



# CITY OF MORRO BAY CITY COUNCIL AGENDA

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*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.*

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## **Regular Meeting – Tuesday, April 23, 2019 Veterans Memorial Hall - 5:30 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

- Sexual Assault Awareness Month Proclamation presented to RISE
- National Foster Care Month Proclamation

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 MARCH 12, 2019, CITY COUNCIL MEETING;  
(ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FOR THE MARCH 26, 2019, CITY COUNCIL MEETING;  
(ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-3 PROCLAMATION DECLARING APRIL 2019 AS “SEXUAL ASSAULT AWARENESS  
MONTH”

**RECOMMENDATION: Approve as submitted.**

A-4 PROCLAMATION RECOGNIZING MAY AS “NATIONAL FOSTER CARE MONTH”

**RECOMMENDATION: Approve as submitted.**

A-5 PROCLAMATION DECLARING THE MONTH OF APRIL AS “FAIR HOUSING MONTH”

**RECOMMENDATION: Approve as submitted.**

A-6 APPROVAL OF PRELIMINARY STREETS TO BE MAINTAINED USING FUNDING  
FROM SB1; (PUBLIC WORKS)

**RECOMMENDATION: Adopt Resolution No. 26-19 approving the Fiscal Year 2019/20 project list for Senate Bill 1 (Road Repair and Accountability Act of 2017) Road Maintenance and Rehabilitation Account (RMRA) funding.**

A-7 APPROVAL OF ISSUANCE OF REQUEST FOR PROPOSALS FOR  
REDEVELOPMENT ON LEASE SITES 34W AND 35W-36W, ADJACENT TO 225 &  
235-245 MAIN STREET, RESPECTIVELY; (HARBOR)

**RECOMMENDATION: City Council approve issuance of the re-revised Request for Proposals document to put Lease Sites 34W and 35W-36W out to bid for redevelopment.**

A-8 PROCLAMATION DECLARING MAY 5 – 11, 2019 AS NATIONAL TRAVEL AND  
TOURISM WEEK

**RECOMMENDATION: Approve as submitted.**

A-9 ADOPTION OF RESOLUTION NO. 27-19 AUTHORIZING THE CHIEF OF POLICE TO  
SUBMIT AN APPLICATION FOR LIVE SCAN SERVICES FOR COMMERCIAL  
MEDICAL CANNABIS BUSINESS APPLICANTS; (POLICE)

**RECOMMENDATION: Council adopt Resolution No. 27-19 allowing the Chief of Police to complete an application for Live Scan services from the State of California’s Department of Justice Live Scan system for local, state and federal level criminal history information on prospective employees and owners of commercial medical cannabis businesses.**

B. PUBLIC HEARINGS - None.

C. BUSINESS ITEMS

- C-1 WATER RECLAMATION FACILITY QUARTER 3 FISCAL YEAR 2018/19 QUARTERLY UPDATE; (PUBLIC WORKS)

**RECOMMENDATION:** City Council receive the March 2019 Monthly Status Report for the Water Reclamation Facility and provide input regarding which elements should be included in future reports.

- C-2 OPTIONS TO ENHANCE COMMUNICATION AND ENGAGEMENT WITH THE COMMUNITY; (CITY MANAGER)

**RECOMMENDATION:** City Council review options to enhance communication and engagement with the community and provide direction as appropriate.

- C-3 APPROVAL OF CAPITAL BUDGET FUND REALLOCATION OF \$21,000 TO REPAVE THE ALLEYWAY BETWEEN TOGNAZZINI'S RESTAURANT AND THE SANTA MONICA SEAFOOD COMMERCIAL FISHING DOCK; (HARBOR)

**RECOMMENDATION:** City Council approve reallocation of \$21,000 from the Harbor Ice Machine Maintenance capital project fund to the Harbor Operating Fund as outlined in this report to enable repaving of a critical section of alleyway between Tognazzini's restaurant and the Santa Monica Seafood commercial fish unloading dock.

- C-4 INTRODUCTION AND FIRST READING OF ORDINANCE NO. 622 AUTHORIZING AN AMENDMENT TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM CONTRACT TO IMPLEMENT COST SHARING FOR LOCAL POLICE MEMBERS IN THE MORRO BAY PEACE OFFICERS ASSOCIATION; (ADMINISTRATION)

**RECOMMENDATION:** City Council introduce for first reading by title only, and waive further reading, Ordinance No. 622 Authorizing an Amendment to the Contract between the City of Morro Bay and the Board of Administration of the California Public Employees' Retirement System (CalPERS) Implementing Section 20516 (Employees Sharing Additional Cost) to provide employee cost sharing of 1% for local police members in the Morro Bay Peace Officers Association (MB POA) for Fiscal Year 2018/19 (FY2018/19).

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, May 14, 2019 at 5:30 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 Jeff Heller Marlys McPherson	Mayor Council Member Council Member Council Member
ABSENT:	Robert Davis	Council Member
STAFF:	Scott Collins Chris Neumeyer Dana Swanson Jennifer Callaway Rob Livick Scot Graham Jody Cox Steve Knuckles Eric Endersby	City Manager City Attorney City Clerk Finance Director Public Works Director Community Development Director Police Chief Fire Chief Harbor Director

#### ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 5:30 p.m., with all but Council Member Davis 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 accordance with the Brown Act.

#### MAYOR AND COUNCIL MEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/vQFSIm3Xw5E?t=100>

#### CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/vQFSIm3Xw5E?t=302>

PRESENTATIONS – None

#### PUBLIC COMMENT

<https://youtu.be/vQFSIm3Xw5E?t=538>

Matt Phines, Dealers Choice Inc. located at 1598 Main Street, provided the business spot. Dealers Choice has two locations in the Central Valley and looks forward to being part of the Morro Bay community. They are open Monday thru Saturday from 10 a.m. to 6:00 p.m. Visit [www.805deal.com](http://www.805deal.com) or call (805) 617-0099 for more information.

Del Mar Elementary School students, Emma Watson, Mollie Lange, and Isabella Ketchum shared information about upcoming activities and events.

Barbara Wolak, Morro Bay, spoke in favor of more pickle ball courts at Del Mar Park and offered to present a fundraising proposal at a future meeting.

Rich Raub shared his support for more pickle ball courts and willingness to raise funds so there is no cost to the City.

Meredith Bates, Morro Bay, spoke in support of opening a warming shelter in Morro Bay.

Rigmor, Morro Bay, suggested land be gifted to a resident who would coordinate efforts to rebuild the Surf Street stairs. She was also supportive of a 1% sales tax increase to build new stairs.

Joe Guzzardi, San Luis Obispo County Emergency Services Manager, introduced himself and looked forward to working closely with local agencies and special districts.

Nicole Dorfman, Morro Bay, voiced her support for Items C-1 and C-2 and encouraged the Council to continue forward in partnership with Central Coast Aquarium and Cal Poly to build an aquarium.

Maggie Juren, Morro Bay, spoke in support of the proposed aquarium project and encouraged the Council to continue working with Central Coast Aquarium.

Sophia Tolle, Atascadero resident and Morro Bay business owner, inquired about the City's position on 4<sup>th</sup> of July fireworks and shared her support for an aquarium on the Embarcadero.

Bill Martony, Morro Bay, stated his opposition to the proposed up-zoning to allow more intensive use in the area of Main Street south of the boat launch.

Mandy Davis, Morro Bay, appreciated the proposed Resolution No. 17-19 opposing piping and trucking offshore oil through SLO County.

Chuck Stoll, Morro Bay, spoke in support of Item C-2 and announced a Lions Club Fundraiser to be held on March 23 in the Morro Bay Community Center from 5:00 – 9:30 p.m.

Linda Fidell, Morro Bay, spoke in support of Item C-2 and the need for a warming station and safe parking in Morro Bay.

Andrew Christie, SLO Sierra Club, thanked the City for the proposed resolution opposing oil pipeline and trucking oil through San Luis Obispo County and hoped the City would also adopt policies prohibiting investment in those companies.

John Barbieri, Morro Bay, spoke in support of the proposed aquarium project and hoped, looking forward, the City would consider public/private partnerships that would encompass all ocean uses.

Leah Heidt and Greg Olson, Morro Bay High School, spoke regarding benefits of an aquarium and encouraged the City to continue working with Central Coast Aquarium on this project.

Doug Redican, Rose's Landing, shared his support for the aquarium project.

Cliff Branch, Otter Rock/Boatyard, stated the aquarium project is essential to the future viability of the Embarcadero.

Dr. Eric Prater, San Luis Coastal Unified School District Superintendent, spoke regarding the Memorandum of Understanding between the City and School District to fund a School Resource Officer.

The Public Comment period was closed.

The Mayor and staff responded to issues raised during public comment.

- A. CONSENT AGENDA  
<https://youtu.be/vQFSIm3Xw5E?t=3778>

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

- A-1 APPROVAL OF MINUTES FOR THE JANUARY 22, 2019, CITY COUNCIL MEETING;  
(ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-2 APPROVAL OF MINUTES FOR THE FEBRUARY 13, 2019, CITY COUNCIL MEETING;  
(ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-3 ADOPTION OF RESOLUTION NO. 16-19 APPROVING A 1-YEAR LEASE AGREEMENT WITH THE MORRO BAY SKATEBOARD MUSEUM, INC. FOR PROPERTY LOCATED AT 781 MARKET STREET; (COMMUNITY DEVELOPMENT)

**RECOMMENDATION: Council adopt Resolution No. 16-19.**

- A-4 APPROVE NEW CONSULTANT AGREEMENT AND AMENDMENT NEEDED TO SUPPORT THE WATER RECLAMATION FACILITY PROJECT; (PUBLIC WORKS)

**RECOMMENDATION: City Council approve the following and authorize the City Manager to execute the requisite contract documents:**

1. **New agreement with Environmental Science Associates, Inc. (ESA) for completion of an addendum to the WRF Final Environmental Impact Report (FEIR) in the amount of \$30,666; and**
2. **Amendment to an existing agreement with Kestrel Consulting, Inc. (Kestrel) for preparation of two new grant applications in support of the WRF program in the amount of \$74,420.**

- A-5 RESOLUTION NO. 17-19 OPPOSING PROPOSAL TO PIPE AND TRUCK OFFSHORE OIL THROUGH SAN LUIS OBISPO COUNTY AND NEIGHBORING COUNTIES; (CITY MANAGER)

**RECOMMENDATION: City Council adopt Resolution No. 17-19, opposing the proposal before Santa Barbara County to truck and pipe offshore oil through Santa Barbara, San Luis Obispo and Kern County, and authorize the Mayor to send a letter outlining the City's position on the matter to Santa Barbara County and other government agencies considering the proposal.**

- A-6 APPROVAL OF MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE CITY OF MORRO BAY, THROUGH THE MORRO BAY POLICE DEPARTMENT (MBPD), AND THE SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT (SLCUSD) FOR THE POSITION OF SCHOOL RESOURCE OFFICER (SRO); (POLICE/FINANCE)

**RECOMMENDATION: City Council approve the MOU agreement between the City of Morro Bay through the Morro Bay Police Department (MBPD) and the SLCUSD to provide a full-time dedicated sworn School Resource Officer (SRO) to the**

**District for coverage of the Morro Bay High School and Del Mar Elementary (ongoing personnel costs to be paid by SLCUSD and equipment costs to be paid by Morro Bay) and authorize Police Chief Cox to execute the agreement on the City's behalf.**

A-7 ADOPT RESOLUTION NO. 18-19 APPROVING THE PARCEL MAP MBAL 17-0139 (787 MAIN ST. & 280 MORRO BAY BLVD) AND ABANDONMENT OF PORTIONS (FOR ONLY PARCEL 1) OF THE MAIN STREET AND MORRO BAY BOULEVARD RIGHTS-OF-WAY, WITH A REVISED DELINEATION ON PARCEL MAP MBAL 17-0139 TO NOT INCLUDE THE ABANDONMENT TO PARCELS 2 AND 3; (PUBLIC WORKS)

**RECOMMENDATION: City Council adopt Resolution No. 18-19 approving Parcel Map MBAL 17-0139, and the partial right-of-way abandonment (vacation) of both a 2-foot wide strip along the westerly side of Main Street as well as a 1-foot wide strip along the southernly side of Morro Bay Boulevard for only Parcel 1, with a revised delineation to not include the abandonment to Parcels 2 and 3.**

Mayor Headding opened public comment for the Consent Agenda.

Jane Heath, speaking on behalf of the applicant, asked the Council to adopt Resolution No. 18-19 approving the proposed parcel map (Item A-7).

Scott Lawson, Morro Bay, spoke in opposition to the proposed abandonment of portions of public right-of-way (Item A-7).

The public comment period was closed.

Council Member McPherson pulled Item A-4. Council Member Heller pulled Item A-7.

MOTION: Council Member McPherson moved the Council approve Items A-1, A-2, A-3, A-5 and A-6 on the Consent Agenda. The motion was seconded by Council Member Heller and carried 4-0-1 by roll call vote with Council Member Davis absent.

A-4 APPROVE NEW CONSULTANT AGREEMENT AND AMENDMENT NEEDED TO SUPPORT THE WATER RECLAMATION FACILITY PROJECT; (PUBLIC WORKS)  
<https://youtu.be/vQFSIm3Xw5E?t=4017>

At Council's request, Public Works Director Livick provided an update on pending grant applications.

MOTION: Council Member McPherson moved the Council approve Item A-4. The motion was seconded by Council Member Addis for discussion.

Council Member Heller expressed concern this was not an appropriate item for the Consent Agenda.

Staff responded to questions regarding the WRF Program budget, contract authority and work to be completed under both contracts.

The motion carried 3-1-1 by roll call vote with Council Member Heller opposed and Council Member Davis absent.

A-7 ADOPT RESOLUTION NO. 18-19 APPROVING THE PARCEL MAP MBAL 17-0139 (787 MAIN ST. & 280 MORRO BAY BLVD) AND ABANDONMENT OF PORTIONS (FOR ONLY PARCEL 1) OF THE MAIN STREET AND MORRO BAY BOULEVARD

RIGHTS-OF-WAY, WITH A REVISED DELINEATION ON PARCEL MAP MBAL 17-0139 TO NOT INCLUDE THE ABANDONMENT TO PARCELS 2 AND 3; (PUBLIC WORKS)  
<https://youtu.be/vQFSIm3Xw5E?t=4773>

Council Member Heller did not feel item was appropriate for the Consent Agenda and opposed abandoning public right-of-way for no compensation or public benefit.

MOTION: Council Member McPherson moved for approval of Item A-7. The motion was seconded by Mayor Heading and carried 3-1-1 with Council Member Heller opposed and Council Member Davis absent.

B. PUBLIC HEARINGS - None

C. BUSINESS ITEMS

C-1 INTRODUCE, DISCUSS AND PROVIDE DIRECTION ON THE NEW MORRO BAY AQUARIUM MARKET AND ECONOMIC FEASIBILITY STUDY COMPLETED BY CONSULTECON, INC. FOR THE CENTRAL COAST AQUARIUM, AND DISCUSS AND PROVIDE DIRECTION ON THE FUTURE OF LEASE SITE 69-70/69W-70W, LOCATED AT 595 EMBARCADERO AND SITE OF THE OLD MORRO BAY AQUARIUM; (HARBOR)  
<https://youtu.be/vQFSIm3Xw5E?t=4919>

Harbor Director Endersby introduced the item and provided background information.

The Council took a brief recess at 7:06 p.m. The meeting reconvened at 7:12 with all but Council Member Davis present.

Christine Johnson, Central Coast Aquarium Executive Director, provided historical information regarding the Central Coast Aquarium (CCA) in Avila Beach.

Tim Williams, CEO Digital West and CCA Board Member, spoke on behalf of the Board of Directors.

Dr. Dean Wendt, Cal Poly Dean of College of Science and Mathematics and CCA Board Member, spoke as a member of the Board and expressed Cal Poly's interest in growing its partnership with the CCA.

Elena Kazlas, Principal with ConsultEcon, Inc., provided a summary of findings for the New Morro Bay Aquarium Market and Economic Feasibility Study.

Ms. Kazlas, Ms. Johnson and staff responded to Council inquiries.

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

Bruce Gibson, San Luis Obispo County Supervisor, offered a commitment of support on behalf of himself and Supervisor Adam Hill, who represents the Avila Beach area.

Ken Twist, Morro Bay resident and business owner, recommended the City partner with CCA and Cal Poly to bring an aquarium to Morro Bay.

Bill Martony, Morro Bay, supported an aquarium project but suggested the old Breakers building is a better location.

Don Maruska spoke to the strong community support he's seen since 2003 and believed there is a lot more opportunity than is reflected in the feasibility study. He encouraged the Council to assign one or two Council Members to champion the project.

Bob Keller, Morro Bay, urged the Council to move forward in partnership with CCA.

Jen Ford, Morro Bay, encouraged the Council to support aquarium project.

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

Following discussion there was Council concurrence to continue forward with CCA in pursuing the project as outlined in the CCA Board action, including the proposed one-year timeline. Mayor Headding suggested, and the Council agreed, to incorporate the following milestone updates: Concept / Philanthropic Plan presented to Council within 90 days to include an economic spin-off plan; Business Marketing Plan at 180 days (pro forma); report on success to date for philanthropic efforts and concept plan progress at 270 days (9 months), and a final report at one year—"go" or "no go." The Council appreciated the partnership with CCA and Cal Poly, and spoke to the importance of providing educational opportunities as well as be good stewards of the bay and ocean.

**MOTION:** Mayor Headding moved the Council move forward with CCA in pursuing this project as outlined in the CCA Board action including the proposed one-year timeline to include four milestones: 1) Concept / Philanthropic Plan presented back to Council within 90 days, 2) Business Marketing Plan presented back to Council at 180 days, 3) Report on Philanthropic / Concept Plan progress at 270 days, and 4) final report at the end of one year with regard to further decisions on moving forward, and to appoint Mayor Headding and Council Member Addis (existing sub-committee members) as chosen members to participate on the proposed task force. The motion was seconded by Council Member McPherson carried 4-0-1 by roll call vote with Council Member Davis absent.

The Council took a brief recess at 8:57 p.m. The meeting reconvened at 9:05 p.m. with all but Council Member Davis present.

**C-2 CONSIDERATION TO AUTHORIZE THE SUBMITTAL OF GRANT APPLICATION TO SAN LUIS OBISPO COUNTY CONTINUUM OF CARE FOR A HOMELESS EMERGENCY AID PROGRAM GRANT IN THE AMOUNT OF \$285,300, WITH POTENTIAL ONE TIME COST OF \$34,700 TO CITY, AND POTENTIAL ANNUAL COST TO CITY OF UP TO \$20,000, IF GRANT IS AWARDED; (CITY MANAGER)**  
<https://youtu.be/vQFSIm3Xw5E?t=12149>

City Manager Collins presented the report and, along with Council Member McPherson, responded to Council inquiries.

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

Sharon O'Leary, Morro Bay resident and Community Resource Connections volunteer, spoke to the need for a warming shelter and supported this funding opportunity.

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

**MOTION:** Council Member McPherson moved the Council submit the HEAP grant. The motion was seconded by Council Member Heller and carried 4-0-1 by roll call vote with Council Member Davis absent.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS  
<https://youtu.be/vQFSIm3Xw5E?t=13137>

Council Member Heller requested staff bring back within 30 days a menu of revenue options to maintain City infrastructure. Following discussion, it was agreed staff would provide an update to Council on the timing of a dedicated study session.

E. ADJOURNMENT

The meeting adjourned at 9:26 p.m.

Recorded by:

Dana Swanson  
City Clerk

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PRESENT:	John Headding	Mayor
	Dawn Addis	Council Member
	Robert Davis	Council Member
	Jeff Heller	Council Member
	Marlys McPherson	Council Member
STAFF:	Scott Collins	City Manager
	Chris Neumeyer	City Attorney
	Dana Swanson	City Clerk
	Jennifer Callaway	Finance Director
	Rob Livick	Public Works Director
	Scot Graham	Community Development Director
	Steve Knuckles	Fire Chief
	Jody Cox	Police Chief
	Eric Endersby	Harbor Director
	Eric Casares	WRF Program Manager, Carollo Engineering

#### ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 5:30 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 accordance with the Brown Act.

#### MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/zxdjU0DPV4A?t=142>

#### CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/zxdjU0DPV4A?t=548>

Lee Ann Vermeulen, The Creatives Coach, provided the business spot. She assists entrepreneurs in creative professions, and those who “think” they’re not creative, with challenges in their life and business. For more information, visit [www.thecreativescoach.com](http://www.thecreativescoach.com).

<https://youtu.be/zxdjU0DPV4A?t=598>

#### PRESENTATIONS

- o Climate Change Presentation, by Scot Graham, Community Development Director  
<https://youtu.be/zxdjU0DPV4A?t=838>

#### PUBLIC COMMENT

<https://youtu.be/zxdjU0DPV4A?t=2188>

Wendy Wendt, Executive Director of First 5 SLO County, shared information and events planned during April, which is Month of the Child and Child Abuse Prevention Month.

Bob Kerwin, SCORE San Luis Obispo County Chapter, described the services they offer to help businesses grow and prosper.

Aaron Ochs, Save Morro Bay, shared his appreciation for the Morro Bay Police Department and importance of adequate funding for police officer salaries and mental health services.

Nicole Dorfman, Morro Bay, supported the direction the Council was taking on the WRF Coastal Development Permit.

Erica Crawford, Morro Bay Chamber of Commerce, announced upcoming events and provided an update on the RFP for the Farmers' Market.

Ed Boies, Morro Bay, urged the Council to move forward on the water reclamation project.

John DeNunzio, SLOCOG, encouraged the public to review and provide input on the 2019 Regional Transportation Plan and Environmental Impact Report which are available at [www.slocog.org](http://www.slocog.org). Comments are due by 5:00 pm on April 22, 2019.

Dianne Bianco, Morro Bay, stated her support for Council's efforts to build a wastewater treatment plant.

Paula Radke, Morro Bay resident and business owner, spoke regarding due process rights and requested the Council bring back public hearings.

Vivian Levy, Morro Bay, urged the City to explore alternatives to fund construction of the Surf Street stairs.

Dr. Leola Dublin Macmillan, Morro Bay, suggested rebuilding Surf Street stairs may be a possible capstone or senior project for Cal Poly students.

Linda Winters, Morro Bay, spoke regarding the importance of mobile home park rent stabilization to protect that alternative for affordable living.

Marla Jo Sadowski, Morro Bay, expressed concern the WRF project will increase greenhouse gas emissions and sea level rise.

David Nelson, Morro Bay, opposed the WRF project and spoke to the importance of repairing existing infrastructure.

Richard Sadowski, Morro Bay, opposed the WRF, stating the project was based on fraudulent studies, and shared concerns regarding existing infrastructure.

Dan Sedley, Morro Bay, spoke in support of the Police and Fire Department and importance of paying fair wages.

Dead Air Dave, Estero Bay Radio, urged the public to visit [www.centralcoastraid.org](http://www.centralcoastraid.org) to make a donation and help this non-profit radio station remain on air.

Mayor Heading closed public comment.

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

A. CONSENT AGENDA  
<https://youtu.be/zxdjUODPV4A?t=5164>

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 FEBRUARY 26, 2019, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FOR THE FEBRUARY 26, 2019, CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-3 APPROVAL OF MINUTES FOR THE MARCH 11, 2019, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-4 SECOND QUARTER INVESTMENT REPORT (JULY THROUGH DECEMBER 2018) FOR FISCAL YEAR 2018/19; (FINANCE)

**RECOMMENDATION: Receive and file.**

A-5 ADOPTION OF RESOLUTION NO. 20-19 APPROVING AMENDMENT #1 TO THE MASTER LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND 725 EMBARCADERO LLC FOR LEASE SITE 82-85/82W-85W, LOCATED AT 725 EMBARCADERO, AND COMMONLY KNOWN AS "ROSE'S LANDING," TO PROVIDE FOR PARKING REPLACEMENT IF CITY DISPLACES LEASE-PROVIDED PARKING; (HARBOR)

**RECOMMENDATION: City Council adopt Resolution No. 20-19 approving Amendment #1 to the Master Lease Agreement for Lease Site 82-85/82W-85W, as proposed.**

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

Council Member Heller pulled Items A-4 and A-5.

MOTION: Council Member McPherson moved for approval of items A-1 through A-3 on the Consent Agenda. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

A-4 SECOND QUARTER INVESTMENT REPORT (JULY THROUGH DECEMBER 2018) FOR FISCAL YEAR 2018/19; (FINANCE)  
<https://youtu.be/zxdjUODPV4A?t=5244>

Council Member Heller pulled this item to daylight the City's investments policies and practices.

MOTION: Council Member McPherson moved for approval of Item A-4. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

A-5 ADOPTION OF RESOLUTION NO. 20-19 APPROVING AMENDMENT #1 TO THE MASTER LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND 725 EMBARCADERO LLC FOR LEASE SITE 82-85/82W-85W, LOCATED AT 725 EMBARCADERO, AND COMMONLY KNOWN AS "ROSE'S LANDING," TO PROVIDE

FOR PARKING REPLACEMENT IF CITY DISPLACES LEASE-PROVIDED PARKING;  
(HARBOR)

<https://youtu.be/zxdjU0DPV4A?t=5620>

Council Member Heller expressed concern the project did not require on-site parking. Staff explained this item was brought forward to correct language previously agreed to and included in the lease agreement.

MOTION: Council Member McPherson moved for approval of Item A-5. The motion was seconded by Council Member Davis and carried 4-1 by roll call vote with Council Member Heller opposed.

B. PUBLIC HEARINGS - None

C. BUSINESS ITEMS

C-1 PROVIDE INPUT FOR DEVELOPMENT OF THE COASTAL DEVELOPMENT PERMIT FOR THE WATER RECLAMATION FACILITY; (PUBLIC WORKS)

<https://youtu.be/zxdjU0DPV4A?t=5620>

City Manager Collins introduced the item and turned it over to WRF Program Manager Casares who presented the report and, along with Public Works Director Livick, responded to Council inquiries.

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

Doug Rogers, Morro Bay, was pleased with the pursuit of a Coastal Development permit and encouraged the Council to continue work on the project.

Glenn Silloway, Morro Bay, expressed concern project delays would increase the cost of the project and encouraged the Council to stay the course.

Dawn Beattie, Morro Bay, supported moving forward with the WRF project at the South Bay Blvd. site.

Homer Alexander, Morro Bay, shared information gleaned from his participation on the Blue-Ribbon Commission and assured the public there is not a less expensive alternative when the cost of time is considered.

David Betonte, Morro Bay, spoke in support of City's water reclamation facility at South Bay Blvd. and the consolidated permitting process. He encouraged all agencies to work cooperatively to keep the project moving without delay.

Cindy Betonte, Morro Bay, expressed support for the consolidated permit process and moving the project forward as quickly and efficiently as possible.

Betty Winholtz spoke on behalf of Citizens for Affordable Living, stating they choose not to make substantive comments during this non-hearing.

Natalia Merzoian concurred with Ms. Winholtz's comments.

Dan Sedley, Lorie Noble, Carole Truesdale, Pauline Stansbury, Cynthia Hawley, Kristen Headland, David Nelson, and an un-named resident stated they have the statutory right to participate in the permitting process and choose not to participate in this fictitious substitute for a legal and lawful hearing.

Marla Jo Bruton Sadowski, speaking on behalf of Homefront Environmental Justice Morro Bay, concurred with previous speakers.

Lee Johnson, Morro Bay, urged the Council to move forward with the consolidated permit.

Bob Keller, Morro Bay, spoke in favor of moving forward with the consolidated permit process so the City can meet all timelines and save money in the long-term.

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

Council took a brief recess at 8:06 p.m. The meeting reconvened at 8:15 p.m. with all members present.

Mayor Heading and Council Members Addis, Davis and McPherson supported the consolidated permit approach and spoke to the importance of avoiding delays that would put low-interest financing at risk. They recalled points in the process where the Council paused to consider public input regarding plant siting and project costs and noted a rate review policy was in place that would require annual review and potentially lower, but not raise customer rates. They urged the Coastal Commission to positively receive the City's application as soon as possible to allow the City to remain on this critical path.

Council Member Heller hoped we could find an appropriate use for the highly treated water.

The Council did not take any formal action on this item.

C-2 CONSIDERATION OF A REGULAR ORDINANCE AND URGENCY ORDINANCE TO ALLOW AND REGULATE WIRELESS TELECOMMUNICATION FACILITIES IN THE PUBLIC RIGHT-OF-WAY; CONSIDERATION OF A RESOLUTION ADOPTING ADDITIONAL REGULATIONS FOR WIRELESS TELECOMMUNICATIONS FACILITIES; (COMMUNITY DEVELOPMENT)  
<https://youtu.be/zxdjUODPV4A?t=10990>

Community Development Director Graham presented the report, including the proposed amendments to Section 12.12.030(C)(4) as requested by Charter provided below, and responded to Council inquiries.

*“Any entity legally entitled to an exemption pursuant to state or federal law or governing franchise agreement, including without limitation the holder of a state-issued franchise under the Digital Infrastructure & Video Competition Act of 2006, as amended, excepting that to the extent such the terms of state or federal law, or franchise agreement, are preemptive of the terms of this chapter; then the terms of this chapter shall be severable to the extent of such preemption and all remaining regulations shall remain in full force and effect. Nothing in the exemption shall apply so as to preempt the city's valid exercise of police powers that do not substantially impair franchise contract rights.”*

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

MOTION: Council Member Davis moved the Council introduce for first reading by title only, and waive further reading, Ordinance No. 621, as amended, to add Chapter 12.12 to the Municipal Code, to regulate wireless telecommunication facilities in the public right-of-way, and determine the project is not subject to the California Environmental Quality Act; and adopt, by title only and waive further reading, the attached urgency Ordinance No. 620, as amended, to add Chapter 12.12 to the

Municipal Code, to regulate wireless telecommunication facilities in the public right-of-way, and determine the project is not subject to the California Environmental Quality Act; and that the Council adopt Resolution No. 21-19 to approve the corresponding City Council Policy for additional regulations applicable to small wireless facilities in the public right-of-way and direct staff to promptly publish the Policy on the City's webpage; and direct Public Works staff to bring back an amendment to the master fee schedule to establish application fees and penalty fees. The motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

C-3 REPORT ON WASHINGTON D.C. MEETINGS BOTH FOR C-MANC'S ANNUAL "WASHINGTON WEEK" CONFERENCE AS WELL AS CONCERNING THE WATER RECLAMATION FACILITY PROJECT (WRF); (HARBOR/PUBLIC WORKS)

<https://youtu.be/zxdjU0DPV4A?t=11969>

Harbor Director Endersby, Public Works Director Livick, and City Manager Collins provided the report. Mayor Heading also commented on the valuable meetings he attended.

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

Dan Sedley, Morro Bay, restated his position the City sent too many people and acted in a wasteful manner.

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

As a receive and file item, no formal action was taken by the City Council.

C-4 ADOPT RESOLUTION NO. 19-19 APPROVING THE CITY OF MORRO BAY'S REVENUE AND EXPENDITURE POLICIES; (FINANCE)

<https://youtu.be/zxdjU0DPV4A?t=13406>

Finance Director Callaway 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.

The Council discussed the paragraph under Use of New Discretionary Revenues that dedicated 10% of new (ongoing) revenue be devoted to capital projects, including deferred maintenance and infrastructure needs but agreed to approve the policy as presented.

MOTION: Council Member McPherson moved the City Council adopt Resolution No. 19-19 approving the City of Morro Bay's Revenue and Expenditure Policies. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/zxdjU0DPV4A?t=14509>

Council Member Davis requested discussion of the discretionary General Fund contribution to the Tourism Business Improvement District in advance of the formal budget discussions. There was full support for this item.

Council Member Davis suggested the Council consider a policy amendment setting 9:30 as the meeting adjournment time. Council Members Addis and Heller supported the request.

Council Member Addis requested future discussion of agreement to use as much local labor as possible on future aspects of Water Reclamation Facility. There was full support for this item.

E. ADJOURNMENT

The meeting adjourned at 9:43 p.m.

Recorded by:

Dana Swanson  
City Clerk

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**A PROCLAMATION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY DECLARING  
APRIL 2019 AS “SEXUAL ASSAULT AWARENESS MONTH”**

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

**WHEREAS**, Sexual Assault Awareness Month calls attention to the fact that sexual violence is widespread and impacts every person in San Luis Obispo County; and

**WHEREAS**, rape, sexual assault, and sexual harassment harm our community, and statistics show that one in five women and one in 71 men will be raped at some point in their lives; and

**WHEREAS**, child sexual abuse prevention must be a priority to confront the reality that one in six boys and one in four girls will experience a sexual assault before age 18, and youth ages 12 to 17 are 2.5 times as likely to be victims of sexual violence; and

**WHEREAS**, our local student population is also at high-risk – nationally one in four women and one in 16 men are sexually assaulted during their time in college; and

**WHEREAS**, last year RISE received 1,469 crisis calls from members of our community, a 50% increase compared to 2017, and provided 6,627 days of emergency shelter; and

**WHEREAS**, the number of RISE clients receiving counseling for sexual assault related issues continues to increase every year, with a total of 1,335 hours of counseling provided at low or no cost to community members across the County last year; and

**WHEREAS**, the theme of this year’s Sexual Assault Awareness Month campaign is, “I ask,” which champions the message that asking for consent is a healthy, normal, and necessary part of everyday interactions; and

**WHEREAS**, the City of Morro Bay joins RISE and other advocates and communities across the country in taking action to prevent sexual violence and acknowledges that each day of the year is an opportunity to create change for the future.

**NOW, THEREFORE, BE IT RESOLVED** that the Morro Bay City Council does hereby proclaim April 2019 as “Sexual Assault Awareness Month” in Morro Bay.

**IN WITNESS WHEREOF** I have  
hereunto set my hand and caused the  
seal of the City of Morro Bay to be  
affixed this 23<sup>rd</sup> day of April 2019

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John Headding, Mayor  
City of Morro Bay, California

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**A PROCLAMATION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY  
RECOGNIZING MAY AS “NATIONAL FOSTER CARE MONTH”**

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

**WHEREAS**, the City of Morro Bay recognizes the importance of providing children safe, healthy and loving homes when they are unable to remain in the home of their biological family; and

**WHEREAS**, there are more than 430,000 children in the United States in the foster care system; and

**WHEREAS**, more than 60,000 children in California are in the foster care system; and

**WHEREAS**, there are over 350 children, youth, and teenagers in the County of San Luis Obispo are in the foster care system; and

**WHEREAS**, to help these children have a healthy, loving and stable home environment where they can thrive and feel connected to a community that cares for them, and to support the resource families that provide these critical homes, the County of San Luis Obispo Department of Social Services is acknowledging National Foster Care Month to raise awareness about the need for more resource family homes in our County and City for local children and join other organizations to celebrate resource families in our community; and

**WHEREAS**, this effort, along with similar celebrations in all 50 states and the District of Columbia, will offer children the chance to live with healthy, loving and stable resource families when they cannot live with their birth families and encourage other dedicated individuals to make a powerful difference in the lives of a child through resource family care.

**NOW, THEREFORE, BE IT RESOLVED**, that the City of Morro Bay does hereby recognize May as “National Foster Care Month” and in so doing, urges all citizens to join in a national effort to raise awareness about the importance of foster care and resource family care.

IN WITNESS WHEREOF I have hereunto  
set my hand and caused the seal of the City  
of Morro Bay to be affixed this 23<sup>rd</sup> day of  
April 2019

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JOHN HEADDING, MAYOR  
City of Morro Bay, California

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**A PROCLAMATION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY  
DECLARING THE MONTH OF APRIL  
“FAIR HOUSING MONTH”**

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

**WHEREAS**, the City of Morro Bay is joining with the United States Department of Housing and Urban Development (HUD) and other housing agencies in celebrating the anniversary of the National Fair Housing Law, Title VII of the Civil Rights Act of 1968.

**WHEREAS**, the City of Morro Bay encourages fair housing through its support for affordable housing both through housing rehabilitation programs and its affordable housing in-lieu program;

**WHEREAS**, discrimination in housing is against the law, no person shall be discriminated against because of race, color, religion, sex, handicaps, familial status, or national origin in the sale, rental, or advertising of dwelling, in the provisions of brokerages services, or in the availability of residential real estate related transactions;

**WHEREAS**, if any City resident believes he or she has been discriminated against, the resident should contact the Department of Fair Employment and Housing District Office at 1732 Palma Dr., #200, Ventura, CA 93003, (805) 654-4514 or online at [www.dfeh.ca.gov](http://www.dfeh.ca.gov). The Fair Housing Information Office helps to ensure that all residents of the City of Morro Bay and surrounding communities are treated fairly and that all the property owners and landlords abide by the letter and spirit of the Fair Housing Law; and

**WHEREAS**, the City of Morro Bay, the State of California, HUD and various local agencies are working together to ensure equal treatment of all citizens, we urge everyone to practice the Fair Housing Law.

**NOW, THEREFORE, BE IT RESOLVED**, that I, Mayor John Headding and the City Council of the City of Morro Bay, declare the month of April as Fair Housing Month in the City of Morro Bay.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the City of Morro Bay to be affixed this 23<sup>rd</sup> day of April, 2019

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JOHN HEADDING, MAYOR  
City of Morro Bay, California

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AGENDA NO: A-6  
MEETING DATE: April 23, 2019

# Staff Report

**TO:** Honorable Mayor and City Council **DATE:** April 17, 2019  
**FROM:** Rob Livick, PE/PLS – Public Works Director/City Engineer  
**SUBJECT:** Approval of Preliminary Streets to be Maintained using funding from SB1

**RECOMMENDATION**

Adopt Resolution No. 26-19 approving the Fiscal Year 2019/20 project list for Senate Bill 1 (Road Repair and Accountability Act of 2017) Road Maintenance and Rehabilitation Account (RMRA) funding.

**ALTERNATIVE**

Staff does not recommend any alternatives.

**FISCAL IMPACT**

Funding from multiple sources, including SB1 funds, for the Annual Pavement Management Project will be included in the proposed Budget for Fiscal Year 2019/20 (FY19/20). The City anticipates approximately \$191,000 in additional revenue from the State due to SB1 for FY19/20.

**BACKGROUND/ DISCUSSION**

On April 28, 2017, the Governor signed Senate Bill 1 (SB 1), Road Repair and Accountability Act of 2017, to address transportation funding shortfalls statewide. SB 1 established a Road Maintenance and Rehabilitation Account (RMRA) and Traffic Congestion Relief Fund (TCRF) Loan Repayment in the State Transportation Fund. Beginning in January 2018, the State Controller deposited funds generated from increased fuel taxes and vehicle registration fees into the RMRA/TCRF. A portion of the RMRA funds are distributed monthly to the City for basic road maintenance, rehabilitation and critical safety projects on local streets and road systems. In FY19/20, the City of Morro Bay is estimated to receive \$185,686 from the newly created RMRA/TCRF collectively referred to as SB1 funding.

SB 1 emphasizes the importance of accountability and transparency in the delivery of California's transportation programs. To be eligible for SB1 funding in this year, the City must adopt a resolution approving the list of projects to receive SB1 funding in FY19/20.

Staff recommends that the funding be applied towards the Pavement Management Plan Project, which is to be included in the Proposed Budget for FY19/20. The following table delineates the street segments that are currently proposed for chip sealing in FY19/20 and illustrates the City has sufficient work to justify the SB1 allocation.

Prepared By: \_\_\_rl\_\_\_ Dept Review: \_\_RL\_\_\_  
City Manager Review: \_\_\_\_\_ City Attorney Review: \_\_\_CN\_\_\_

Street	From	To	Estimated Cost	Treatment
Azure Street	Coral St.	Sandalwood	\$21,962	Chip Seal
Cuesta Street	Laurel Ave.	Nutmeg Ave.	\$10,529	Chip Seal
Ironwood Ct.	Ironwood Ave.	Cul-de-Sac	\$12,275	Chip Seal
La Jolla Street	Main St.	Greenwood	\$37,744	Chip Seal
Marina Street	Main St.	Embarcadero	\$38,625	Chip Seal
Olive Street	Kern Ave.	Piney Way	\$25,407	Chip Seal
Pelican Drive	Market Ave.	Dunes St.	\$7,691	Chip Seal
Shasta Ave.	Acacia St.	Olive St.	\$26,735	Chip Seal
Yerba Buena St.	Hwy 1	Beachcomber	\$9,156	Chip Seal
<b>Total</b>			<b>\$190,124</b>	

This list will be confirmed during the update of the City Pavement Management Planning document. Staff anticipates performing the plan update during Q2/3 FY19/20 prior to bidding the pavement work in the early spring.

In order to meet the SB1 funding requirements for FY19/20, staff will submit to the California Transportation Commission (CTC) the proposed project and adopted resolution once approved. Submittal of this list to the CTC does not preclude the City from making modifications due to changes in circumstances, such as budget, bidding or Council priorities. Those changes will be reported to the CTC in the project completion report. The obligation by the City is to spend SB1 funds appropriately and to not reduce the amount of general fund expenditures due to the Maintenance of effort requirements.

**ATTACHMENT**

1. Resolution No. 26-19

**RESOLUTION NO. 26-19**  
**A RESOLUTION OF THE CITY COUNCIL OF MORRO BAY APPROVING THE FISCAL**  
**YEAR 2019/20 PROJECT LIST FOR SENATE**  
**BILL 1 (ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017) ROAD**  
**MAINTENANCE AND REHABILITATION ACCOUNT FUNDING**

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

**WHEREAS**, Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and Signed into law by the Governor in April 2017 to address the significant multi-modal transportation funding shortfalls statewide; and

**WHEREAS**, SB 1 includes accountability and transparency provisions that will ensure the residents of Morro Bay are aware of the projects proposed for funding in our community and which projects have been completed each fiscal year; and

**WHEREAS**, the City of Morro Bay must adopt by resolution a list of projects proposed to receive fiscal year funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB 1, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement; and

**WHEREAS**, the City of Morro Bay will receive an estimated \$185,686 in funding in Fiscal Year 2019/20 from SB 1; and

**WHEREAS**, this is the third year in which the City of Morro Bay is receiving SB 1 funding which will enable the City to continue essential road maintenance and rehabilitation projects, safety improvements, repairing and replacing aging bridges, and increasing access and mobility options for the traveling public that would not have otherwise been possible without SB 1; and

**WHEREAS**, the City of Morro Bay through the Public Works Advisory Board and City Council's review of the Pavement Management Plan has undergone a public process to ensure public input into our community's transportation priorities/the project list; and

**WHEREAS**, the City of Morro Bay used "StreetSaver," a Pavement Management System, to develop the SB 1 project list to ensure revenues are being used on the most high-priority and cost-effective projects that also meet the community's priorities for transportation investment; and

**WHEREAS**, the funding from SB 1 will help the City of Morro Bay maintain and rehabilitate nine street segments (5,300 linear feet) throughout the City this year and a similar number of street segments each year into the future, as SB1 funds remain available; and

**WHEREAS**, the 2018 California Statewide Local Streets and Roads Needs Assessment found that the City's streets and roads are in an at-risk condition, and this revenue both will help us increase the overall quality of our road system as well as over the next decade may help bring our streets and roads into a "good" condition; and

**WHEREAS**, the SB 1 project list and overall investment in our local streets and roads infrastructure, with a focus on basic maintenance and safety, and investing in complete streets infrastructure, will have significant positive co-benefits statewide.

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

1. The foregoing recitals are true and correct.

2. The following list in Exhibit A are proposed projects that will be funded in-part or solely with fiscal year 2019/20 Road Maintenance and Rehabilitation Account revenues.
3. The City Council may approve funding in excess of the SB1 allocation for to the Project List in Exhibit A in the FY 2018/2019 budget, as funding is available, in accordance with City Council goals and priorities.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay, California, at a regular meeting held on the 23<sup>th</sup> day of April 2019, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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JOHN HEADDING, Mayor

ATTEST:

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DANA SWANSON, City Clerk

EXHIBIT A

SB1 Project List FY 19/20

<b>2019/2020 Streets Selected for Treatment</b>									
Anticipated Start of Construction: April 1, 2020 Anticipated Completion June 30, 2020									
Street Name	From	To	Length	Width	Area	Existing PCI	Cost	Treatment	Useful Life
Azure Street	Coral St.	Sandalwood	505	38	19,190	57	\$21,962	Chip Seal	8 years
Cuesta Street	Laurel Ave.	Nutmeg Ave.	400	23	9,200	59	\$10,529	Chip Seal	8 years
Ironwood Ct.	Ironwood Ave.	End	325	33	10,725	58	\$12,275	Chip Seal	8 years
La Jolla Street	Main St.	Greenwood	970	33	32,980	61	\$37,744	Chip Seal	8 years
Marina Street	Main St.	Embarcadero	750	45	33,750	68	\$38,625	Chip Seal	8 years
Olive Street	Kern Ave.	Piney Way	1,110	20	22,200	59	\$25,407	Chip Seal	8 years
Pelican Drive	Market Ave.	Dunes St.	280	24	6,720	59	\$7,691	Chip Seal	8 years
Shasta Ave.	Acacia St.	Olive St.	730	32	23,360	71	\$26,735	Chip Seal	8 years
Yerba Buena St.	Hwy 1	Beachcomber	200	40	8,000	69	\$9,156	Chip Seal	8 years
<b>TOTAL:</b>							<b>\$190,124</b>		

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AGENDA NO: A-7  
MEETING DATE: April 23, 2019

# Staff Report

**TO:** Honorable Mayor and City Council **DATE:** April 11, 2019  
**FROM:** Eric Endersby, Harbor Director  
**SUBJECT:** Approval of Issuance of Request for Proposals for Redevelopment on Lease Sites 34W and 35W-36W, Adjacent to 225 & 235-245 Main Street, Respectively

## RECOMMENDATION

City Council approve issuance of the re-revised Request for Proposals document to put Lease Sites 34W and 35W-36W out to bid for redevelopment.

## ALTERNATIVES

Council could elect to not issue a Request for Proposals (RFP) for these lease sites, and direct staff accordingly.

## FISCAL IMPACT

There will be no fiscal impact until the site(s) are redeveloped, where after positive fiscal impact is anticipated depending on proposals received and new leases negotiated.

## BACKGROUND

On April 9, 2019, this RFP was brought to Council for approval. Hearing public commentary alleging the existing facility at 34W was in dilapidated condition and the RFP process needs to move faster, Council directed staff to bring back the RFP modified with a shorter timeline, as well as an accounting of the state of improvements and existing tenant performance on 34W.

## DISCUSSION

An accounting of the recent history, tenanship and improvements of Lease Site 34W is provided in a Memorandum to Council included with this staff report as Attachment 1.

Regarding the RFP issuance timeline and deadline, staff remain more concerned about letting the RFP out for a sufficient period than making a timeline short because of a perceived problem with the facility, and recommend the following to account for both occurrences:

- |   |                        |
|---|------------------------|
| A. Issue RFP  | Friday, April 26, 2019 |
| B. Pre-Proposal Meeting/Walk-Through  | Friday, May 10, 2019   |
| C. Proposals Due by   | Friday, July 12, 2019* |
| *Proposal deadline may be extended by City if insufficient proposals are received |                        |
| D. Proposals Evaluated by   | July, 2019             |
| E. Consent of Landowner to Winning Proposer                                       | August, 2019           |

The remainder of the key activity dates will then follow the same basic pattern as previously

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

proposed, and as indicated on page 19 of the RFP document.

In addition to the deadline changes in the RFP, slight changes were made to Section IV(D) to better clarify the lease negotiation process, and in Section V(A)(3) to better clarify the financial vetting process. Both changes are in redline format on pages 15 and 17, respectively, of the RFP. The revised RFP is included with this staff report as Attachment 2.

### **CONCLUSION**

The lease for Lease Site 34W is now on holdover with the current tenant pending issuance and conclusion of the RFP for its continued management. The lease for Lease Site 35W-36W has been vacant for approximately 18 years since the ~2010 removal of the wharf that was previously on the site. The City has unsuccessfully entertained proposals for all those sites, off and on, for several years. Staff have brought review of those sites for Council input and direction on numerous occasions in both regular and closed sessions starting in 2013. Staff recommend the Council approve issuance of this RFP now in order to have those sites put to good use for the benefit of the public.

### **ATTACHMENT**

1. Memorandum to City Council on Lease Site 34W.
2. Updated final draft Request for Proposals document for Lease Sites 34W and 35W-36W.



## **MEMORANDUM to CITY COUNCIL**

**TO:** Honorable Mayor and Council Members

**FROM:** Eric Endersby, Harbor Director

**COPY:** Scott Collins, City Manager; Chris Neumeyer, City Attorney; Joseph Pannone, Special Counsel

**SUBJECT:** Report on State and Status of Lease Site 34W, Located at 225 Main Street

**DATE:** April 12, 2019

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### **RECOMMENDATION**

Receive and file.

### **BACKGROUND**

Prior to its current tenant, the current lease for Lease Site 34W was with The Marsalek Partnership (Norm Arnold), with an original expiration of June, 2007. While in holdover with Mr. Arnold, Amendment #1 to the lease was executed, extending the term ~11 years to December 31, 2018.

That extension was in exchange for the tenant performing the following:

- A. Replacing two pilings on the northwest end of the slips.
- B. Installing individual power boxes with meters to each slip.
- C. Provide a legal right-of-way access to the slips via a walkway through the private properties he owned adjacent.
- D. Providing use of five parking spaces for the slip tenants.
- E. Providing electrical power for and allow access across the lease to Lease Site 35W-36W should the City secure a tenant for that site (if that tenant was not the upland property owner to that lease site).
- F. Providing restroom access for slip tenants at the “boathouse” building located at 225 Main, a property Mr. Arnold owned at the time.

Mr. Arnold secured the rights-of-way and restroom access by way of covenants recorded on the pertinent adjacent properties. The parking access was already secured by way of another property covenant at 206 Main Street, across the street from the lease site address.

Mr. Arnold then sold the Lease Site to its current tenant, builder Robert Crizer, and the assignment and assumption was approved in June, 2008. Mr. Crizer then subsequently completed the remainder of the requirements in Amendment #1, the satisfactory completion of which is documented in the lease file.

In addition to those improvements, Mr. Crizer has upgraded the water supply to the slips, installed new floats to sections of the docks and replaced/reinforced cleats and pile rings as-necessary.

In 2013, the Harbor Director approached Mr. Crizer about the future of the lease site and began preliminary discussions. In early May, Mr. Crizer presented the City with a proposal for improvements to get another ten years on the lease. On May 28, 2013 agenda item D-4 was, among other leases, consideration of Mr. Crizer's proposal and the future of Lease Site 34W. Since the status of the legality of the lease site parking situation on 206 Main Street was in question at the time, Council directed staff to resolve the issue first before bringing that lease site back for consideration.

Over the course of approximately a year the City Attorney and Harbor Director researched the history and documentation of the parking space issue, and determined the legally-recorded covenant on 206 Main Street was for five parking spaces to be used for the benefit of both Lease Site 34W slip users and occupants of 225 Main Street. In conjunction with that determination was the need to work with the property owners of 206 Main to ensure the proper signage was in place to note the requirements for those 5 parking spaces. Complicating the issue (and delaying the process) was the need to have all the various property owners and parties involved work together regarding the parking covenant on 206 Main and restroom use covenant on the 225 Main boathouse building.

In March, 2016, Mr. Crizer updated his proposal to the City, and staff renewed negotiation. At the same time, with direction from Council, staff was negotiating a proposal from Bill Martony, owner of the 225 Main property, on the adjacent lease site, 35W-36W. Unfortunately, despite an extended period of negotiation, including several times in front of the Council in closed session, that proposal did not come to fruition.

Finally, in August, 2017, staff brought an update on negotiations for 34W to Council in closed session, including staff's previous conclusion the five parking spaces on 206 Main were legally secured via a recorded covenant for joint use of the marina in 34W and the property owners of 225 Main. The ultimate result from that closed session was direction to put the two sites out for public bid via a request for proposals (RFP) process.

Due to staff workload and other priorities and issues, it was not until February, 2019, a draft RFP for the two sites was brought to the City Council in regular session for approval. Receiving public input on some aspects of the draft RFP, Council directed staff to make some specific changes to the RFP and bring it back for approval on the consent calendar. It was brought back on consent on April 9, 2019. During that meeting, in response to additional public comments, the Council directed staff to provide an accounting of issues raised by those additional public comments, as well as a revised timeline for submission of responses to the RFP.

## **DISCUSSION**

The original dock configuration included four timber pilings on the eastern side of the head float,

and two timber piles on the northwest ends of the slip fingers. Per Amendment #1, the two northwest finger-end piles were replaced with new steel piles, and are in as-new condition today. While two of the eastern timber pilings have rotted away, two partially-rotted piles remain, and together with the two new outboard steel piles the integrity of the dock system, while not ideal, does appear sufficient to carry the load of the vessels it serves.

To be sure, the two partially-rotted piles should be repaired or replaced in the very near future, in addition to other maintenance and repair work. Staff are currently in discussions with the tenant regarding those issues.

Mr. Crizer has brought forth at least two proposals to the City in the past ~seven years to upgrade and manage this lease site. The fact little progress has been made toward that end is not entirely the tenant's fault. Staff accept absolute responsibility for the pause between August, 2017, and February, 2019; however, the complicated nature of this lease site and its access, parking, services and adjacent landownerships, other, more pressing and important matters facing the City and department, and turnover in City administration have all had a hand in drawing this process out over ~seven years.

### **CONCLUSION**

Mr. Crizer has remained a tenant in good standing, always paid his rent on time, proffered two proposals to revamp the site and managed his facility not knowing if he was going to continue as the tenant of any lease site. In addition, Mr. Crizer has recently informed staff he is currently pursuing the necessary permits to replace additional pilings at his facility.

Based on all the foregoing, staff recommend the City Council move forward with the RFP process as currently proposed in the accompanying staff report, continue with Mr. Crizer in place as the tenant on a holdover basis for least site 34W and ultimately approve one or more new leases for lease sites 34W, 35W and 36W to whomever responds to the RFP with a project most beneficial to the public, as determined by the City Council.

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# City of Morro Bay Request for Proposals



**Redevelopment of Lease Sites**  
**34W and/or 35W-36W**  
**225 and 235-245 Main Street**  
**Morro Bay, CA 93442**  
**Project No. MB-2019-HRFP1**

01181.0024/542901.2



## CITY OF MORRO BAY

HARBOR DEPARTMENT

1275 Embarcadero Road  
Morro Bay, CA 93442

April 26, 2019

Prospective Proposers:

**SUBJECT: REQUEST FOR PROPOSALS FOR LEASE SITES 34W AND/OR 35W-36W, LOCATED AT 225 AND 235-245 MAIN STREET, MORRO BAY, CA 93442**

The City of Morro Bay invites the submittal of proposals from qualified individuals and entities (Proposer) to redevelop and operate/manage the water leases located on Main Street for Lease Sites 34W and/or 35W-36W, located adjacent to 225 and 235-245 Main Street, Morro Bay, CA 93442.

The City of Morro Bay intends to select a Proposer or Proposers to redevelop the Properties. The Properties will be available for short-term Interim Lease initially, then on a long-term water-area lease basis (meaning there is no “land” being leased, and all improvements are the property and responsibility of the lessee, subject to the terms of the lease), after Concept Plans for site redevelopment are approved.

Instructions and forms to be used in preparing a proposal are found in the information included in the RFP document. The activity schedule for the RFP is included.

For more information and a copy of the City of Morro Bay Harbor Department Lease Management Policy, as well as a copy of the City’s standard lease format, visit the Harbor Department’s page of the City website under “Harbor Administration and Leases.” If you cannot agree to the requirements exactly as set forth in the RFP, then please do not submit a proposal.

For general questions, please contact Eric Endersby, Harbor Director, by email at [eendersby@morrobayca.gov](mailto:eendersby@morrobayca.gov). Specific questions relevant to the RFP must be submitted as-directed in the “Invitation to Participate” section of the RFP. It is the responsibility of any Proposer to review the City’s website for any revisions or answers to questions regarding the RFP prior to submitting a proposal in order to ensure all proposals are complete and responsive.

Sincerely,

Eric Endersby,  
Harbor Director

**REQUEST FOR PROPOSALS  
REDEVELOPMENT OF LEASE SITES  
34W AND/OR 35W-36W, LOCATED AT  
225 AND 235-245 MAIN STREET, MORRO BAY, CA 93442  
PROJECT MB-2019-HRFP1**

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## INTRODUCTION

### *Purpose*

The City is seeking proposals from qualified individuals and entities (“Proposers”) to redevelop and manage the water-only Lease Sites 34W and/or 35W-36W, located at 225 & 235-245 Main Street, respectively, Morro Bay, CA 93442, and hereinafter referred to as the “Site” or “Sites.”

The City will consider proposals to redevelop and lease the Sites either individually or collectively, and will be available for short-term interim lease while Concept Plans for the Proposer’s proposal(s) are processed and approved, where after a long-term lease or leases will be negotiated and executed.

The term (length) and conditions of the long-term lease to be awarded as a result of this Request for Proposals (RFP) will be negotiable, depending on the investment and redevelopment plan of the Proposer. The subsequent long-term lease agreement will become effective once approved by the City Council.

### *Objectives*

The Morro Bay City Council has determined it is in the best interest of the City and public to consider redevelopment proposals for these Sites. The City desires to have the Sites redeveloped to continue to provide access to the bay with marine-dependent uses, as well as an economic return to the City, while meeting modern design criteria that incorporate current planning, building and zoning codes in compatibility with the residential neighborhood in which the Sites are located.

**Key Objectives** with the RFP are redevelopments that include:

- Best and highest use of Sites to maximize revenues and return on investment, including maximization of public benefit. Unique uses or features will be considered.
- Continue to provide and enhance bay access and marine-dependent uses.
- Restore and/or enhance the environment, where applicable.
- Include safety enhancements to the area, where applicable.
- Provide 10-foot wide lateral public access along the bayfront, if feasible, given these are water-only lease sites with no established public access, except for users of slips located at Lease Site 34W by means of an access covenant over the real property abutting that lease site.

- Proposers who have the demonstrated experience, financial resources, and professional expertise to deliver the highest quality and economically feasible project(s).
- Proposals that are consistent with and best implement the land and water uses outlined in the General Plan, Local Coastal Program, Harbor Department Lease Management Policy and City Council Goals and Objectives, as applicable.

## **SECTION I: SITE HISTORIES**

Tracing back to English Common law, the Public Trust Doctrine establishes navigable water or lands subject to tidal influence are “sovereign,” held open to the public for public uses as stipulated in the Coastal Act.

In 1947, the State of California granted those public trust lands in Morro Bay to the County of San Luis Obispo. The City of Morro Bay assumed trusteeship of the granted lands upon incorporation in 1964-1965. The Tidelands Grant in Morro Bay is in perpetuity, provided the City conforms to the terms of the legislative grant. The granted lands must be used, where applicable, for commerce, fisheries, navigation, recreational purposes, parklands, public access, public parking and environmental protection or enhancement. Residential or strictly private use of the public lands is specifically prohibited. The City may lease out the lands to private businesses for a period up to 50 years and all revenues from such leases must be expended within the area of the granted lands for the purposes of the public trust.

It is primarily with those lease revenues the City manages the waterfront leases, provides and maintains various public, commercial fishing and other facilities and amenities, manages open spaces and the moorings in the bay and provides for the public safety with Harbor Patrol and Lifeguard services.

These Sites have operated as water-only leases as the adjacent upland properties are fee-simple private property.

## **SECTION II: SITE DATA**

Lease Site 34W is located adjacent to 225 Main Street, and delineated in City of Morro Bay Resolution No. 77-74 approving the “Lease Site Map” for the City of Morro Bay. The Site is located within the Tidelands Trust granted lands, has been surveyed and contains approximately 5,525 square feet of water lease area and adjacent revetment and seawall area. Said map is included with this document in Attachment 3.

Lease Site 35W-36W is located adjacent to 235-245 Main Street, and delineated in City of Morro Bay Resolution No. 77-74 approving the “Lease Site Map” for the City of Morro Bay. The Site is located within the Tidelands Trust granted lands, has been surveyed and contains approximately 13,537 square feet of water lease area. In addition, a lease extension to the west of approximately 250 feet and incorporating an additional approximately 67,500 square feet is available. Said map is included with this document in Attachment 3.

### **A. Current Uses**

Site 34W currently serves as a small recreational vessel slip facility for up to four vessels, with access through the adjacent private properties by way of legal covenants recorded on those properties, and restroom facilities for the marina at 225 Main provided for in the same legal covenant. These covenants are only for users of slips at Lease Site 34W, and not general public access or use points. Vehicle parking is provided for the Site across Main Street at 206 Main Street by way of a legally-recorded parking covenant on the 206 Main property. 34W is currently under lease holdover with its current tenant.

Site 35W-36W is currently vacant and unleased, but previously contained a large commercial unloading wharf that served the adjacent seafood processing and retail facility. Those uses ceased approximately eighteen years ago, including removal of the wharf. There is currently no established legal access to the Site through the abutting private property.

The City makes no representations or warranties concerning the condition of any improvements on, in or adjacent to any of these lease sites; and it is the responsibility of Proposers to fully investigate the suitability of any improvements for a proposed use or purpose.

### **B. Topography/Site Conditions**

Site 34W is a water-only lease, beginning at the established Ordinary High Water Mark (OHWM) as-surveyed in Attachment 3 to this RFP, with a very small portion of seawall inside the leased boundary. Investigation of seawall and harbor bottom conditions for suitability of the proposed development shall be the responsibility of the Proposer.

Site 35W-36W is entirely a water-only lease, with the adjacent seawall under private property ownership behind the OHWM. Investigation of revetment below the seawall and the harbor bottom conditions for suitability of the proposed development shall be the responsibility of the Proposer.

**C. Hazards**

The Sites are subject to all conditions and hazards commonly associated with a bay/ocean-front setting including, but not limited to:

- 1. Flooding: the Sites are not in a designated flood zone.
- 2. Tsunami: the Sites are within the tsunami 50-foot inundation zone.
- 3. Earthquake: the Sites are within an earthquake hazard zone.
- 4. Storms: the Sites are subject to periodic storm conditions.
- 5. Tidal Overflow: the Sites can be subject to periodic tidal overflow.
- 6. Seawalls/Revetments (if present): subject to erosion, scouring, tidal influences and normal deterioration in the marine environment.

**D. Archeology**

The Sites are not listed as, nor are they within 300 feet of a known archaeological site.

**E. Zoning**

The Sites are zoned Harbor (H), and the adjacent upland private properties are zoned Waterfront with a Planned Development overlay (WF/PD). Allowable uses in the Harbor zone for this area can be found in Morro Bay Municipal Code (MBMC) 17.24.190 and include a mixture of mariculture, vessel habitation, promotion and accommodation of commerce and navigation and vessel accommodation. Proposers are advised to consult the Community Development Department for full zoning information.

Planning entitlements require both a Conditional Use Permit (CUP) from the City and a Coastal Development Permit from the California Coastal Commission, in addition to permit requirements from other governmental agencies, as necessary

**F. Parking**

There are currently five off-site parking spaces attributed to 225 Main Street, where Lease Site 34W is located, by way of a legally recorded property covenant on 206 Main Street (across Main Street from 225 Main) when calculating parking requirements for proposals. These five spaces are for exclusive use of both of 225 Main Street residents/guests and Lease Site 34W slip users on a first-come, first-served basis.

There are currently no legally established parking spaces for Lease Site 35W-36W.

**G. Littoral Rights**

The owners of private property that abuts each Site may, by State law, be entitled to access to the bay from that abutting property. Therefore, reasonable opportunities for that access shall be included with each Proposer's development proposal on the respective Sites.

### **SECTION III: INVITATION TO PARTICIPATE**

The City is seeking proposals from Proposers with the experience, financial resources and capabilities to fund a proposed project, and whose general development approach and concept for the site best meets the City's objectives in this Request for Proposals.

#### **PROPOSALS MAY BE FOR EITHER LEASE SITE 34W OR 35W-36W, OR THE TWO SITES IN COMBINATION.**

##### **A. Proposal Process**

1. All proposals must be submitted per Section V, "Request for Proposals Submittal Package." All proposals become the property of the City of Morro Bay and will not be returned.
2. All times referenced in the RFP are "Verizon" cell phone time.
3. Submittals will be initially screened to ensure they are complete and conform to the RFP. City staff will review and evaluate the qualifying proposals and make recommendations in a Staff Report to a Selection Panel, defined below.
4. The City will convene a Selection Panel to review the proposals, and to interview each qualified proposing party if necessary. The Selection Panel may consist of any combination of the following, as the City Manager, in consultation with the Harbor Director, determines in the City's best interest:
  - Members from City staff.
  - Members of the public.
  - Members of the Harbor Advisory Board and/or other constituencies.
5. The Selection Panel will make Primary and Secondary Proposer recommendations, or combination of recommendations for separate site proposals, to the City Council.
6. The City Council will determine the final Primary and Secondary proposal, or combination of proposals, and approve Consent of Landowner and short-term Interim Lease agreements with the Primary Proposer(s) to begin the Concept Plan approval process.

The Consent of Landowner will include specific milestones, such as, but not limited to, dates for submissions of plans and financial capacity information. If the Primary Proposer declines to participate, then the Secondary Proposer will ascend to the Primary Proposer position.

7. Concurrent with the Concept Plan approval process, City staff will begin preliminary negotiations for a long-term lease agreement(s) with the Primary Proposer(s). Upon approval of the Concept Plan by the City Council, City staff will be in a position to complete lease negotiations and recommend to the City Council approval and execution of a long-term lease agreement. Proposing parties must assume the basic terms of the new lease agreement(s) will be as set forth in the City's draft standard master lease format and in compliance with the Harbor Department Lease Management Policy.

**B. Permitting and Project Costs**

**ANY AND ALL COSTS INCURRED BY A PROPOSER RELATED TO THE RFP PROCESS, INCLUDING, BUT NOT LIMITED TO, PERMITTING, DESIGN, ENGINEERING, AND PLAN PREPARATION AND SUBMITTAL WILL BE THE SOLE RESPONSIBILITY OF EACH PROPOSER. THE CITY SHALL INCUR NO COST OR LIABILITY FOR ANY COSTS RELATED TO THE RFP OR IF THE PROPOSER IS UNABLE TO COMPLETE THE PROJECT APPROVAL OR PERMITTING PROCESS.**

**C. City's Right to Amend RFP**

The City reserves the right to amend the RFP process and the selection procedures at any time. It is the responsibility of any Proposer to review the City's website for any RFP revisions or answers to questions prior to submitting a proposal in order to ensure all proposals are complete and responsive.

**D. Contact Person**

RFP Packets and written inquiries regarding the RFP or the project site can be obtained by contacting:

Harbor Director Eric Endersby, Morro Bay Harbor Department  
1275 Embarcadero  
Morro Bay, CA 93442  
805-772-6254  
[eendersby@morrobayca.gov](mailto:eendersby@morrobayca.gov)

**E. Pre-Proposal Meeting and Questions**

Attendance is recommended at the Pre-Proposal Meeting and Site Walk-Through on April 26, 2019, at 10:00 a.m. starting at the Harbor Office, 1275 Embarcadero in Morro Bay. All questions on the RFP are due by 4:00 p.m. on May 10, 2019. For any questions posed, a response will be posted on the City website under the original proposal posting by 4:00 p.m. on May 17, 2019.

## **SECTION IV: SELECTION PROCESS**

**The City reserves the right in its sole discretion to waive any defect or omission in any proposal that does not materially affect the terms of the response to the RFP. The City reserves the right in its sole discretion to reject any and all proposals submitted, to revise its selection process at any time, and to rescind the RFP at any time.**

### **A. Criteria for Selection of Proposer**

The City will select Proposals on the basis of maximization of public benefit in the proposed project, in addition to the proposing party's potential to bring the project to completion and successfully operate the lease site based on financial capability and experience. The City expects to negotiate with the selected Proposer(s) on all aspects of the development program including a long-term lease for the Site(s).

Important elements influencing selection of a proposal are:

- Proposal best meets the Key Objectives of the RFP.
- Maximization of public benefit of the project and best utilization of the Site.
- Demonstrated financial capability, capacity, capitalization and experience at the time of submitting proposal to undertake the redevelopment and successfully maintain ongoing operations.
- Proven capabilities, history and expertise in commercial development and redevelopment projects.
- Professionally-prepared business plan and ten-year pro forma with industry-standard elements expected of such documents.
- Best balance between uses and requirements in the City's General Plan, Local Coastal Program, Zoning Ordinance, building codes, and design elements.
- The overall quality of the development team as evidenced by the professional reputations and experience of the principals and agents.
- Lease terms proposed.
- Experience in commercial leasing and property management.
- Anticipated financial benefit to the City.
- Proposed timing and progress through the design, planning, and permitting processes in order to minimize redevelopment timeline.

Proposed uses on the Site(s) shall be in conformance with the Tidelands Trust and consistent with current planning, zoning and land use policies of the City. The selected Proposal(s) will be subject to the normal planning, permitting and approval processes of the City and other regulators, including, but not necessarily limited to, the California Coastal Commission, Army Corps of Engineers and Central Coast Regional Water Quality Control Board.

## **B. Proposer Selection**

The City reserves its right to seek input from various community and business representatives, staff, and other agencies. In addition, the City may utilize the services of leading consultants in the areas of design, land and marine architecture and engineering, real estate, economics, and law to assist in the evaluation of the proposals and to negotiate a new lease.

In order to submit a proposal, a \$5,000 deposit is required as outlined in Section V. Deposits from proposing parties reviewed by the City will be held in trust during the proposal review period. After City Council selection, the City will refund Deposits from parties not in Primary or Secondary position, if any. The City will hold the Deposits from Proposers under final Primary and Secondary consideration in trust during the approximate 12-month Concept Plan processing period. If the Primary Proposer(s) successfully complete Concept Plan approval of the selected Proposal(s), then all Deposits will be fully refunded. If Primary Proposer(s) fail to complete Concept Plan approval within the specified time, then the City will retain the Deposit(s) as a processing fee and the Secondary Proposer(s) may ascend to Primary status and the remaining Deposit(s) handled accordingly.

## **C. Selection Methodology**

In reviewing and evaluating the qualifications of the Proposers and the Proposals, the following criteria will be considered:

1. The Proposal's compliance with the RFP – **Pass/Fail**
2. Overall quality of the conceptual design(s) of the facilities and site plan(s). – **up to 15 points**
3. Proposer's financial strength and current relationships with financing sources, and demonstrated ability to finance the proposal(s) through to completion – **up to 20 points**
4. Proposal(s) that include the Key Objectives as outlined – **up to 20 points**
5. Demonstrated understanding of the development constraints on the bay and waterfront, and market knowledge of Morro Bay and the Central Coast – **up to 10 points**
6. Proposed lease terms, including financial benefit to the City – **up to 15 points**

7. Overall Proposer(s) and team qualifications and experience in similar projects – **up to 15 points**
8. Proposed development schedule(s) – **up to 5 points**

**D. Exclusive Lease Negotiation**

The City intends to enter into a Consent of Landowner concept approval and short-term Interim Lease with the selected Proposer(s), in addition to a long-term water area lease(s) with the selected Proposer(s) once Concept Plan approval is obtained from the Planning Commission and City Council. No “land” would be leased, and all improvements are the property and responsibility of the lessee, subject to the terms of the lease. The Harbor Department’s typical ground lease is “triple net” and includes base rent and percentage rent terms. The selected Proposer(s) will be financially responsible for all construction activities.

The lease(s) will outline roles, expectations, responsibilities, goals, objectives and timelines with regard to the proposed development(s) and specific financial parameters to which both the selected Proposer(s) and City will adhere. Proposers will be responsible for all costs associated with the RFP process including all costs incurred by the Proposer(s) associated with the negotiation and development of the lease(s), as well as all costs associated with the entitlement, permitting, CEQA processing, and development. The selected Proposer(s) will work closely with the City to establish general design parameters for the proposed development(s).

The City and the selected Proposer(s) shall negotiate long-term ground lease agreement(s) not to exceed a term of 50 years, the maximum allowable under State law.

**SECTION V: REQUEST FOR PROPOSALS SUBMITTAL PACKAGE**

- 1. **Proposal Submittal.** All responses to the RFP must be received by mail or in person no later than **4:00 p.m. on August 9, 2019. Postmarks and proposals submitted by facsimile or email will not be accepted.**

Proposals shall be delivered in person or mailed to:

**City of Morro Bay  
Attention: City Clerk  
595 Harbor Street  
Morro Bay, CA 93442**

**Submittal envelopes shall be clearly marked “MB-2019-HRFP1.” No fax or email proposals will be accepted.**

- 2. **Acknowledgement Form.** Each proposing party must review, complete, and sign the attached Acknowledgement Form and include it with the Proposal(s).
- 3. **Deposit Check.** A \$5,000 Deposit check or bank draft payable to the City of Morro Bay must be included with each Proposal. Deposit disposition shall be in accordance with Section IV, B.

**All Proposers must submit four copies of the following information:**

**A. Proposer Information**

- 1. **Identification.** Name of Proposer and type of entity. Also, provide known members of development team such as architect, engineer, landscape architect, major equity investors, consultants, including project organizational and management roles in implementation of development.
- 2. **Experience.** Provide a brief description of the Proposer’s and key team members’ recent development experience. That experience should include projects in which the Proposer was instrumental, and which are similar to the kind of project or similar project being proposed. Please be specific and indicate references for each project.
- 3. **Financial and Business Data.** Provide information indicating:
  - a. How the Proposer has sufficient financial resources to undertake the project, including a statement of proof of financial capability to plan and construct the proposed project.
  - b. Bank references where appropriate. The latter may be in the form of letters of financial approval from bank or financing institutions.
  - c. A minimum of three credit references.

- d. Financing for prior or current development projects.
- e. A current Credit Report, including Credit Score.
- f. If the Proposer is involved in any litigation or other disputes that could affect its ability to fulfill the terms of a commercial lease.
- g. Any other documents or reports that would assist in determining the financial condition of the Proposer.
- h. The length of time and locations at which the Proposer has operated like or other operations or businesses.
- i. Contact information for three business references.
- j. A current or most recent Landlord reference, if applicable.

Financial information and data submitted per the above can be any combination of documents or sources necessary to determine Proposer's ability to finance the improvements being offered.

The City will independently investigate the financial background of proposing parties as agreed to in the required Acknowledgment Form.

**All proposer financial data and information will be kept strictly confidential to the extent required and permitted by law and as consistent with City's needs.**

**B. Business Plan and Pro Forma(s)**

The Proposal(s) shall include a business plan and ten-year pro forma for the entire development to include, but not be limited to, design, planning, permitting, construction, operation and maintenance, and stabilization. A description of the Proposal's financing as it pertains to the pro forma shall also be included. The Proposal(s) should include an estimate of the total value of the project. The pro forma(s) must reflect all income and expense line items necessary to the proper functioning of the operation, including, but not limited to, ground lease payments, with sufficient detail and clarity, for the Proposal(s) to be properly evaluated by the City.

**C. Proposal Narrative(s)**

- 1. **Narrative.** Written narrative(s) must be included in the Proposal(s) describing the redevelopment of the Site(s), the type of development(s) envisioned and their market orientation, which best implement the elements of the Site(s).
- 2. **Design.** The narrative(s) should include the basic design elements, especially as they pertain to the City's design criteria, and all current planning conditions and zoning standards.

**D. Proposal Visuals**

**ALL DRAWINGS SHALL BE 24" X 36" BLACKLINE PRINTS WITH A HORIZONTAL LAYOUT. FOUR SETS ARE REQUIRED.**

**EACH 24" X 36" DRAWING SHALL ALSO BE PROVIDED IN 8 ½" X 11" BLACK**

**AND WHITE REDUCTIONS WHICH CAN BE PHOTO-COPIED.**

1. **Site Plan.** Site Plan illustrating at an appropriate scale the outline of all improvements, including any proposed public improvements. Tabulations in square and linear footage of the following shall be shown on the Site Plan:
  - a. Improvement footprints and lengths of slips, docks etc.
  - b. Parking designated as standard, compact, handicap and loading spaces, if applicable.
2. **Colored Site Plan Rendering.** A rendering utilizing the above-mentioned Site Plan shall be provided. The Site Plan rendering is intended to provide a colored overall view of the entire project.
3. **Adjacent Land.** Proposals must include plans, elevations and other depictions for any supporting facilities or improvements proposed on the adjacent private property abutting the Site(s), if applicable.

**NOTE:** Each Plan will be considered “pre-Conceptual” and will be subject to adjustment and City approval once a proposal has been selected and the details of the project are finalized through the planning, permitting, and negotiation processes.

**E. Terms of Lease**

The proposal(s) must include an accurate estimate of the total cost of redevelopment, and a set of draft business terms and conditions the Proposer would be willing to negotiate in a short-term Interim Lease(s) and subsequent long-term Master (“ground”) Lease(s).

**F. Schedule**

Include a preliminary time schedule including any proposed phasing of redevelopment. The schedule(s) should include any financial scheduling, amortization, etc.

**G. Ownership of Materials**

All drawings, plan documents, proposals and other materials submitted by the Proposer shall become the permanent property of the City.

**SECTION VI: TENTATIVE PROPOSAL SCHEDULE**

ACTIVITY/Key Steps	DATE
Issue Request for Proposals	Friday, April 26, 2019
Recommended Pre-Proposal Meeting and Site Walk-Through	Friday, May 10, 2019
Questions Due by	Friday, May 24, 2019
Responses to Questions Posted by	Friday, May 31, 2019
Proposals Due by*	Friday, July 12, 2019*
Proposals Evaluated	July, 2019
Consent of Landowner Approval Granted Winning Proposer (estimated)	August, 2019
Winning Proposer Submits Complete Plans to Begin Concept Plan Approval Process (estimated)	September, 2019
Concept Plans Approved, Lease Negotiation (estimated)	Winter, 2019/2020
New Lease Approved and Inaugurated (estimated)	Winter, 2019/2020
Site Redevelopment Begins (estimated)	Winter/Spring, 2020

\* Proposal deadline may be extended by City if insufficient proposals are received.

## **SECTION VII: ATTACHMENTS**

**Attachment 1: Acknowledgement Form**

**Attachment 2: Proposer Information**

**Attachment 3: Lease Site Maps**

THANK YOU FOR YOUR INTEREST IN WORKING WITH THE CITY OF MORRO BAY  
ON THIS EXCITING OPPORTUNITY.

WE LOOK FORWARD TO RECEIVING YOUR PROPOSAL.

**ATTACHMENT 1**

**ACKNOWLEDGEMENT FORM REQUEST FOR PROPOSALS  
DEVELOPMENT OF LEASE SITES 34W AND/OR 35W-36W  
PROJECT MB-2019-HRFP1**

**Initial Below**

1. \_\_\_\_\_ I have reviewed all of the information in this Request for Proposals, and all additions, changes and answer provided on the City’s website and agree to all of the terms and conditions outlined therein.
  
2. \_\_\_\_\_ I understand each proposing party must review the City’s General Plan, Local Coastal Program, and any and all planning and permitting elements as they pertain to this lease site.
  
3. \_\_\_\_\_ Any new lease with the City must be in the City’s approved Master Lease format and should comply with the City’s Harbor Department Lease Management Policy.
  
4. \_\_\_\_\_ I have reviewed the City’s Master Lease format and Harbor Department Lease Management Policy and agree the lease policy and basic lease format is acceptable for any future lease negotiations.
  
5. \_\_\_\_\_ I agree the City of Morro Bay may take all steps necessary to investigate any financial information provided in response to this Request for Proposals. The City has my permission and consent to investigate such information however it deems appropriate.
  
6. \_\_\_\_\_ Enclosed is a check or bank counter draft in the amount of \$5,000 made out to the City of Morro Bay as a Deposit and an indication of good faith interest for consideration in this Request for Proposals.
  
7. \_\_\_\_\_ I agree that check will be handled as outlined in this Request for Proposals including that the check may be retained by the City as a processing fee under certain conditions.
  
8. \_\_\_\_\_ The parties signing below are all the parties in interest in our proposal to the City in response to this Request for Proposals, and, if part of a partnership or other entity, affirm that they have the authority to enter into this Request for Proposals.

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**ATTACHMENT 2**

**PROPOSER INFORMATION  
REQUEST FOR PROPOSALS  
DEVELOPMENT OF LEASE SITES 34W AND/OR 35W-36W  
PROJECT MB-2019-HRFP1**

Include the personal information for all persons or entities submitting this proposal. If a partnership, include partnership information:

Name \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Phone(s) \_\_\_\_\_ (home) \_\_\_\_\_ (work)  
\_\_\_\_\_ (cell)

Email \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Phone(s) \_\_\_\_\_ (home) \_\_\_\_\_ (work)  
\_\_\_\_\_ (cell)

Email \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Phone(s) \_\_\_\_\_ (home) \_\_\_\_\_ (work)  
\_\_\_\_\_ (cell)

Email \_\_\_\_\_

**ATTACHMENT 3**

**LEASE SITE MAPS/SURVEYED BOUNDARIES**  
(follows)

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**A PROCLAMATION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY DECLARING  
MAY 5-11, 2019 AS NATIONAL TRAVEL & TOURISM WEEK**

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

**WHEREAS**, travel has a positive effect on Morro Bay, California and the nation's economic prosperity and image abroad, it also impacts business productivity and individual travelers' well-being; and

**WHEREAS**, travel to and within the United States provides significant economic benefits for the nation, generating more than \$2.5 trillion in economic output in 2018, with nearly \$1 trillion spent directly by travelers; and

**WHEREAS**, travel is among the largest private-sector employers in the United States, supporting 15.7 million jobs in 2018, including 8.9 million directly in the travel industry and 6.8 million in other industries; and

**WHEREAS**, travelers' spending directly generated tax revenues of \$171 billion for federal, state and local governments, funds used to support essential services and programs; and

**WHEREAS**, total direct travel spending in California was \$132.4 billion in 2017, a 4.8% increase from 2016, directly supporting 1,140,000 jobs with earnings of \$40.1 billion; and

**WHEREAS**, the Morro Bay, California tourism industry annually attracts over 1.5 million visitors, generates an estimated 216,000 hotel/motel overnight stays, provides an overall economic hotel/motel impact to the City of Morro Bay, California of over \$26.8 million and raises over \$2.6 million in transient occupancy tax; and

**WHEREAS**, international travel to the United States is the nation's number one services export, and number two overall; and

**WHEREAS**, meetings, events and incentive travel are core business functions that help companies strengthen business performance, educate employees and customers, and reward business accomplishments—which in turn boost the U.S. economy. In 2017, domestic and international business travelers spent \$317.2 billion; and

**WHEREAS**, leisure travel, which accounts for more than three-quarters of all trips taken in the United States, spurs countless benefits to travelers' health and wellness, creativity, cultural awareness, education, happiness, productivity and relationships; and

**WHEREAS**, travel is a pillar of economic growth, creating jobs at a faster rate than other sectors; and

**WHEREAS**, welcoming visitors from near and far always has been, and always will be, the enduring ethos of the travel industry and Morro Bay, California.

**NOW, THEREFORE, BE IT RESOLVED**, that the City of Morro Bay does hereby proclaim May 5-11, 2019 as National Travel and Tourism Week in Morro Bay, California, and urge the citizens of Morro Bay, California to join in this special observance with appropriate events and commemorations.

**IN WITNESS WHEREOF** I have  
hereunto set my hand and caused the  
seal of the City of Morro Bay to be  
affixed this 23<sup>rd</sup> day of April 2019.

---

John Headding, Mayor  
City of Morro Bay, California

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AGENDA NO: A-9

MEETING DATE: April 23, 2019

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** April 17, 2019

**FROM:** Jody Cox, Police Chief

**SUBJECT:** Adoption of Resolution No. 27-19 Authorizing the Chief of Police to Submit an Application for Live Scan Services for Commercial Medical Cannabis Business Applicants

### **RECOMMENDATION**

Council adopt Resolution No. 27-19 allowing the Chief of Police to complete an application for Live Scan services from the State of California's Department of Justice Live Scan system for local, state and federal level criminal history information on prospective employees and owners of commercial medical cannabis businesses.

### **ALTERNATIVES**

The City Council has the following alternatives to consider:

1. Request HdL complete limited background process; or
2. Provide alternative direction to staff.

### **FISCAL IMPACT**

The Department of Justice imposes a Live Scan fee to the City, which will be charged to applicants at the time their Live Scans are completed. The applicant will also be required to pay a fee of \$23.00 to the City at the time the Live Scan application is submitted to cover administrative costs and materials.

### **BACKGROUND**

The Council's direction on the Cannabis ordinance included the City conducting background checks on owners and employees of prospective commercial cannabis businesses applying to operate in Morro Bay.

Given the Council's direction on background checks and preparations for approval of permit applications, staff is requesting the Council authorize the Chief of Police to complete an application for Live Scan services with the California Department of Justice. California Penal Code Sections 11105(b)(11) and 13300(b)(11) authorize cities, counties, districts and joint powers authorities to access state and local summary criminal history information for employment, licensing and certification purposes. Additionally, Penal Code Section 11105 (b)(11) authorizes cities, counties, districts and joint powers authorities to access **federal** level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation. These Penal Code Sections also require the City Council to authorize access to summary criminal history information for employment, licensing and certification purposes.

Staff is submitting this request to the Council now as the estimated time for Department of Justice approval for the Live Scan services is approximately sixty (60) to ninety (90) days. By applying for these services at this time, the City can prepare to conduct thorough background investigations and move forward in the Cannabis permit approval process.

### **DISCUSSION**

The Morro Bay Police Department is currently limited to receiving local and state summary criminal history information through Live Scans. In order for MBPD to receive federal level criminal history information MBPD must receive authorization/approval through City Council to apply for this access through the Department of Justice and Federal Bureau of Investigation.

### **CONCLUSION**

In an effort to support MBMC 5.50 Commercial Cannabis Operations Regulatory Program, MBPD is requesting approval to conduct federal level criminal history Live Scan background investigations of all owners/operators/employees of Cannabis businesses operating within the jurisdictional authority of the City of Morro Bay.

### **ATTACHMENT**

1. Resolution No. 27-19

**RESOLUTION NO. 27-19**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
AUTHORIZING THE CITY TO ACCESS STATE AND FEDERAL LEVEL  
SUMMARY CRIMINAL HISTORY INFORMATION FOR EMPLOYMENT,  
LICENSING AND CERTIFICATION PURPOSES**

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

**WHEREAS**, Penal Code Sections 11105(b)(11) and 13300(b)(11) authorize cities, counties, districts and joint powers authorities to access state and local summary criminal history information for employment, licensing or certification purposes; and

**WHEREAS**, Penal Code Section 11105(b)(11) authorizes cities, counties, districts and joint powers authorities to access federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation; and

**WHEREAS**, Penal Code Sections 11105(b)(11) and 13300(b)(11) require that there be a requirement or exclusion from employment, licensing, or certification under a City statute, ordinance, or regulation based on specific criminal conduct on the part of the subject of the record; and

**WHEREAS**, Penal Code Sections 11105(b)(11) and 13300(b)(11) require the City Council of the City to specifically authorize access to summary criminal history information for employment, licensing, or certification purposes; and

**WHEREAS**, Chapter 5.50 of the Morro Bay Municipal Code (MBMC) allows certain commercial cannabis operations with a permit; and

**WHEREAS**, permit applications must include written consent from all employees to fingerprinting and criminal background investigation by the City; and

**WHEREAS**, MBMC Section 5.50.110(H)(1)(a) states: “No employee convicted within the last ten years of a felony substantially related to the qualifications, functions or duties of an employee of a commercial cannabis operation (such as a felony conviction for distribution of controlled substances, money laundering, racketeering, etc.) shall be employed by a commercial cannabis operation, unless such employee has obtained a certificate of rehabilitation (expungement of felony record) under California law or under a similar federal statute or state law where the expungement was granted.”

**NOW, THEREFORE, BE IT RESOLVED**, that the City is hereby authorized to access local, state, and federal level summary criminal history information pursuant to Penal Code Sections 11105 and 13300 for purpose of certifying and licensing commercial cannabis operations

as required by Morro Bay Municipal Code Chapter 5.50. Such information shall not be disseminated by the City without legal authorization.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 23<sup>rd</sup> day of April 2019 on the following vote:

AYES:  
NOES:  
ABSENT:

---

JOHN HEADDING, Mayor

ATTEST:

---

DANA SWANSON, City Clerk



AGENDA NO: C-1

MEETING DATE: April 23, 2019

# Staff Report

**TO:** Honorable Mayor and City Council                      **DATE:** April 17, 2019

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

**SUBJECT:** Water Reclamation Facility Quarter 3 Fiscal Year 2018/19 Quarterly Update

## RECOMMENDATION

City Council receive the March 2019 Monthly Status Report for the Water Reclamation Facility and provide input regarding which elements should be included in future reports.

## ALTERNATIVES

No alternatives are recommended.

## FISCAL IMPACT

No additional fiscal impact is proposed within this update. All work is proceeding within the City's Fiscal Year 2018/19 budget for the WRF Project.

## BACKGROUND

At the February 26, 2019 City Council meeting, City staff and the Program Manager (Carollo) provided an update on the Water Reclamation Facility Project (Project). During that meeting, Carollo indicated they were working on the new Project Monthly Status Report template. The plan was to bring the report back to City Council on March 26, 2019. The decision was made to move the project report to April 2019 since the March 26, 2019 meeting was used for the community and City Council to provide input concerning the (then anticipated) upcoming April 2019 California Coastal Commission (CCC) Project coastal development permit (CDP) hearing. It was anticipated that the CDP would be on the CCC agenda for that CCC meeting. Since then, the decision has been made to move the CDP for the Project to the July 2019 CCC meeting in San Luis Obispo.

During the meeting Carollo discussed items that would be included in the Project Monthly Status Report, which included:

- Summary of total project costs to date
- Summary of invoices received during the period
- Key cost metrics including invoiced-to-date, earned value, reimbursements from funding agencies, etc.
- Key schedule metrics including a summary of key milestones
- Status of procurement activities (e.g., award of a construction contract for the Conveyance Facilities Project)
- Other metrics including a summary of public outreach activities, etc.

The attached report covers all of the items discussed above and will be the most comprehensive report

Prepared By: EC/RL    Dept Review: RL  
City Manager Review: SC                      City Attorney Review: CN

produced monthly by Carollo. Staff and Carollo are seeking direction from City Council regarding what information they would specifically like to see on a monthly basis in a tailored monthly report. A similar request is being made of the members of CFAC at their meeting scheduled on April 24, 2019.

### **Summary of Project Controls Activities**

As presented at the February 19, 2019 CFAC meeting, Carollo has specific responsibilities for program controls including:

- Monthly tracking of the schedule and all expenditures for the Project
- Development of a Project Monthly Status Report
- Performing a detailed review of the overall Project budget quarterly
- Reviewing and developing a new baseline schedule annually
- Making a presentation to CFAC quarterly

In addition to these activities, Carollo has been working on a budget update to inform the larger City budgeting process for Fiscal Year 2019/20.

### **Summary of other Activities**

City staff and Carollo have been making progress on all aspects of the Project, but have been mainly focused on finalizing the loan agreement with WIFIA, negotiating potential change orders (PCOs) with the design-build (DB) team for the WRF, and facilitating the coastal development permitting process with the CCC. Specific activities for the overall Project, as well as for the individual project elements (i.e., WRF, Conveyance Facilities, and Recycled Water Facilities) are presented in the March 2019 Monthly Report (attached).

### **ATTACHMENT**

1. March 2019 Monthly Report (Carollo)



City of Morro Bay  
Water Reclamation Facility Project

## MONTHLY REPORT MARCH 2019

DRAFT | April 2019

This document is released for the  
purpose of information exchange review  
and planning only under the authority of  
Eric T. Casares,  
April 2019,  
State of California, PE.73351

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## Section 1

# PROGRAM OVERVIEW

### 1.1 Program Status

All components of the Water Reclamation Facility Project (Project) are currently in progress. City staff and the Program Manager (Carollo) are actively working with the design-build team and the pipeline designer to advance the design of the Water Reclamation Facility (WRF) and Conveyance Facilities, respectively. City staff and Carollo are also actively working with the hydrogeologist to better characterize the Lower Morro Groundwater Basin and identify the preferred injection location. Once the final injection location is confirmed, design of the Recycled Water Facilities (i.e., injection wells) can begin.

### 1.2 Accomplishments

Accomplishments over the last month include working with the design-build team to finalize potential change orders (PCOs) as a result of the Basis of Design Report (BODR) development. Preliminary results of the Phase 1 work being done by the hydrogeologist (GSI) have also been presented to City staff and Carollo. Preliminary results indicate that injection of purified water and extraction by the City's existing wells allows the City to benefit from its entire allocation of 851 acre-feet per year (AFY) without inducing seawater intrusion and lowering the nitrate concentration below the drinking water maximum contaminant level (MCL). Also in the last month, Carollo has been working to update the project budget. Based on previous presentations to the City Council, WRFCAC, and CFAC, the Carollo will complete an in-depth review of the project budget on a quarterly basis. The updated budget was also needed by the City's Finance Department as part of the City-wide fiscal year 2019/2020 budget development.

### 1.3 Looking Forward

Upcoming activities include bringing a list of PCOs to the WRFCAC and City Council for consideration. It is anticipated that this will occur at the first meeting in May 2019. Carollo is also planning to bring the results of the Phase 1 hydrogeology results to WRFCAC and City Council.

### 1.4 Challenges

Challenges for the Project are primarily contained to the land use permitting process. In January 2019, City staff was provided direction from City Council to pursue a consolidated permit through the California Coastal Commission (CCC). The original plan was to bring the permit to the CCC meeting in April 2019, but was then moved to May 2019. Based on input received by the CCC from the community at the March 26, 2019 City Council meeting, the permit is now on the CCC agenda in July 2019 when the meeting will be held in San Luis Obispo.

## 1.5 Performance Measures

A set of five Key Performance Indicators (KPIs) were established to readily measure the progress of the Project. These KPIs represent various success factors associated with the WRF program management and delivery that were established by Carollo and City of Morro Bay staff and are summarized as Table 1. The Project's performance is also illustrated graphically in Figure 1 and Figure 2.

Table 1 WRF Project Performance Measures

Performance Measure	Data	Target	Current	Delta	Status	Ⓞ	Ⓢ	Ⓡ
<b>1: Total Project Costs</b>	Total Program Projected Costs versus Actual Cost-to-Date (thru 3/31/19)	\$125.9 M	\$124.4 M	-1.2%	Ⓞ	Estimated cost >= 5% below target budget	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget
<b>1.1: WRF Costs</b>	On Site WRF Projected Costs versus Actual Cost-to-Date (thru 3/31/19)	\$77.1 M	\$77.9 M	1.0%	Ⓞ	Estimated cost >= 5% below target cost	Estimated cost within 5% of target cost	Estimated cost > 5% above target cost
<b>1.2: Conveyance Facilities Costs</b>	Conveyance Facilities Projected Costs versus Actual Cost-to-Date (thru 3/31/19)	\$26.3 M	\$29.4 M	11.8%	Ⓡ	Estimated cost >= 5% below target cost	Estimated cost within 5% of target cost	Estimated cost > 5% above target cost
<b>1.3: Recycled Water Facilities Costs</b>	Off Site Injection Facilities Projected Costs versus Actual Cost-to-Date (thru 3/31/19)	\$12.1 M	\$5.7 M	-52.9%	Ⓞ	Estimated cost >= 5% below target cost	Estimated cost within 5% of target cost	Estimated cost > 5% above target cost
<b>1.4: General Program Management Costs</b>	Program Management Projected Costs versus Actual Cost-to-Date (thru 3/31/19)	\$11.47 M	\$10.2 M	10.9%	Ⓡ	Estimated cost >= 5% below target cost	Estimated cost within 5% of target cost	Estimated cost > 5% above target cost
<b>2: Conveyance Pipeline Installed</b>	Feet of conveyance pipeline installed (thru 3/31/19)	18,500 LF	0.0 LF	0.0%	Ⓞ	<= 5%	> 5% and <=7.5%	> 7.5%
<b>3: Compliance Date Countdown</b>	Days Remaining to Compliance Date (as of 3/31/19)	1,795 days	1,321 days	-474 days	Ⓞ	<=98%	> 98% and <=90%	> 90%

## Section 2

# PROJECT COSTS

### 2.1 Project Budget

The overall budget status for the Project is summarized in Table 2. The top half of the Table provides a summary of total estimated Project costs, including original and current estimated costs for the entire Project. The bottom half of Table 2 shows the total amount of work currently under contract and provides a summary of current and total charges.

Table 2 WRF Project Overall Budget Status (thru March 2019)

Summary of Total WRF Program Cost	
Original Baseline WRF Project Budget <sup>(1)</sup>	\$125,938,000
Current WRF Project Budget	\$124,438,000
Percent Change (Current versus Original)	-1.2%
Percent of Current WRF Project Budget Contracted	60.5%
Percent of Current WRF Project Budget Expended	6.8%
Percent of Current WRF Project Budget Planned to be Expended	15.6%
Summary of Contracted Work	
Total WRF Project Contracted Amount	\$75,294,895
Total Expenditures to Date (thru 3/31/19 invoices)	\$7,035,350
Remaining WRF Project Contracted Amount	\$68,259,545

Notes:

(1) Developed in the spring of 2018 as the basis of the approved rate surcharge that will take effect in July 2019.

### 2.2 Project Cash Flow

Presented in Figure 1 are the projected and actual expenditures for the Project through March 2019 compared to the baseline budget developed in 2018 as the basis for the rate surcharge. The line graph shows the cumulative values for the project and the bars show the discrete monthly values. For the time period before January 2019, the bars show annual values. Because the forecasted cash flows are based on anticipated project delivery schedules, the relationship of projected cash flows to actual expenditures provides an indication of schedule status.

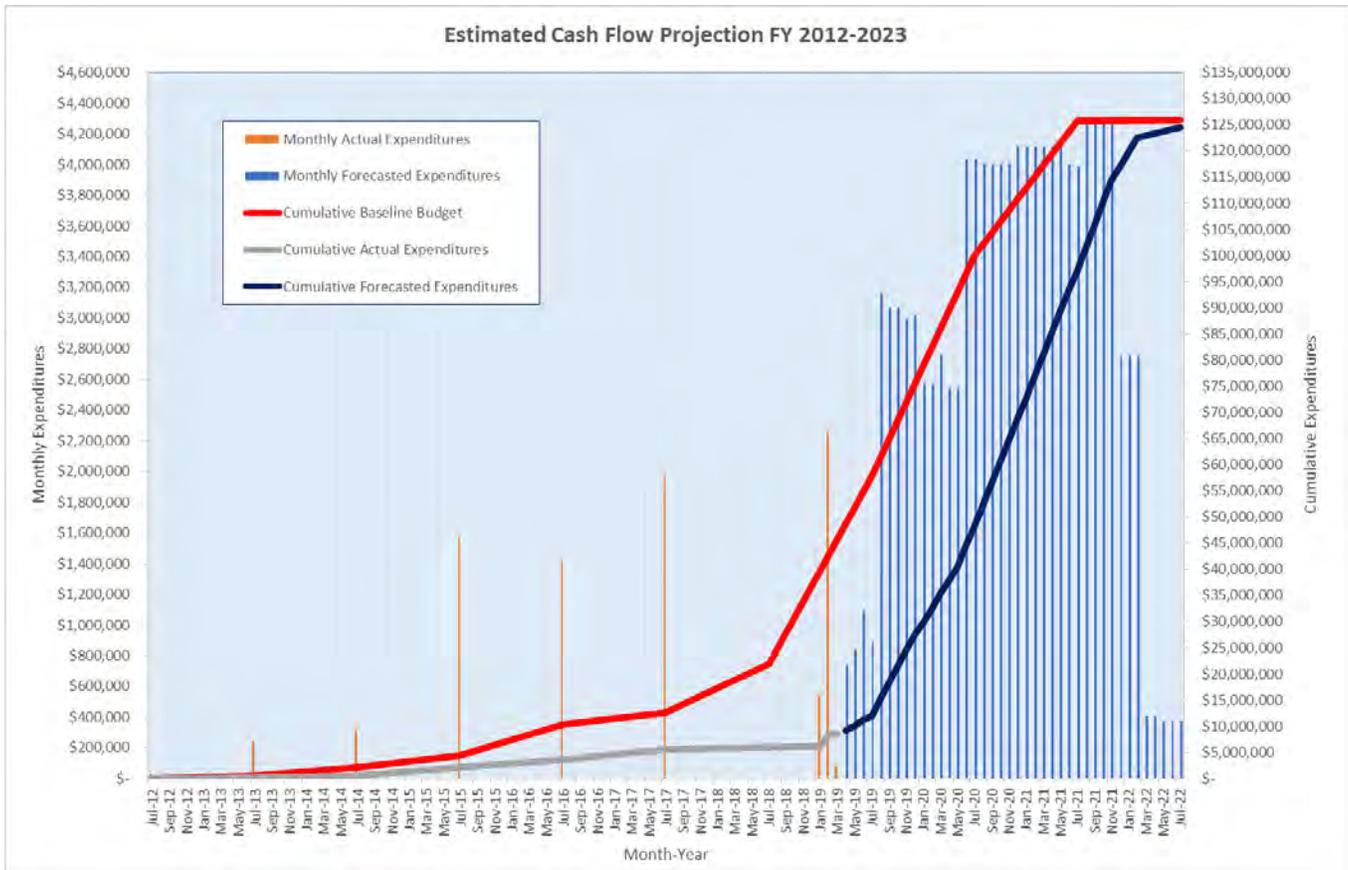


Figure 1 Program Cash Flow Projections and Actual Expenditures

Table 3 summarizes the cost-to-date and contracted amounts for each of the elements of the Project. This table also provides the current cost estimate for each project. Detailed information on the individual elements of the Project is provided in Section 7 of this Report.

## 2.3 Project Cost Summary

Table 3 WRF Project Cost Summary (through March 2019)

Project	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)	Total Project Cost (Est.) <sup>(1)</sup>	Cost Expended to Date (%)
General Program	\$6,041,480	\$6,190,871	\$4,522,488	\$11,471,480	52.7%
WRF	\$1,654,952	\$67,234,512	\$1,654,952	\$77,858,063	2.1%
Conveyance Facilities	\$549,733	\$1,360,564	\$549,733	\$29,457,010	1.9%
Recycled Water Facilities	\$205,677	\$508,947.00	\$150,287	\$5,665,677	3.6%
<b>Total</b>	<b>\$8,451,843</b>	<b>\$75,294,894</b>	<b>\$7,035,349</b>	<b>\$124,452,231</b>	<b>6.8%</b>

Notes:

(1) Cost includes the total anticipated cost for each element of the Project.

## 2.4 Detailed Project Costs

The following tables show the detailed costs to date for active contracts for each element of the Project.

Table 4 General Project Activities Cost Summary (through March 2019)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)	Total Project Cost (Est.) <sup>(1)</sup>	Cost Expended to Date (%)
ESA	\$349,999	\$376,604	92.9%	\$396,604	88.2%
Far Western	\$84,385	\$124,644	67.7%	\$124,644	67.7%
Kestrel	\$171,350	\$219,872	77.9%	\$319,872	53.6%
Carollo Engineers, Inc.	\$614,031	\$1,898,844	32.3%	\$5,298,844	11.6%
JSP Automation	\$21,778	\$63,500	34.3%	\$163,500	13.3%
<b>Total</b>	<b>\$1,241,541</b>	<b>\$2,683,464</b>	<b>46.3%</b>	<b>\$6,303,464</b>	<b>19.7%</b>

Notes:

(1) Cost includes planned or anticipated amendments to active consultant agreements.

Table 5 WRF Cost Summary (through March 2019)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)	Total Project Cost (Est.) <sup>(1)</sup>	Cost Expended to Date (%)
Overland Contracting	\$1,654,952	\$67,234,512	2.5%	\$69,734,512	2.4%
<b>Total</b>	<b>\$1,654,952</b>	<b>\$67,234,512</b>	<b>2.5%</b>	<b>\$69,734,512</b>	<b>2.4%</b>

Notes:

(1) Cost includes planned or anticipated amendments to active consultant agreements.

Table 6 Conveyance Facilities Cost Summary (through March 2019)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)	Total Project Cost (Est.)(1)	Cost Expended to Date (%)
Water Works Engineers (WWE)	\$549,733	\$1,360,565	40.4%	\$1,610,565	34.1%
<b>Total</b>	<b>\$549,733</b>	<b>\$1,360,565</b>	<b>40.4%</b>	<b>\$1,610,565</b>	<b>34.1%</b>

Notes:

(1) Cost includes planned or anticipated amendments to active consultant agreements.

Table 7 Recycled Water Facilities Cost Summary (through March 2019)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)	Total Project Cost (Est.)(1)	Cost Expended to Date (%) / Percent Complete
GSI	\$150,287	\$351,000	42.8%	\$451,000	33.3%
<b>Total</b>	<b>\$150,287</b>	<b>\$351,000</b>	<b>42.8%</b>	<b>\$451,000</b>	<b>33.3%</b>

Notes:

(1) Cost includes planned or anticipated amendments to active consultant agreements.

## 2.5 Change Orders

No changes orders have been accepted in 2019 for any of the elements of the Project.

## 2.6 Reimbursement from Funding Agencies

No reimbursements from funding agencies have been completed in 2019.

## Section 3

# PROJECT SCHEDULE

A summary of the Project schedule is presented in Figure 2.

### 3.1 Project Construction Milestones

Presented in Table 8 are the construction milestones for each element of the Project.

Table 8 Project Construction Milestones

Project Name	Start of Construction		End of Construction		Permit Compliance Date	
	Planned	Actual	Planned	Actual	Planned	Actual
WRF	August 09, 2019		June 09, 2022		February 28, 2023	
Conveyance Facilities	July 21, 2021		June 21, 2022		NA	NA
Recycled Water Facilities	May 11, 2020		November 19, 2021		NA	NA



Figure2 Project Milestone Summary

## Section 4

# DESIGN AND PROCUREMENT

### 4.1 Design Status

No new design contracts for the Project were executed in 2019. A summary of the existing design contracts is included in Table 9 below.

Table 9 Procurement Status (through March 2019)

Project Name	Initial Contract Amount	Amount Expended	30%	60%	90%	Final
WRF	\$4,821,229	\$1,654,952	✓			
Conveyance Facilities	\$1,170,894	\$549,733	✓			
Recycled Water Facilities	\$0	\$0				

### 4.2 Procurement

No procurements were performed during 2019. Table 5 presents a summary of the procurement activity for the Project.

Table 10 Procurement Status (through March 2019)

Project Name	Bid Advertisement Date	Bid Opening Date	Council Award Date	Notice to Proceed Date	Consultant
WRF	January 24, 2018	May 08, 2018	October 23, 2018	November 01, 2018	Overland Contracting (Filanc-Black & Veatch)
Conveyance Facilities	January 24, 2018	May 08, 2018	October 23, 2018	November 01, 2018	Water Works Engineers
Recycled Water Facilities	Project element to be bid in May 2021				

## Section 5

# CONSTRUCTION STATUS

### 5.1 Construction Summary

During 2019 construction started for one projects. Table 11 presents a summary of project construction progress and costs through 2019.

Table 11 Project Construction Costs

Project Name	Amount Expended	Initial Contract Amount	Current Contract Amount	% Change in Contract Amount
WRF	\$0	\$62,413,335	\$62,413,335	0%
Conveyance Facilities	\$0	\$0	\$0	0%
Recycled Water Facilities	\$0	\$0	\$0	0%
<b>Construction Total</b>	<b>\$0</b>	<b>\$62,413,335</b>	<b>\$62,413,335</b>	<b>0%</b>

### 5.2 Upcoming Traffic Control

#### 5.2.1 Planned Impacted Areas

#### 5.2.2 Hours of Planned Lane/Road Closures

### 5.3 Construction Safety

The Project safety goal is zero reportable incidents. There have been a total of zero reported incidents in 2019.

## Section 6

# OTHER PROGRAM ACTIVITIES

### 6.1 Public Outreach

Current public outreach activities include:

- Development of the Draft Communications Plan.
- Continued re-branding activities.
- Planning for mailings/bill inserts prior to the rate increases taking affect.

### 6.2 Permitting Activities

Permit compliance is an important aspect of the Project. The current permitting activities include:

- Consultation with the State Historic Preservation Office (SHPO) is needed for compliance with the National Environmental Policy Act (NEPA) required to secure EPA WIFIA financing.
  - Additional architectural and archeological within the area of potential effect (APE) are currently being planned.
- In order to capture changes to the project identified since the certification of the Final Environmental Impacts Report (FEIR), ESA is currently completing an addendum to the FEIR.
- While initially planned to occur in April 2019, the coastal development permit (CDP) for the Project will be on the July 2019 CCC meeting in San Luis Obispo.

### 6.3 Funding Status

- Coordination with EPA WIFIA staff to facilitate the environmental review and finalize loan terms.
- Worked with Kestrel to develop responses to comments from the United States Bureau of Reclamation (USBR) Title XVI Grant Program staff on the City draft crosswalk document delivered in early 2018.
- Delivered the Final Recycled Water Final Water Reclamation Facility Plan (previously the Draft Master Reclamation Plan)
  - Delivery of the final document will allow the City to be reimbursed the second half of the \$75,000 planning grant.

### 6.4 City Operations Activity

The current City Operations activities include:

- Significant City Operations activities are not anticipated until start-up of the WRF begins in June 2021.

## Section 7

# PROJECT DETAILS

### 7.1 Water Reclamation Facility

#### 7.1.1 Designer/Builder

In October 2018, the City executed a contract with Overland Contracting (a joint venture of Filanc and Black & Veatch) for design and construction of the WRF located at the South Bay Boulevard site. The project will be delivered using the design-build process.

#### 7.1.2 Project Scope

The scope of this element of the Project includes a preliminary, secondary, and advanced treatment facilities. The secondary treatment processes will consist of a membrane bioreactor (MBR) and have the ability to exceed the anticipated discharge requirements for the City's new National Pollution Discharge Elimination System (NPDES) permit. The advanced treatment facilities include reverse osmosis (RO) and ultraviolet disinfection/advanced oxidation process (UVAOP). Purified water from the advanced treatment facilities will be injected into the lower Morro Groundwater Basin.

#### 7.1.3 Current Progress

Overland Contracting (DB) delivered an internal draft of the BODR in February 2019. Since that time, Carollo and City staff has reviewed the Draft BODR and the DB is currently updating the Draft BODR for release to the WRFCAC and City Council. It is anticipated that the Draft BODR will be available in early May 2019. In addition to the Draft BODR review, City staff and Carollo have been identifying, costing, and negotiating PCOs for the existing DB agreement. These will also be presented to the WRFCAC and City Council in May 2019.

#### 7.1.4 Upcoming Activities

As stated previously, the next step in the DB process is the acceptance of the PCOs and modifications to the DB's scope and resulting agreement. These changes will all need to be approved by City Council in May 2019. In addition to the PCOs, the DB is continuing to advance the design and is planning to deliver the 60 Percent Submittal in August 2019.

#### 7.1.5 Project Challenges

The goal is to move this element into construction as soon as possible. At this time, two items are on the critical path for WRF construction. These include issuance of a coastal development permit by the CCC and completion of the SHPO consultation process (leading to a signed WIFIA loan agreement).

Table 12 WRF Performance Measures

Performance Measures	Target	Current	Status
Construction Cost <sup>(1)</sup>	\$62.9M	\$65.4M	
Change Order Cost	\$6.2M	\$2.5M	

Notes:

(1) Project budget and current contract amount (≤5% over target = Yellow, >5% over target = Red).

Table 13 WRF Construction Summary

Schedule					
Request for Bid / Bid Advertisement	January 24, 2018				
Bid Opening Date	May 08, 2018				
Contract Award / Council Award Date	October 23, 2018				
Notice to Proceed for Construction	NA				
Original Final Completion Date	June 09, 2022				
Original Duration (Non-Working Days)	1,316				
Days Changed by Change Order	0				
Actual Final Completion Date (including Non-Working Days)	June 09, 2022				
Schedule Percent Complete	11%				
Budget					
Engineer's Estimate	\$69,213,000				
Award Amount	\$62,413,335				
Change Order Total	\$0				
Current Contract Value	\$62,413,335				
Percent Change	0%				
Actual Cost -to-Date	\$0				
Percent Complete (Percent Expended)	0%				
Construction Management Statistics					
	RFIs	Submittals	PCOs	COs	NOPCs
Total Received	0	0	19	0	0
Total Responded To	0	0	17	0	0
Total Pending	0	0	2	0	0
Average Turnaround (calendar days)	0	0	N/A	N/A	N/A

Acronym List:

- (1) RFI – Request for Information PCO – Proposed Change Order
- (2) CO – Change Order NOPC - Notice of Potential Claim

## 7.2 Conveyance Facilities

### 7.2.1 Designer

In November 2017, the City executed a contract with Water Works Engineers for design and engineering support for the facilities necessary to connect the existing WWTP and the new WRF.

### 7.2.2 Contractor

This element of the Project is being delivered via a conventional design-bid-build procurement process. The Conveyance Facilities are currently under design and will begin construction in the spring of 2020.

### 7.2.3 Project Scope

The Conveyance Facilities originally included the design of approximately 3.5 miles of pipelines and a lift station located near the existing WWTP. The pipelines include two raw wastewater forcemains and a wet weather/brine discharge forcemain. Several changes to the Conveyance Facilities have occurred since the contract was executed with WWE including the addition of a second, smaller lift station near the intersection of Main Street and Highway 1 and the addition of the potable reuse forcemain to either the east or west injection site.

### 7.2.4 Current Progress

WWE, City staff, and Carollo presented the preferred lift station orientation (dual) and the recommended pipeline alignment (west of Highway 1 along Quintana Road) to WRFCAC and the City Council in December 2018 and January 2019, respectively. An internal draft of the BODR was also delivered to staff in February 2019. WWE, City staff, and Carollo are still in the process of updating the internal draft before the Draft BODR is presented to WRFCAC and City Council. While the actual Draft BODR has not yet been made available, all of the cost and technical information has been presented several times in WRFCAC and City Council meetings. WWE has started the development of the 60 Percent Design Submittal at this time.

### 7.2.5 Upcoming Activities

WWE has been working to complete the field work necessary to complete the 60 Percent Design Submittal over the last several months. These activities include surveying and geotechnical investigations. These activities must be completed before the 60 Percent Design Submittal can be completed.

### 7.2.6 Project Challenges

Access to private property has caused delays in this element of the property. In order to advance the design of the Conveyance Facilities, access to PG&E and Vistra property is required. Access to these properties has proven time consuming and challenging.

Table 14 Conveyance Facilities Performance Measures

Performance Measures	Target	Current	Status
Construction Cost <sup>(1)</sup>	\$23.5M	\$0M	
Change Order Cost	\$2.4M	\$0M	
Number of Feet of Pipelines Constructed	18,500 LF	0 LF	
Number of Days of Full Road Closures	0 Days	0 Days	
Number of Hours of Night Work	0 Hours	0 Hours	

Notes:

(1) Project budget and current contract amount - (≤5% over target = Yellow, >5% over target = Red)

Table 15 Conveyance Facilities Summary

Schedule	
Request for Bid / Bid Advertisement	NA
Bid Opening Date	NA
Contract Award / Council Award Date	NA
Notice to Proceed for Construction	NA
Original Final Completion Date	NA
Original Duration (Non-Working Days)	NA
Days Changed by Change Order	0
Actual Final Completion Date (including Non-Working Days)	NA
Schedule Percent Complete	0%
Budget	
Engineer's Estimate	\$25,827,000
Award Amount	\$0
Change Order Total	\$0
Current Contract Value	\$0
Percent Change	0%
Work Completed	
Actual Cost -to-Date	\$0
Percent Complete (Percent Expended)	0%
Length of Pipe Installed (actual to date / planned total)	0 LF / 18,500 LF

	RFIs	Submittals	PCOs	COs	NOPCs
Total Received	0	0	0	0	0
Total Responded To	0	0	0	0	0
Total Pending	0	0	0	0	0
Average Turnaround (calendar days)	0	0	N/A	N/A	N/A

Notes:

Acronym List:

- (1) RFI – Request for Information
- (2) PCO – Proposed Change Order
- (3) CO – Change Order
- (4) NOPC – Notice of Potential Claim

### 7.3 Recycled Water Facilities

#### 7.3.1 Designer

Procurement activities for the designer for the Recycled Water Facilities have not yet been started, but it is anticipated that design will begin in early 2020 following completion of the Phase 1, Phase 2, and Phase 3 hydrogeological work by GSI.

### 7.3.2 Contractor

This element of the Project is being delivered via a conventional design-bid-build procurement process. The Recycled Water Facilities are currently under design and will begin construction in the spring of 2020.

### 7.3.3 Project Scope

Since the potable reuse pipeline from the WRF to the selected injection site was moved into WWE's scope for design of the Conveyance Facilities, this element of the Project consists primarily of full-scale injection wells at either the west or east injection sites.

### 7.3.4 Current Progress

Phase 1 of GSI's hydrogeological work is nearly complete and will be presented to WRFCAC and City Council in May 2019.

### 7.3.5 Upcoming Activities

GSI is currently working on Phase 2 and City staff and Carollo are working to provide access to the Vistra property to facilitate siting of the pilot injection wells. In addition, GSI is also working to complete the cone penetration tests (CPTs) at Silver City RV Park in order to characterize the east injection location.

### 7.3.6 Project Challenges

As mentioned previously, access challenges for the Vistra property are also preventing the Recycled Water Facilities from advancing in to Phase 2.

Table 16 Recycled Water Facilities Performance Measures

Performance Measures	Target	Current	Status
Construction Cost (1)	\$3.2M	\$0M	
Change Order Cost	\$0.3M	\$0M	
Selection of the Injection Site	October 15, 2019	NA	

Notes:

(1) Project budget and current contract amount - ( $\leq 5\%$  over target = Yellow,  $> 5\%$  over target = Red)

Table 17 Recycled Water Facilities Summary

Schedule					
Request for Proposals	NA				
Proposal Due Date	NA				
Contract Award Date	NA				
Notice to Proceed for Design	NA				
Design Milestones – 30/60/90/Final	30 - NA 60 - NA 90 - NA Final - NA				
Request for Bid / Bid Advertisement	NA				
Bid Opening Date	NA				
Contract Award / Council Award Date	NA				
Notice to Proceed for Construction	NA				
Original Final Completion Date	NA				
Original Duration (Non-Working Days)	NA				
Days Changed by Change Order	0				
Actual Final Completion Date (including Non-Working Days)	NA				
Schedule Percent Complete	0%				
Request for Bid / Bid Advertisement	NA				
Bid Opening Date	NA				
Budget					
Engineer's Estimate	\$3,500,000				
Award Amount	\$0				
Change Order Total	\$0				
Current Contract Value	\$0				
Percent Change	0%				
Work Completed					
Actual Cost -to-Date	\$0				
Percent Complete (Percent Expended)	0%				
	RFIs	Submittals	PCOs	COs	NOPCs
Total Received	0	0	0	0	0
Total Responded To	0	0	0	0	0
Total Pending	0	0	0	0	0
Average Turnaround (calendar days)	0	0	N/A	N/A	N/A

Notes:  
 Acronym List:  
 (1) RFI – Request for Information  
 (2) PCO – Proposed Change Order  
 (3) CO – Change Order  
 (4) NOPC - Notice of Potential Claim



AGENDA NO: C-2

MEETING DATE: April 23, 2019

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** April 18, 2019

**FROM:** Scott Collins, City Manager

**SUBJECT:** Options to Enhance Communication and Engagement with the Community

## RECOMMENDATION

City Council review options to enhance communication and engagement with the community and provide direction as appropriate.

## ALTERNATIVES

None.

## FISCAL IMPACT

Some communication and engagement options have associated costs. The options are outlined in the "discussion" section of this report and include cost estimates in the description.

## BACKGROUND

At the January 22, 2019, regular City Council meeting, Council directed staff to develop a list of potential options to enhance communication and engagement with the community and bring it back for Council review and consideration. As was discussed at that meeting, under future agenda items, the Council is seeking ways to better inform the community of City programs, policies and the decision-making process, but also, just as important, the Council is seeking ways to enhance engagement opportunities for community members and groups.

The main goals - of robust communications and vigorous public engagement - are to ensure the public is informed, and that the community informs the City, about City functions and decision-making process. For the sake of simplicity for this report, communication is defined as one-way, where information is being shared from the City to the community. Engagement is defined as public input back to the City and two-way dialogue, where input is shared by community members with the City, and can include back and forth discussion where ideas are exchanged. Both forms are necessary for the effective functioning of the local government and local democracy. An informed community helps hold the City accountable and also understands the important role the City plays in the community's well-being. An engaged community helps lead to City decisions regarding goals, policies, programs and services, and a budget that reflect the community's needs and desires.

Currently, the City communicates and engages the community in a variety of ways, which are listed below in bullet point format. Though the list may not capture all current efforts underway, it does provide a sense of how the City currently communicates and engages with the community:

Prepared By: SC

Dept Review: SC

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

**Communication** – (where information is shared, typically one-way – City to the community)

- City website
- Water Reclamation Facility (WRF) website
- Tourism website
- City Manager Newsletter
- OpenGov – online financial transparency tool
- E-notification for official City meetings and news updates
- Social media – Facebook and Twitter accounts
- Press releases and responses to media inquiries

**Engagement** – (Where input is provided by community members and typically, but not always, involves two-way communication.)

- City meetings (Council, Advisory Boards) – public comment and responses to public comment
- Polco – new online community input portal
- Email and phone call responses to community members
- Office hours – City staff has hosted these in the past, typically related to a specific issue, and some Councilmembers past and present hold regular office hours for community members to meet with them
- Business walks and forums – City staff and Councilmembers participate in the monthly business walk with the Chamber of Commerce (part of the 4MB program), where business owners throughout the four major business corridors are engaged to discuss the current business climate
- Day to day interactions City staff and Councilmembers have with community members.

**New Efforts in Development Stage** – There are several new communication and engagement efforts under development, that will be launching this year. Those are listed below and described as either communication or engagement.

- Police Citizen Academy (engagement) – Launching toward the end of summer 2019. This effort will inform participants about the Police Department operations, administration, budget and policies.
- Police Citizen Advisory Committee (engagement) – Launching at the beginning of summer 2019, this will be an on-going committee of residents from a diverse set of backgrounds who will regularly meet with the Chief of Police to discuss operations, policies and community policing among other important topics.
- Neighborhood Cop Program (engagement) – Launching later this year, extends the community policing model into the neighborhoods, with police officers dedicated to certain areas of the City. This will help build relations between PD and community, and problem-solve safety issues.
- City Online App (engagement) – Within the next month or so the City will be rolling out a replacement to the “QAlert” “Customer engagement” application. The City of Morro Bay is replacing QAlert with CitySourced. CitySourced will have both a web based and smartphone application that will be available at the iTunes and android stores. The Web based App will link through the City’s webpage. As with QAlert citizens and visitors will be able to submit maintenance requests and issues through the system. The reason for the change is compatibility with the City’s new Asset Management/Maintenance/Permitting Tracking application, CityWorks.

## **DISCUSSION**

While the City does communicate and engage regularly with the community in a variety of ways, there are alternatives and other options to consider that inform the community, encourage engagement

understand community concerns, and incorporate community ideas into the City decision-making process.

Listed below are options for City Council consideration regarding communication and community engagement. Each option includes a description, as well as potential level of effort required and associated costs (estimates) to implement that option. An important factor to keep in mind when reviewing the options and potentially selecting new initiatives to pursue is that City resources, financial and staffing, are limited. Staff recommends the number of new initiatives the City can take on and successfully implement, along with existing efforts, should be viewed through that lens.

- **City Hall to You** – Once a year or semi-annually host a forum in different parts of the community. The forum provides an opportunity for community members to talk with each City department, receive important updates, ask questions of City leaders, and engage one-on-one with City staff and Councilmembers. The purpose of this option is to go where the community is, and not require them to come to the City. This engagement option is a significant staff intensive effort, and costs are likely in the \$2K-\$5K range for advertising, materials, and room rentals.
- **Citywide Citizen Academy** – Like the Police Citizen Academy, but for the entire City. Participants would learn about City operations, governance, budget, etc. Many cities do this to help educate community members about the City and develop the next generation of advisory board/commission members, and even further educate Council members in some cases. This engagement option is staff intensive, and costs are likely in the \$2K-\$3K range for materials.
- **Information Kiosks/Suggestion Box** – The idea is to place information kiosks in major trafficked areas in different parts of the City. The Kiosks would display information about upcoming meetings and City matters and provide a suggestion box. This communication effort serves to reach people where they are, and particularly those who don't typically review the City website or receive notifications about upcoming City meetings. This communication option has some staff time requirements (in terms of installation, and inserting new information regularly) and costs are anywhere from \$2K - \$15K depending upon the quality and number of kiosks to be installed.
- **Routine Office Hours** – This idea is to hold regular office hours at City Hall or other locations as deemed appropriate. Regular times would be arranged for community members to meet with staff, and with Councilmembers (on an individual basis to avoid Brown Act conflicts) to discuss general City business. This engagement option would have a moderate impact on staff resources, but minimal financial costs.
- **Neighborhood Block Party** – This idea is to hold an annual block party either in one section of the City or the entire City. This provides an opportunity for neighbors to get to know one another, and for City staff and Councilmembers to also meet people where they are at, for a more informal, relaxed discussion. Typically, cities help provide logistics and permitting for the parties, and a community organization coordinates the outreach with the neighborhoods. This could build off the Neighborhood Cop program that is being developed by the Police Department. It would be a staff intensive effort, and costs range from \$5K-\$10K depending upon the size of the event.
- **Communication/Engagement Assessment** – During the 2018 Goal setting process, the City Council discussed conducting an assessment of current communication and engagement efforts. Assessments are typically conducted by third-party experts who can provide an objective and impartial analysis of existing efforts and outline a plan to make

improvements. Assessments do impact staff time and are typically in the \$25K to \$30K range to complete.

- **Create Council Sub-committee** – City Council may also consider forming a sub-committee to review communication/engagement efforts. This would have a minor impact on staff and there are no associated costs.
- **Communication/Engagement Training** – Provide training to City staff and Councilmembers on communication and community engagement training. The cost and impacts on staff are dependent upon the number and type of trainings pursued.
- **Revise City Manager Update at Council Meetings** – The City Manager would provide regular updates to the Council and community that include discussion of hot topics in the community and/or frequently asked questions. There could also be informal information session held prior to Council meetings to delve further into hot topics. There is no cost to this, and very minimal impact on staff.
- **More Ad Hoc Committees** – Engage residents more in important City topics through creation of more ad hoc committees, similar to the Blue Ribbon Commission for the WRF project and the Lease Management Policy Review committee. The impact on staff could be significant depending upon the number and duration of the various committees. If the committee(s) required paid facilitators the costs could be significant as well.
- **Other options?** There are certainly many other ideas that could be pursued to enhance communications and engagement. This list provided above serves to start the conversation.

Below is a summary of the options described above, in a table format.

Option	Level of Effort	Estimated Cost
City Hall to You	Significant	\$2,000 - \$5,000
Citizen Academy	Significant	\$2,000 - \$3,000
Information Kiosks	Moderate	\$2,000 - \$15,000
Office Hours	Moderate	\$1,000
Neighborhood Block Party	Significant	\$5,000 - \$10,000
Assessment of Efforts	Moderate	\$25,000 - \$30,000
Trainings	Minor/Moderate	Unknown
City Manager Updates	Minor	None
Ad Hoc Committees	Moderate/Significant	Unknown
Council Sub-committee	Minor	None

These options should serve as the start of a discussion for City Council. If there are particular options that Council has consensus on, staff would recommend that more research and development be pursued before launching. Staff would bring it back to City Council for final approval before implementing the new initiatives, or staff could work through a Council sub-committee to finalize the elements of the initiative, and then move forward should Council desire to create one.

**ATTACHMENT**

None.



AGENDA NO: C-3

MEETING DATE: April 23, 2019

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** April 10, 2019

**FROM:** Eric Endersby, Harbor Director

**SUBJECT:** Approval of Capital Budget Fund Reallocation of \$21,000 to Repave the Alleyway Between Tognazzini's Restaurant and the Santa Monica Seafood Commercial Fishing Dock

## RECOMMENDATION

City Council approve reallocation of \$21,000 from the Harbor Ice Machine Maintenance capital project fund to the Harbor Operating Fund as outlined in this report to enable repaving of a critical section of alleyway between Tognazzini's restaurant and the Santa Monica Seafood commercial fish unloading dock.

## ALTERNATIVES

The Council could direct staff to seek or utilize an alternative funding source for this project, or direct staff to not pursue repaving at this time.

## FISCAL IMPACT

There will be a one-time \$21,000 impact to the Harbor Accumulation Fund for this project.

Currently the Harbor Department's approved capital projects include \$35,000 for ice machine maintenance anticipated this fiscal year under the agreement with Santa Monica Seafood where the City pays for any machine maintenance above 10% of Santa Monica's documented gross annual ice sales. In recent consult with Santa Monica Seafood, less than \$1,000 of maintenance has been required on the machine this fiscal year, therefore, the 10% of ice sales will cover these costs. This effectively frees-up most of this capital funding, with approximately \$10,000 needed to complete the \$100,000 cable grant-funded ice machine refrigeration replacement project set to be completed this month.

Furthermore, since this alleyway in need of paving provides access to the ice machine, transferring this funding over to the paving project is consistent with the broad intent of the original allocation of the funds.

Staff propose to reallocate \$21,000 from the ice machine capital project fund, which sources the Harbor Accumulation Fund, and Operating Budget adjustments including a \$21,000 revenue in the 331-7710-3802 Intrafund Revenue Transfer line item, and a commensurate \$21,000 expense in the 331-6510-7400 Other Capital Outlay line item.

## BACKGROUND

The alleyway in question between Tognazzini's and the fish dock (Attachment 1) is neither street,

Prepared By: EE

Dept Review: EE

City Manager Review: \_\_\_\_\_

City Attorney Review: CN

parking lot or lease site, and as such, direct responsibility for pavement management is unclear. It does, however, form a critical component of transportation infrastructure for not only the commercial fish dock unloading, ice and storage operations, but also for the Tognazzini restaurants, Crill's Saltwater Taffy, Morro Bay Landing, Morro Bay Oyster Company and countless pedestrians walking the City's waterfront and Harborwalk.

Due to its constant use, heavy truck and forklift operations and regular saltwater soakings, in recent years it has become seriously degraded and in need of refurbishment. The Harbor Department has worked with Public Works to identify a repair path forward that does not entail the multi-hundred thousand-dollar fix of tearing up the entire alleyway, which would be prohibitively expensive and unnecessarily disruptive.

### **DISCUSSION & CONCLUSION**

Three prevailing wage quotes were sought from known contractors for repaving this alleyway, consisting of cutting-in to the existing good concrete on either end, and paving from the stepped walkway curb next to Tognazzini's restaurant west to the seawall at the fish dock. The low quote was for \$19,940; under the threshold required for a formal bidding process. If approved, the project will be completed by standard City independent contracting.

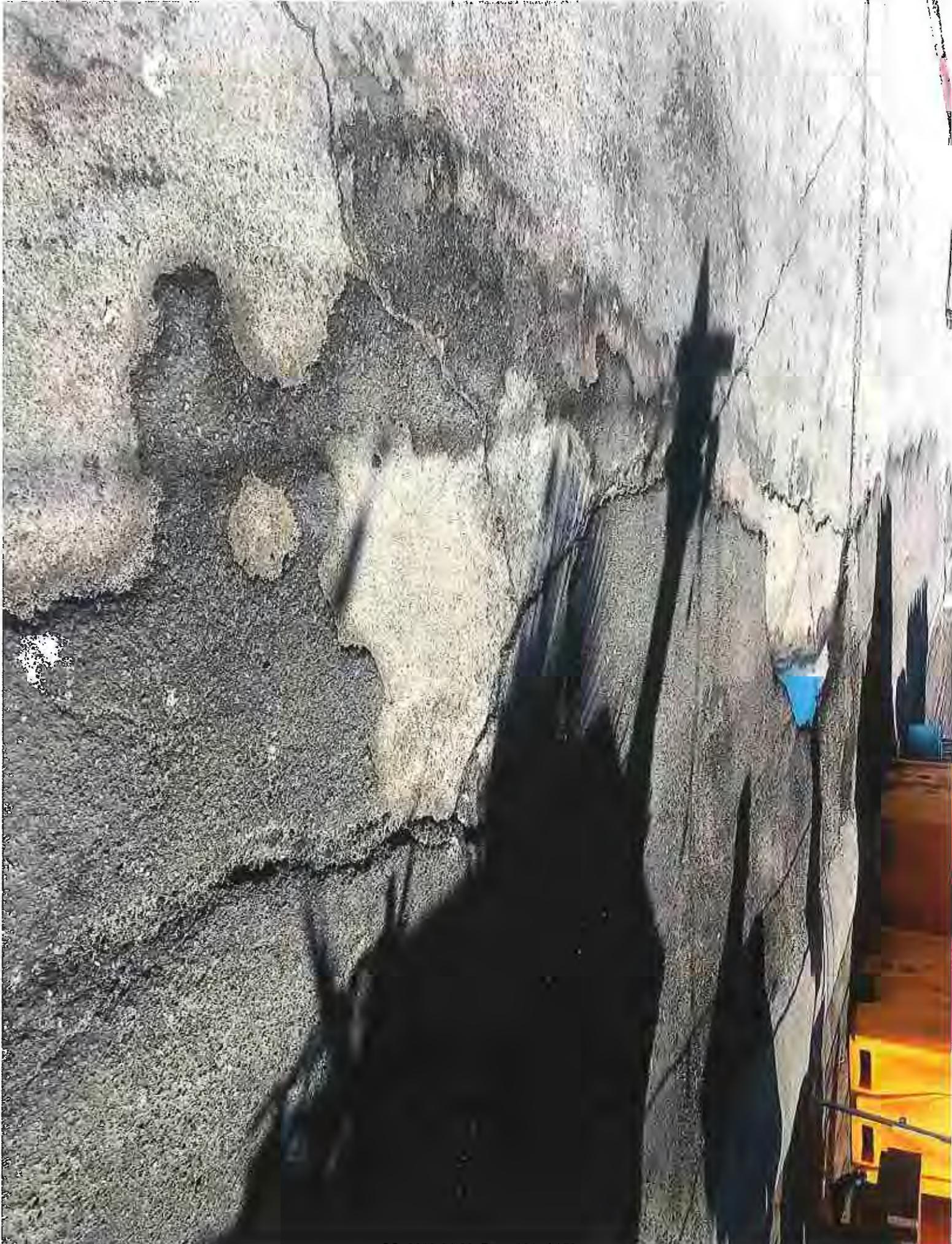
Staff are recommending reallocation of \$21,000, which includes a small contingency, from the approved ice machine capital project fund as detailed in the Fiscal section of this report to the Harbor Operating Fund to enable repaving of this critical and degraded piece of infrastructure.

### **ATTACHMENT**

1. Views of the Tognazzini's/fish dock alleyway







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AGENDA NO: C-4

MEETING DATE: April 23, 2019

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** April 2, 2019

**FROM:** Dana Swanson, City Clerk / Human Resources Manager

**SUBJECT:** Introduction and First Reading of Ordinance No. 622 Authorizing an Amendment to the California Public Employees' Retirement System Contract to Implement Cost Sharing for Local Police Members in the Morro Bay Peace Officers Association

## RECOMMENDATION

City Council introduce for first reading by title only, and waive further reading, Ordinance No. 622 Authorizing an Amendment to the Contract between the City of Morro Bay and the Board of Administration of the California Public Employees' Retirement System (CalPERS) Implementing Section 20516 (Employees Sharing Additional Cost) to provide employee cost sharing of 1% for local police members in the Morro Bay Peace Officers Association (MB POA) for Fiscal Year 2018/19 (FY2018/19).

## ALTERNATIVES

No alternatives are being recommended.

## FISCAL IMPACT

The estimated fiscal impact for a full fiscal year is \$7,000; however, cost sharing will not be in effect for the full fiscal year so impact for the remainder of this fiscal year would be minimal. Impacts would be up to \$7,000 for FY 2019/20.

## BACKGROUND

The City's current contract with CalPERS provides that all employees pay the full employee share toward their retirement benefit. That contribution percentage differs based on whether they are classic unit members (Tier 1 and Tier 2) or PEPRA unit members (Tier 3). During the most recent contract negotiations between the City and the MB POA, an agreement was reached whereby its police members would contribute 1% of salary toward the City's share of their retirement benefits. That agreement was approved by the Council at its September 11, 2018, meeting by the adoption of Resolution No. 70-18 approving a Successor Memorandum of Understanding (MOU) with the MB POA for the period July 1, 2018 – June 30, 2020.

More specifically, in addition to a 2% Cost of Living Adjustment (COLA) increase to base salaries for FY 2018/19 the City agreed in the MOU to provide an additional 1% COLA increase to base salaries for all unit classifications effective the first full payroll period after City Council approval of a CalPERS contract amendment implementing the following cost sharing for Fiscal Year 2018/19:

Effective the first full payroll period after City Council approval of a CalPERS Contract Amendment pursuant to Government Code section 20516, cost sharing shall take place as

Prepared By: DS

Dept Review:     

City Manager Review: SC

City Attorney Review: CN

follows for classic members (Tier 1 & Tier 2) and PEPRA members (Tier 3), respectively:

- a. CalPERS classic Unit members (Tier 1 & Tier 2) shall pay 9% as employee contribution, plus an additional 1% as employee cost sharing, for a total employee contribution of 10%.
- b. CalPERS PEPRA Unit members (Tier 3: also referred to as CalPERS “new members”) shall pay one half of total normal cost as an employee contribution, which CalPERS considers to be 12%, plus an additional 1% as employee cost sharing, for a total employee contribution of 13%.

Staff began working with CalPERS to amend the City’s contract to implement this change in October 2018 and received approval and the necessary information to move forward on March 25, 2019.

### **DISCUSSION**

The cost share arrangement was agreed upon by the City and the MB POA through the MOU approved by the City Council on September 11, 2018. CalPERS required the City to provide more specificity on the agreed-to cost sharing arrangement, which the City did through the Side Letter Agreement with MB POA for Fiscal Year 2018/19 (Attachment 4).

The CalPERS contract amendment is straightforward; the only change is that it will provide for employee cost sharing of 1% for local police members in the MB POA. The additional amounts paid by the employee toward the City’s contribution will be credited to each member’s PERS account as normal contributions and will allow the City to process the full contribution as tax deferred compensation in accordance to IRC414(h)(2).

At its April 9, 2019, meeting, the City Council adopted Resolution No. 25-19 declaring its intent to amend its contract with CalPERS to implement cost sharing (Attachment 2). An amendment to the contract that changes the employees’ rate of contribution requires a secret ballot election among the employees affected. The MB POA conducted a secret ballot election from April 2 – 14, 2019 and a majority of the members voted in favor of the proposed plan. The Certification of Employee Election is provided as Attachment 3.

As CalPERS does not allow multi-year or formula amendments for cost sharing, the City may need to amend the CalPERS contract for changes agreed to take effect July 1, 2019. For FY 2019/20, classic members (Tier 1 & Tier 2) agreed to pay an additional 1% to CalPERS as cost sharing, for a total classic employee contribution of 11%. PEPRA members (Tier 3) agreed to pay the statutorily mandated employee contribution rate of one half of the total normal cost or 14% of the employer cost, whichever is higher (Ref. Sections 14.1.3 and 18.5-18.6 the current MB POA MOU, provided as Attachment 3). Recent CalPERS changes may have modified the implementation process for future years and as such, staff will continue to work with CalPERS to implement the FY 2019/20 cost sharing.

### **CONCLUSION**

Staff recommends the Council introduce by title only, with further reading waived, Ordinance No. 622 Authorizing an Amendment to the contract between the City and the Board of Administration of the California Public Employees’ Retirement System (CalPERS) to provide employees sharing additional cost of 1% for local police members in the Morro Bay Peace Officers Association (MB POA) for FY 2018/19 as agreed in the Successor Memorandum of Understanding approved by the City Council on September 11, 2018.

**ATTACHMENTS**

- 1) Ordinance No. 622
- 2) Resolution No. 25-19 including attached "Exhibit"
- 3) MB POA Certification of Employee Election
- 4) Side Letter Agreement between the City and MB POA for Fiscal Year 2018/19
- 5) Resolution No. 70-18 adopted Sept 11, 2018

**ORDINANCE NO. 622**

**AN ORDINANCE OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE  
CITY OF MORRO BAY AND THE BOARD OF ADMINISTRATION OF THE  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
IMPLEMENTING SECTION 20516 (EMPLOYEES SHARING ADDITIONAL COST) FOR  
LOCAL POLICE MEMBERS IN THE MORRO BAY PEACE OFFICERS ASSOCIATION**

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

**THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA DOES HEREBY  
FIND AND ORDAIN AS FOLLOWS:**

**SECTION 1. CONTRACT AMENDMENT.** That an amendment to the contract between the City Council of the City of Morro Bay and the Board of Administration, California Public Employees' Retirement System is hereby authorized, a copy of said amendment being attached hereto, marked Exhibit, and by such reference made a part hereof as though herein set out in full.

**SECTION 2. EXECUTION.** The Mayor of the City Council is hereby authorized, empowered, and directed to execute said amendment for and on behalf of said Agency, with the effective date of the amendment being June 15, 2019.

**SECTION 4. EFFECTIVE DATE.** This Ordinance shall be in full force and take effect 30 days after the date of its adoption, and prior to the expiration of 10 days from the passage thereof shall be published at least once in the New Times SLO, a newspaper of general circulation, published and circulated in San Luis Obispo County and thenceforth and thereafter the same shall be in full force and effect.

**SECTION 5. CERTIFICATION.** The City Clerk shall certify to the adoption of this ordinance, and shall cause the same to be posted and codified in the manner required by law.

**INTRODUCED** at a regular meeting of the City Council held on the 23rd day of April 2019, by motion of Council Member \_\_\_\_\_ and seconded by Council Member \_\_\_\_\_.

**PASSED AND ADOPTED** on the \_\_\_\_\_ day of May 2019, by the following vote:

AYES:  
NOES:  
ABSENT:

\_\_\_\_\_  
JOHN HEADDING, Mayor

ATTEST:

\_\_\_\_\_  
DANA SWANSON, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
CHRIS F. NEUMEYER, City Attorney

STATE OF CALIFORNIA                    )  
COUNTY OF SAN LUIS OBISPO        )  
CITY OF MORRO BAY                    )

I, Dana Swanson, CITY CLERK OF THE CITY OF MORRO BAY, DO HEREBY CERTIFY that the foregoing Ordinance Number 622 was duly adopted by the City Council of the City of Morro Bay at a regular meeting of said Council on the \_\_\_\_ day of May, 2019, and that it was so adopted by the following vote:

AYES:  
NOES:  
ABSENT:

---

City Clerk, Dana Swanson



**EXHIBIT**

California  
Public Employees' Retirement System

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**AMENDMENT TO CONTRACT**

**Between the  
Board of Administration  
California Public Employees' Retirement System  
and the  
City Council  
City of Morro Bay**

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The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective July 1, 1965, and witnessed June 1, 1965, and as amended effective August 15, 1981, November 19, 1983, January 7, 1989, June 24, 1989, June 22, 1991, June 10, 1994, June 9, 1998, October 17, 1998, April 13, 2000, June 22, 2002, September 13, 2002, June 21, 2003, September 27, 2003, July 1, 2006, June 2, 2007, May 31, 2008, March 19, 2011, September 17, 2011 and December 10, 2011 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 17 are hereby stricken from said contract as executed effective December 10, 2011, and hereby replaced by the following paragraphs numbered 1 through 19 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for classic local miscellaneous members entering membership in the miscellaneous classification on or prior December 10, 2011, age 60 for classic local miscellaneous members entering membership in the miscellaneous classification after December 10, 2011, age 62 for new local miscellaneous members, age 50 for classic local fire members entering membership in the fire classification on or prior to March 19, 2011, and for those classic local police members entering membership in the police classification on or prior to September 17, 2011; age 55 for classic local fire members entering

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membership for the first time in the fire classification after March 19, 2011 and for those classic local police members entering membership for the first time in police classification after September 17, 2011 and age 57 for new local safety members.

2. Public Agency shall participate in the Public Employees' Retirement System from and after July 1, 1965 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:
  - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
  - (b) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.
  - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
  - a. Local Fire Fighters (herein referred to as local safety members);
  - b. Local Police Officers (herein referred to as local safety members);
  - c. Employees other than local safety members (herein referred to as local miscellaneous members).

5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
  - a. **ELECTED OFFICIALS;**
  - b. **APPOINTIVE COMMISSIONS; AND**
  - c. **PERSONS COMPENSATED ON AN HOURLY BASIS.**
6. This contract shall be a continuation of the benefits of the contract of the Morro Bay Fire District, hereinafter referred to as "Former Agency", pursuant to Section 20508 of the Government Code, Former Agency having ceased to exist and succeeded by Public Agency on July 1, 1965. Public Agency, by this contract, assumes the accumulated contributions and assets derived therefrom and liability for prior and current service under Former Agency's contract with respect to the Former Agency's employees. Legislation repealed Section 20508, Statutes of 1949, effective January 1, 1988.
7. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local miscellaneous member in employment before and not on or after September 27, 2003 shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).
8. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local miscellaneous member in employment on or after September 27, 2003 and not entering membership for the first time in the miscellaneous classification after December 10, 2011 shall be determined in accordance with Section 21354.5 of said Retirement Law (2.7% at age 55 Full)..
9. The percentage of final compensation to be provided for each year of credited current service as a classic local miscellaneous member entering membership for the first time in the miscellaneous classification after December 10, 2011 shall be determined in accordance with Section 21353 of said Retirement Law (2% at age 60 Full).
10. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Full).
11. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local fire member entering membership in the fire classification on or prior to March 19, 2011 and for those classic local police members entering membership in the police classification on or prior to September 17, 2011 shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).

12. The percentage of final compensation to be provided for each year of credited current service as a classic local fire member entering membership for the first time in the fire classification after March 19, 2011 and for those classic local police members entering membership for the first time in the police classification after September 17, 2011 shall be determined in accordance with Section 21363.1 of said Retirement Law (3% at age 55 Full).
13. The percentage of final compensation to be provided for each year of credited prior and current service as a new local safety member shall be determined in accordance with Section 7522.25(d) of said Retirement Law (2.7% at age 57 Full).
14. Public Agency elected and elects to be subject to the following optional provisions:
  - a. Section 20965 (Credit for Unused Sick Leave).
  - b. Section 20042 (One-Year Final Compensation) for classic local fire members entering membership on or prior to March 19, 2011; those classic local police members entering membership on or prior to September 17, 2011 and for those classic local miscellaneous members entering membership on or prior to December 10, 2011.
  - c. Section 21024 (Military Service Credit as Public Service) for local miscellaneous members and local police members only.
  - d. Section 21574 (Fourth Level of 1959 Survivor Benefits).
  - e. Section 20423 ("Local Safety Member" shall include Harbor or Port Police Officers as described in Government Code Section 20423).
  - f. Section 21027 (Military Service Credit for Retired Persons) for local police members only.
  - g. Section 20475 (Different Level of Benefits). Section 21363.1 (3% @ 55 Full formula) and Section 20037 (Three-Year Final Compensation) are applicable to classic local fire members entering membership for the first time with this agency in the fire classification after March 19, 2011.

Section 21363.1 (3% @ 55 Full formula) and Section 20037 (Three-Year Final Compensation) are applicable to classic local police members entering membership for the first time with this agency in the police classification after September 17, 2011.

Section 21353 (2% @ 60 Full formula) and Section 20037 (Three-Year Final Compensation) are applicable to classic local miscellaneous members entering membership for the first time with this agency in the miscellaneous classification after December 10, 2011.

h. Section 20516 (Employees Sharing Additional Cost):

From and after the effective date of this amendment to contracts, 1% for local police members in the Morro Bay Peace Officers Association.

The portion of the employer's contribution that the member agrees to contribute from his or her compensation, over and above the member's normal contribution ("Cost Sharing Percentage"), shall not exceed the Employer Normal Cost Rate, as that rate is defined in the CalPERS Actuarial Valuation for the relevant fiscal year. If the Cost Sharing Percentage will exceed the relevant Employer Normal Cost Rate, the Cost Sharing Percentage shall automatically be reduced to an amount equal to, and not to exceed, the Employer Normal Cost Rate for the relevant fiscal year.

- 15. Public Agency, in accordance with Government Code Section 20790, ceased to be an "employer" for purposes of Section 20834 effective on August 15, 1981. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20834, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20834.
- 16. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members and local safety members of said Retirement System.
- 17. Public Agency shall also contribute to said Retirement System as follows:
  - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members and local safety members.
  - b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
  - c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

18. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.
19. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BOARD OF ADMINISTRATION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL  
CITY OF MORRO BAY

BY \_\_\_\_\_  
ARNITA PAIGE, CHIEF  
PENSION CONTRACTS AND PREFUNDING  
PROGRAMS DIVISION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
PRESIDING OFFICER

\_\_\_\_\_  
Witness Date

\_\_\_\_\_  
Attest:

\_\_\_\_\_  
Clerk

**RESOLUTION NO. 25-19**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
DECLARING THE CITY'S INTENTION TO APPROVE AN AMENDMENT  
TO CONTRACT BETWEEN THE BOARD OF ADMINISTRATION  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
AND THE CITY OF MORRO BAY**

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

**WHEREAS**, the Public Employees' Retirement Law permits the participation of public agencies and their employees in the Public Employees' Retirement System by the execution of a contract, and sets forth the procedure by which said public agencies may elect to subject themselves and their employees to amendments to said Law; and

**WHEREAS**, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract; and

**WHEREAS**, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract; and

**WHEREAS**, the following is a statement of the proposed change:

To provide Section 20516 (Employees Sharing Additional Cost) of 1% for local police members in the Morro Bay Peace Officers Association.

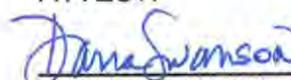
**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Morro Bay, California does hereby give notice of intention to approve an amendment to the contract between said public agency and the Board of Administration of the Public Employees' Retirement System, a copy of said amendment being attached hereto, as an "Exhibit" and by this reference made a part hereof.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9<sup>th</sup> day of April 2019 by the following vote:

AYES: Headding, Addis, Davis, Heller  
NOES: None  
ABSENT: McPherson

  
\_\_\_\_\_  
JOHN HEADDING, Mayor

ATTEST:

  
\_\_\_\_\_  
DANA SWANSON, City Clerk



**EXHIBIT**

California  
Public Employees' Retirement System

---

**AMENDMENT TO CONTRACT**

**Between the  
Board of Administration  
California Public Employees' Retirement System  
and the  
City Council  
City of Morro Bay**

---

The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective July 1, 1965, and witnessed June 1, 1965, and as amended effective August 15, 1981, November 19, 1983, January 7, 1989, June 24, 1989, June 22, 1991, June 10, 1994, June 9, 1998, October 17, 1998, April 13, 2000, June 22, 2002, September 13, 2002, June 21, 2003, September 27, 2003, July 1, 2006, June 2, 2007, May 31, 2008, March 19, 2011, September 17, 2011 and December 10, 2011 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 17 are hereby stricken from said contract as executed effective December 10, 2011, and hereby replaced by the following paragraphs numbered 1 through 19 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for classic local miscellaneous members entering membership in the miscellaneous classification on or prior December 10, 2011, age 60 for classic local miscellaneous members entering membership in the miscellaneous classification after December 10, 2011, age 62 for new local miscellaneous members, age 50 for classic local fire members entering membership in the fire classification on or prior to March 19, 2011, and for those classic local police members entering membership in the police classification on or prior to September 17, 2011; age 55 for classic local fire members entering

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membership for the first time in the fire classification after March 19, 2011 and for those classic local police members entering membership for the first time in police classification after September 17, 2011 and age 57 for new local safety members.

2. Public Agency shall participate in the Public Employees' Retirement System from and after July 1, 1965 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:
  - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
  - (b) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.
  - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
  - a. Local Fire Fighters (herein referred to as local safety members);
  - b. Local Police Officers (herein referred to as local safety members);
  - c. Employees other than local safety members (herein referred to as local miscellaneous members).

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5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
  - a. **ELECTED OFFICIALS;**
  - b. **APPOINTIVE COMMISSIONS; AND**
  - c. **PERSONS COMPENSATED ON AN HOURLY BASIS.**
6. This contract shall be a continuation of the benefits of the contract of the Morro Bay Fire District, hereinafter referred to as "Former Agency", pursuant to Section 20508 of the Government Code, Former Agency having ceased to exist and succeeded by Public Agency on July 1, 1965. Public Agency, by this contract, assumes the accumulated contributions and assets derived therefrom and liability for prior and current service under Former Agency's contract with respect to the Former Agency's employees. Legislation repealed Section 20508, Statutes of 1949, effective January 1, 1988.
7. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local miscellaneous member in employment before and not on or after September 27, 2003 shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).
8. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local miscellaneous member in employment on or after September 27, 2003 and not entering membership for the first time in the miscellaneous classification after December 10, 2011 shall be determined in accordance with Section 21354.5 of said Retirement Law (2.7% at age 55 Full)..
9. The percentage of final compensation to be provided for each year of credited current service as a classic local miscellaneous member entering membership for the first time in the miscellaneous classification after December 10, 2011 shall be determined in accordance with Section 21353 of said Retirement Law (2% at age 60 Full).
10. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Full).
11. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local fire member entering membership in the fire classification on or prior to March 19, 2011 and for those classic local police members entering membership in the police classification on or prior to September 17, 2011 shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).

12. The percentage of final compensation to be provided for each year of credited current service as a classic local fire member entering membership for the first time in the fire classification after March 19, 2011 and for those classic local police members entering membership for the first time in the police classification after September 17, 2011 shall be determined in accordance with Section 21363.1 of said Retirement Law (3% at age 55 Full).
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  - c. Section 21024 (Military Service Credit as Public Service) for local miscellaneous members and local police members only.
  - d. Section 21574 (Fourth Level of 1959 Survivor Benefits).
  - e. Section 20423 ("Local Safety Member" shall include Harbor or Port Police Officers as described in Government Code Section 20423).
  - f. Section 21027 (Military Service Credit for Retired Persons) for local police members only.
  - g. Section 20475 (Different Level of Benefits). Section 21363.1 (3% @ 55 Full formula) and Section 20037 (Three-Year Final Compensation) are applicable to classic local fire members entering membership for the first time with this agency in the fire classification after March 19, 2011.

Section 21363.1 (3% @ 55 Full formula) and Section 20037 (Three-Year Final Compensation) are applicable to classic local police members entering membership for the first time with this agency in the police classification after September 17, 2011.

Section 21353 (2% @ 60 Full formula) and Section 20037 (Three-Year Final Compensation) are applicable to classic local miscellaneous members entering membership for the first time with this agency in the miscellaneous classification after December 10, 2011.

PLEASE DO NOT SIGN "EXHIBIT ONLY"

h. Section 20516 (Employees Sharing Additional Cost)

From and after the effective date of this amendment to contracts, 1% for local police members in the Morro Bay Peace Officers Association.

The portion of the employer's contribution that the member agrees to contribute from his or her compensation, over and above the member's normal contribution ("Cost Sharing Percentage"), shall not exceed the Employer Normal Cost Rate, as that rate is defined in the CalPERS Actuarial Valuation for the relevant fiscal year. If the Cost Sharing Percentage will exceed the relevant Employer Normal Cost Rate, the Cost Sharing Percentage shall automatically be reduced to an amount equal to, and not to exceed, the Employer Normal Cost Rate for the relevant fiscal year.

15. Public Agency, in accordance with Government Code Section 20790, ceased to be an "employer" for purposes of Section 20834 effective on August 15, 1981. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20834, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20834.
16. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members and local safety members of said Retirement System.
17. Public Agency shall also contribute to said Retirement System as follows:
  - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members and local safety members.
  - b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
  - c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

18. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.
19. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BOARD OF ADMINISTRATION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL  
CITY OF MORRO BAY

BY \_\_\_\_\_  
ARNITA PAIGE, CHIEF  
PENSION CONTRACTS AND PREFUNDING  
PROGRAMS DIVISION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
PRESIDING OFFICER

\_\_\_\_\_  
Witness Date

Attest:

\_\_\_\_\_  
Clerk

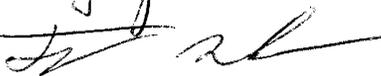


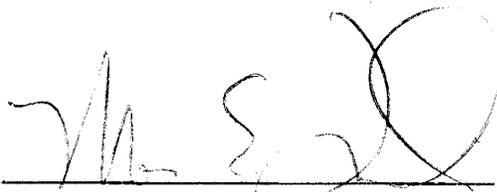
California Public Employees' Retirement System  
Financial Office | Pension Contracts and Prefunding Programs Division  
P.O. Box 942703, Sacramento, CA 94229-2703  
888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

**CERTIFICATION OF EMPLOYEE ELECTION**

I hereby certify that the following employees of the City of Morro Bay have expressed their approval or disapproval of said agency's intention to amend its contract to provide Section 20516 (Employees Sharing Additional Cost) of 1% for local police members in the Morro Bay Peace Officers Association on the basis described in the Resolution of Intention adopted by said agency's governing body on APRIL 09<sup>TH</sup>, 2019, in such manner as to permit each employee to separately and secretly express his choice and that the outcome of such election was as follows:

	Number of employees eligible to vote	Number of votes approving said participation	Number of votes disapproving said participation
Local Police Officers as defined in Govt. Code Section 20425	<u>14</u>	<u>9</u>	<u>1</u>

  
Gregory R. Brewer WITNESS  
  
SERGEANT AT ARMS

  
Clerk or Secretary  
4/10/19  
Date

**SIDE LETTER AGREEMENT BETWEEN  
THE CITY OF MORRO BAY  
AND  
THE MORRO BAY PEACE OFFICERS' ASSOCIATION  
CLARIFYING COST SHARING FOR FISCAL YEAR 2018-2019**

**SIDE LETTER AGREEMENT BETWEEN THE CITY OF MORRO BAY, AND THE  
MORRO BAY PEACE OFFICERS' ASSOCIATION, CLARIFYING COST SHARING FOR  
FISCAL YEAR 2018-2019**

**PREAMBLE**

The existing Memorandum of Understanding ("MBPOA MOU 2018-2020") between the City of Morro Bay ("City"), a municipal corporation, and the authorized representatives of the Morro Bay Peace Officers' Association ("MBPOA"), the recognized employee organization representing the City's Law Enforcement Unit ("Unit"), provides that the City will initiate a contract amendment with the California Public Employees' Retirement System ("CalPERS") in order to facilitate cost sharing in accordance with Government Code §20516.

The City has contacted CalPERS in order to initiate the CalPERS contract amendment process. The City was informed by CalPERS that in order to proceed with cost sharing by CalPERS contract amendment pursuant to Government Code §20516, the cost sharing language of the MBPOA MOU 2018-2020 would require clarification.

With respect to cost sharing in fiscal year 2018-2019, section 14.1.2 of the MBPOA MOU 2018-2020 provides as follows:

"Effective the first full payroll period after City Council approval of a CalPERS Contract Amendment pursuant to Government Code section 20516 providing for payment by classic members (Tier 1 & Tier 2) of an additional 1% to CalPERS as cost sharing for a total classic employee contribution of 10% and PEPRAs members (Tier 3) paying the statutorily mandated employee contribution rate of one half of the total normal cost or 13% of the employer cost, whichever is higher."

This Side Letter Agreement is intended facilitate the CalPERS contract amendment process by clarifying the specific cost sharing arrangement that will apply for fiscal year 2018-2019 for Unit members, consistent with the terms of the MBPOA MOU 2018-2020. Specifically, with respect to new CalPERS members, as 13% is higher than one half of total normal cost, which CalPERS considers to be 12%, these employees will pay the statutorily mandated employee contribution of 12%, plus 1% as cost sharing, for a total employee contribution of 13%.

For fiscal year 2019-2020, the City and MBPOA intended to execute a subsequent side letter agreement, which will clarify the specific cost sharing arrangement for that fiscal year consistent with the terms of the MBPOA MOU 2018-2020.

In accordance with Chapter 10 (Section 3500 *et seq.*) of Division 4, Title 1 of the Government Code, the parties have met and conferred regarding the issue of cost sharing for fiscal year 2018-2019 and have reached the following agreement.

**AGREEMENT**

1. The City and MPBPOA agree that, effective after the first full payroll period after City Council approval of a CalPERS Contract Amendment pursuant to

Government Code section 20516, cost sharing shall take place as follows for classic members (Tier 1 & Tier 2) and PEPRA members (Tier 3), respectively:

- a. CalPERS classic Unit members (Tier 1 & Tier 2) shall pay 9% as employee contribution, plus an additional 1% as employee cost sharing, for a total employee contribution of 10%.
  - b. CalPERS PEPRA Unit members (Tier 3; also referred to as CalPERS "new members") shall pay one half of total normal cost as an employee contribution, which CalPERS considers to be 12%, plus an additional 1% as employee cost sharing, for a total employee contribution of 13%.
2. This cost sharing arrangement shall only be applicable to members of the City's Law Enforcement Unit, who are covered by the MBPOA MOU 2018-2020 and represented by the Morro Bay Peace Officers' Association.
  3. This Side Letter agreement shall expire automatically and shall be of no force or effect upon the adoption of a successor MOU to the MBPOA MOU 2018-2020. The City and MBPOA may rescind or amend this Side Letter Agreement prior to such time in order to clarify the cost sharing arrangement for fiscal year 2019-2020.
  4. All terms and conditions of the expired MBPOA MOU 2018-2020 shall continue in full force and effect and are only supplemented by the terms reached herein.
  5. This Side Letter Agreement shall have no force or effect unless or until approved and signed by the represented parties below.

In witness whereof, the parties have caused their signatures to be affixed this 17 day of October, 2018.

**MORRO BAY PEACE OFFICERS' ASSN.**

**CITY OF MORRO BAY**

  
William Marvos, President

  
Scott Collins, City Manager  
*for Scott Collins*

**RESOLUTION NO. 70-18**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
APPROVING THE SUCCESSOR MEMORANDUM OF UNDERSTANDING  
BETWEEN THE CITY OF MORRO BAY AND  
THE MORRO BAY PEACE OFFICERS' ASSOCIATION FOR THE PERIOD  
OF JULY 1, 2018 THROUGH JUNE 30, 2020**

**THE CITY COUNCIL  
Morro Bay, California**

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

**WHEREAS**, the most current Memorandum of Understanding ("MOU") between the City and the POA expired on June 30, 2018; and

**WHEREAS**, City labor relations representatives and POA representatives successfully met and conferred to negotiate a tentative agreement and successor MOU between the parties, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Government Code Sections 3500-3511) and the City's Employer-Employee Relations Resolution No. 08-17, and jointly prepared and executed a tentative agreement which was approved by the City Council on July 10, 2018; and

**WHEREAS**, Government Code Section 3505.1 provides: "If a tentative agreement is reached by the authorized representatives of the public agency and a recognized employee organization, or recognized employee organizations, the governing body shall vote to accept or reject the tentative agreement, within 30 days of the date it is first considered, at a duly noticed public meeting. If the governing body adopts the tentative agreement, the parties shall jointly prepare a written memorandum of understanding;" and

**WHEREAS**, City labor relations representatives and POA representatives have jointly prepared and executed the attached successor MOU between the City and the POA, for the period of July 1, 2018 through, and including, June 30, 2020 ("MBPOA MOU 2018-2020"), subject to City Council acceptance and approval, which is made a part hereof by this reference; and

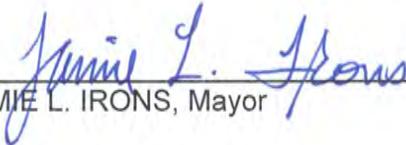
**WHEREAS**, once approved by the City Council, the MBPOA MOU 2018-2020 will become a binding agreement between the City and the POA.

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

**Section 1.** The City Council hereby approves the successor MOU between the City and the POA for the period of July 1, 2018 through, and including, June 30, 2020, a copy of which is attached hereto as Exhibit A.

**PASSED AND ADOPTED,** by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 11<sup>th</sup> day of September 2018, by the following vote:

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

  
\_\_\_\_\_  
JAMIE L. IRONS, Mayor

ATTEST:

  
\_\_\_\_\_  
DANA SWANSON, City Clerk

**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN**  
**THE MORRO BAY PEACE**  
**OFFICERS ASSOCIATION**  
**AND**  
**THE CITY OF MORRO BAY**

**JULY 1, 2018 – JUNE 30, 2020**

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**MEMORANDUM OF UNDERSTANDING  
BETWEEN THE MORRO BAY PEACE OFFICERS' ASSOCIATION  
AND THE CITY OF MORRO BAY  
2018 - 2020**

**ARTICLE 1 - PURPOSE**

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

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

**WHEREAS**, the Morro Bay Peace Officers' Association, Inc, is a California corporation, existing under the laws of the state of California; and

**WHEREAS**, the Morro Bay Peace Officers' Association, Inc., and the City of Morro Bay recognize that the mission and the purpose of the City is to provide high-quality and economical municipal services and facilities to the residents of the City of Morro Bay;

**THEREFORE**, this Memorandum of Understanding, referred to as "MOU", is entered into as of July 1, 2018, between the City of Morro Bay, referred to as "CITY," and the Morro Bay Peace Officers' Association, referred to as "ASSOCIATION."

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

**ARTICLE 2 - MANAGEMENT**

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

- 2.1.1 To manage the Police Department, and determine policies and procedures and the right to manage the affairs of the Department.
- 2.1.2 To determine the existence, or nonexistence, of facts which are the basis of the management decision in compliance with State law.
- 2.1.3 To determine the necessity, organization, implementation, and termination of any service or activity conducted by the CITY or other government jurisdiction, and to expand or diminish police services.
- 2.1.4 To direct, supervise, recruit, select, hire, evaluate, promote, transfer, discipline, discharge, terminate, demote, reduce, suspend, reprimand, withhold salary increases and benefits for disciplinary reasons, or otherwise discipline employees, in accordance with Department or CITY Rules, Regulations, or Ordinances.
- 2.1.5 To determine the nature, manner, means, extent, type, time, quantity, quality, technology, standard, and level of police services to be provided to the public.
- 2.1.6 To require the performance of other public safety services, not specifically stated herein, in the event of an emergency or disaster, as deemed necessary by the CITY.
- 2.1.7. To lay off employees of the Police Department because of lack of work or funds or under conditions where continued work would be inefficient or nonproductive or not cost effective, as determined by the CITY.
- 2.1.8. To determine and/or change the police facilities, methods, technology, equipment, operations to be performed, organization structure, and allocate or assign work by which the CITY police operations and services are to be conducted.
- 2.1.9. To determine methods of financing.
- 2.1.10 To plan, determine, and manage the Department's budget, which includes, but is not limited to, changes in the number of locations and types of operations, processes and materials to be used in carrying out all Police Department functions, and the right to contract or subcontract any work or operations of the Police Department.
- 2.1.11 To determine the size and composition of the Police Department work force, assign work to employees of the Police Department, in accordance with requirements determined by the Police Department, and to establish and require compliance to work hours and changes to work hours, work schedules, including

call back, standby, and overtime, and other work assignments, except as otherwise limited by this MOU, or subsequent MOUs.

- 2.1.12 To establish and modify goals and objectives, related to productivity and performance programs and standards, including, but not limited to, quality and quantity, and required compliance therewith.
- 2.1.13 To determine qualifications, skills, abilities, knowledge, selection procedures and standards, job classification, job specifications, and to reallocate and reclassify employees, in accordance with division and/or CITY Rules and Regulations.
- 2.1.14 To determine the issues of public policy and the overall goals and objectives of the Police Department, and to take necessary action to achieve the goals and objectives of the Police Department.
- 2.1.15 To hire, transfer intra- or inter-Department, promote, reduce in rank, demote, reallocate, terminate, and take other personnel action for non-disciplinary reasons, in accordance with Department and/or CITY Rules, Regulations and Ordinances.
- 2.1.16 To determine policies, procedures, and standards for recruiting, selecting, training, and promoting employees.
- 2.1.17 To establish, implement, and/or modify rules and regulations, policies, and procedures related to productivity, performance, efficiency, personal appearance standards, code of ethics and conduct, safety, health, and order, and to require compliance therewith.
- 2.1.18 To maintain order and efficiency in police facilities and operation.
- 2.1.19 To restrict the activity of an employee organization on CITY facilities, except as set forth in this MOU.
- 2.1.20 To take any and all necessary steps and actions to carry out the service requirements and mission of the CITY in emergencies or any other time deemed necessary by the CITY, and not specified above.
- 2.2 Nothing herein is meant to diminish CITY rights provided by the Government Code.
- 2.3 Nothing herein is meant to diminish the Public Safety Officers Procedural Bill of Rights Act, as set forth in the Government Code Sections 3300-3313.

## 2.4 AUTHORITY IF THIRD PARTY NEUTRAL - MANAGEMENT RIGHTS

All management rights, powers, authority, and functions, whether heretofore or hereinafter exercised, shall remain vested exclusively with the CITY. No third party neutral shall have the authority to diminish any of the management rights, which are included in this MOU.

### **ARTICLE 3 - RECOGNITION**

- 3.1 Pursuant to Resolution No. 74-69, the Employer-Employee Relations Resolution of the City of Morro Bay and applicable State law, ASSOCIATION was designated by CITY as the representative of CITY employees in the Law Enforcement Unit (hereafter "UNIT"). The UNIT is comprised of the following classifications:

Sergeant  
Corporal  
Senior Officer  
Police Officer

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

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

#### 3.3 ELECTRONIC DEPOSIT:

All employees, hired after July 1, 1999, shall receive their pay by electronic methods. New hires must present account information for a checking or a savings account with an ACH member financial institution.

### **ARTICLE 4 - ASSOCIATION BUSINESS**

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

It is understood that this time-off provision shall only apply to a maximum of three (3) employees attending any one meeting between the CITY and the ASSOCIATION. Where exceptional circumstances warrant, the City Manager may approve the attendance at such meetings of additional employee representatives. The ASSOCIATION shall, whenever practicable, submit the names of all employee representatives to the City Manager, or designee, at least two working days in advance of such meetings. Provided further: (1) no employee representative shall leave his or her duty or work station or assignment, without specific approval of the department head or other authorized CITY management official; and (2) any such meeting is subject to scheduling by CITY management, in a manner consistent with operating needs and work schedules.

- 4.2 Nothing provided herein shall limit or restrict CITY management from scheduling such meetings before or after regular CITY or work hours.
- 4.3 Off-duty employees will not be paid for attending meet and confer sessions, nor will over-time be paid for same.

#### **ARTICLE 5 - AUTHORIZED AGENTS**

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

- 5.1 The CITY's principal authorized agent shall be the City Manager, or his/her duly authorized representative (address: 595 Harbor Street, Morro Bay, CA 93442; telephone (805) 772-6201), except where a particular management representative is specifically designated in the MOU.
- 5.2 The ASSOCIATION's principal authorized representative shall be the President of the Association, or his/her duly authorized representative (address P. O. Box 276, Morro Bay, CA 93443).

#### **ARTICLE 6 - ASSOCIATION DUES AND DEDUCTIONS**

- 6.1 The ASSOCIATION may request that the CITY deduct membership dues, initiation fees, and general assessments, as well as payment of any other membership benefit program sponsored by the ASSOCIATION, from the wages and salaries of ASSOCIATION members. The ASSOCIATION hereby certifies that ASSOCIATION has and shall maintain all such deduction authorizations signed by the individual from whose salary or wages the deduction is to be made and shall not be required to provide a copy of an individual authorization to the CITY unless a dispute arises about the existence or terms of the authorization. Accordingly, ASSOCIATION membership dues shall be deducted each pay period in accordance with CITY procedures and provisions of applicable law from the salary of each employee whose name is provided by the ASSOCIATION. Any changes in ASSOCIATION dues must be given to the CITY a minimum of thirty (30) days prior to

change to accommodate changes to payroll. ASSOCIATION will pay the costs incurred by the CITY in order to set up the employee's deductions. After initial set up, ASSOCIATION may be charged \$5 per employee to make changes to requested dues deductions.

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

6.3 **DEPOSIT OF DEDUCTIONS**

It is agreed that the CITY will deposit payroll deductions, made payable to credit unions in which the CITY participates, providing the ASSOCIATION makes arrangements for such services that are acceptable to both members and the CITY under the same conditions as prevails for deductions as set forth above.

**ARTICLE 7 – TERM**

Except as otherwise provided herein, the term of this MOU commences on July 1, 2018, and expires, and is otherwise fully terminated, on June 30, 2020.

**ARTICLE 8 - RENEGOTIATIONS**

The parties agree to commence renegotiations for a successor MOU for the period beginning July 1, 2020, by serving their initial written proposals by January 1, 2020, with negotiations meetings to commence no later than March 1, 2020. Should the parties be unable to reach agreement on a new contract before the current contract expires, all applicable provisions of this MOU shall remain in full force and effect until such time as a new MOU is reached, or September 30, 2020, whichever first occurs.

**ARTICLE 9 - ANTI-DISCRIMINATION**

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

**ARTICLE 10 - WORK SCHEDULE**

10.1 Alternative work schedules, in compliance with the federal Fair Labor Standards Act ("FLSA"), may be implemented upon approval of the Chief of Police. No guarantee of work, per day or per week, or of days of work per week, is implied.

The implementation of an alternate work schedule shall not incur any CITY obligation to allocate additional sworn personnel, vehicles or equipment. All deployment of sworn personnel shall ensure effective and efficient delivery of police protection to the community, sufficient to continue during times of vacation, sick leave, and Department-approved training.

## 10.2 OVERTIME

### 10.2.1 Sworn Personnel

Overtime shall be all work, authorized by management and actually worked by the employee, in excess of eighty (80) hours worked in a work period. For the purpose of defining hours worked, vacation leave and holiday leave taken shall count towards time worked, for the purpose of overtime. All overtime, as defined herein, shall be paid at one and one-half (1.5) times the employee's regular rate of pay.

NOTE: Hours spent in court under what used to be termed "Court Appearance Pay" shall be considered and paid as part of this article; except for the "minimum pay," which is now covered under Special Pay Practices.

### 10.2.2 Compensatory Time Off

Effective with the ratification of this MOU, Compensatory Time Off (hereinafter "CTO") shall be earned at the overtime rate of one and one-half (1.5) times the number of overtime hours, worked as defined in Articles 10.2.1 and 10.2.2. CTO may be accrued up to a maximum of 140 hours. Overtime earned, in excess of the CTO maximum accrual, shall be compensated in cash.

### 10.2.3 Compensatory Time Payoff

Employees may elect a payoff of up to a maximum total of 60 hours per fiscal year of accrued compensatory time. Upon 30 days' advance notice, partial or full payment will be made on the second paycheck received in March and/or on the second paycheck in September, as elected by the employee.

## 10.3 EMERGENCIES

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

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

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

## 10.4 SHIFT ROTATION

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

**ARTICLE 11 - VACATION/HOLIDAY LEAVE**

*NOTE: ALL LEAVE TIME (VACATION, SICK LEAVE, HOLIDAY, ETC.), WILL BE TAKEN OFF ON AN HOUR FOR HOUR BASIS EQUALING EMPLOYEE ACTUAL TIME OFF, REGARDLESS OF ACCUMULATION RATES.*

11.1 VACATION

11.1.1 The following is a list of vacation annual accrual schedule by years of employment, effective retroactive to July 1, 2016 for those employees still employed by the CITY upon City Council adoption of this successor MOU:

<u>SERVICE YEARS</u>	<u>VACATION ACCRUAL</u>
1-2	88 hrs
3-4	96 hrs
5	104 hrs
6-7	112 hrs
8-9	120 hrs
10	128 hrs
11-12	136 hrs
13-14	144 hrs
15 or more	160 hrs

UNIT members hired after July 1, 2016 may be credited with years of service based upon prior law enforcement service at other agencies as determined within the sole discretion of the Police Chief and as approved by the City Manager and to be documented in both the recruit’s conditional offer and the City’s initial hire Personnel Action Form. Retroactive application shall be applied to those employees hired on or before the City Council’s adoption of this MOU, but there shall be no increased retroactive accrual of vacation. Rather the increased accrual only applies starting July 2, 2016.

11.1.2 Employees’ vacation accrual will be credited to employee on a pro-rated basis over twenty-six (26) pay periods per year.

11.1.3 In determining priority of individual members for assignment of vacation periods, “seniority within rank” shall be the primary criteria. During the month of January of each year, each employee shall submit his/her preferences for vacation time off during that calendar year. It is agreed that every effort will be made to permit UNIT members to take vacation at a time and for periods as close to members’ preference as possible, consistent with the necessity for maintaining adequate manning to assure performance of police department functions. It is further agreed that every effort will be made to schedule individual vacation periods so as to maximize consecutive vacation days off, consistent with annual vacation entitlement.

11.1.4 Effective retroactive to the pay period including July 1, 2016, the maximum amount of vacation accrual will be 280 hours. When an employee reaches the maximum accrual limit of 280 hours, the employee shall cease to accrue vacation leave until the usage of vacation causes the balance to be less than 280 hours. Employees, who have a requested vacation denied or canceled within 60 days prior to reaching the 280 hour accrual maximum, shall, upon request, be given an additional 60 days following reaching the maximum to utilize vacation, prior to ceasing to accrue.

11.1.5 A UNIT employee may exercise an option to convert into cash a maximum of forty (40) hours of accrued vacation leave each fiscal year, upon 30 days' notice to payroll. Such conversion shall be computed at the employee's current base hourly rate, on an hour-per-hour basis.

## 11.2 HOLIDAYS

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

New Year's Day	January 1
Martin Luther King, Jr. Day	3 <sup>rd</sup> Monday in January
Lincoln's Birthday	February 12
Washington's Birthday	3 <sup>rd</sup> Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4 <sup>th</sup>
Labor Day	1 <sup>st</sup> Monday in September
Veterans Day	November 11 <sup>th</sup>
Thanksgiving Day	4 <sup>th</sup> Thursday in November
Day after Thanksgiving Day	Friday after Thanksgiving
Christmas Day	December 25 <sup>th</sup>
Day after Christmas	December 26 <sup>th</sup>
Floating Holiday	Varies

11.2.2 Effective upon City Council adoption of this MOU, employees who work a holiday listed in 11.2.1, shall be paid one and one-half (1.5) times their base hourly rate. An employee is eligible for the one and one-half time pay only for the hours actually worked during the actual calendar holiday date as set forth in 11.2.1 above regardless of any change in City observation of same based upon the actual day of the week of the holiday. Each employee will be credited eight (8) hours Holiday leave for each holiday listed in 11.2.1 or recognized under 11.2.3, in addition to pay for time worked on that holiday. Holiday Leave hours shall be pro-rated annually and credited to employees at the rate of four hours per pay period. (For example, if a listed holiday is Sunday, and the City recognizes the holiday on Monday, the employee working the actual holiday on Sunday shall receive credit

under the code Police Holiday Worked for working the actual holiday).

11.2.3 Holidays Proclaimed by Government Officials: It is agreed that when a holiday is proclaimed by the Mayor of the CITY, then each regular member of the UNIT shall be granted compensation in the same number of hours as equivalent to the time-off granted other employees of the CITY. Such time-off shall be selected by the Police Chief.

11.2.4 Accumulated Holiday Leave may be scheduled and taken upon approval of the Police Chief, or his/her designee.

11.2.5 Employees may accumulate up to a maximum of 116 hours Holiday Leave per year. All Holiday Leave, not taken by the pay period containing December 1, shall be paid off at the employee's current rate of pay. By request only, employees may be paid for a designated amount of accumulated Holiday Leave with the pay period including June 1, upon 30 days' advance notice to Payroll. When an employee terminates employment with the CITY, employee shall receive pay for employee's current holiday balance at employee's current base hourly rate.

NOTE: Subject to maximum accrual limits, employee specified amounts of Holiday Leave may be transferred to Compensatory Time Off, upon request in December only. Payroll must be notified by November 1<sup>st</sup>.

### 11.3 MILITARY LEAVE

11.3.1 Military Leave will be provided pursuant to City Resolution 65-01 and Military and Veterans Code 395.03

### 11.4 ASSOCIATION LEAVE

11.4.1 UNIT members will be allowed to contribute accumulated compensatory, holiday, or vacation time off to a special compensatory time account for the use of ASSOCIATION executive officers. ASSOCIATION officers, or their designee(s), may, subject to all normal approvals and restrictions for time off requirements, receive up to a total of forty (40) hours per fiscal year off for attendance at meetings, seminars, etc., on behalf of the ASSOCIATION.

At no time may the ASSOCIATION compensatory time account contain more than one hundred (100) accrued hours.

The parties agree herewith to retain the option to re-open collective bargaining, with respect to this section 11.4.1, regarding the specific issue of initiating a process in which the UNIT members can donate to a time bank for ASSOCIATION business.

**ARTICLE 12 - SICK LEAVE**

- 12.1 Sick leave shall be earned at the rate of eight hours each calendar month of service. There is no limit on the amount of sick leave that may be accumulated by members of this UNIT.
- 12.2 Based on individual utilization of paid sick leave in the preceding calendar year, rolling backwards 365 days from the date of requested conversion, employee may convert unused accumulated sick leave into paid vacation leave once per fiscal year, pursuant to the formula below:

<u>8 Hour Schedule</u>	<u>10 Hour Schedule</u>	<u>12 Hour Schedule</u>	<u>Maximum Conversion To Vacation Leave</u>
0	0	0	48 hours
.25 to 8	.25 to 10	.25 to 12	36 hours
8.25 to 16	10.25 to 20	12.25 to 24	24 hours
16.25 to 25	20.25 to 30	24.25 to 36	12 hours
over 25	over 30	over 36	0 hours

At least 160 accrued hours must remain in employee’s sick leave bank for any employee to be eligible for conversion, or for any conversion to be authorized. In addition, the right to convert, along with any conversion hours, does not carry over or rollover from fiscal year to fiscal year; failure to request conversion, in any fiscal year, eliminates the right to do so for that fiscal year, and does not permit employees to aggregate conversion hours in any other fiscal year.

- 12.3 At termination, unused accumulated sick leave is not compensable; however, upon retirement, may be converted to additional time, as provided by the PERS sick leave option.

**ARTICLE 13 - BEREAVEMENT**

Employees shall be permitted to utilize three (3) days of paid bereavement leave, per occurrence, in the case of the death of members of the employee’s immediate family (as defined in the Personnel Rules), where the funeral service will be held in state and five (5) days paid bereavement leave for funeral services held out-of-state. The three or five days shall be regardless of shift length, subject to a maximum of 12 hours per day. Any necessary extra time shall be taken from the employee’s accrued sick leave. In cases where sick leave is exhausted, vacation time shall be charged. Paid leave beyond the initial three or five days is subject to department approval.

**ARTICLE 14 - RETIREMENT**

- 14.1 It is the employee’s obligation to contribute the employee’s contribution to CalPERS. The employee shall pay his/her own contribution by payroll deduction, consistent with the provisions of 414 (h) 2 of the Internal Revenue Code.

- 14.1.1 For Sworn members, the current contribution rates are 9% CalPERS Safety for classic members (Tier 1 & Tier 2), 11.5% for new members (Tier 3).
- 14.1.2 Effective the first full payroll period after City Council approval of a CalPERS Contract Amendment pursuant to Government Code section 20516 providing for payment by classic members (Tier 1 & Tier 2) of an additional 1% to CalPERS as cost sharing for a total classic employee contribution of 10% and PEPRA members (Tier 3) paying the statutorily mandated employee contribution rate of one half of the total normal cost or 13% of the employer cost, whichever is higher.
- 14.1.3 Effective the first full payroll period FY 2019/20 and subject to the same conditions precedent being that the CITY meets the economic thresholds in subsection E above, and only after City Council approval of an additional CalPERS Contract Amendment pursuant to Government Code section 20516 providing for payment by classic members (Tier 1 & Tier 2) of another additional 1% to CalPERS as cost sharing for a total classic employee contribution of 11% and PEPRA members (Tier 3) paying the statutorily mandated employee contribution rate of one half of the total normal cost or 14% of the employer cost, whichever is higher
- 14.2 The ASSOCIATION understands and agrees that employees bear the risk of payment of any increases in the employee contribution, above the current percentage, made by action of CalPERS or the state legislature.
- 14.3 Parties agree that CITY payment of CalPERS contributions are made based upon tax treatment currently permitted by the State Franchise Tax Board and the IRS.
- 14.4 Should current tax treatment change, the ASSOCIATION and the employee shall hold harmless the CITY, its officers and agents, from any and all claims or costs of any type, including, but not limited to, liability for back taxes, arising out of this MOU, to pay part of the employee's CalPERS contribution. Should current tax treatment change, the ASSOCIATION shall have the opportunity to meet and confer, regarding any such changes.
- 14.5 For Sworn employees, hired prior to September 17, 2011, the CITY agrees to continue to provide CalPERS Safety employees in this UNIT with a retirement benefit program through the California Public Employees Retirement System (CalPERS) as follows:
  - 14.5.1 3% @ 50 formula (21362.2)
  - 14.5.2 Unused Sick Leave Credit (Section 20965)
  - 14.5.3 Military Service Credit (Sections 21023.5, 21024 & 21027)
  - 14.5.4 Final Compensation 1 Year (Section 20042)
  - 14.5.5 1959 Survivor Benefit, Level 4 (Section 21574)
  - 14.5.6 Pre-Retirement Death Benefits (Section 21548 Option 2W & 21551)
  - 14.5.7 Retired Death Benefit \$500 (Section 21620)

- 14.5.8 Prior service (Section 20055)
- 14.5.9 Public Service Credit for Periods of Layoff (Section 21022)
- 14.6 For Sworn employees, hired on or after September 17, 2011, and those hired on or after January 1, 2013, who meet the definition of classic member, pursuant to the California Public Employees Pension Reform Act of 2013 (PEPRA), the CITY will provide the following CalPERS formula and optional benefits:
  - 14.6.1 3% @ 55 formula (21363.1)
  - 14.6.2 Unused Sick Leave Credit (Section 20965)
  - 14.6.3 Military Service Credit (Sections 21023.5, 21024 & 21027)
  - 14.6.4 Final Compensation 3 Year (Section 20037)
  - 14.6.5 1959 Survivor Benefit Level 4 (Section 21574)
  - 14.6.6 Pre-Retirement Death Benefits (Section 21548 Option 2W and 21551)
  - 14.6.7 Retired Death Benefit \$500 (Section 21620)
  - 14.6.8 Prior Service (Section 20055)
  - 14.6.9 Public Service Credit for Periods of Layoff (Section 21022)
- 14.7 Pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, Sworn employees hired, who meet the definition of new member under PEPRA and are not eligible for reciprocity, will be provided the following retirement formula and optional benefits:
  - 14.7.1 2.7% @ 57 formula (Section 7522.25(d))
  - 14.7.2 Unused Sick Leave Credit (Section 20965)
  - 14.7.3 Military Service Credit (Sections 21023.5, 21024 & 21027)
  - 14.7.4 Final compensation 3 Year (Section 20037)
  - 14.7.5 1959 Survivor Benefit Level 4 (Section 21574)
  - 14.7.6 Pre-Retirement Death Benefits (Section 21548 Option 2W and 21551)
  - 14.7.7 Retired Death Benefit \$500 (Section 21620)
  - 14.7.8 Prior Service (Section 20055)
  - 14.7.9 Public Service Credit for Periods of Layoff (Section 21022)

**ARTICLE 15 - HEALTH BENEFITS**

15.1 HEALTH INSURANCE

- 15.1.1 Effective July 1, 2018, UNIT employees shall receive a cafeteria plan contribution, including the amount required by CalPERS, as follows:

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

15.2 DENTAL AND VISION INSURANCE:

15.2.1 During the term of this MOU, the CITY shall offer dental, life and vision insurance, and each employee shall be required to carry both dental, life and vision insurance for self. Life Insurance is provided at \$50,000 per employee. The following rates are effective January 1, 2018:

	<u>Vision</u>	<u>Dental</u>	<u>Life</u>	<u>Totals</u>	<u>City pays</u>	<u>EE pays</u>
Employee only	\$ 8.73	\$ 55.03	\$8.15	\$ 71.91	\$ 68.98	\$ 2.93
Employee + 1	\$ 16.40	\$152.27	\$8.15	\$ 176.82	\$ 165.07	\$11.75
Employee + 2+	\$ 23.34	\$152.27	\$8.15	\$ 183.76	\$ 171.55	\$12.21

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

- 15.3 Any coverage made available to future retirees, beyond COBRA time requirements, shall be paid for by the retiree.
- 15.4 CITY contributions pursuant to this Article 15.0 shall remain effective through June 30, 2019. The CITY and ASSOCIATION agree herewith to retain the option to re-open collective bargaining, with respect to this Article 15, to discuss any health provider rate changes effective in calendar year 2019.

**ARTICLE 16 - EDUCATIONAL INCENTIVES**

16.1 P.O.S.T. CERTIFICATES

- 16.1.1 For UNIT members, hired prior to January 1, 1998, and possessing the Intermediate P.O.S.T. Certificate, CITY agrees to pay three percent (3%) over the base salary range and step schedule established for the position classification held by the UNIT member and as specified herein under Article 18, Salaries.
- 16.1.2 For UNIT members, hired prior to January 1, 1998 and possessing the Advanced P.O.S.T. Certificate, CITY agrees to pay six percent (6%) over the base salary range and step schedule established for the position classification held by the ASSOCIATION member and as specified herein under Article 18, Salaries.
- 16.1.3 For Sworn UNIT members hired on or after January 1, 1998, CITY agrees to pay \$140 per month for P.O.S.T. certificates as follows:

	<u>Intermediate</u>	<u>Advanced</u>
Sergeant	\$140	\$140
Corporal	\$140	\$140
Officer	\$140	\$140

## **ARTICLE 17 - UNIFORMS**

- 17.1 Uniforms for employees shall be as set forth in Morro Bay Police Department Policy Manual Section 1046, Uniform and Equipment Regulations and Specifications.
- 17.2 Newly-hired employees shall receive a full uniform issue and will receive full uniform replacement as needed until the following July 1. Effective July 1 after hire, such employees shall commence receiving an annual uniform allowance.
- 17.3 The following uniform articles are covered by the uniform allowance and must meet the department uniform standards:
- a. Uniform pants
  - b. Uniform shirts - long and short sleeves
  - c. Dress belt
  - d. Ties
  - e. Duty jacket
  - f. Uniform patches
- 17.4 All maintenance, tailoring and other alterations will be at the employee's expense.
- 17.5 All optional equipment will be the responsibility of the employee.
- 17.6 All safety equipment originally issued and replaced by the department remains the Department's property.
- 17.7 The annual uniform allowance will be as follows:
- Sworn officers: \$ 1,150
- 17.8 The CITY agrees to repair or replace any personal article damaged while on duty, including uniform items as listed above, providing that such article is a reasonable and necessary part of the employee's attire.

## **ARTICLE 18 - SALARIES**

- 18.1 For UNIT members employed as of July 1, 2018, the CITY will pay a one-time, lump sum signing bonus payment of \$600 to be paid the next full pay period after City Council approval and adoption of this MOU. The lump sum payment shall not be PERSable compensation and shall not be treated as off-salary schedule pay as defined under Section 571 of the California Code of Regulations.
- 18.2 Effective retroactive to the pay period including July 1, 2018 for those employees still employed by the CITY upon City Council adoption of this MOU, Longevity Pay shall be rolled into salary for all UNIT classifications and eliminated as a separate pay item per the attached revised salary schedule.

- 18.3 Effective retroactive to the pay period including July 1, 2018 for those employees still employed by the CITY upon City Council adoption of this MOU, the CITY shall provide a Cost of Living Adjustment (COLA) increase to base salaries for all UNIT classification by 2% per the attached revised salary schedule.
- 18.4 Effective the first full payroll period after City Council approval of a CalPERS Contract Amendment pursuant to Government Code section 20516 providing for payment by classic members (Tier 1 & Tier 2) of an additional 1% to CalPERS as cost sharing for a total classic employee contribution of 10% and PEPRAs members (Tier 3) paying the statutorily mandated employee contribution rate of one half of the total normal cost or 13% of the employer cost, whichever is higher, the CITY shall provide an additional 1% COLA increase to base salaries for all UNIT classifications.
- 18.5 Effective July 1, 2019, the CITY shall provide a 2% COLA increase to base salaries for all UNIT classifications with a condition precedent being that the CITY meets the following economic thresholds on three key revenue sources (Property Tax, Sales Tax and TOT) based on 10-year budget forecasts shown below:

- o Total major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined forecasted amount of \$9,395,906 (matches 10-year forecast presented to City Council in February 2017). These figures are based on current tax rates. Increased tax rates would not count towards increased revenue receipts for this purpose (currently 1% Property Tax, 1.0% CITY Sales Tax, 10% TOT). The revenue projections serving as economic thresholds for purposes of this Section 18.5 are depicted in the following table:

COLA Year Affected	FY19-20
Combined Receipts Forecast	FY18-19 Forecast
Property Tax	3,034,754
Property Tax In-Lieu (VLFAA)	1,037,401
Subtotal Property Tax	4,072,155
Sales Tax (local & triple-flip)	1,745,439
Sales Tax (Prop 172-Safety)	123,525
Subtotal Sales Tax	1,868,964
Transient Occupancy Tax	3,454,787
Combined Total Threshold	\$9,395,906

- o The CalPERS investment rate of return (i.e. "Discount Rate") to take effect in FY18-19 does not drop below the rates announced by CalPERS on December 22, 2016, causing the CITY's contribution to CalPERS to increase more than \$100,000 beyond the current budgeted amounts for the General Fund.

- The CITY does not become responsible, during FY17-18, for any state/federally imposed unfunded mandates from any external source(s) that require significant unplanned/ un-forecasted General Fund expenditure(s) of more than \$300,000 in a fiscal year, including significant natural disasters affecting the CITY. Any such expenditure will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting either in a lower employee bonus or reduction in the intended COLA increase to 1% or 0%.
- For timing purposes, the COLA adjustment shall take effect on July 1, 2019 if the CITY determines, based on revenues received as of June 1, 2019, that it is reasonable to assume the combined receipts will meet or exceed the stated thresholds. If meeting the stated threshold is not a reasonable assumption as of June 1, 2019, then the parties agree to wait for actual receipts to be posted which are normally by the end of August. If the thresholds are met at the time actual receipts are received, then the CITY agrees to implement the 2% COLA retroactive to July 1, 2019.
- If total major General Fund Revenues are less than \$71,000 below the forecasted amount (i.e. more than \$9,322,906), then the COLA will still be 2%, effective July 1, 2019. If total major General Fund Revenues are between \$71,000 and \$141,000 below the forecasted amount (i.e. between \$9,253,907 - \$9,335,194), then the COLA will be 1% effective July 1, 2019. If total major General Fund Revenues are \$142,000 or more below the forecasted amount (i.e. less than \$9,253,906), then there will be no COLA effective July 1, 2019.
- If the conditions precedent described above are satisfied, and total major General Fund Revenues for FY 2018/19 are above forecast, then in addition to the 2% COLA, 20% of the amount above the forecast amount will be divided equally by the number of full-time equivalent (FTE) employees then working at the CITY and paid to UNIT members in the form of a one-time lump sum payment which shall not be PERSable compensation and shall not be treated as off-salary schedule pay as defined under Section 571 of the California Code of Regulations.

18.6 Effective the first full payroll period FY 2019/20 and subject to the same conditions precedent being that the CITY meets the economic thresholds in subsection 18.5 above, and only after City Council approval of an additional CalPERS Contract Amendment pursuant to Government Code section 20516 providing for payment by classic members (Tier 1 & Tier 2) of another additional 1% to CalPERS as cost sharing for a total classic employee contribution of 11% and PEPRAs members (Tier 3) paying the statutorily mandated employee contribution rate of one half of the total normal cost or 14% of the employer cost, whichever is higher, the CITY shall provide an additional 1% COLA increase to base salaries for all UNIT classifications.

## ARTICLE 19 - SPECIAL PAY PRACTICES

### 19.1 STANDBY

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

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

The parties agree that employees on standby as defined above, are “waiting to be engaged.”

19.1.2 Regardless of any hours actually worked, employees on standby shall be compensated for two (2) hours computed at their straight hourly base rate per twenty-four (24) hours of authorized standby time (e.g., 2 hours standby + actual time worked).

The twenty-four (24) hours’ time period is defined as 0700 hours to 0659 hours the following day.

Subject to the maximum accrual provisions of Section 10.2.3, employees may elect to receive two (2) straight time compensatory time off hours in lieu of paid standby compensation.

19.1.3 Court standby – Employees on court standby will receive two (2) hours computed at their straight hourly base rate to be available for court callback on off duty days. Subject to the maximum accrual provisions of Section 10.2.3 employees may elect to receive two (2) straight time compensatory time off hours in lieu of court standby compensation.

### 19.2 CALL BACK

19.2.1 Call back is defined as that circumstance which requires an employee to unexpectedly return to work after the employee has left work at the end of the employee’s work shift or work week; except that, an early call in of up to two (2) hours prior to the scheduled start of a work shift shall not constitute a call back; or, employee is required for off-duty court appearance.

19.2.2 Required off-duty court appearance. Employees called back shall receive either a two (2) hour minimum computed at straight hourly base rate or pay for all time

actually worked, whichever is greater. An employee shall not receive overlapping minimums.

19.2.3 An employee shall not receive standby pay for the same hours he/she received callback pay.

### 19.3 OUT OF CLASS ASSIGNMENT

19.3.1 The term “out-of-class assignment” shall be defined as the full-time performance of the significant duties of a vacant, funded position in one classification by an individual in a classification with a lower compensation range.

19.3.2 If an employee is required to work in an out-of-class assignment for more than fifteen (15) workdays, within a calendar month his/her department head shall, with prior approval of the Administrative Services Director, make an acting appointment. Such acting appointment shall be effective on the sixteenth (16th) workday within a calendar month of the out-of-class assignment.

19.3.3 An employee on an acting appointment shall receive a one (1) step increase within the employee’s current classification salary as provided by CITY’s Personnel Rules and Regulations. In the absence of available steps within his/her current range, the employee shall be granted a five percent (5%) increase above his/her current base salary.

### 19.4 BILINGUAL PAY

Qualified employees who possess the necessary ability and who are assigned to perform services as an interpreter in Spanish, shall be eligible for additional stipend depending upon the employee’s level of bilingual expertise. Qualifications shall be determined by the CITY.

19.5.1 For those employees who conduct conversational assistance in Spanish on a regular basis, seventy-five dollars (\$75) per month stipend is available.

19.5.2 For those employees who interpret and explain legal documents, conduct conversational assistance, and write documents for those persons who speak only Spanish, One Hundred Fifty dollars (\$150) per month stipend shall be available.

### 19.5 FIELD TRAINING OFFICER (FTO) ASSIGNMENT PAY

Individuals, in the classification of Police Officer formally assigned a trainee by the Chief of Police, or his/her designee, shall be compensated at the rate of 5% of base hourly rate. Compensation will be paid only when acting as FTO.

## 19.6 SENIOR OFFICER ASSIGNMENT PAY

Up to four (4) individuals may be assigned as Senior Police Officers. This assignment is not a permanent promotion to a higher classification. Continuation in the assignment is based on an annual performance evaluation of "Meets Satisfactory Performance Standards," as well as at the discretion of the Chief of Police. Senior Police Officers will be compensated at the rate of 5% above base pay for the term of the assignment. While receiving Senior Officer Assignment pay, employees are not eligible for FTO pay.

Incumbents in the Corporal classification will maintain status in the Corporal class, and maintain the terms and conditions of the classification as they existed at the time of their promotion; however, if the incumbents in the Corporal classification leave the positions (due to promotion, retirement, etc.), the Corporal classification revert to assignments of Senior Officers as provided above.

No individual may be concurrently assigned as both a Senior Officer and Detective.

## 19.7 DETECTIVE ASSIGNMENT PAY

Up to two individuals may be assigned as Detectives. The Detective assignment is not a permanent promotion to a higher classification. Continuation in the assignment is based on an annual performance evaluation of "Meets Satisfactory Performance Standards" as well as at the discretion of the Chief of Police. Detectives will be compensated at the rate of 5% above base pay for the term of the assignment.

Incumbent Corporals may apply for, and be appointed to the Detective assignment. If appointed, Corporals will maintain status in the Corporal class and maintain the terms and conditions of the classification as they existed at the time of their promotion. When the Detective assignment ends, the Corporal may be placed into a Senior Officer assignment or a regular officer position; still in the Corporal classification with the terms and conditions of the Corporal classification being maintained.

Any individual concurrently assigned as both a Corporal and Detective shall for compensation pay purposes only receive the Corporal salary and no additional compensation for being assigned as a Detective.

### 19.7.1 SCHOOL RESOURCE OFFICER (SRO) ASSIGNMENT PAY

The SRO assignment is not a permanent promotion to a higher classification. Continuation in the assignment is based on an annual performance evaluation of "Meets Satisfactory Performance Standards," as well as at the discretion of the Chief of Police.

SRO will be compensated at the rate of 5% above base pay for the term of the assignment, and will be responsible for juvenile investigations, as assigned.

#### 19.8 NIGHT SHIFT DIFFERENTIAL

Sworn employees in this UNIT will receive 2.5% of base hourly pay for each hour worked between the hours of 7:00 p.m. and 7:00 a.m.

#### 19.9 CANINE CARE PAY

An employee who is assigned a City canine, as part of a drug detection search program or a service dog program, and who boards the canine at his/her home, shall be paid \$13.50 per hour (hereinafter, the "canine care pay rate") for all time the employee spends outside of regular work hours on the care of the assigned canine. Compensable canine care activities include feeding, grooming, exercising, cleaning up, obtaining veterinarian services or caring for any injuries, and shall not include other time spent with the canine (e.g., commute time, as a family pet, etc.). Employees, subject to this provision, shall not receive on-call pay or call back pay for any time spent in the care of the assigned canine. The residence of the employee, assigned a City canine, shall not constitute the employee's work place. Travel (commute) time, from the employee's home to the assigned work site, or from the assigned work site to the employee's home, with the canine, shall not be considered time worked or care of the canine.

It is estimated and agreed that the officers spend one-half hour per day outside of regular work hours on compensable canine care activities. Off duty time spent on compensable canine care tasks shall be considered actual hours worked. These hours will be paid at the rate of 1.5 times the canine care pay rate (\$20.25).

### **ARTICLE 20 - BULLETIN BOARD**

20.1 CITY agrees to furnish space for ASSOCIATION-purchased bulletin boards of reasonable size for the posting of ASSOCIATION material. Location of such bulletin boards shall be at the Police Station in an area commonly used for briefings or meetings.

20.2 ASSOCIATION agrees it shall not use bulletin boards to ridicule, defame, or harass any CITY employees, officer or agent.

### **ARTICLE 21 - PROBATIONARY PERIOD**

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

### **ARTICLE 22 - DRUG AND ALCOHOL TESTING**

ASSOCIATION agrees to the terms of the Substance Abuse and Testing Policy adopted by the Morro Bay City Council pursuant to Resolution No. 14-99.

## **ARTICLE 23 - GRIEVANCE PROCEDURE**

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

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

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

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

### 23.2 PURPOSE

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

### 23.3 ASSOCIATION REPRESENTATIVE

The CITY agrees that the ASSOCIATION may designate a representative to represent employees in the processing of grievances. The ASSOCIATION shall furnish the City Manager with a written list identifying by name and work location all regular and alternate representatives and the list shall be kept current by the ASSOCIATION at all times. The representatives are to begin investigating grievances only after the employee has tried to resolve the problem with his/her immediate supervisor and the two parties have failed to reach resolution of the problem.

### 23.4 PROCEDURE

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

## **ARTICLE 24 - NO STRIKE, SLOW-DOWN OR OTHER INTERRUPTION TO WORK**

24.1 ASSOCIATION agrees not to cause, authorize, advise, encourage or participate in any interruption of work or any other concerted action. The term "interruption of work" shall mean any work stoppage or strike (including economic and unfair labor practice strikes) or any intentional slow-down of work. The term "other concerted action" includes picketing or boycott activities by the ASSOCIATION.

24.2 Participation by any employee in any activity resulting in interruption of work or other concerted action or use of paid or unpaid leave for these purposes shall subject employee to disciplinary action, up to and including, discharge. When the City Manager has reason to believe that such leave is being used as a method of interruption work, the burden of proof of illness is upon the employee. Doctor's statements can be required in accordance with Resolution No. 34-83, Personnel Rules & Regulations, Section 13.B.4.

## **ARTICLE 25 - FULL UNDERSTANDING, MODIFICATION, WAIVER**

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

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

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

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

**ARTICLE 26 - SEVERABILITY**

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

**ARTICLE 27 – JOINT DRAFTING**

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

**ARTICLE 28 – CITY COUNCIL APPROVAL**

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

[SIGNATURES ON NEXT PAGE]

MORRO BAY PEACE OFFICERS' ASSN.

CITY OF MORRO BAY

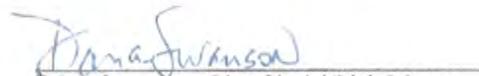
  
William Marvos, President

  
Scott Collins, City Manager

  
Stephen Leonesio, Chief Labor Negotiator

  
Colin Tanner, Labor Negotiator

  
Maria Lomeli, Employee Representative

  
Dana Swanson, City Clerk/ Risk Manager

  
Gene Stuart, Employee Representative

  
Laurie Goforth, Human Resources Analyst

MORRO BAY PEACE OFFICERS' ASSN.

CITY OF MORRO BAY



William Marvos, President



Scott Collins, City Manager

Stephen Leonesio, Chief Labor Negotiator

Colin Tanner, Labor Negotiator



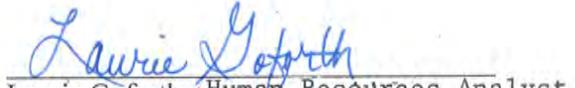
Maria Lomeli, Employee Representative



Dana Swanson, City Clerk/ Risk Manager



Gene Stuart, Employee Representative



Laurie Goforth, Human Resources Analyst

**ATTACHMENT A**

**POLICE SALARY SCHEDULE**

<b>POSITION</b>	<b>ANNUAL COMPENSATION RANGE</b>					
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Sergeant	\$ 78,089	\$ 81,993	\$ 86,093	\$ 90,398	\$ 94,918	\$ 99,664
Corporal	\$ 66,357	\$ 69,675	\$ 73,159	\$ 76,817	\$ 80,658	\$ 84,691
Special Assignments: Detective School Resource Officer Senior Officer	\$ 65,747	\$ 69,034	\$ 72,486	\$ 76,111	\$ 79,916	\$ 83,912
Police Officer	\$ 62,616	\$ 65,746	\$ 69,034	\$ 72,485	\$ 76,110	\$ 79,915