Requires the City to make application to LAFCO for:
 - Annexation (27.6-acre WRF site)
 - SOI (400-acre Tri W property)



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Requirements of the MOU with Tri W

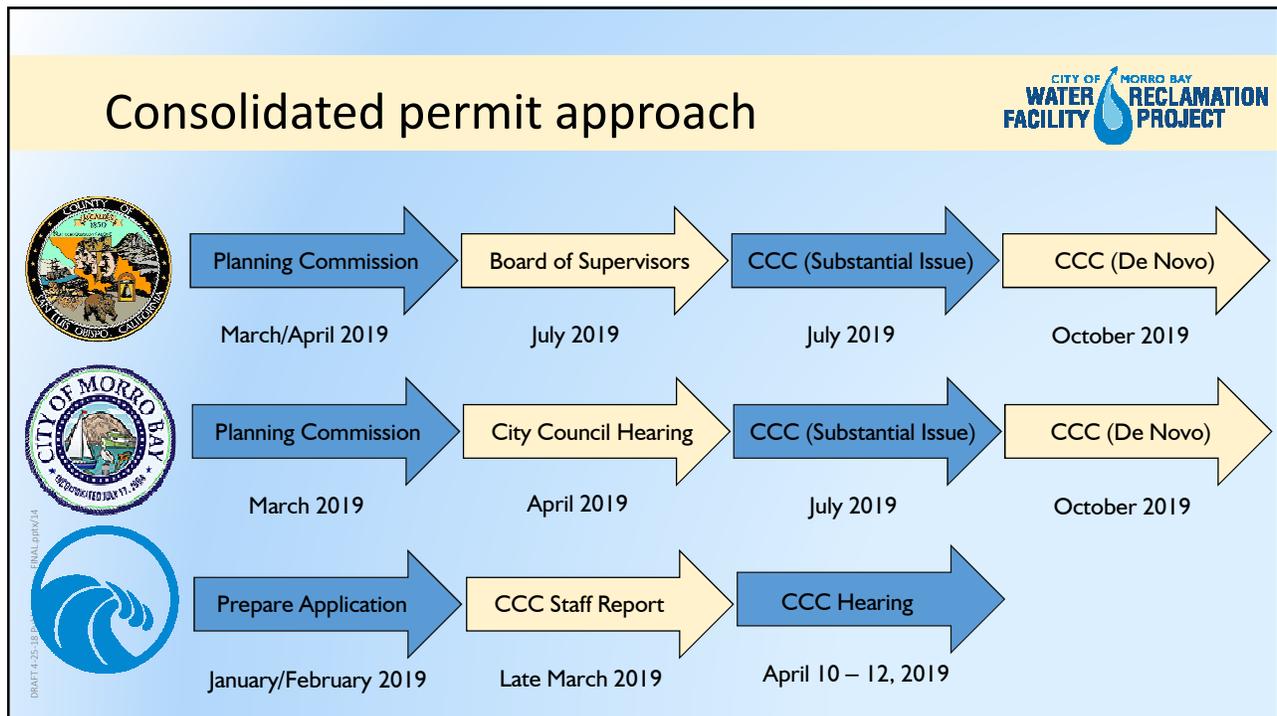
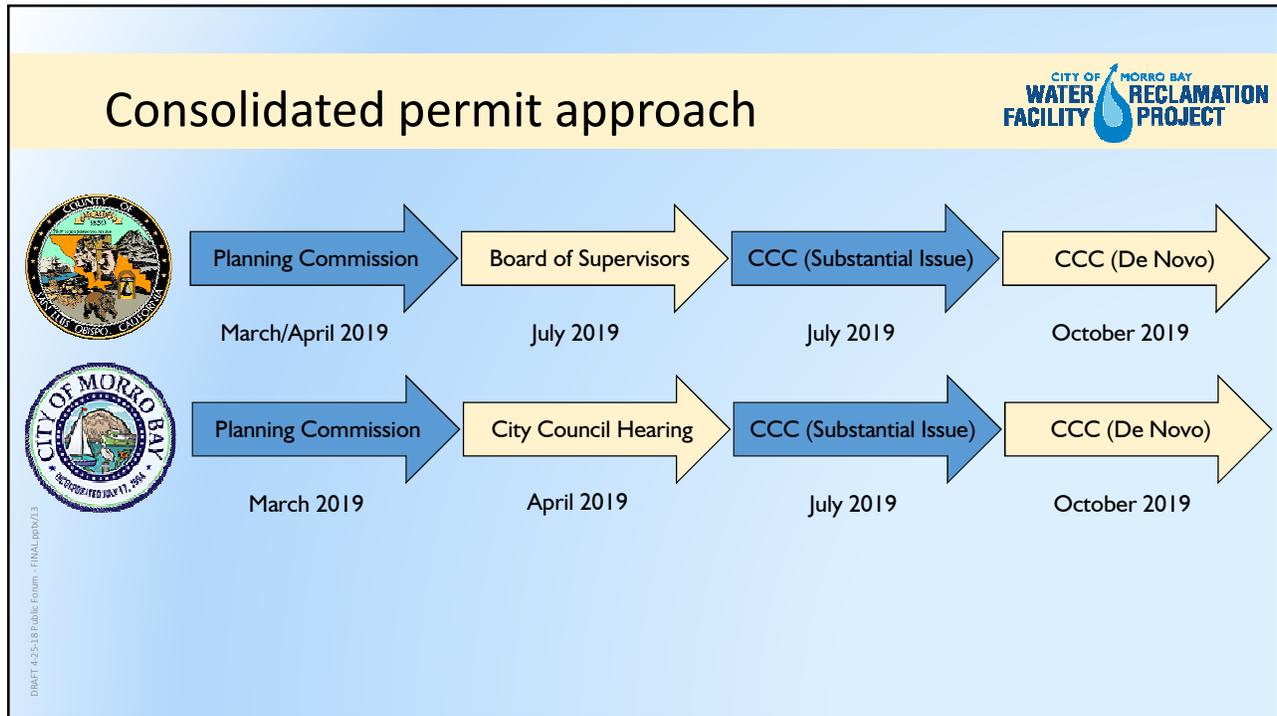


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Land Use Permitting







Project assumptions used for budget

- West alignment
- Dual pump stations
- Dual raw wastewater forcemains

WRF Project Costs

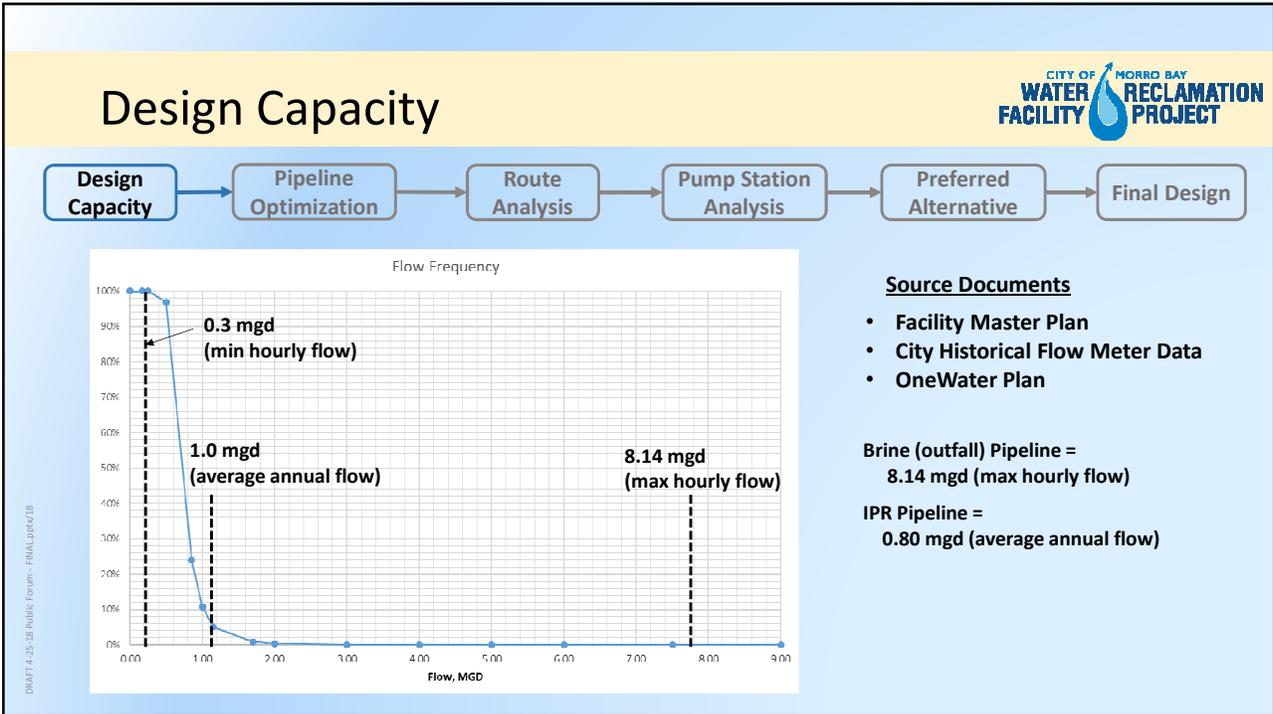
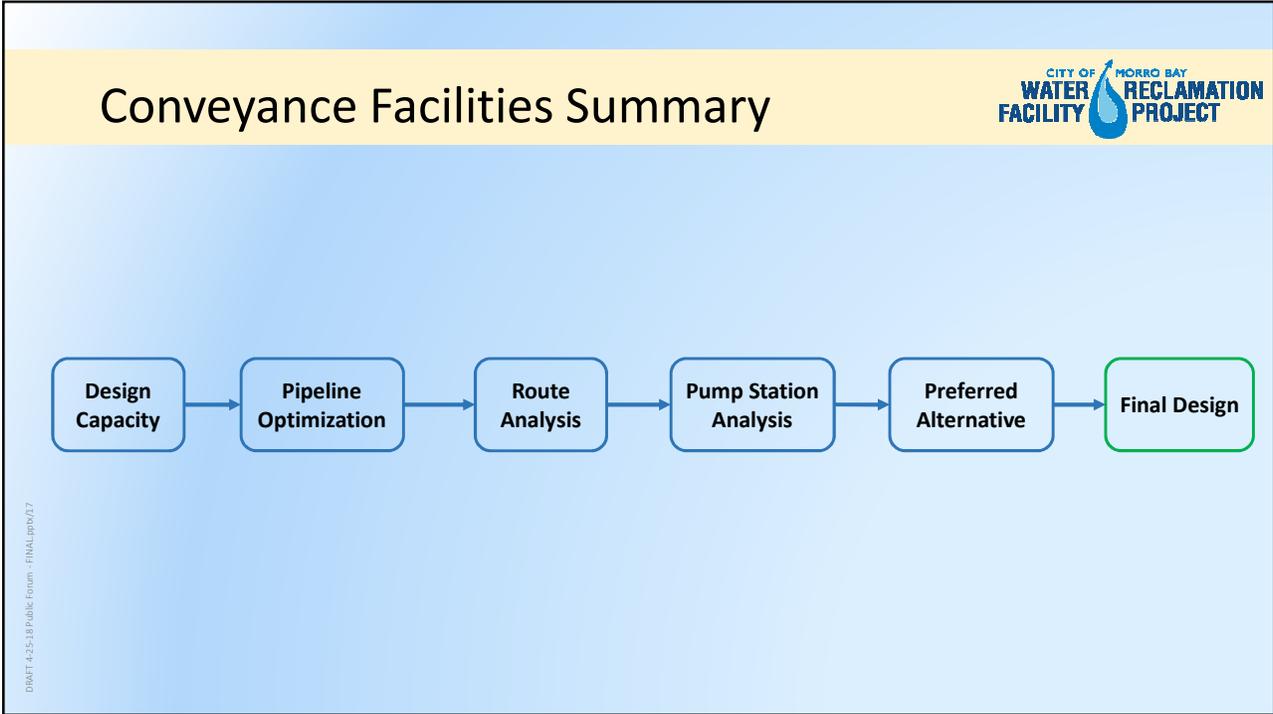
Total Project Cost: \$126 Million
(\$122.8 Million Excluding Cash Reserves)

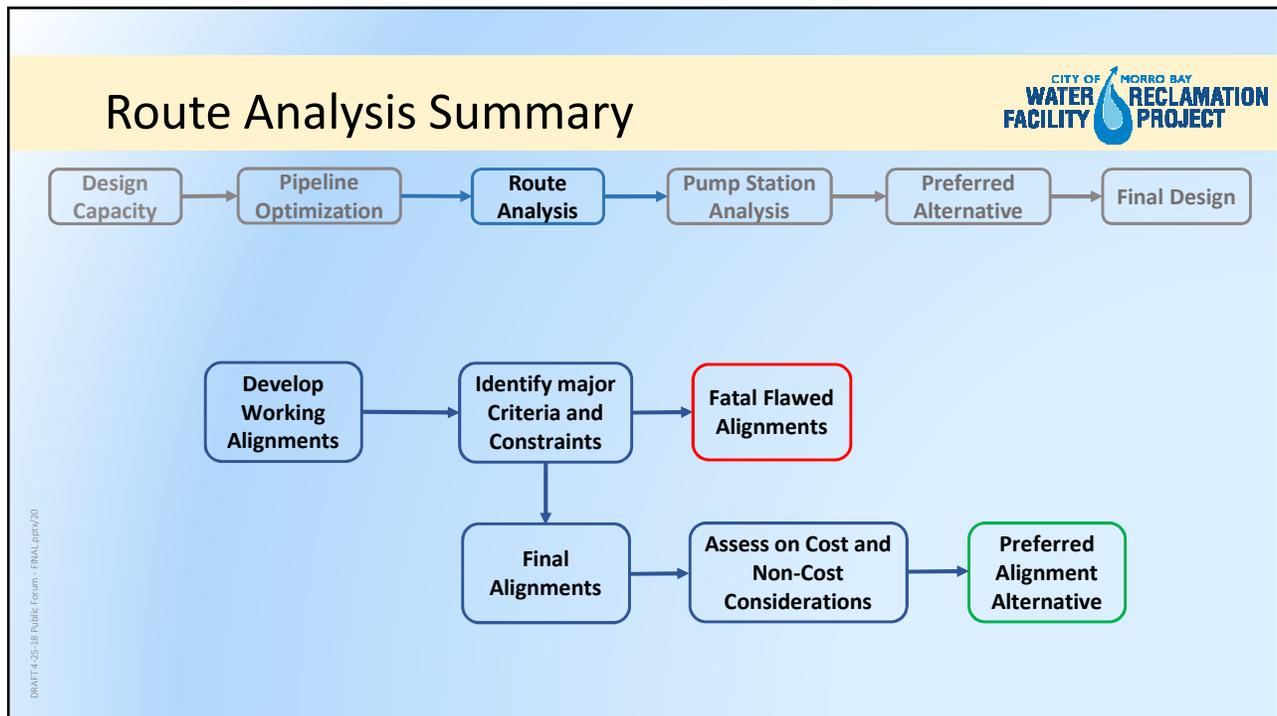
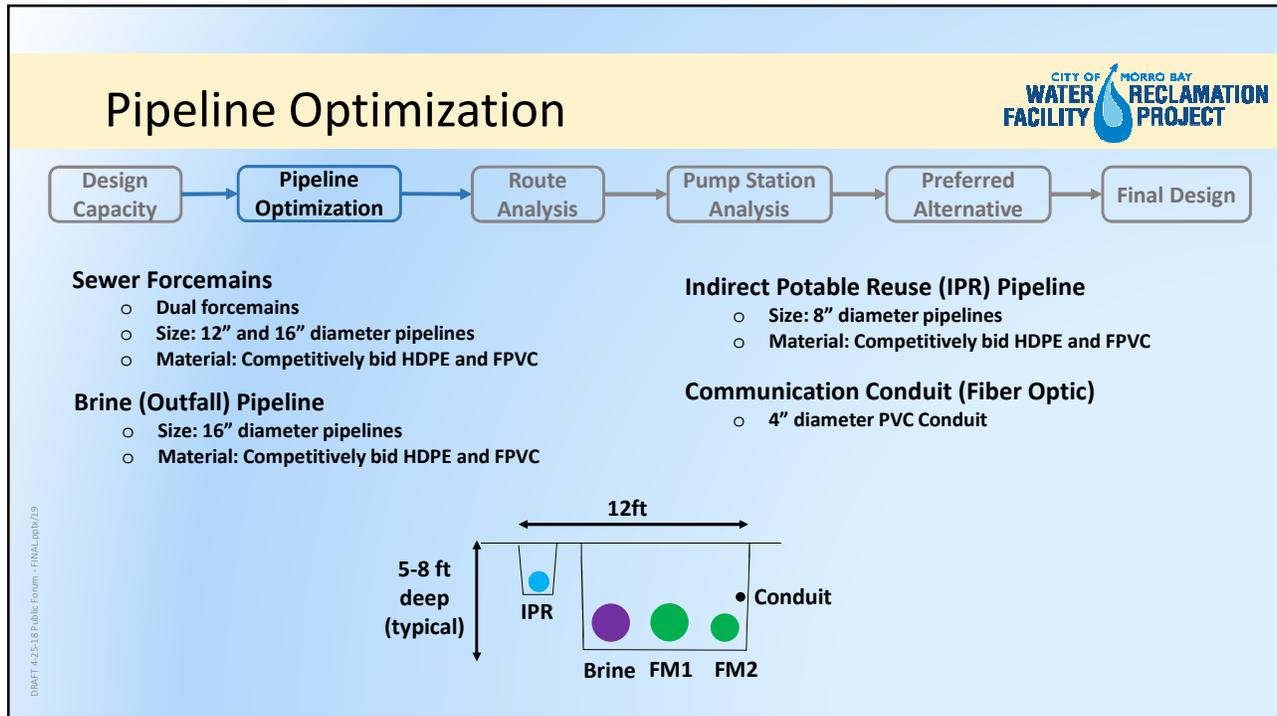
Category	Cost (\$ Million)
Water Reclamation Facility	74.2
Conveyance Facilities	26.2
Offsite Recycled Water Facilities	12.1
General Program Implementation	5.2
Project Reserves	3.0
Total	126.0

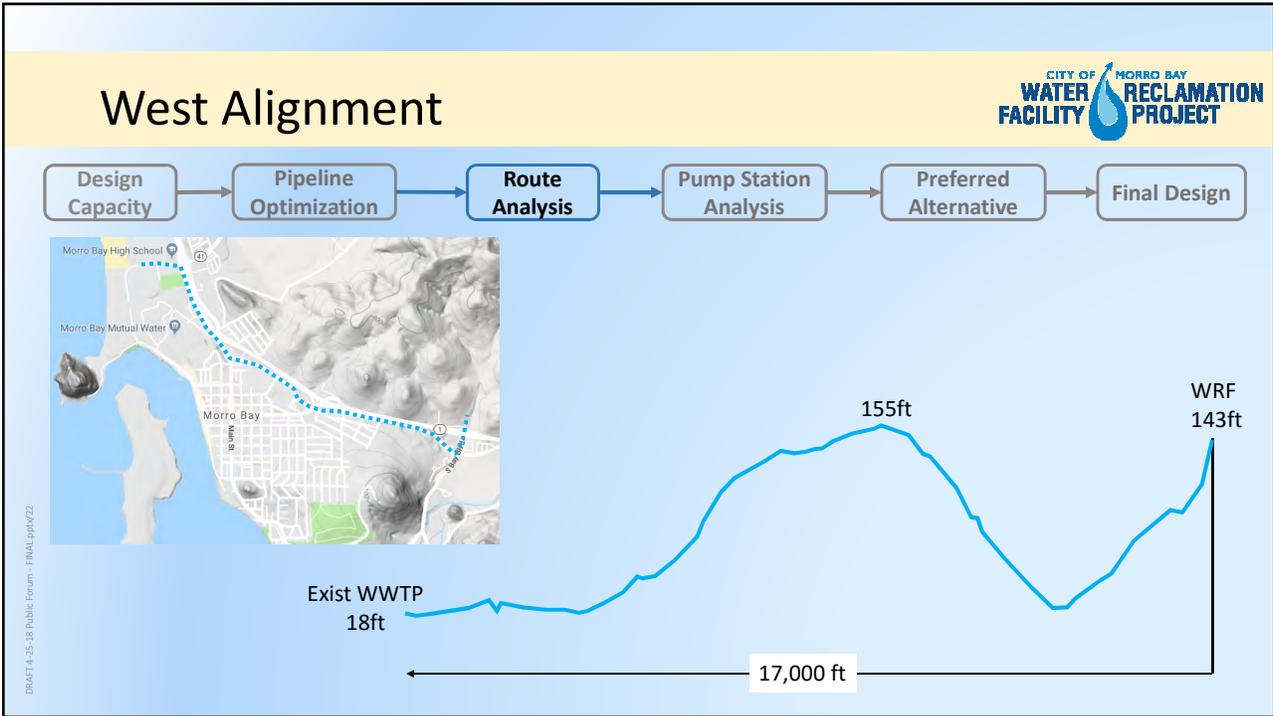
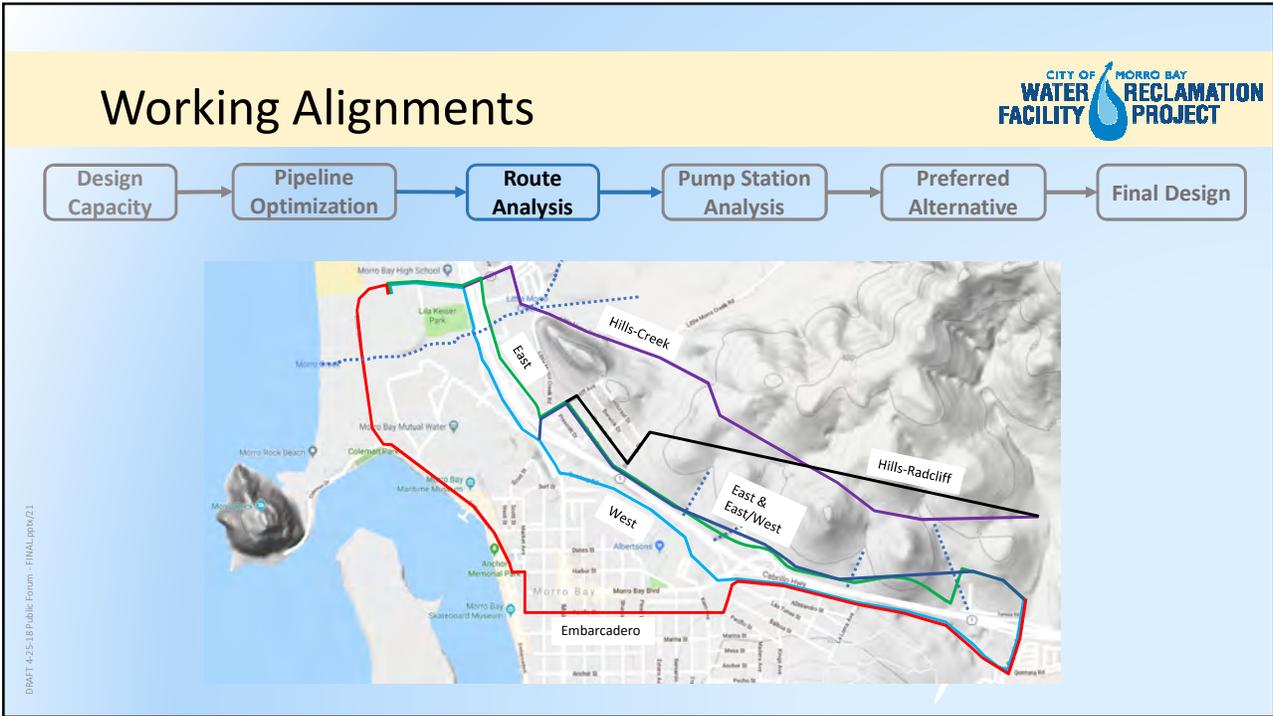
The route of the force main from the existing Atascadero Road Treatment Plant to the new Water Reclamation Facility on South Bay Boulevard will travel along or under the bike/pedestrian path (runs just to the east of the Morro Bay Power Plant to the intersections of Quintana and Main). The force main would then continue south on Quintana to South Bay Boulevard then north to the new plant. In addition to the force main the trench will also include a pipe for the brine discharge and heavy wet weather processed flows to the City's Outfall to the Ocean. The trench will also include a potable water line for fire suppression at the plant.

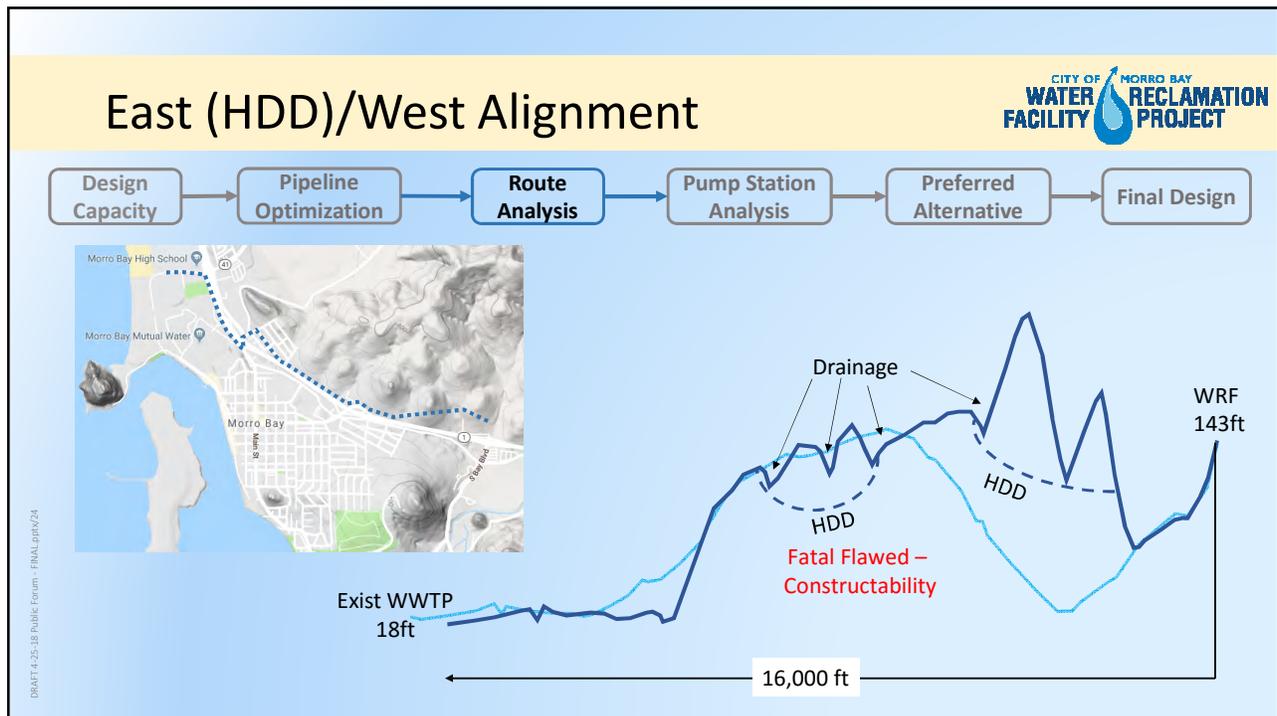
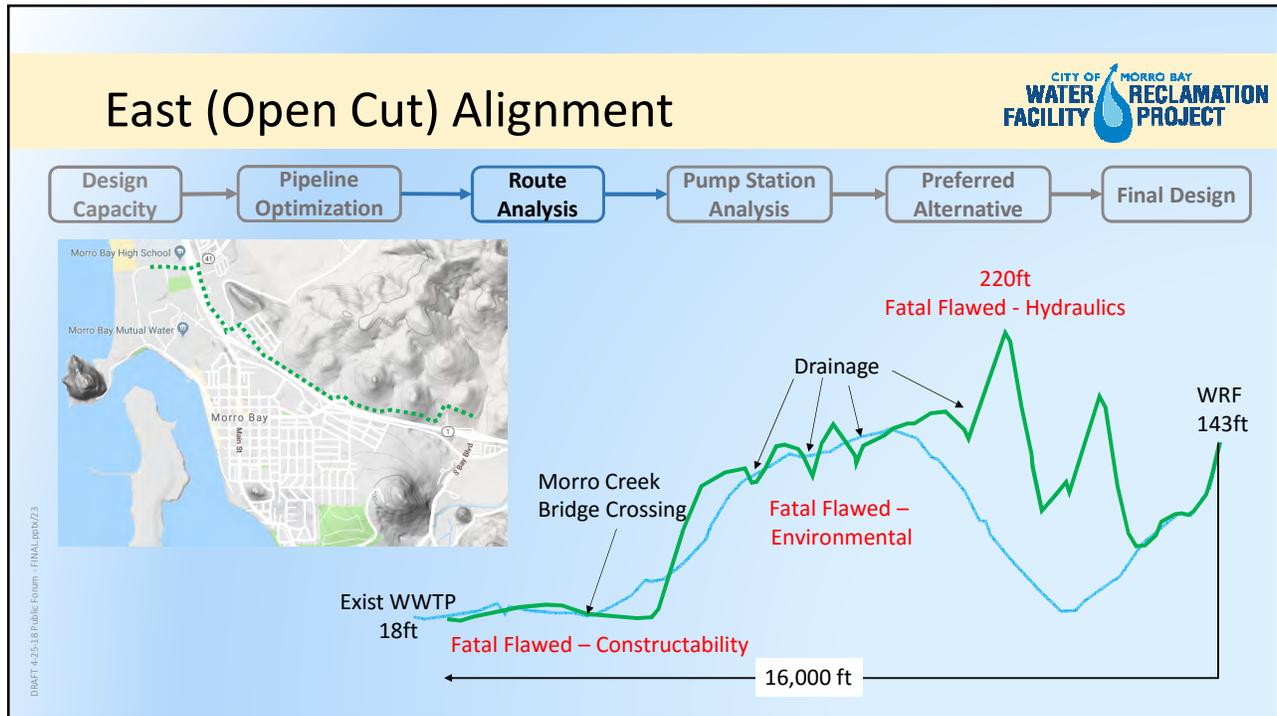
Blue Ribbon Commission (June 21, 2018)

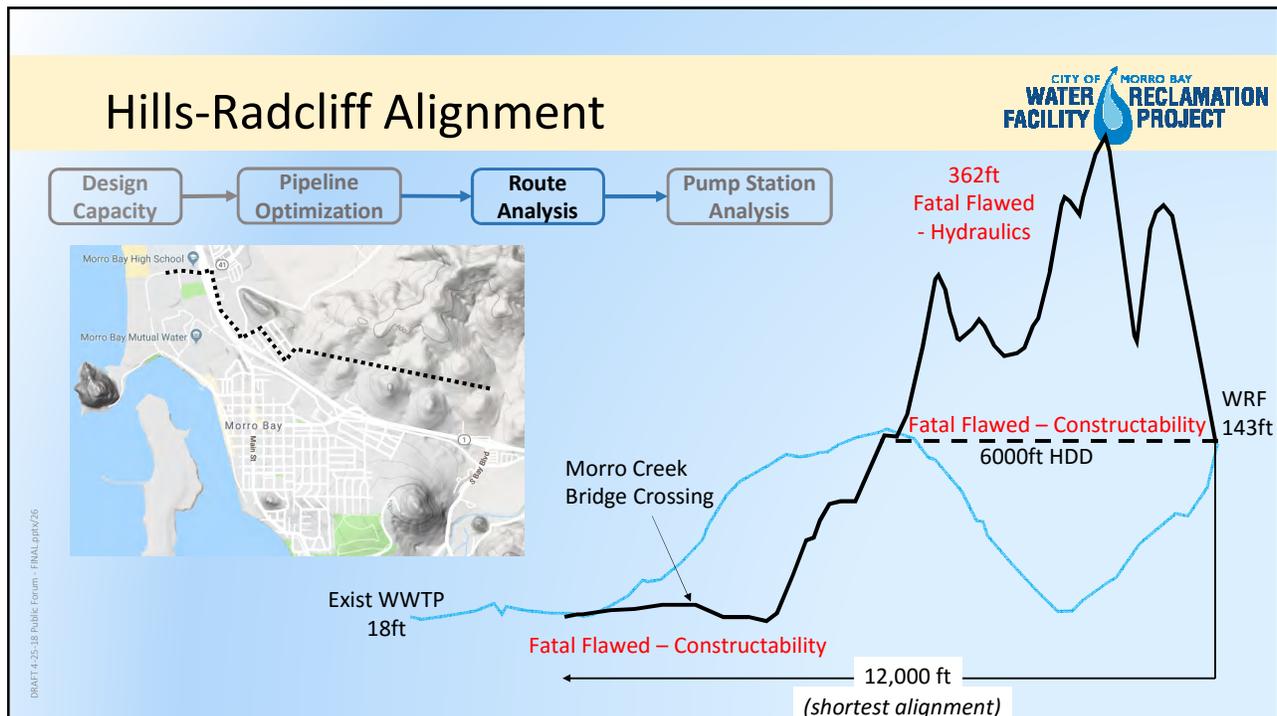
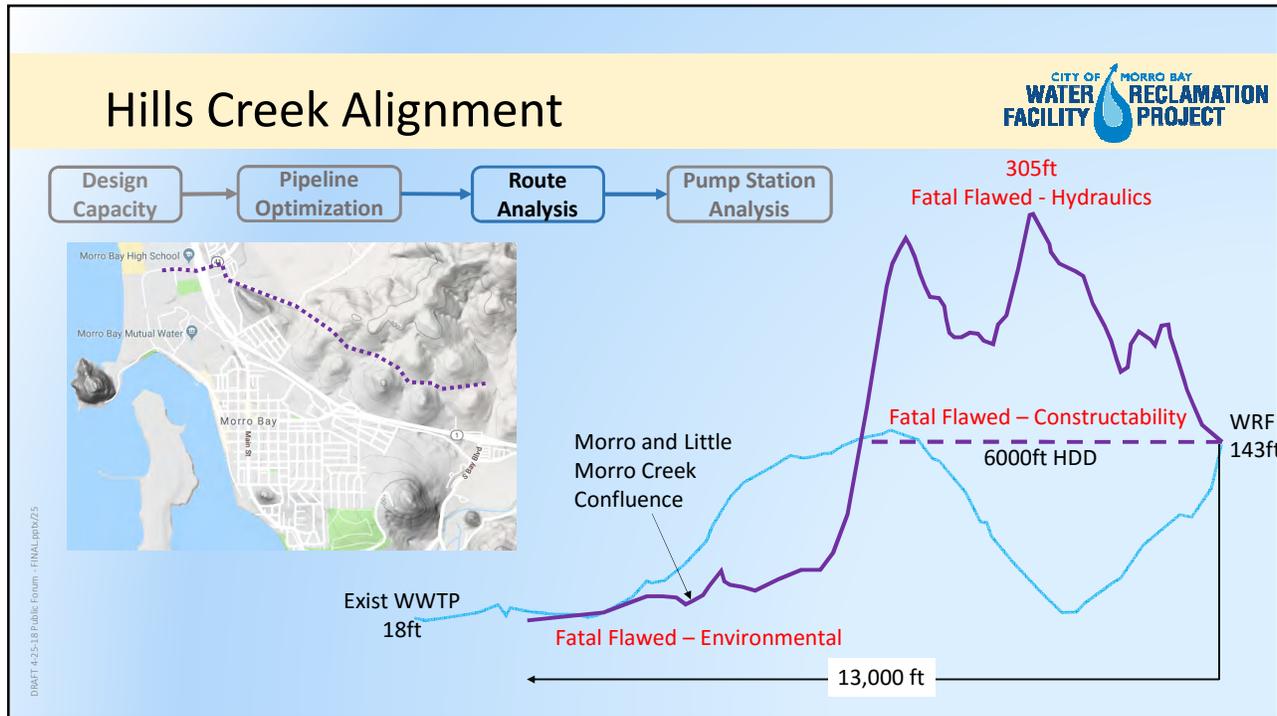
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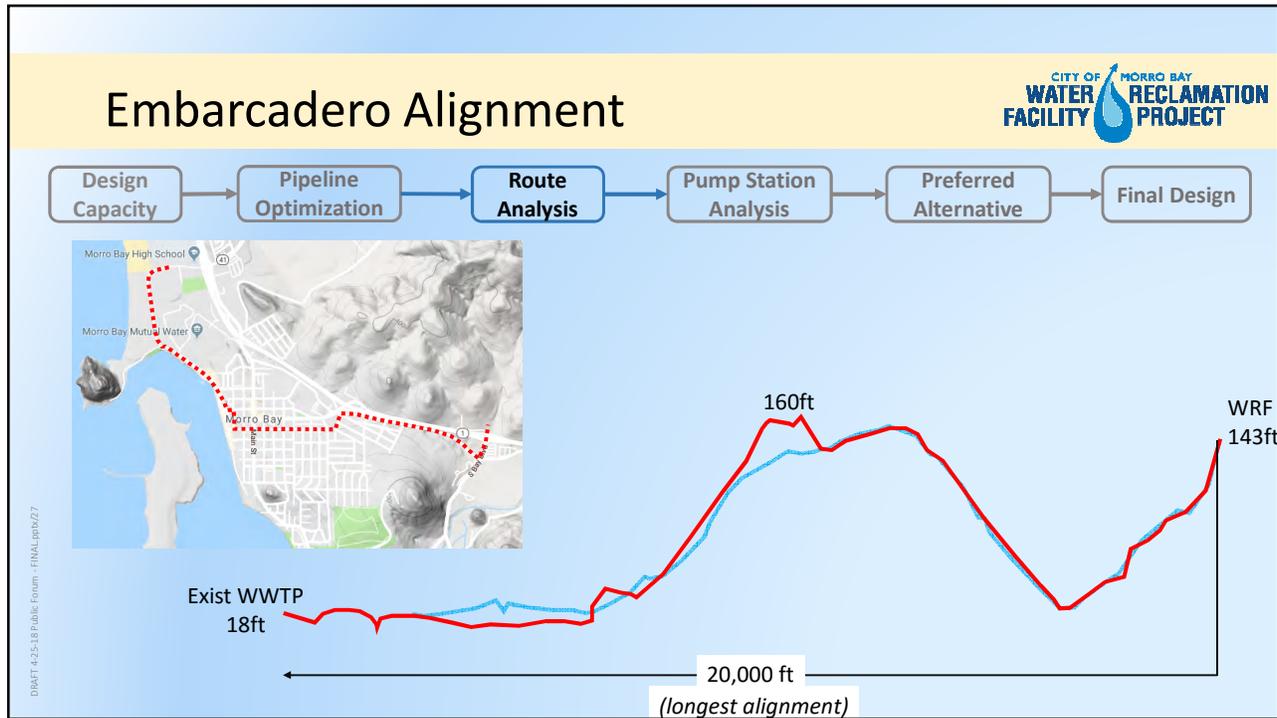












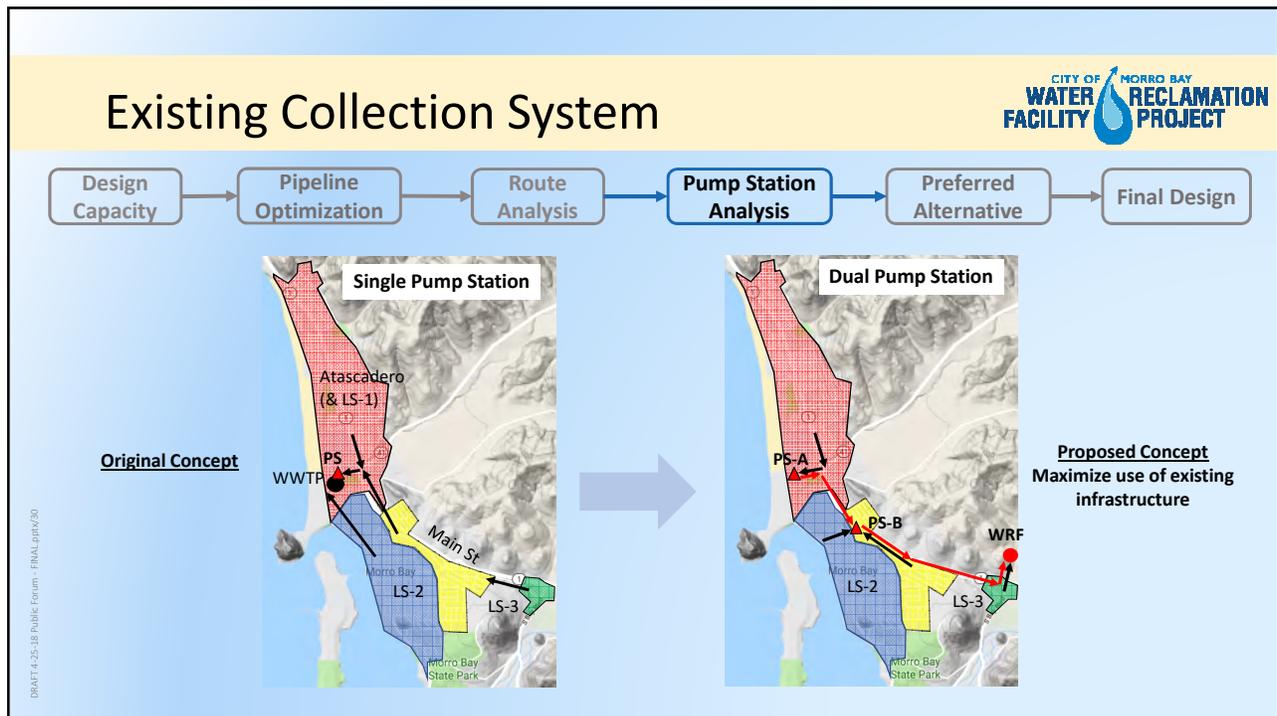
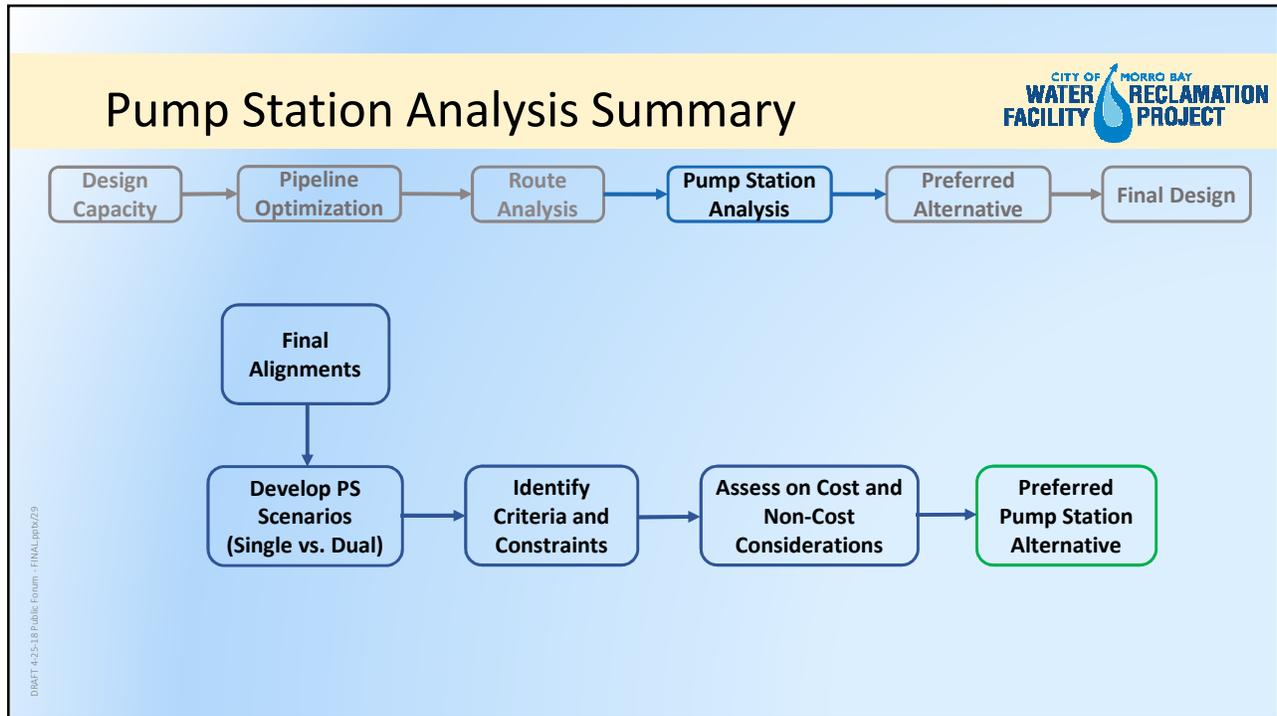
Final Alignments Assessment

Design Capacity → Pipeline Optimization → Route Analysis → Pump Station Analysis → Preferred Alternative → Final Design

Key Criteria and Constraints	West	Embarcadero
Hydraulics	+1	-1
Environmental / Schedule Risks	0	+1
Geotechnical	+1	-1
Cultural Resources	+1	-1
Accessibility / O&M	+1	+1
Dual Pump Station Integration	+1	-1
Constructability	0	+1
Right of Way Acquisition	0	+1
Traffic/Public/Commercial Impacts	-1	-1
Total Score	+4	-1

Project Costs: FM, Brine, Com.	\$13.9M	\$15.6M
Project Costs: IPR	\$2.3-3.3M	\$3.0-4.1M

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Pump Station Analysis

Design Capacity → Pipeline Optimization → Route Analysis → **Pump Station Analysis** → Preferred Alternative → Final Design

Key Criteria and Constraints	Single	Dual
# of New Stations	0	-1
Single vs. PS-A Footprint	-1	+1
Standard Wet Well Configuration	-1	+1
Facility Maintenance Impacts	0	-1
Pipe Length for Pigging	-1	+1
LS-2 FM Redundancy	0	+1
Total Score	-3	+2

Project Costs: Pump Station	\$11.0M	\$8.4M
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PS-A Preliminary Rendering

Design Capacity → Pipeline Optimization → Route Analysis → **Pump Station Analysis** → Preferred Alternative → Final Design

Autodesk Viewer: <https://autode.sk/2QVbxPv>

Existing Site

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PS-B Preliminary Rendering

Design Capacity → Pipeline Optimization → Route Analysis → Pump Station Analysis → Preferred Alternative → Final Design

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Autodesk Viewer: <https://autode.sk/25eVE5n>

Existing Site

Preferred Alternative

Design Capacity → Pipeline Optimization → Route Analysis → Pump Station Analysis → Preferred Alternative → Final Design

West Alignment

IPR Brine FM1 FM2 Conduit

Revisions to the Final EIR



East injection site routing

Lila Keiser rerouting

Second pump station

Remove trenchless crossing

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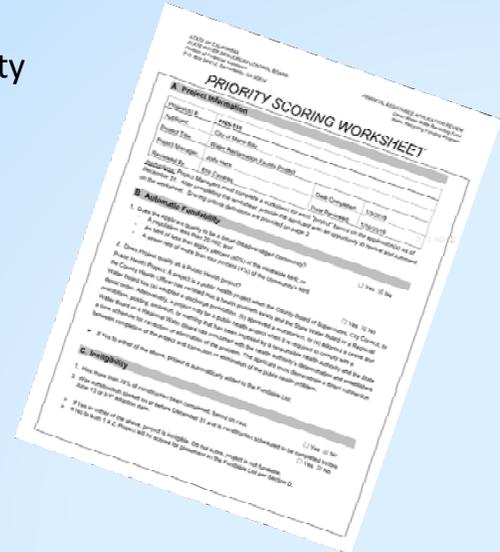
Budget



Status of SRF funding



- Final scoring worksheet provided to the City (January 17th)
- Maximum scoring
 - Potable Water = 17 points
 - Delta Water Quality = 16 Points
 - **Recycled Water = 14 points**



Primary	+	Secondary	+	Readiness	=	Proposed Priority Score
7		3		4		14

*The score will be final upon Board approval of the IUP.

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Budget summary (\$126 million)



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Fiscal year budgeting



DRAFT 4.25-18 Public Forum - FINAL.pptx/39

Recommendations



- Receive the status report of the Water Reclamation Facility (WRF) Program
 - Status of the WRF Design/Build Project
 - Consolidated Coastal Development permit from the California Coastal Commission (CCC) for all components of the WRF Program
 - Status of the Conveyance Facilities Project
 - Status of the project budget
 - Provide any other direction as deemed appropriate by a majority of the Council

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Recommendations



- **Take Action:** Approve Resolution No. 08-19 authorizing staff to complete and submit an application to the Local Agency Formation Commission (LAFCO) for a sphere of influence designation for the approximately 400-acre Tri W, Inc., property near South Bay Boulevard and annexation of 27.6 acres of that property (Assessor's Parcel Number 073-101-017)

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Questions and Discussion



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AGENDA NO: C-2

MEETING DATE: February 13, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: January 25, 2019

FROM: Jennifer Callaway, Finance Director

SUBJECT: Presentation and Discussion of the Fiscal Year 2017/18 Comprehensive Annual Financial Report

RECOMMENDATION

Council receive and provide feedback on the FY 2017/18 year end audit reports for the period July 1, 2017 through June 30, 2018.

DISCUSSION

In 2015 the City issued a Request for Proposal (RFP) for auditing services and the Pun Group was selected as the most responsive proposer. The City entered into agreement with the Pun Group to perform auditing services for the fiscal years ending June 30, 2015, 2016, 2017 and 2018, with the option to renew for two additional fiscal years (2019 through 2020). The Auditors were onsite in October 2018 to review expenditures, revenues, contracts and general accounting processes for both accuracy and internal controls (fraud prevention). After the audit team collected its information, the issues discovered are presented as audit findings in the attached Comprehensive Annual Financial Report (CAFR).

There are levels of findings, depending on the severity of the evidence found; those levels that are 1) significant deficiencies; and 2) material weaknesses. A deficiency in internal controls exists when the design, or operation of a control, does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis, with timely basis meaning by the fiscal year-end and prior to the auditor's field work. A deficiency in design exists when a control, necessary to meet a stated objective, is missing, or an existing control is not properly designed, so that even if the control operates as designed, the control's objective would not be met. A deficiency in operation exists when a properly designed control does not operate as planned, or the person performing the control does not possess the necessary authority, or competence, to perform the control effectively to meet the desired objective.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. Adopted Financial Policies and Procedures would abate that issue, as the City would have clearly defined procedures in one manual. Staff members do follow position process instructions and checklists; however, there is no all-encompassing financial policy and procedure manual on which to rely.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with

Prepared By: JC

Dept Review: _____

City Manager Review: SC

City Attorney Review: CN

governance. The existence of significant deficiencies or material weaknesses may already be a known to management and may represent conscious decision by management, or those charged with governance, to accept the risk associated with the deficiencies because of cost or other considerations. City management is responsible for making decisions concerning costs to be incurred and related benefits. The auditor's responsibility is to communicate significant deficiencies and material weaknesses regardless of management's decisions or intentions. The City has agreed to accept some degree of risk associated with deficiencies, based on staffing level decisions alone. However, there are some areas that staff, the auditor's and prior reports from Management Partners, all agree should be implemented to enhance internal controls, i.e. activation of the City's Purchase Order system. It should be noted that the auditors did not find any indication of fraud or misappropriation of public moneys.

The Pun Group issued its findings in the Audit, which included one continued finding from prior years related to Accounting Policies and Procedures, the City's Finance Organization and Internal Controls over the Recording of Expenditures Made Subsequent to Year End. The Finding is briefly described below along with management's response. Management generally concurs with the findings and is on-track to have all components of the finding implemented by fiscal year-end.

Finding 2018-001 Accounting Policies and Procedures

Recommendation from consultant Pun Group:

We recommend that the City complete and implement the comprehensive Accounting Manual that would set the guidelines for recording significant transactions in the general ledger prior to June 30, 2019.

We also recommend that following functions be segregated:

- Initiate, authorize or approve transactions
- Executing the transactions
- Recording the transactions
- Reconcile the transactions

When segregation of duties is not possible, the City should establish compensating controls. The City can implement compensating controls by adding additional reviews and approvals of another person, and/or require reconciliation between systems or reports to ensure that all transactions are properly processed, recorded, and reconciled to the general ledger system. Furthermore, the City should enforce consistent treatment over all processes in accordance to the adopted policies and procedures, require documentation and retain documents necessary, require approval and review signatures, and further investigate when exceptions occur.

Management's Response to Recommendation from consultant Pun Group:

1. With the transitions that occurred within the Finance Department during FY 2015/16 and FY 2016/17 completion of the comprehensive book of policies and procedures has not occurred. The City agrees that it is important to develop a book of comprehensive policies and procedures and as such in August 2018 outlined a timeline to bring forward accounting and financial policies to the City Council for adoption. As of December 2018, the City Council has adopted the following policies:
 - i. Reserve Policies
 1. General Fund Reserve
 2. Internal Service Fund Reserves

3. MB Tourism Business Improvement District Fund Reserve
4. Water Accumulation Fund Reserve
5. Sewer Accumulation Fund Reserve
6. Harbor Accumulation Fund Reserve
- ii. Accounting Policies & Procedures
 1. Financial Management Policy
 2. Unclaimed Property Policy
 3. Fraud, Waste and Abuse Policy
 4. Surplus Property Policy
 5. Purchase Order Policy
 6. WRF Rate Surcharge Policy
 7. Proration for Utility Bills and Notification to Customers Policy
 8. Utility Discount Program
 9. Penalty Waiver Policy for Utilities
- iii. Investment Policy
- iv. Debt Management Policy

The City will continue to adopt policies related to purchasing, travel, fixed assets, budget, capital and economic development, grants and administrative policies prior to the end of fiscal year 2018/19. Finance staff has also developed desk manuals with outlined procedures for each function within Finance.

2. The City's Finance Director or Accounting and Budget Manager are now reviewing the accounts payable register and batches. The accounts payable process checklist is also reviewed and signed off by the Finance Director or Accounting and Budget Manager. For special accounts payable batches that are outside the normal processing timeline, a new formal approval process is being implemented that requires prior authorization from the Finance Director. Accounts Payable registers and monthly cross fund reconciliations are posted on-line for transparency to the City Council, residents and staff.
3. Similarly, the Finance Director or Accounting and Budget Manager are reviewing and signing off on the bi-weekly payroll registers.
4. Daily cash is balanced by an employee from the Public Works Department who does not, or rarely, takes in cash from customers. The bank deposit is prepared by this person and the bank reconciliation is completed by the Senior Accounting Technician. We continue to count cash in the presence of other clerks for verification as much as possible. For an organization of our size, staff believes there is an adequate separation of duties with this process and does not plan any additional changes to address this concern.
5. The City continues to receive reports from these standalone systems, but do not have the ability to transfer information from the standalone system to the City's main financial software product. As of fiscal year, 2017/18 staff worked to develop a monthly reconciliation process to reconcile the stand-alone systems to the City's main financial software. The monthly reconciliations were complete for each month during FY 2017/18. Purchase of interfacing systems at this point is not feasible for the City and staff believes the

independent reconciliations that occur monthly are an appropriate mitigating control. No further action is being planned by staff to address this concern.

6. The City's Recreation software and Harbor Department software does not have transfer protocols. The City will need to explore software products that will integrate with our current financial software. In the interim, monthly reports are being provided from each of these standalone systems. These reports are compared to the revenue reported in the City's main financial software to ensure that all revenue is recorded accurately. The city's Budget and Accounting Manager completed a monthly reconciliation process to reconcile the systems and account for the timing differences between the recording of the cash receipt or credit card charge in the Active Network Recreation system and the recording of the revenue in the financial system. Staff believes the independent reconciliations that occur monthly are an appropriate mitigating control. No further action is being planned by staff to address this concern.
7. The City's Harbor Department accounts receivable detail schedule is reconciled to the finance systems general ledger account total on a monthly basis, assuring that all invoices issued, and payments received are recorded in both systems consistently. Staff believes the independent reconciliations that occur monthly are an appropriate mitigating control. No further action is being planned by staff to address this concern.
8. Effective in FY 2018/19 the City's purchase order system has been implemented and is currently being tested with the Administrative Departments, Fire Department and Public Works. From this testing period, staff will utilize lessons learned to develop refined procedures and policies to guide the remaining departments when they are brought on-line with the purchase order system. The City's goal is to have all departments utilizing the purchase order system by the end of FY 2018/19.
9. The Finance Department is providing detailed quarterly budget reports to Council and Departments as well as reviewing budget policies, practices and expectations.

As indicated in the audit, the City has made significant progress in adopting Accounting Policies and Procedures and implementing the Purchase Order System. Currently, the departments in City Hall, Fire, Public Works and Harbor are utilizing the Purchase Order System. During deployment of the system, staff have identified the need to revisit the City's purchasing policy to clarify purchasing limits and also has worked to streamline the contracting, insurance and business license component. Staff will continue to work through these items during the testing process and then bring additional departments on board with the purchasing order system.

Staff would also note that the Citizen's Finance Advisory Committee (CFAC) provided valuable feedback in response the draft FY 2017/18 CAFR, including several recommendations to improve the final CAFR. CFAC was scheduled to receive the final version of the CAFR in January, however the meeting was cancelled due to lack of quorum. CFAC's review and feedback of the FY 2017/18 draft CAFR was appreciated by staff and afforded staff the ability to submit the CAFR for the Government Finance Officers Association (GFOA) Award for excellence in Financial Reporting.

Kenneth Pun, managing partner of The Pun Group, will present the FY 2017/18 audit reports to the City Council. There are six reports in total as follows:

- City's 2017/18 Comprehensive Annual Financial Report
- Report on Internal Controls
- Communication Letter
- Transit Audit
- Bike Pathways Audit
- Roads Audit

In addition, there is an independent audit of the Joint Morro Bay/Cayucos Wastewater Treatment Plant that is conducted annually. This audit is conducted by Glenn Burdette. The FY 2017/18 Wastewater Treatment Plant audit is finalized as well and included for City Council review. The audit resulted in an unqualified opinion with no findings to address.

CONCLUSION

Council is asked to receive and provide feedback on the FY 2017/18 Comprehensive Annual Financial Report (CAFR) for the period July 1, 2017 through June 30, 2018.

Documents Available for Review at City Hall and the City Website:

1. [FY 2017/18 City CAFR](#)
2. [Report on Internal Controls](#)
3. [Communication Letter](#)
4. [Transit Report](#)
5. [Bike Pathways Report](#)
6. [Roads Report](#)
7. [WWTP External Communication Letter](#)
8. [WWTP External Audit Report](#)

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AGENDA NO: C-3

MEETING DATE: February 13, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: February 4, 2019

FROM: Chris F. Neumeyer, City Attorney

SUBJECT: Discuss and Provide Direction on Rate Setting (Collection, Penalty and Interest) for Morro Bay Commercial Cannabis Tax in Voter-Approved Chapter 3.70 (Cannabis Tax) of Title 3 of the Morro Bay Municipal Code

RECOMMENDATION

Staff recommends Council provide direction on a resolution to set rates (collection, penalty and interest) for the Morro Bay commercial cannabis tax, to be brought back for Council consideration at a future Council meeting; and other direction as deemed appropriate.

FISCAL IMPACT

The Morro Bay commercial cannabis tax is estimated to generate tax revenues (from *currently authorized* commercial cannabis operations) anywhere from \$25,000 to \$225,000. Morro Bay Municipal Code Chapter 5.50 authorizes in the City two medical cannabis retail operations, (wholesale) medical cannabis distribution operations, and medical cannabis deliveries. The revenue will be deposited in the general fund and will be available for general City purposes.

BACKGROUND

Morro Bay voters approved a commercial cannabis tax at the November 6, 2018 general municipal election. The tax is codified now in Chapter 3.70 (Cannabis Tax) of Title 3 (Revenue and Finance) of the Morro Bay Municipal Code.

The voters approved maximum tax rates of no more than ten percent (10%) of proceeds from a commercial cannabis operation, and no more than \$25 per square foot utilized for commercial cannabis cultivation operations. (MBMC sections 3.70.020(A-B).) The voters also approved a penalty rate of no more than 25% of the amount of tax owed if not paid on time, and an interest rate on unpaid taxes of no more than 10%. (MBMC section 3.70.050(A).)

By Council action, these rates may be set lower than the maximum rates.

DISCUSSION

Morro Bay Council Cannabis Subcommittee members Mayor Pro Tem Robert Davis and Councilmember Marlys McPherson met with City Manager Scott Collins, Finance Director Jennifer Callaway, Community Development Director Scot Graham and City Attorney Chris F. Neumeyer on January 4, 2019 to discuss recommendations to the City Council on setting the various commercial

01181.0001/533404.1 CFN Prepared By: <u>CFN</u>	
City Manager Review: <u>SC</u>	City Attorney Review: _____

Discuss and Provide Direction on Rate Setting (Collection, Penalty and Interest) for Morro Bay Commercial Cannabis Tax in Voter-Approved Chapter 3.70 (Cannabis Tax) of Title 3 of the Morro Bay Municipal Code.

February 4, 2019

Page 2 of 2

cannabis tax rates (collection, penalty and interest). Among the factors considered were commercial competitiveness and generation of reasonable City revenue. Recommendations are as follow:

1. Commercial cannabis operations tax – set at 5% of proceeds (maximum 10%)
2. Commercial cannabis cultivation tax – prospectively address because commercial cannabis cultivation is not presently authorized in the City
3. Penalty rate for late payment of taxes – set at 25% (maximum 25%)
4. Interest rate for late payment of taxes – set at 10% (maximum 10%) and affirm monthly on principle of unpaid tax

The Council may set these rates up to the maximum rates approved by the voters. Council action setting these rates does not foreclose future adjustment of the rates.

As a matter of reference, below is a sampling of regional commercial cannabis tax rates:

- City of Grover Beach (May, 2018)
 - 5% - retail uses
 - 3% - manufacturing, distribution and testing laboratories
 - \$5 per square foot of cultivation based on floor area of the business
- City of Santa Barbara (January, 2018)
 - 5% - storefront and delivery sales
 - 4% - distribution and testing
 - 3% - manufacturing
 - 2% - indoor cultivation
- City of San Luis Obispo (November, 2018)
 - 4% with 2% annual increase until reaches 10%
 - \$10 per square foot of cultivation based on canopy
- City of Coalinga
 - \$7 per square foot for cultivation (August, 2018)
 - \$2 per square foot for nurseries (August, 2018)
 - 10% - retail uses (November, 2016)
- City of Atascadero (November, 2018)
 - 10% - retail businesses (maximum)
 - 6% - non-retail businesses (maximum)
 - \$10 per square foot for cultivation (maximum)

CONCLUSION

Council is asked to consider the recommendations of the Morro Bay Council Cannabis Subcommittee on setting commercial cannabis tax rates (collection, penalty and interest) and then provide direction to staff to bring to Council a resolution to set the rates.

ATTACHMENTS

None.

01181.0001/533404.1 CFN



AGENDA NO: C-4

MEETING DATE: February 13, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: January 29, 2019

FROM: Jennifer Callaway, Finance Director

SUBJECT: Adopt Resolution No. 12-19 establishing the City of Morro Bay Community Grants Policy

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 12-19, establishing the City of Morro Bay's Community Grants Policy.

BACKGROUND

The Morro Bay City Council annually allocates grant funds to various community groups and organizations. The total bequests have ranged from approximately \$7,000 in Fiscal Year (FY) 2015/16 to \$16,500 in the current fiscal year. Historically, the City Council has awarded funds to SCORE, Meals that Connect (formerly called Senior Nutrition Program), Economic Vitality Corporation, HomeShare SLO and SLO County Housing Trust Fund.

The City Council has also previously waived City fees for use of the Vet's Hall to serve community meals on Monday nights and established an annual budget for Community Resource Connections, a City-provided service to connect those in need with available social services, through the Council bequest approval process. Staff recognizes the proposed Community Grants Policy does not apply to these two situations. As a City-provided service, Community Resource Connections will be included within the proposed annual operating budget as with other City provided services. Use of the Vet's Hall to serve community meals would be more appropriately addressed in a City partnership/Community Events policy and agreement which will be coming forward at a future Council date for discussion and consideration.

The City openly accepts funding requests throughout the year which are presented to the City Council during the budget development process. Council then votes to allocate available funding per the requests. Following adoption of the City's budget, staff provides awarded entities with notification that City Council has awarded funding to such entities and also indicates that the City would like follow-up reporting back in both January and July, via e-mail, on the benefits/services provided, number of clients served and anticipated upcoming work to be done. The award notification letter also indicates that the entity is to report to City Council in March or April regarding program accomplishments.

With staffing transitions, there has been little follow-up on the award of funds and reporting requirements. As such, a Community Grants policy and application is provided as Exhibit A to Attachment 1 to formalize the eligibility requirements, and also formalize application and follow-up process for award of council bequests.

Prepared By: JC

Dept Review:

City Manager Review: SC

City Attorney Review: CN

DISCUSSION

Grants and Council bequests are a mechanism by which the City Council and City can assist non-profit and other government agencies in providing direct or indirect services to the Morro Bay residents and communities. The Government Finance Officers Association (GFOA) recommends that governments develop formal grant policies to outline criteria for awarding government funds, and requirements for reporting back on grants funds. It is important to retain this documentation and evidence to support award of the funds and to be accountable from an audit perspective as to the use of government funds. The proposed draft Community Grants Policy addresses these issues, by outlining types of activities and organizations that may apply for consideration of Council bequests, evaluation criteria the Council will consider, including the number of citizens within Morro Bay that will directly benefit from the grant award. In addition, the policy outlines the necessity for grant applicants to complete a grant application (provided as Attachment 1 to the Draft Council Policy), provide documentation to the City to support the organizations non-profit status, and post-funding application requirements. The post-funding application requirements stipulate that the grant recipients must provide back a semi-annual and annual report if the award amount exceeded \$1,000 and an annual report for those awards of \$1,000 or less. The reporting back requirements are intended to inform the Council of the benefit received by the community due to the award of funds. Also, the reporting back requirements could aid Council in future award decisions. A Semi-Annual/Annual Performance Report form is included as Attachment 2 to Exhibit A to make reporting requirements as simple as possible for the grant recipient. Per the policy, those agencies required to submit an interim six-month report must do so by January 31 for review by the City Council. Annual reports are due by July 31. The proposed policy stipulates that failure to comply with the reporting requirements by the stipulated dates may lead to termination of the grant agreement and funds being returned at the discretion of the City Council. Failure to comply with reporting requirements will also automatically exclude an agency from eligibility to receive community grant funding from the City for the following two fiscal years.

Lastly, the proposed policy requires the funded applicant provide appropriate insurance and workers compensation coverage as well as sign a Community Grant agreement outlining the terms of the grant award and further indemnifying the City. The proposed draft Community Grant agreement is provided as Attachment 3 to Exhibit A.

CONCLUSION

Having clearly defined financial policies that reflects the City of Morro Bay's values will serve as the foundation for decision-making in tough fiscal times and will aid in preserving the City's long-term fiscal health and vitality. It is important that the City Council and community understand where the City's funds are being appropriated, for what purpose, and what value is received from those appropriations. The proposed draft Community Grants Policy is intended to formalize the City's community grant process and also provide relevant information for the Council to evaluate effectiveness of the Council bequest program and benefit received by the community and residents due to the award of these funds. Therefore, staff recommends that Council review the proposed Community Grant Policy and adopt Resolution No. 12-19.

ATTACHMENTS

1 – Resolution No. 12-19

Exhibit A – Community Grants Policy

Attachment 1 – Community Grant Application

Attachment 2 – Community Grant Semi-Annual/Annual Performance Report Form

Attachment 3 – Community Grant Agreement

RESOLUTION NO. 12-19

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ESTABLISHING THE CITY OF MORRO BAY'S COMMUNITY GRANT POLICY**

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

WHEREAS, the City of Morro Bay wishes to establish Accounting and Financial Reporting policies to direct staff and provide transparency to the Council and Community; and

WHEREAS, those Accounting and Financial policies include a policy regarding the City of Morro Bay's Community Grant Policy; and

WHEREAS, The City of Morro Bay's Community Grant Policy includes an application form, post-funding application requirements, a semi-annual and annual performance report and a Community Grant agreement; and

WHEREAS, The City of Morro Bay's Community Grant Policy will aid in the accountability of use of City funds which demonstrates the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, the "Community Grants Policy," as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 13th day of February 2019, by the following vote:

AYES:

NOES:

ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk



COUNCIL POLICY

COMMUNITY GRANTS POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing police, fire protections, public works, harbor, recreation and development services. As such, it is the City's responsibility to establish policies for prudent financial oversight and accountability.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. Historically, the City Council has annually awarded community grants to contribute towards the funding of programs conducted by non-profit organizations that actively enhance the quality of life for Morro Bay residents.

Purpose

The purpose of this policy is to define the guidelines and procedures for the disbursement of municipal funds, or the provisions of services in lieu of funds, that will fund in part community service programs conducted by non-profit organizations that meet the requirements and guidelines set forth by the City Council.

Policy

1. Non-profit organizations must file a City application for the community grants funding program. Applications must be submitted no later than March 15 of each year for funding in the upcoming fiscal year beginning July 1 – June 30. Applications are submitted to the Finance Department and forms are available on the City's website or at City Hall. Application format and requested information is provided as Attachment 1.
2. Public funds shall be made available only when the funds are to be expended for a community program or service that will benefit the community and residents of Morro Bay.
3. An organization will not be eligible for funding if they have failed to meet any of the post funding application requirements from the prior fiscal year (see **Post Funding Application Requirements** section below)
4. Funds will not be allocated to the following organizations (so as to maintain local government impartiality towards political campaigns, religious activities and fundraising endeavors):
 - a. Political action committees, political candidates, or political campaigns;
 - b. Any organization conducting a religious activity;
 - c. To support an Organizations fundraising event or activity;
5. Funds requested from membership based adult organizations will not be considered if the funds requested are to be used to directly benefit its members and not the community at large.

6. Requests for funding will be considered by the City Council only during the periods determined in this Council Policy and submitted on the appropriate City application form.
7. Funding of a program will not constitute a precedent for contributions in subsequent years.

Eligibility

To be eligible for award of a community grant, agencies must:

1. Submit a separate, completed application form for each project (see Attachment 1).
2. Be incorporated as a tax-exempt nonprofit corporation (IRS 501-C.3) and/or exist as another government entity.
3. Demonstrate the managerial and financial capability to receive and expend grant funds.
4. Assure compliance with all applicable local, state, and federal laws including the non-discrimination requirements.
5. Demonstrate good faith efforts to secure funding for programs and services from other sources.

Programs for which funding is requested must qualify under one of the categories below:

- 1. Community Services:** Funding for programs and services that address identified community needs or problems (as stated in the City's General Plan, action plan, Council Goals, or other policies). These may include, but may not be limited to:
 - a. Crisis Intervention and/or Centers
 - b. Youth Services and Athletics
 - c. Active Adult service agencies
 - d. Health and Safety
 - e. Youth-Serving Agencies
 - f. Social service agencies and programs.
 - g. Bilingual service agencies
 - h. Low-income service agencies
- 2. Cultural Arts, including but not limited to:**
 - a. Museum, including artistic, historical or scientific display or education
 - b. Performing Arts, including music and theater arts
 - c. Fine and Visual Arts
- 3. Project:** Funding for one-time projects designed to address a significant community need or problem. City funding shall be limited to a specific time-frame, usually not more than one year.

Funding Request

All applications must submit a completed City application (Attachment 1) and the following attachments unless already on file with the City:

1. Articles of incorporation (new agencies only)
2. Bylaws of the organization (new agencies only)

3. Names/addresses of current Board of Directors
4. Certificate of General Liability insurance in an amount not less than \$1 million per occurrence and \$2 million in the aggregate, with the City of Morro Bay listed as a "certificate holder" on certificate or letter stating the ability to obtain before funding is allocated.
5. Copy of Workers' Compensation coverage in an amount not less than as required by California law. If agency is not subject to Workers' Compensation laws, submission of a Declaration of Non-Employer Status will be accepted.
6. Board approved current operating budget

Evaluation Criteria

All applications will be submitted to the Department of Finance, C/O of the Director of Finance, for Council consideration. The Department of Finance will forward all qualifying applications to the City Council for review and consideration. In the Council's sole discretion, an otherwise qualified applicant (who is unable, pursuant to an articulated justification consistent with promotion of City's needs, to reasonably meet application requirements) may be granted an exception by the City Council from one or more application requirements. In its evaluation, the City Council shall consider and evaluate the following criteria:

1. The non-profit status of the organization.
2. The number of citizens within the community that will benefit directly by the expenditure as well as the ratio of Morro Bay residents served to the total number of individuals served.
3. Adherence to stated policies of the City of Morro Bay.
4. Whether or not a public need will go unmet without the contribution.
5. The degree to which the cause has been recognized as a contribution to the community.
6. Whether or not the contribution could expose the City to liability.
7. The amount of the request.
8. The degree to which the members of the organization have engaged in fundraising activities.
9. Whether or not the organization has applied for funding from other San Luis Obispo County cities.

After review, the City Council shall make award to approve, deny or modify the funding request and direct staff to include the awarded amounts in the upcoming proposed operating budget for adoption. Applications will be reviewed by the City Council during the April Council meetings for inclusion in the draft proposed budget. At the time of consideration and evaluation, staff will advise Council of available funding amount to be awarded.

Post Funding Application Requirements

Following award of community grant funds, the recipients will be asked to sign a City Grant Agreement (Attachment 2) stipulating the following conditions:

1. Carry adequate liability insurance naming the City of Morro Bay as additional insured as may be required by the City.
2. Not discriminate in employment or in clients served because of race, religion, national origin, sexual orientation or sex.
3. Be accountable for revenue and expenditures through standard bookkeeping procedures. An annual audit or review at the applicant's expense may be required, with the results available to the City of Morro Bay upon request.
4. Provide access to periodic reviews by City staff and City Council for purposes of monitoring the program should the City wish to do so.
5. For awards exceeding \$1,000, the funded applicant shall provide the City with an interim six-month and an end of the year full financial accounting and narrative report (Attachment 3).

The interim six-month report shall be submitted in writing and may be brief but should include a financial summary indicating how funds have been expended during the period and a narrative commenting on development of the program. Interim six-month financial reports are due by January 31 and will be shared with the Council for review.

The end-of-the-year report shall be in writing and submitted within 60 days after the one-year grant period. This report must include a complete financial statement detailing all expenditures of City monies for the program(s) covered under the grant and a narrative report on the project or program and its significance. The financial and narrative report should compare actual expenditures and accomplishments with the budget and objectives cited in the original proposal.

Failure to comply with the reporting requirements by the stipulated dates may lead to termination of the grant agreement and funds being returned to the discretion of the City at Council. Failure to comply with reporting requirements will also automatically exclude an agency from eligibility to receive community grant funding from the City for the following two fiscal years.

6. For awards of \$1,000 or less, the funded applicant shall provide the City with a year-end report, including a full financial accounting and narrative report (Attachment 3).

The end-of-the-year report shall be in writing and submitted within 60 days after the one-year grant period. This report must include a complete financial statement detailing all expenditures of City monies for the program(s) covered under the grant and a narrative report on the project or program and its significance. The financial and narrative report should compare actual expenditures and accomplishments with the budget and objectives cited in the original proposal.

Failure to comply with the reporting requirements by the stipulated dates may lead to termination of the grant agreement and funds being returned to the discretion of the City Council. Failure to comply with reporting requirements will also automatically exclude an agency from eligibility to receive community grant funding from the City for the following two fiscal years

7. Funded applicants must return to the City any unexpended funds at the end of the one-year period, or whenever, the City determines that the applicant has not performed in accordance with the approved program proposal.
8. Any funds returned in accordance with this policy shall be returned to the fund from which they were allocated from.

9. City moneys shall be used only for the purpose and program(s) duly authorized and in accordance with the approved budget. Any deviation from the approved program proposal may be made only with the City's prior written approval which requires Council authority. If moneys are used outside the approved program proposal without prior written approval from the City, funds must be returned immediately to the City.



CITY OF MORRO BAY ❖ FY 2019/20

APPLICATION FOR COMMUNITY GRANT FUNDING

Project: Project/Program:
 Program Manager:

Agency: Name of Agency:
 Site Address:
 Telephone Number:
 Web Address:
 Name of Executive Director:

Project Description: Provide brief description of agency, agency goals, and agency services. Describe your program briefly, including who benefits from your program.

Program Funding: Provide prior year fiscal year actual budget amounts and proposed amounts for new fiscal year.

Program Funding:	FY 2019/20 (requested)	Clients:	FY 2018/19 (actual)
City annual funding amount		Unduplicated annual Morro Bay clients	
Total annual program budget		Total unduplicated annual clients	
City \$ as % of annual total		Morro Bay clients as % of annual total	



APPLICATION FOR COMMUNITY GRANT FUNDING

APPLICANT AGENCY/PROGRAM DOCUMENTS CHECKLIST

Official to Contact Regarding Application:

Full Name:

Position Title:

Email Address:

Telephone:

Please answer the following questions:

1. Does the agency have a not-for-profit incorporation status in the State of California?
2. How long has the agency been in operation?

Please submit one copy of each of the documents listed below with your completed application (unless previously provided to the City and there are no new changes – if previously provided please indicate so). This page should serve as the cover sheet for that section of your submittal.

I. AGENCY INFORMATION

- Current Board of Directors
- Articles of Incorporation
- Bylaws
- Organizational Chart
- Brochures, Flyers, Promotional Materials

II. AGENCY FISCAL INFORMATION

- Audit or Financial Statement plus Letter of Auditability
- Organizational Budget
- Internal Revenue Service Ruling Letter (Section 501 c.3)
- California Revenue Code (Section 23701 d)



APPLICATION FOR COMMUNITY GRANT FUNDING

III. PROGRAM/PROJECT INFORMATION

A. Contact Information

Legal name of organization	
Address of organization	
Organization contact (Name, title, telephone number, email address)	
Program name	
Site address of program	
Program manager (Name, title, telephone number, email address)	
Grant amount requested FY 2019/20	

B. Community Need Statement

Describe briefly the demonstrated need in the Morro Bay community for the program. Cite data sources as appropriate.



CITY OF MORRO BAY ❖ FY 2019/20

APPLICATION FOR COMMUNITY GRANT FUNDING

c. Direct Services

A Direct Service is a service for which there is an identifiable client. Please describe, and quantify each direct service to be provided annually from July 1, 2019 through June 30, 2020.

Description of Service	FY 2019/20 Number of Services Provided Annually	FY 2019/20 Number of Unduplicated Morro Bay Residents served Annually
1.		
2.		
3.		
4.		
5.		

Average number of direct services received by each unduplicated client: _____

Average number of direct services received by each unduplicated Morro Bay client: _____

D. Indirect Services

List, describe, and quantify each indirect service to be provided annually from July 1, 2019, through June 30, 2020. An Indirect Service is a service for which there is no identifiable client; for example, information and referral that is given over the phone.

Description of Service	FY 2019/20 Number of Services Provided Annually
1.	
2.	
3.	



APPLICATION FOR COMMUNITY GRANT FUNDING

F. Demographic Information

Provide demographic breakdown of unduplicated Morro Bay residents expected to receive direct services.

Demographic Data	Annual Number of Unduplicated Morro Bay residents FY 2019/20	Demographic Data	Annual Number of Unduplicated Morro Bay residents FY 2019/20
Age		Income	
Under 18 years old		50% of median and below	
19 – 50 years old		51% - 100% of median	
51 years old and over		Above 100% of Median	
		Sex	
		Female	
Disability Status		Male	
Disabled		Total	
Not Disabled		Total Morro Bay clients	

G. Client Participation Requirements

Attach appropriate fee schedules, membership requirements, or other fee listings.



APPLICATION FOR COMMUNITY GRANT FUNDING

III. AGENCY INFORMATION

A. General Information

Legal Name of Organization	
Address of Organization	
Name of Executive Director	
Date of Incorporation	
Insurance/Tax Information	
Federal Employer Tax Number	
State Employer Tax Number	
Worker's Compensation Carrier/ Policy Number	
Liability Insurance Carrier	
Amount of Liability Coverage	
Property Damage (combined with liability)	
Combined Single Limit	
Policy Period	

B. Staffing Profile

Please complete the chart below for your organization as it will be staffed during FY 2018/19. Identify the hours to be devoted to the program for which you are requesting funding, for both employees and volunteers.

Position Title	Number in Classification	Approximate Hourly Rate	Hours Worked per Week	Percent of Time to Program
Employees				



APPLICATION FOR COMMUNITY GRANT FUNDING

Volunteers				

C. **Agency Experience**--Describe the experience of your Agency in providing program services.

D. **Staff Experience**--Describe the experience of key staff assigned to the program.

IV. PROGRAM FISCAL INFORMATION

A. Program Budget

Please complete the following summary tables to reflect the budget for your organization and program. All amounts should be rounded to the nearest dollar. Alternatively, please attach single page revenue/expense summary sheets for the program for which funds are requested and a separate summary for the organization.

Budget Summary

Budget Data	FY 2019/20	FY 2018/19
Morro Bay grant funding	Requested:	Received:
Total Program budget	\$	\$
Morro Bay grant as percentage of total Program budget	%	%
Total Organization budget	\$	\$
Cost per year per unduplicated Morro Bay client	\$	\$



CITY OF MORRO BAY ❖ FY 2019/20

APPLICATION FOR COMMUNITY GRANT FUNDING

Revenue Summary

Revenue Source	FY 2019/20 Organizational Budget	FY 2019/20 Program Budget	FY 2018/19 Organizational Budget	FY 2018/19 Program Budget
Morro Bay grant	\$	\$	\$	\$
Other municipal funding (please specify:)	\$	\$	\$	\$
County funding (please specify:)	\$	\$	\$	\$
State funding (please specify:)	\$	\$	\$	\$
Federal funding (please specify:)	\$	\$	\$	\$
Other jurisdiction funding (please specify:)	\$	\$	\$	\$
Fees for services	\$	\$	\$	\$
Donations	\$	\$	\$	\$
Reserve contingency fund	\$	\$	\$	\$
All other sources (please specify:)	\$	\$	\$	\$
Total	\$	\$	\$	\$

Expenditure Summary

Expense Category	FY 2019/20 Organizational Budget	FY 2019/20 Program Budget	FY 2018/19 Organizational Budget	FY 2018/19 Program Budget
Personnel	\$	\$	\$	\$
Facility	\$	\$	\$	\$



APPLICATION FOR COMMUNITY GRANT FUNDING

Overhead	\$	\$	\$	\$
Materials/Supplies	\$	\$	\$	\$
Professional Services	\$	\$	\$	\$
Fundraising	\$	\$	\$	\$
Capital Projects	\$	\$	\$	\$
Other (please specify:)	\$	\$	\$	\$
Total	\$	\$	\$	\$

- B. Organization Contracts**--Has your organization ever had funds withdrawn or a contract terminated for cause, unsatisfactory performance, or questionable costs on any financial statements or audit? If so, please describe.

- C. Organization Investigations**--Is your organization currently on probation or under investigation by any agency which is or was a funding source within the past two years? If so, please describe.

- D. Budget Alternatives**--What alternatives will your organization consider if the requested Community Grant funding is not provided, or provided at a reduced level? Describe how a reduction will affect the achievement of stated goals.

- E. Funding Sources**--Describe your organization's efforts in pursuing other funding sources.

- F. Supplies Disclosure**--If any non-expendable supplies with a unit cost of \$100 or more are to be purchased with Community Grant funds, please describe.

- G. Travel Expense Disclosure**--If Community Grant funds are to be used for staff travel expenses, please describe.



CITY OF MORRO BAY ❖ FY 2019/20

APPLICATION FOR COMMUNITY GRANT FUNDING

CERTIFICATION

The applicant hereby proposes to provide the services as listed in this proposal. If this proposal is approved and funded, it is agreed that relevant federal, state, and local regulations, including nondiscrimination laws and other assurances as required by the City of Morro Bay, will be adhered to. Furthermore, as the duly authorized representative of the applicant organization, I certify that the applicant is fully capable of fulfilling its obligation under this proposal as stated herein.

This application and the information contained herein are true and correct and complete, to the best of my knowledge.

Date: _____, 2019

Organization Name

Executive Director

(Print Name)

7. Using the budget worksheet below, note expenses charged to the grant program this report period.

Direct Costs: (Project Specific Costs)	AMOUNT
Salaries & Benefits	\$ _____
Supplies	\$ _____
Printing	\$ _____
Professional Services	\$ _____
Materials and Supplies	\$ _____
Insurance/Permits	\$ _____
Capital Purchases	\$ _____
Other (Please Specify)	\$ _____

Indirect Costs (applicable to grant program only, as noted in grant budget)

Administration Costs \$ _____ Facility
 Rents/ Maintenance \$ _____
 Utilities- gas, electricity, telephone \$ _____
 Depreciation \$ _____
 Other: Specify: _____ \$ _____

GRAND TOTAL EXPENSES \$ _____

8. Authorizations:

I hereby certify the information contained in this report is true to the best of my knowledge and belief. I also hereby certify that our organization is in compliance with all state, federal, and local laws regarding licensing and employment practices.

Print Name of Report Preparer: _____ Title: _____

Preparer Signature: _____ Date: _____

Print name of President or Authorized Officer: _____ Title: _____

President Signature: _____ Date: _____

Return this completed report to:

City of Morro Bay
Finance Department
595 Harbor Street
Morro Bay, CA 93442
Attn: Finance Director
Office (805) 772-6217
Email: jcallaway@morrobayca.gov

GRANT AGREEMENT BY AND BETWEEN
THE CITY OF MORRO BAY AND
[NAME OF GRANTEE]
2019-2020

THIS AGREEMENT is made and entered into this ____ day of _____, 2019, and is effective as of the 1st day of July, 2019, by and between the CITY OF MORRO BAY, a municipal corporation of the State of California (hereinafter CITY), and [NAME OF GRANTEE], a nonprofit corporation (hereinafter CONTRACTOR).

WITNESSETH

WHEREAS, CITY appropriated funds in its Fiscal Year 2019-2020 Budget for allocation to community service agencies, and;

WHEREAS, CITY desires to engage CONTRACTOR to provide services as permitted pursuant to CONTRACTOR'S non-profit purpose for the benefit of the residents of CITY (hereinafter "PROGRAM"), and CITY has appropriated funds for this purpose, to be utilized during the time period between July 1, 2019, and June 30, 2020, and;

WHEREAS, CONTRACTOR represents and warrants the truth of all statements contained in "Assurances" attached as Exhibit A and incorporated herein by reference.

NOW, THEREFORE, THE PARTIES AGREE, as follows:

I. COMMUNITY GRANT POLICY

The CONTRACTOR warrants that it has read and understands the CITY's Community Grant Policy Governing Community Grants attached as Exhibit C to this Agreement [hereinafter Community Grant Policy], and agrees that it shall be bound by that Community Grant Policy in its performance under this Agreement, with the sole exception of any express exemptions from that Community Grant Policy as provided herein. In case of any conflict between the terms of this Agreement and the Community Grant Policy, the terms of this Agreement shall take precedence.

II. PROGRAM COORDINATION

A. CITY: The CITY Manager or his/her designee, shall be the PROGRAM MANAGER and shall render overall supervision of the progress and performance of this Agreement by CITY. All services agreed to be performed by CITY shall be under the overall direction of the PROGRAM MANAGER.

B. CONTRACTOR: CONTRACTOR shall assign a single PROGRAM DIRECTOR who shall have overall responsibility for the progress and execution of this Agreement. CONTRACTOR shall timely provide notice to PROGRAM DIRECTOR of the name of the PROGRAM MANAGER. Should circumstances or conditions subsequent to the execution of this Agreement require a substitute PROGRAM DIRECTOR, CONTRACTOR shall notify CITY immediately of such

occurrence in writing. PROGRAM DIRECTOR and CONTRACTOR staff will fully cooperate with CITY'S PROGRAM MANAGER relating to the PROGRAM, areas of concern, and the impact of PROGRAM on residents of CITY.

- C. NOTICES: All notices or other correspondence required or contemplated by this Agreement shall be sent to the parties at the following addresses:

CITY

City of Morro Bay
Finance Department
595 Harbor Street
Morro Bay, CA 93442

CONTRACTOR

[NAME OF CONTACT]
[NAME OF GRANTEE]
[ADDRESS OF GRANTEE]
[ADDRESS OF GRANTEE]

III. OBLIGATIONS OF CITY

- A. Contract Compliance: CITY staff shall provide reasonable assistance to CONTRACTOR in connection with:
1. Obtaining conformity of the PROGRAM with the CITY's policies and procedures and all CITY codes, ordinances, directives and laws.
 2. Performance review under the Agreement for compliance purposes and evaluating PROGRAM based on Semi-Annual and/or Annual reports received from CONTRACTOR and on-site monitoring of client-based data.

IV. OBLIGATIONS OF CONTRACTOR

CONTRACTOR shall file Semi-Annual and/or Annual narrative reports with CITY on the types and numbers of services rendered to beneficiaries through the operation of PROGRAM, which reports shall evaluate the manner in which PROGRAM is achieving its goals according to standards established by CITY. The reports shall be due on January 31, and July 31, or the first working day thereafter and shall cover the entire quarter immediately preceding the date on which the report is filed, and shall be made on forms approved by CITY. In no event shall CONTRACTOR overrun the total budget for any quarter without obtaining prior written approval from CITY.

V. PAYMENTS TO CONTRACTOR

A. Method of Payment:

1. CITY agrees to provide CONTRACTOR a sum of money not to exceed [AMOUNT OF GRANT IN WORDS](\$[AMOUNT OF GRANT IN NUMERALS]), including all allowable costs and expenses, by August 1.
2. CITY grant funds are meant to fund CONTRACTOR for all allowable costs and expenses incurred in providing the PROGRAM upon receipt of properly executed invoice according to the Community Grant Policy. Payment shall be made solely for services set forth in Exhibit B, and subject to CITY's review of CONTRACTOR performance.

3. CITY may, at any time and in its absolute discretion, elect to suspend or terminate payment to CONTRACTOR, in whole or in part, under this Agreement, or not to make any particular payment under this Agreement, in the event of unsatisfactory performance or noncompliance with this Agreement.

VI. DISCLOSURE OF CONFIDENTIAL CLIENT INFORMATION

CITY, to the extent allowed by the California Public Records Act, and CONTRACTOR agree to maintain the confidentiality of any information regarding applicants for services offered by the PROGRAM pursuant to this Agreement or their immediate families which may be obtained through application forms, interviews, tests, or reports, from public agencies or counselors, or any other source. Without the written permission of the applicant or court order, such information shall be divulged only as necessary for purposes related to the performance or evaluation of the services and work to be provided pursuant to this Agreement to designated persons having responsibilities under the contract, including those furnishing services under the PROGRAM through subcontracts.

VII. ASSIGNABILITY AND INDEPENDENT CONTRACTOR REQUIREMENTS

- A. The relationship of CONTRACTOR to CITY is that of an independent contractor. CONTRACTOR is responsible for the results of its PROGRAM and compliance with the terms of this Agreement. CONTRACTOR has full rights to manage its employees subject to the requirements of the law. All persons employed by CONTRACTOR in connection with this Agreement shall be employees of CONTRACTOR and not employees of CITY in any respect. CONTRACTOR shall be responsible for all employee benefits, including, but not limited to, statutory workers' compensation benefits.
- B. None of the work or services to be performed hereunder shall be delegated or subcontracted to third parties without prior written CITY approval.
- C. No subcontractor of CONTRACTOR will be recognized by CITY as such. All subcontractors are deemed to be employees of CONTRACTOR, and CONTRACTOR agrees to be responsible for their performance and any liabilities attached to their actions or omissions.
- D. This Agreement is based on the unique services of CONTRACTOR. This Agreement shall not be assigned or transferred without the written consent of the CITY. No changes or variations of any kind are authorized without the written consent of the CITY Manager.

VIII. COMPLIANCE WITH LAW

CONTRACTOR shall become familiar and comply with and cause all its subcontractors and employees, if any, to become familiar and comply with all applicable federal, state and local laws, ordinances, codes, regulations, and decrees including, but not limited to, federal Community Grant Policy as outlined in Exhibit A, "Assurances". Failure of CONTRACTOR to, in any manner, observe and adhere to law as described herein or as

amended shall in no way relieve CONTRACTOR of its responsibility to adhere to same and CONTRACTOR herein acknowledges this responsibility.

IX. TERMS AND AMENDMENTS

Amendments to the terms and conditions of this Agreement shall be requested in writing by the party desiring such revision, and any such adjustment to this Agreement shall be determined and effective only upon the mutual Agreement in writing of the parties hereto unless the Amendments are made by the CITY as corrective actions under the Community Grant Policy, in which case they will be adopted as ordered.

X. LEGAL MATTERS

A. Integration

This document including Exhibits A through C represent the entire and integrated Agreement between the CITY and the CONTRACTOR, and supersedes all prior negotiations, representations, and agreements, either written or oral.

B. Binding Effect

The terms of this Agreement shall bind, and inure to the benefit of, the parties, their heirs, successors, and assigns.

XI. HOLD HARMLESS

A. CONTRACTOR hereby releases and agrees to protect, defend, hold harmless, and indemnify CITY, its CITY Council, its officers, employees, agents, volunteers and elected officials, boards and commissions, from and against all claims, injury, liability, loss, costs and expense, or damage, however same may be caused, including all cost and reasonable attorney's fees in providing the defense to any claim arising therefrom, for any loss or damage to property (real and/or personal) and for personal injury to or death of any person or persons arising out of, occurring by reason of, or in any way connected with CONTRACTOR's PROGRAM activities, or in consequence thereof.

B. CONTRACTOR shall hold CITY, its CITY Council, officers, employees and boards and commissions harmless from CONTRACTOR's failure(s) to comply with any requirement imposed on PROGRAM by virtue of the utilization of Federal funds. CONTRACTOR shall reimburse CITY, for any disallowed costs and/or penalties imposed on CITY because of CONTRACTOR's failure to comply with Federal regulations or requirements.

C. CITY shall indemnify and save CONTRACTOR, its officer, employees, and officials harmless with respect to any judgements arising from CITY's sole negligence or intentional actions or omissions in performance of CITY's obligations under this Agreement.

D. CITY and CONTRACTOR agree that CITY's indemnification shall extend solely to the payment of any judgements and is not intended to require that a defense to suit be provided by CITY, or to limit in any manner CONTRACTOR's duty to

defend all suits, actions, claims and causes of action arising out of the services CONTRACTOR provides pursuant to this Agreement.

XII. INSURANCE AND INDEMNIFICATION

A. Minimum Scope of Services

1. Consultant agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: one million dollars (\$1,000,000) per occurrence, and two million dollars (\$2,000,000) in the aggregate, for bodily injury, personal injury and property damage.
2. Consultant agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than one million dollars (\$1,000,000) per accident for bodily injury and property damage.
3. Consultant shall provide to the CITY all certificates of insurance, with original endorsements effecting coverage. Consultant agrees that all certificates and endorsements are to be received and approved by the CITY before work commences.
4. Consultant agrees to have and maintain, for the duration of the contract, professional liability insurance appropriate to the Consultant's profession in amounts not less than \$1,000,000 which is sufficient to insure Consultant for professional errors or omissions in the performance of the particular scope of work under this agreement.

B. General Liability

1. The CITY, its CITY Council, its officers, officials, employees, agents and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of Consultant, premises owned or used by the Consultant. This requirement does not apply to the professional liability insurance required for professional errors and omissions.
2. The Consultant's insurance coverage shall be primary insurance as respects the CITY, its CITY Council, its officers, officials, employees, agents and volunteers. Any insurance or self-insurances maintained by the CITY, its CITY Council, its officers, officials, employees, agents or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
3. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the CITY, its CITY Council, its officers, officials, employees, agents or volunteers.
4. The Consultant's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

C. All Coverages

Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the CITY. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the CITY Clerk.

D. Workers' Compensation

In addition to these policies, Consultant shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the CITY before beginning services under this Agreement. Further, Consultant shall ensure that all subcontractors employed by Consultant provide the required Workers' Compensation insurance for their respective employees.

E. Indemnification

The Consultant shall save, keep, hold harmless and indemnify and defend the CITY, its CITY Council, its officers, officials, agents, employees and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant.

XIII. WHEN RIGHTS AND REMEDIES WAIVED

In no event shall any payment by CITY or any acceptance of payment by CONTRACTOR hereunder constitute or be construed to be a waiver by CITY or CONTRACTOR of any breach of covenants or conditions of this Agreement or any default which may then exist on the part of CITY or CONTRACTOR, and the making of any such payment while any such breach or default shall exist shall in no way impair or prejudice any right or remedy available to CITY or CONTRACTOR with respect to such breach or default.

XIV. TERMINATION

A. Termination for Cause

Unearned payments under this Agreement may be suspended or terminated at any time before the date of completion by CITY if:

1. CONTRACTOR fails to comply with conditions of the Agreement.
2. CONTRACTOR refuses to accept any additional conditions that may be imposed by the Federal or State Government.
3. CITY Council determines the CITY can no longer fund the monies for the Agreement.

B. Termination for Convenience

CITY or CONTRACTOR may terminate this Agreement in whole or in part when both parties agree that the continuation of the PROGRAM would not produce

beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated.

- C. Upon Suspension or Termination, CONTRACTOR shall:
1. Not incur new obligations, and shall cancel as many outstanding obligations as possible, as such obligations concern the PROGRAM.
 2. Be paid only for services actually rendered to CITY to the date of such suspension or termination; provided, however, if this Agreement is suspended or terminated for fault of CONTRACTOR, CITY shall be obligated to compensate CONTRACTOR only for that portion of CONTRACTOR's services which are of benefit to CITY.
 3. Turn over to CITY immediately any and all copies of studies, reports and other data, prepared by CONTRACTOR or its subcontractors, whether or not completed, if any, in connection with this Agreement; such materials shall become property of CITY. CONTRACTOR, however, shall not be liable for CITY's use of incomplete materials or for CITY's use of complete documents if used for other than the services contemplated by this Agreement.
- D. CITY is not liable for any CONTRACTOR expenses incurred after the termination or closing date of the Agreement.

XV. MISCELLANEOUS PROVISIONS

A. The Caption

The captions of the various sections, paragraphs, and subparagraphs of the Agreement are for convenience only and shall not be considered nor referred to for resolving questions of the interpretation.

B. No Third Party Beneficiary

This Agreement shall not be construed or deemed to be an Agreement for the benefit of any third party or parties, and no third party shall have any claim or right of action hereunder for any cause whatsoever.

C. Severability Clause

In case any one or more of the provisions contained herein shall, for any reason, be held invalid, illegal, or unenforceable in any respect, it shall not affect the validity of the other provisions which shall remain in full force and effect.

D. No Pledging of CITY's Credit

Under no circumstances shall CONTRACTOR have the authority or power to pledge the credit of CITY, or incur any obligation in the name of CITY. CONTRACTOR shall save and hold harmless CITY, its CITY Council, its officers, employees and boards and commissions from expenses arising out of this Agreement.

E. Disputes

In any dispute over any aspect of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, as well as reasonable costs, but not to exceed \$5,000.

F. Nondiscrimination

1. Neither the CONTRACTOR nor any of its subcontractors shall discriminate in the employment of persons because of their race, color, national origin, sex, age, ancestry, sexual orientation, religion, physical or mental disability, or marital status, unless based upon a bona fide qualification under the California Fair Employment and Housing Act.
2. Neither the CONTRACTOR nor any of its subcontractors shall discriminate in the provision of any services or programs because of race, color, national origin, sex, age, ancestry, sexual orientation, religion, physical or mental disability, or marital status, unless based upon a bona fide qualification under the California Fair Employment and Housing Act.

G. Venue

This Agreement shall be interpreted, construed and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of San Luis Obispo, State of California, or any other appropriate court in such county, and CONTRACTOR covenants and agrees to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of San Luis Obispo, State of California.

H. Non-liability of City Officers and Employees

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

I. Interpretation

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

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first herein above set forth.

City of Morro Bay

[NAME OF GRANTEE]

Scott Collins
City Manager

[NAME OF CONTACT]
Executive Director

APPROVED AS TO FORM:

Chris Neumeyer, City Attorney

EXHIBITS:

- A. Assurances
- B. Scope of Services
- C. Community Grant Policy



AGENDA NO: C-5

MEETING DATE: February 13, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: January 28, 2019

FROM: Eric Endersby, Harbor Director

SUBJECT: Harbor Department Lease Management Policy Update

RECOMMENDATION

City Council review the update provided on the Harbor Department Lease Management Policy update process, provide input and/or direction as-necessary, and assess whether or not the proposed draft Lease Management Policy outline covers or addresses desired topics or areas.

ALTERNATIVES

No alternatives are being presented.

FISCAL IMPACT

There is no fiscal impact associated with this item.

BACKGROUND

On November 13, 2018 staff brought an item to Council seeking input and direction on the Lease Management Policy (LMP) update process, specifically input on a new proposed timeline and on a facilitator to assist with process execution. In that meeting, Council was generally accepting of the proposed timeline, and directed staff to engage former Interim City Manager Marty Lomeli as the process facilitator.

Since last October, a policy update group was established consisting of Harbor Advisory Board representatives Cherise Hansson and Mark Blackford, master lessees Smith Held (the Harbor Center) and Bob Fowler (Morro Bay Landing), Morro Bay citizen and former hotelier and former TBID Chair Joan Solu, Morro Bay Chamber of Commerce President/CEO Erica Crawford and Harbor Business Coordinator Lori Stilts and Harbor Director Eric Endersby representing staff. In addition, staff intend to engage Community Development Director Scot Graham on planning, permitting and development matters that pertain to his department where appropriate, and other City staff where necessary.

The LMP update group has met three times (December 10, 2018, January 10, 2019 and January 24, 2019): first primarily a meet-and-greet and to discuss the process in general; second to begin vetting a LMP vision statement; and more recently to provide input on a draft vision statement, approve a general outline of the new LMP document, and begin identifying next steps and assigning tasks.

Prepared By: EE

Dept Review: EE

City Manager Review: SC

City Attorney Review: CN

DISCUSSION

The draft vision statement is included with this staff report as Attachment 1. It is being provided to Council primarily for information purposes. It should be noted the Council will have future opportunities to review and comment on the draft vision statement or other aspects of the LMP document.

Included as Attachment 2 to this staff report is a draft bullet-point outline of the proposed updated LMP, as-approved by the LMP update group. It should be noted this outline is not in its final form in terms of document order or structure. Rather, at this point the outline is just a running list of items and issues to address; document form and structure will come as the update process progresses.

For Council consideration tonight is whether or not the proposed draft outline covers or addresses the desired topics or areas?

In terms of next steps, on January 24 the update group agreed to next address Lease Management Policy Sections 4 and 5, the General Policy, Purpose and Benefits section, and Background section, respectively, by dividing into two teams, with each team to do the policy, research and other work necessary for their respective section. It was agreed each team will bring their research, input and recommendations to staff and the facilitator for actual policy-writing, where said policy will be written and brought back to the whole group later for review and approval before moving on to the next section. The group will then proceed step-wise through the entire outline.

CONCLUSION

During the LMP update process, staff has and will continue to keep the two Council liaisons to the group, Councilmembers McPherson and Davis, updated and periodically involved where appropriate, and come back to the full Council when and where necessary for significant decision points or other matters.

The LMP update group is meeting approximately every two weeks depending on member availability, with the next full meeting scheduled for February 14. Mr. Lomeli is doing a great job assisting staff with process facilitation and execution, and all members are active and engaged.

ATTACHMENTS

1. Draft Lease Management Policy Vision Statement
2. Draft Lease Management Policy Outline

Harbor Department Lease Management Policy Vision Statement

The long-term vision of the City of Morro Bay is to manage and maintain the Embarcadero Tidelands lease sites as a vibrant working waterfront, incorporating tourism and various commercial and recreational uses. Positive cash flow to the Harbor Department is crucial to maintain the integrity of the Embarcadero and environmental health of the bay and its resources. In order to provide a quality experience for the public, tourism and other recreational uses of the Embarcadero are encouraged and considered in lease management decisions. The Embarcadero will be pedestrian-friendly with ample access and view corridors to coastal resources.

The principal tenets in the State Tidelands Grant will be followed and future development or redevelopment of the Embarcadero will conform with the City's General Plan, Downtown and Waterfront Master Plan, Local Coastal Program and the voter-approved initiative known as Measure D that protects commercial and recreational fishing uses, while remaining true to the historic fishing heritage of the harbor and community.

This document is intended as an advisory tool to provide guidance for future lease site management, development, and redevelopment decisions considered by the City, with the ultimate dual goals of maintaining the vitality of the City's waterfront and fiscal health of the department charged with managing it.

CITY OF MORRO BAY
HARBOR DEPARTMENT LEASE MANAGEMENT POLICY OUTLINE

1. VISION STATEMENT

2. TABLE OF CONTENTS

3. DEFINITIONS AND ACRONYMS

4. GENERAL POLICY, PURPOSE AND BENEFITS

- A. General Policy
- B. Purpose
- C. Benefits

5. BACKGROUND

- A. History (in depth Trust with links to SLC & Trust Law)
- B. General Lease Management
- C. Leasing Areas

6. LEASE ADMINISTRATION

- A. Master Lease Format
- B. Approved Uses
- C. Fair Market Rent
 - I. Commercial Business
 - a) Base Rent
 - b) Percent Gross Sales Rent
 - II. Non-Profits/Public Benefit
 - a) Base Rent
 - b) Percent Gross Sales Rent
 - III. Government
 - a) Base Rent
- D. Lease Term (duration)
- E. Lease Negotiation
- F. Lease Amendment, Renewal and Extension
 - I. Amendment
 - II. Renewal
 - III. Extension
- G. Fee Collection
- H. Putting Lease Sites up for RFP/Public Bid
- I. Lease Site Redevelopment and Coordination with Community Development Department
- J. Lease Site Consolidation
- K. Site Inspection, Maintenance of Improvements and Compliance Monitoring
 - I. Site Inspection
 - II. Maintenance of Improvements
 - III. Compliance Monitoring
 - IV. Public Spaces/Amenities, Common Areas, Rights of Way
- L. Percentage of Gross Sales Audits
- M. Lease Sale, Assignment and Assumption
 - I. Lease Sale
 - II. Assignment and Assumption
- N. Sublease Approval
- O. Financial Partnership Criteria and Financing
 - I. Financial Capacity, Reliability and History Determinants
 - II. Business Qualification

- III. Lease Purchase and Improvement Financing Determinants
- P. Termination of Leases for Cause
- Q. License Agreements

7. Exhibits to Policy

- A. Flow Charts
 - I. RFP Process
 - II. Development/Redevelopment/Lease Extension
 - III. Assignment and Assumption (lease sale)
 - IV. Lease Amendment
- B. Maps/Surveys
- C. Zoning Chart
- D. Percent Gross
 - I. Ground Leases
 - II. Building Leases
- E. Master Lease Template
- F. Forms
 - I. Subleasing
 - II. Assignment and Assumption
 - III. Insurance Requirements
 - IV. Lease Amendment

DRAFT