



CITY OF MORRO BAY CITY COUNCIL AGENDA

The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.

Regular Meeting – Tuesday, May 28, 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

- Hourglass Project Presentation by Melissa James
- Chamber of Commerce Quarterly Presentation

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 APRIL 18, 2019, CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-2 APPROVAL OF MINUTES FOR THE MAY 7, 2019, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-3 ADOPTION OF RESOLUTION NO. 36-19 AUTHORIZING THE MAYOR TO EXECUTE DOCUMENTS NECESSARY FOR A NEW LOAN FOR THE LEASE AGREEMENT AT LEASE SITE 124-128/124W-128W AND 113W (ROBERT FOWLER/MORRO BAY LANDING, LOCATED AT 1213, 1215 AND 1217 EMBARCADERO), INCLUDING ACCEPTING A DEED OF TRUST AND MEMORANDUM OF LEASE RELATED THERETO FOR IMPROVEMENTS TO THE LEASED PROPERTY, AND APPROVAL OF AN EXTENSION TO THE LEASE-MANDATED DEADLINE FOR COMPLETION OF IMPROVEMENTS TO THE LEASED PROPERTY; (HARBOR)

RECOMMENDATION: City Council adopt Resolution No. 36-19 authorizing the Mayor to execute documents necessary for a new loan regarding the leasehold interest at Lease Site 124-128/124W-128W and 113W, for improvements to the leased property subject to approval of the City Attorney and Harbor Director. The Resolution also allows the recordation of a deed of trust and memorandum of lease related to the Loan, and approves an extension of the deadline for the lessee to complete the lease site redevelopment improvements as stipulated in the lease agreement.

- A-4 REVIEW WATER RECLAMATION FACILITY (WRF) CAPITAL PROJECT MONTHLY UPDATE REPORT; (PUBLIC WORKS)

RECOMMENDATION: Council receive WRF Capital Project Monthly Update Report.

- A-5 AUTHORIZATION FOR CITY OF MORRO BAY, AS LESSOR FOR MORRO DUNES TRAILER PARK AND CAMPGROUND, INC. LOCATED AT 1700 EMBARCADERO, TO CONSENT TO FINANCING FOR A NEW SOLAR CARPORT STRUCTURE AND AGREE TO THE TERMS OF A SEVERANCE AND CONSENT AGREEMENT SO AS TO SECURE AS COLLATERAL FOR LENDER THE SOLAR CARPORT STRUCTURE; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Council authorize City Manager to execute a Severance and Consent Agreement with Rabobank, N.A., Morro Dunes Trailer Park and Campground, Inc. and Cayucos Sanitary District through passage of Resolution No. 37-19.

- A-6 ADOPTION OF RESOLUTION NO. 40-19 AUTHORIZING THE MAYOR TO EXECUTE DOCUMENTS NECESSARY FOR A NEW LOAN FOR THE MASTER LEASE AGREEMENT AT LEASE SITE 82-85/82W-85W (DOUG REDICAN/725 EMBARCADERO, LLC, LOCATED AT 725 EMBARCADERO AND OPERATING AS ROSE'S LANDING), INCLUDING ACCEPTING A DEED OF TRUST AND

MEMORANDUM OF LEASE RELATED THERETO FOR IMPROVEMENTS TO THE LEASED PROPERTY; (HARBOR)

RECOMMENDATION: City Council adopt Resolution No. 40-19 authorizing the Mayor to execute documents necessary for a new loan (Loan) regarding the leasehold interest at Lease Site 82-85/82W-85W, for improvements to the leased property subject to approval of the City Attorney and Harbor Director. The Resolution also allows the recordation of a deed of trust and memorandum of lease related to the Loan.

B. PUBLIC HEARINGS - None

C. BUSINESS ITEMS

C-1 CONSIDERATION OF THE MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT (TBID) ANNUAL REPORT AND CONTINUATION OF THE TBID ASSESSMENT FOR FISCAL YEAR (FY) 2019/20; AND ADOPTION OF RESOLUTION NO. 41-19 DECLARING THE INTENT TO CONTINUE THE PROGRAM AND LEVY ASSESSMENTS FOR THE FISCAL YEAR 2019/20 AND SCHEDULING A PUBLIC HEARING TO LEVY THE ASSESSMENTS; (CITY MANAGER/TOURISM)

RECOMMENDATION: Council approve the Fiscal Year 2019/20 Annual Report for expenditure of funds to be derived from the annual assessment and adopt Resolution No. 41-19 declaring the intent to continue the program and levy assessments for the Fiscal Year 2019/20 and scheduling a public hearing to levy the assessments.

C-2 ONE-YEAR PARTNERSHIP AGREEMENT WITH PROJECT SURF CAMP; (CITY MANAGER)

RECOMMENDATION: City Council authorize the City Manager to execute a one-year Partnership Agreement with Project Surf Camp (PSC), in a form approved by the City Attorney.

C-3 OPTIONS TO ENHANCE COMMUNICATION AND ENGAGEMENT WITH THE COMMUNITY; (CITY MANAGER)

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

C-4 DISCUSS, AND CONSIDER CHANGING, CITY COUNCIL REGULAR MEETING END TIME; CONSIDERATION OF RESOLUTION NO. 39-19 AMENDING THE CITY COUNCIL POLICIES & PROCEDURES TO CHANGE CITY COUNCIL REGULAR MEETING END TIME; (CITY MANAGER)

RECOMMENDATION: Council adopt Resolution No. 39-19, amending City Council Policies and Procedures Manual, Chapter One "Meeting Guidelines & Procedures," section 1.1.2., to change the regular City Council meeting span from 5:30 p.m. to 10:30 p.m., to new span of 5:30 p.m. to 9:30 p.m.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

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

MINUTES - MORRO BAY CITY COUNCIL
SPECIAL MEETING – APRIL 18, 2019
MORRO BAY COMMUNITY CENTER
1001 KENNEDY WAY – 6:00 P.M.

AGENDA NO: A-1
MEETING DATE: May 28, 2019

PRESENT:	John Headding Dawn Addis Robert Davis Jeff Heller Marlys McPherson	Mayor Council Member Council Member Council Member Council Member
STAFF:	Scott Collins Dana Swanson Rob Livick Scot Graham Steve Knuckles Eric Endersby Jody Cox Jennifer Little Kirk Carmichael	City Manager City Clerk Public Works Director Community Development Director Fire Chief Harbor Director Police Chief Tourism Manager Recreation Services Manager
FACILITATOR:	Garret Olson	

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding established a quorum and called the meeting to order at 6:00 p.m. with all members present.

SPECIAL MEETING AGENDA ITEMS:

- I. INTRODUCTION AND OVERVIEW OF CITY COUNCIL'S STRATEGIC PLANNING PROCESS
<https://youtu.be/H7AyzvxKvDU?t=11>
Mayor Headding provided opening comments and turned to City Manager Collins to provide an overview of the Strategic Planning Process, public engagement and input received thus far.
- II. REVIEW OUTCOMES FROM MARCH 1, 2019 COMMUNITY FORUM
<https://youtu.be/H7AyzvxKvDU?t=403>
Garret Olson provided a meeting overview and expectations.
- III. REVIEW PROPOSED GOALS FOR 2019/2020
<https://youtu.be/H7AyzvxKvDU?t=719>
Mr. Collins and Mr. Olson reviewed current major City goals and invited public input.
 - 1. Improve Communication and Community Engagement
 - 2. Improve City Infrastructure

3. Financial & Economic Sustainability.
4. Address Affordable Housing and Complete Update of Land Use Plans

Public Comment on Major City Goals:

<https://youtu.be/H7AyzvxKvDU?t=1015>

Rigmor, Morro Bay, suggested the City be open to letting volunteers or Cal Poly assist with building a trail from Surf Street to the waterfront.

Bill Martony, Morro Bay, spoke regarding proposed up-zoning in the back bay, extending the Embarcadero to Atascadero Road, and consideration of future mariculture operation at the existing wastewater treatment plant.

Carolyn Brinkman, Morro Bay, referred to a letter she submitted as agenda correspondence recommending the City add a new goal, "Achieve Environmental Sustainability," and related objectives.

Mike Manchak, Economic Vitality Corporation, encouraged more outreach to the business community as it can be difficult for the public to find solutions for Economic / Financial Sustainability.

Stu Skiff, Morro Bay, suggested paving a portion of the Rock parking lot to improve access and allowing food service and surfboard rentals.

David Baldwin, SLO County resident, spoke in favor of local labor agreements for large infrastructure projects in order to provide career opportunities for local residents.

Shawn Perry, local electrician and member of IBEW, spoke regarding the value and benefits of community workforce agreements.

Berkeley Blake, SLO County resident, spoke in support of local hiring for the water reclamation facility project.

Susan Stewart, Morro Bay, spoke regarding the importance of diversifying the economy, allowing some growth, and intensifying uses in order to provide affordable housing.

Richard Van Humbeck, Morro Bay homeowner, spoke to the importance of apprenticeship programs and use of local labor for infrastructure projects.

A local resident urged the Council to consider a community workforce agreement for the water reclamation facility project.

Pat Holloway, Morro Bay, spoke in favor of Community Workforce Agreements.

Erica Crawford, Morro Bay Chamber of Commerce, appreciated the holistic nature of the list of goals and priorities -- live here, work here and engage here.

Chris Running, Morro Bay, offered to mentor and be involved in creating outreach programs to help high school students explore how to go into business for themselves.

The public comment period was closed.

IV. COUNCIL DISCUSSION AND GENERAL DIRECTION FOR STAFF

<https://youtu.be/H7AyzvxKvDU?t=3314>

Mr. Olson invited the Mayor and Council to provide individual comments on and rank the four major City goals.

Council Member McPherson felt all four goals were important but the survival of the community but ranked Financial and Economic Sustainability slightly above the others. She stressed the importance of setting reasonable priorities and completing them.

Council Member Davis ranked Economic Sustainability #1 and necessary to help our City survive. He ranked all others #2.

Council Member Addis ranked all four major Goals #1 and spoke to the importance of community engagement and affordable housing in order to achieve economic prosperity.

Council Member Heller ranked Communication and Community Engagement as #1, Economic Sustainability #2 and the others #3. He looks forward to a menu of options to get the City out of its structural deficit and set aside funding for infrastructure repairs.

Mayor Headding ranked Financial Viability as #1 and the remainder #2. He commented on the themes he heard during public comment: capitalize on ecotourism; maintain natural environment; cultural transformation needed – embrace change, diversify the economy, embrace change; and support local economy with workforce development.

Mr. Olson noted the exercise was informative and, while there was not a forced ranking of the major City goals, there was a general consensus on the weight and importance of each.

V. REVIEW INITIATIVES THAT SUPPORT GOALS FOR 2019/2020

<https://youtu.be/H7AyzvxKvDU?t=4488>

1. Improve Communication and Community Engagement
 - Coordination with Community Groups
2. Improve City Infrastructure
 - WRF Implementation
 - Parking Management Plan
3. Financial & Economic Sustainability
 - Wind Energy
 - Boatyard/Marine Services Facility
 - Fee Study/Cost Allocation Update
 - Partnership Policy Update
 - Aquarium
 - Vacation Rentals / RV Park Inclusion to TBID
 - Revenue Measures
 - Market Street Plaza Project
 - Lease Management Policy Update
 - Opportunity Sites
 - Revenue Options for Capital Needs
4. Affordable Housing / Update Land Use Plans
 - General Plan / Local Coastal Plan and Zoning Code Update

- Vacation Rental Policy Update
- Warming Center

New “Shopping List” Items brought forward during Public Outreach

- Inventory and Prioritize Capital Needs
- Consideration of TOT Reinvestment Program
- Permit Process Improvements
- Local Labor for Capital Projects
- Implement Tourism Strategic Plan
- High Speed Internet
- Public/Private Partnerships
- Ombudsman to shepherd economic development activities
- Solar Rebate Program
- Housing Element / Affordable Housing
- Revenues Options for Capital Needs

VI. PUBLIC COMMENT FOR ITEMS

<https://youtu.be/H7AyzvxKvDU?t=5773>

Mr. Olson invited public input on projects and priorities that support the major City goals.

Rigmor, Morro Bay, suggested the City contribute \$100,000 toward rebuilding of Surf Street stairs in a manner similar to the Toro Lane accessway.

Mike Manchak, Economic Vitality Corporation, noted the City has a competitive advantage in availability of short-term leases for start-up businesses. He also suggested the City explore maritime-related sailing and racing events to increase tourism.

Bill Martony, Morro Bay, suggested recycled water from the WRF could be sold for agricultural use, that the City take over the State Park Marina lease and boat slips, and the aquarium be located in the Breaker’s building. He urged the Council to keep its options open with regard to partnering with offshore wind energy companies.

Aaron Ochs, Save Morro Bay, shared his vision and goals for the community submitted as agenda correspondence.

Pete Kaus, Cayucos, spoke in favor of hiring local labor for construction of the water reclamation facility.

Erica Crawford, representing the Chamber of Commerce, read proposed action items for fiscal sustainability submitted as agenda correspondence.

Mike Manchak, Economic Vitality Corporation, recommended the boatyard/marine services facility must have a crane to get boats in and out of the storage yard.

Robert Hartsock, part-time Morro Bay resident, requested a status update on replacement of the Surf Street staircase.

Megan Souza, Megan’s Organic Market, stated her support for a warming center and safe parking program, adult use cannabis and wayfinding signs.

Pat Holloway, Morro Bay, spoke in support of local labor agreements and suggested giving hotels a rebate to install new car charging systems in their parking lots.

David Baldwin, SLO County resident, was pleased by Council support for local labor agreements.

The public comment period was closed.

Audience members were provided with one gold and four green to demonstrate support for current or proposed objectives. They were also given four red dots to use, if desired, to de-prioritize existing objectives.

VII. COUNCIL DISCUSSION AND GENERAL DIRECTION FOR STAFF

Mr. Olson invited Council to review public input and individually list no more than eight shopping list items they would like to see move forward.

<https://youtu.be/H7AyzvxKvDU?t=8155>

Council Member Addis: local labor on capital projects, high speed internet, housing, adult cannabis, improving the permit process, small business incubator, solar program, and tourism strategic plan.

Council Member Davis: adult use cannabis, local labor, high speed internet, improved permit process, housing partnership, TOT reinvestment, ombudsman, and revenue for capital needs.

Mayor Heading: ombudsman, revenue for capital needs, partnership regionally for housing, tourism plan implementation, permit process improvement, local labor, adult use cannabis, and TOT reinvestment program.

Council Member McPherson: high speed internet, business incubator, adult use cannabis, regional partnership on housing, local labor on capital projects, permit process improvements, sign ordinance and public/private partnership opportunity fund.

Council Member Heller: local labor, adult cannabis, permit processing improvement, solar rebate, high speed internet, business incubator, and regional partnership on housing.

There was Council consensus for the following new objectives: adult use cannabis, local labor on capital projects, regional partnership on housing, permit process improvement, high speed internet and business incubator.

The Council took a brief recess at 8:34 p.m. to allow staff to review the proposed objectives and discuss any capacity concerns. The meeting reconvened at 8:40 p.m. with all Council Members present.

Staff accepted the Council's recommendations and suggested adding an ombudsman to the approved list of priorities to interface with business community and help drive implementation of certain economic development items. The Council supported staff's recommendation.

VIII. SUMMARY & NEXT STEPS

<https://youtu.be/H7AyzvxKvDU?t=9109>

Mr. Olson and Mr. Collins summarized information gleaned from the evening's activities and noted the goals and objectives would be brought back at a regular meeting for consideration and adoption.

ADJOURNMENT

The meeting adjourned at 8:53 p.m.

Recorded by:

Dana Swanson
City Clerk

MINUTES - MORRO BAY CITY COUNCIL
SPECIAL CLOSED SESSION MEETING –
MAY 7, 2019 – 4:00 P.M.
FIRE STATION TRAINING ROOM – 715 HARBOR ST.

AGENDA NO: A-2
MEETING DATE: May 28, 2019

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
Brian Wright-Bushman Assistant City Attorney (*via teleconference*)
Scot Graham Community Development Director
Eric Endersby Harbor Director
Dana Swanson City Clerk/Human Resources Manager

ESTABLISH QUORUM AND CALL TO ORDER

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

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

CLOSED SESSION PUBLIC COMMENT – Mayor Headding opened public comment for items on the agenda.

Todd Baston, Gray's Inn, requested support for a 25-year lease for Gray's Inn and stated he would bring forward a proposal for Kayak Horizons after the summer.

Representatives speaking on behalf of Grupe Commercial Company presented concept design proposals for the Market Plaza project.

The public comment period was closed.

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

CS-1 GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR:

Property: 714 Embarcadero, 781 Market Street and parking lot; APNs 066-321-028, 066-321-027, 066-321-026, 066-321-025, 066-112-007, 006-321-008

Property Negotiator: Grupe Commercial Company

Agency Negotiators: Scott Collins, City Manager; Scot Graham, Community Development Director; and Chris Neumeyer, City Attorney

Negotiation: Price and Terms of Payment

Council Member Heller left the meeting at 5:50 p.m.

CS-2 GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR:

Property: Lease Sites 124-128/124W-128W & 113W

Property Negotiators: MMBS, LLC, Robert Fowler

Agency Negotiators: Scott Collins, City Manager; Eric Endersby, Harbor Director; Chris Neumeyer, City Attorney; and Joseph Pannone, Special Legal Counsel

Negotiation: Price and Terms of Payment

CS-3 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Paragraph (1) of subdivision (d) of Section 54956.9

Name of Case: CITY OF MORRO BAY VS. CENTRAL COAST INVESTMENTS, ET AL., SAN LUIS OBISPO SUPERIOR COURT CASE NO. 18CV-0595

CS-4 CONFERENCE WITH LABOR NEGOTIATORS

City Designated Representative: Colin Tanner, Special Labor Counsel; Scott Collins, City Manager; and Dana Swanson, Human Resources Manager

Employee Organizations: Service Employee's International Union – SEIU Local 620

CS-5 GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR:

Property: Lease Sites 62/62W (Kayak Horizons, 551 Embarcadero) & 63-64/63W-64W (Gray's Inn & Gallery, 561 Embarcadero)

Property Negotiators: Todd & Tamara Baston

Agency Negotiators: Scott Collins, City Manager; Eric Endersby, Harbor Director; Chris Neumeyer, City Attorney; and Joseph Pannone, Special Legal Counsel

Negotiation: Price and Terms of Payment

CS-6 GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR:

Property: Lease Sites 82-85/82W-85W (Rose's Landing)

Property Negotiators: Doug Redican

Agency Negotiators: Scott Collins, City Manager; Eric Endersby, Harbor Director; Scot Graham, Community Development Director; Chris Neumeyer, City Attorney; and Joseph Pannone, Special Legal Counsel

Negotiation: Price and Terms of Payment

RECONVENE IN OPEN SESSION – The City Council reconvened in Open Session. The Council did not take any reportable action in accordance with the Brown Act.

ADJOURNMENT - The meeting adjourned at 7:00 p.m.

Recorded by:

Dana Swanson
City Clerk



AGENDA NO: A-3

MEETING DATE: May 28, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: May 15, 2019

FROM: Eric Endersby, Harbor Director

SUBJECT: Adoption of Resolution No. 36-19 Authorizing the Mayor to Execute Documents Necessary for a New Loan for the Lease Agreement at Lease Site 124-128/124W-128W and 113W (Robert Fowler/Morro Bay Landing, Located at 1213, 1215 and 1217 Embarcadero), Including Accepting a Deed of Trust and Memorandum of Lease Related Thereto for Improvements to the Leased Property, and Approval of an Extension to the Lease-Mandated Deadline for Completion of Improvements to the Leased Property

RECOMMENDATION

City Council adopt Resolution No. 36-19 authorizing the Mayor to execute documents necessary for a new loan regarding the leasehold interest at Lease Site 124-128/124W-128W and 113W, for improvements to the leased property subject to approval of the City Attorney and Harbor Director. The Resolution also allows the recordation of a deed of trust and memorandum of lease related to the Loan, and approves an extension of the deadline for the lessee to complete the lease site redevelopment improvements as stipulated in the lease agreement.

ALTERNATIVES

Council may elect not to approve Resolution No. 36-19 for the proposed loan and improvement completion deadline and lease amendment, and direct staff accordingly.

FISCAL IMPACT

There is no direct fiscal impact to this action.

BACKGROUND

Robert Fowler owns the lease site by way of a limited liability company, MMBS, LLC. The final land-side phase of the lease-required total site redevelopment on the Morro Bay Landing site is well on its way to completion, now being in its third phase with the new building framed and readied for completion. Phases one and two were the development of the slips and docks. To-date, Mr. Fowler has not required financing to complete any of the lease improvements. The time requirement for completion of the final land phase is July 1, 2019.

Mr. Fowler requested Council approval of a \$500,000 loan with Del Toro Loan Servicing, Inc., a private money loan servicer¹, against the leasehold and improvements for funding to complete the redevelopment. In addition, Mr. Fowler requested an extension of the July 1 deadline in the lease to

¹ The private lenders are actually: Provident Trust Group, FBO John A Turnbull Jr. SEP IRA, David F. Rothstein Surviving Trustee of the Ellen B. and David F. Rothstein Declaration of Trust Dated December 12, 1990 and Frances Hicks Mason, as Trustee of The Survivors Residuary Trust created under the Second Amendment and Complete Reinstatement to the Mason Family 1993 Trust dated May 10, 1993.

Prepared By: EE

Dept Review: EE

City Manager Review: SC

City Attorney Review: JWP

complete the redevelopment.

The matters were taken to the City Council in closed session on May 7, 2019, for direction, resulting in the documentation included with this staff report for approval.

DISCUSSION

Mr. Fowler is a tenant in good standing in all regards, has completed significant and costly lease site redevelopment, and continues to do so. It is clear Mr. Fowler is fully committed to completing the project as-proposed, and has in good faith taken this lease site to new and improved levels at significant expense.

Staff, therefore, recommend approval of Amendment #6 to the lease agreement, which will extend the project completion deadline to September 1, 2019, with the provision for one or more administrative extension approvals by the City Manager for no longer than December 31, 2019 if warranted by demonstrated conditions or events outside the control of Mr. Fowler.

As to the financing request, the Harbor Department Lease Management Policy stipulates the City will not approve financing related to the lease site unless such financing is for sole investment upon the lease site or for City-requested improvements. The subject financing is for such improvements. In addition, the City cannot unreasonably withhold approval of such financing, which will generate capital for the completion of the required leasehold redevelopment and public benefits.

CONCLUSION

Resolution No. 36-19 will authorize the Mayor to execute documents allowing MMBS, LLC to encumber the leasehold with a deed of trust and associated documents. In addition, the Resolution will approve Amendment #6 to the lease, extending the redevelopment deadline date for two months (through September 1, 2019), with the possibility of further administrative extensions, if necessary, up to a total of four additional months.

Staff recommends adoption of Resolution No. 36-19 to enable completion of the redevelopment project as-required in the MMBS, LLC lease.

ATTACHMENTS

1. Resolution No. 36-19
2. Amendment #6 to the lease agreement for Lease Site 124-128/124W-128W and 113W

RESOLUTION NO. 36-19

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
CONDITIONALLY AUTHORIZING THE MAYOR TO EXECUTE
DOCUMENTS NECESSARY FOR A NEW LOAN AND ACCEPTING A DEED OF
TRUST RELATED THERETO, AND AN AMENDMENT #6 TO THE LEASE
AGREEMENT FOR LEASE SITE 124-128/124W-128W & 113W
WITH MMBS, LLC, LOCATED AT 1213, 1215 AND 1217
EMBARCADERO ROAD, MORRO BAY**

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

WHEREAS, the City of Morro Bay is the lessor of certain properties on the Morro Bay Waterfront described as City Tidelands leases and properties; and

WHEREAS, through an assignment and assumption agreement, MMBS, LLC (Robert Fowler) has been the lessee of Lease Site 124-128/124W-128W and 113W since 2012 and is a tenant in good standing pursuant to the original lease agreement as previously amended (the "Lease Agreement"); and

WHEREAS, MMBS, LLC is completing overall redevelopment of the site as required in the Lease Agreement consisting of new docks/slips, new buildings, public benefits and associated improvements; and

WHEREAS, Del Toro Loan Servicing, Inc., the entity servicing a loan to MMBS, LLC from three parties in the total amount of \$500,000, is requesting approval of a deed of trust to secure that financing, which will be used by MMBS, LLC to complete the required redevelopment; and

WHEREAS, MMBS, LLC is requesting an extension of the July 1, 2019, deadline to complete the redevelopments by way of an amendment to the Lease Agreement.

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

1. The Mayor is hereby authorized to execute, as necessary, any and all documents, as approved by the City Attorney and Harbor Director, necessary to consummate the loan and deed of trust desired by MMBS, LLC.
2. The Mayor is further authorized to execute Amendment #6 to the Lease Agreement, included with this Resolution.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 28th day of May, 2019 on the following vote:

AYES:
NOES:
ABSENT:

John Headding, Mayor

ATTEST:

Dana Swanson, City Clerk

**AMMENDMENT #6 TO LEASE AGREEMENT FOR
LEASE SITE 124-128/124W-128W AND 113W**

This Amendment #6 is made and entered into as of this ____ day of _____ 2019 by and between the City of Morro Bay a municipal corporation of the State of California (hereinafter "CITY") and MMBS, LLC, a California limited liability company (hereinafter "TENANT") to amend that certain lease agreement for Lease Site 124-128/124W-128W and 113W between City and Tenant dated October 19, 2010 as amended by five subsequent amendments (hereinafter, collectively, the "Lease")

WHEREAS, Tenant is in good standing under the terms and conditions of the Lease; and,

WHEREAS, Tenant has completed all phases of the Second Phase Improvements; and,

WHEREAS, Tenant has commenced construction of the Landside Improvements and is diligently continuing construction; and,

WHEREAS, due to weather delays and other unforeseen delays construction of the improvements will not be completed by July 1st, 2019 as required under the Lease; and,

WHEREAS, City and Tenant have agreed to an extension of time to complete the improvements.

NOW THEREFORE, City and Tenant mutually agree to amend said Lease as follows:

1. The second paragraph of Section 13.02 of the Lease shall be amended in its entirety to read as follows:

"If the previous option is not voided as provided above, then TENANT shall have another option to renew this Lease Agreement for a second additional fifteen (15) years potentially resulting in a fifty year Lease; provided that TENANT completes the Second Phase Improvements in addition to completion of the landside building Improvements on Lease Sites 124-128 and 124W-128W, all as outlined in CUP #OPO-058 by September 1, 2019 (or as may be extended by and at the discretion of the City Manager, but in no case later than December 31, 2019) (the "Third Phase Improvements"). That option shall only be valid if the Third Phase Improvements are completed and final building inspections and a certificate of occupancy, as needed, are obtained by September 1, 2019 (or as may be extended by and at the discretion of the City Manager, but in no case later than December 31, 2019); provided, that the parties understand and agree TENANT is not responsible for completing the pocket park portion of the Third Phase Improvements if CITY exercises the CITY's Option, described below in Section 13.06. The Third Phase Improvements shall be valued at a minimum of \$1,000,000 of actual construction costs (the "3rd Phase Minimum Construction Costs"), and proof of expenses, as evidenced by copies of invoices by the proscribed timeline shall be provided to CITY. Failure to timely complete the Third Phase Improvements and provide invoices evidencing the 3rd Phase Minimum Construction Costs shall be a material default of this section and void the option for TENANT to exercise second fifteen-year extension for completion of the Third Phase Improvements."

2. Except as modified herein all other terms and conditions of the Lease and the amendments to the Lease shall remain unchanged and in full force and effect.

3. The effective date of this Amendment #6 is the date first written above.

IN WITNESS WHEREOF, the parties hereto hereby execute this Amendment.

CITY OF MORRO BAY

TENANT-MMBS, LLC

John Headding, Mayor

Robert J. Fowler, Authorized Member
MMBS, LLC

Scott Collins, City Manager

ATTEST:

Dana Swanson, City Clerk

APPROVED AS TO FORM:

Christopher Neumeyer, City Attorney



AGENDA NO: A-4

MEETING DATE: May 28, 2019

Staff Report

TO: Honorable Mayor & City Council **DATE:** May 21, 2019

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

SUBJECT: Review Water Reclamation Facility (WRF) Capital Project Monthly Update Report

RECOMMENDATION

Council receive WRF Capital Project Monthly Update Report.

DISCUSSION

Provided as Attachment 1 is the Monthly WRF Project Report for April 2019. This report was presented to the Citizens Finance Advisory Committee (CFAC) on May 21, 2019. CFAC had the opportunity to review and provide input at their meeting. Suggestions that improve reporting without creating an undue burden on staff will be incorporated into future reports.

ATTACHMENT

1. City of Morro Bay Water Reclamation Facility Project Monthly Report April 2019 (Draft May 2019)

Prepared By: _____ Dept Review: _____
City Manager Review: ___SC___ City Attorney Review: _____



City of Morro Bay
Water Reclamation Facility Project

MONTHLY REPORT APRIL 2019

DRAFT | May 2019





City of Morro Bay
Water Reclamation Facility Project

MONTHLY REPORT APRIL 2019

DRAFT | May 2019

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

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Section 1

PROJECT OVERVIEW

1.1 General Project Status Update Normal

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. The hydrogeologist (GSI) recently completed the Draft Phase 1 Groundwater Modeling Technical Memorandum (TM). The TM evaluated the impacts of injection and extraction on the nitrate concentration in the groundwater and the basin's susceptibility to seawater intrusion during period of sustained pumping. The Once the final injection location is confirmed, design of the Recycled Water Facilities (i.e., injection wells) can begin. Table 1 below summarizes the accomplishments and challenges experienced during the month of April 2019.

Table 1 Project Accomplishments and Challenges

Project Component	Key accomplishments	Critical Challenges	Actions to Overcome Challenges	Likely Outcomes
General Project	Project identified in the State Water Resources Control Board's (SWRCB's) fundability list for the Clean Water State Revolving Fund (CWSRF) Program in the Draft Intended Use Plan (IUP) for \$105 million			
	Continued development of the Final Environmental Impact Report (EIR) Addendum			
	Continued development of the Coastal Development Permit (CDP) with California Coastal Commission (CCC) staff			
	San Luis Obispo County Board of Supervisors votes to consolidate the CDP			
Water Reclamation Facility	Negotiated seventeen (17) potential change orders (PCOs) for presentation to WRFCAC and City Council			
Conveyance Facilities	Continued development of the 60 Percent Design Submittal			
		Ability to gain access to the Vistra and PG&E properties	Continue coordination with Vistra and PG&E	Without the ability to complete the surveying and geotechnical work, the completion of the 60 Percent Design Deliverable could be delayed
Recycled Water Facilities	Completed the Draft Phase 1 Groundwater Modeling Technical Memorandum (TM)			
		Ability to gain access to the Vistra and PG&E properties	Continue coordination with Vistra and PG&E	Without the ability to complete the pilot injection wells, the completion of the Phase 2 groundwater modeling could be delayed

Section 2

PROJECT COSTS

2.1 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 project 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 2 WRF Project Performance Measures

1	Data	Target	Current	Delta	Status	Ⓞ	Ⓢ	Ⓡ
1: Total Project Costs	Total Project Projected Cost at Completion versus the Baseline Budget (budget as of 3/31/19)	\$125.9 M	\$124.5 M	-1.2%	Ⓞ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.1: WRF Costs	On Site WRF Projected Cost at Completion versus the Baseline Budget (budget as of 3/31/19)	\$77.1 M	\$77.9 M	1.0%	Ⓞ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.2: Conveyance Facilities Costs	Conveyance Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 3/31/19)	\$26.3 M	\$29.5 M	11.8%	Ⓡ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.3: Recycled Water Facilities Costs	Off Site Injection Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 3/31/19)	\$12.1 M	\$5.7 M	-52.9%	Ⓞ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.4: General Project Costs	General Project Projected Cost at Completion versus the Baseline Budget (budget as of 3/31/19)	\$10.5 M	\$11.5 M	9.5%	Ⓢ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
2: Program Manager Earned Value	Ratio of Program Manager Earned Value to Actual Invoiced Cost-to-Date (as of 4/30/19)	1.00	1.06	0.06	Ⓞ	>= 1.00	0.99 to 0.90	< 0.90
3: Conveyance Pipeline Installed	Feet of conveyance pipeline installed (thru 4/30/19)	18,500 LF	0.0 LF	0.0%	Ⓞ	<= 5%	> 5% and <=7.5%	> 7.5%
4: Compliance Date Countdown	Days Remaining to Compliance Date (as of 4/30/19)	1,400 days	926 days	-474 days	Ⓞ	<= 365 days	364 days and 180 days	> -179 days



Section 3

PROJECT COSTS

3.1 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 3 shows the total amount of work currently under contract and provides a summary of current and total charges.

Table 3 WRF Project Overall Budget Status (thru April 2019)

Summary of Total WRF Project Cost	
Original Baseline WRF Project Budget ⁽¹⁾	\$125,938,000
Current WRF Project Budget (as of 3/31/19)	\$124,438,000
Budget Percent Change (Current versus Original)	-1.2%
Total Expenditures for April 2019	\$785,677
Total Expenditures to Date (thru 4/30/19 invoices)	\$9,242,128
Percent of Current WRF Project Budget Expended	7.4%
Summary of Contracted Work	
Total Contracted Amount	\$75,294,895
Percent of Current WRF Project Budget Contracted	60.5%
Total Contracted Amount Expended	\$8,002,288
Percent of Contracted Amount Expended	10.6%
Remaining WRF Project Contracted Amount	\$67,292,607

Notes:

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

3.2 Project Cash Flow

Presented in Figure 1 are the projected and actual expenditures for the Project through April 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.

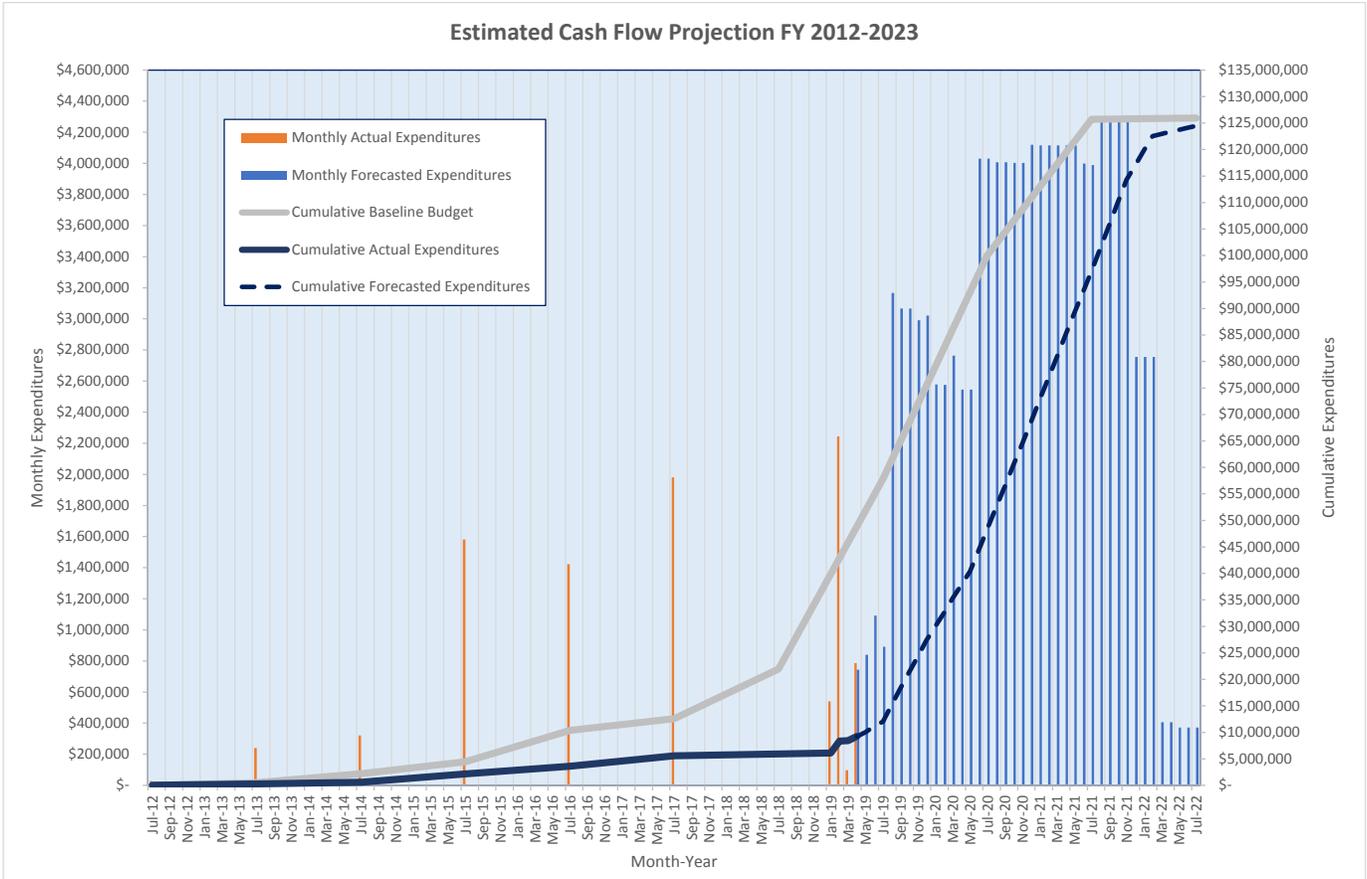


Figure 1 Project Cash Flow Projections and Actual Expenditures

Section 4

PROJECT SCHEDULE

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

4.1 Project Construction Milestones

Presented in Table 4 are the construction milestones for each element of the Project.

Table 4 Project Construction Milestones

Project Name	Start of Construction		End of Construction		Permit Compliance Date	
	Planned	Actual	Planned	Actual	Planned	Actual
WRF	Aug 09, 2019		Jun 09, 2022		Feb 28, 2023	
Conveyance Facilities	May 11, 2020		Nov 19, 2021		NA	NA
Recycled Water Facilities	Jul 21, 2021		Jun 21, 2022		NA	NA



AGENDA NO: A-5

MEETING DATE: May 28, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: May 20, 2019

FROM: Scot Graham, Community Development Director

SUBJECT: Authorization for City of Morro Bay, as Lessor for Morro Dunes Trailer Park and Campground, Inc. located at 1700 Embarcadero, to consent to financing for a new solar carport structure and agree to the terms of a Severance and Consent Agreement so as to secure as collateral for lender the solar carport structure.

RECOMMENDATION

Council authorize City Manager to execute a Severance and Consent Agreement with Rabobank, N.A., Morro Dunes Trailer Park and Campground, Inc. and Cayucos Sanitary District through passage of Resolution No. 37-19.

ALTERNATIVE

Deny request for authorization.

FISCAL IMPACT

The fiscal impact to the City is negligible.

BACKGROUND/DISCUSSION

Morro Dunes Trailer Park and Campground, Inc. ("Morro Dunes RV Park"), located at 1700 Embarcadero ("Property"), received City Council authorization to submit a development proposal for the installation of a carport solar array structure in April 2018. On April 16, 2019, Planning Commission approved Resolution No. 06-19 approving the amendment to the existing CUP/CDP allowing the installation of a Solar Carport Structure. Morro Dunes RV Park is financing the Solar Carport through Rabobank N.A. and Rabobank requires a security interest in the Solar Carport structure for the duration of the term of the financing. The Solar Carport structure will be affixed to the City's Real Property, and as such requires City consent to subordinate its interest in the Solar Carport structure to Rabobank by signing the attached Severance and Consent Agreement. Cayucos Sanitary District, as co-owner and co-lessor of the Property, has agreed to the terms of the Severance and Consent Agreement.



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



CONCLUSION

Staff recommends that City Manager be authorized to sign the Severance and Consent Agreement.

ATTACHMENTS

1. Resolution No. 37-19
2. Severance and Consent Agreement

ATTACHMENT A

RESOLUTION NO. 37-19

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA CONSENTING TO A LESSEE'S FINANCING FOR A SOLAR CARPORT STRUCTURE AND APPROVAL OF THE RELATED SEVERANCE AND CONSENT AGREEMENT REQUIRED BY LESSEE'S LENDER

WHEREAS, the City of Morro Bay ("City") and the Cayucos Sanitary District ("District") are both the Owners of certain property located in the City of Morro Bay at 1700 Embarcadero ("Property"), as well as the Lessors of the Property, under a Lease Agreement with Morro Dunes Trailer Park and Campground, Inc. (Lessee); and

WHEREAS, the City Council provided authorization to Lessee to submit a development proposal to the City for the installation of a Solar Carport structure on the Property; and

WHEREAS, on April 16, 2019, the Planning Commission of the City of Morro Bay adopted Resolution 06-19 to approve MAJ19-002 amending Conditional Use Permit 09-90 and Coastal Development Permit 13-90 to allow installation by Lessee of a Solar Carport structure on the Property; and

WHEREAS, Lessee desires to finance the installation of a Solar Carport structure and the lender, Rabobank N.A., has requested approval of a Severance and Consent Agreement providing that new Solar Carport structure as security for the related loan; and

WHEREAS, the Lease Agreement, renewed on September 22, 2008 for a 10-year term, includes a provision that requires City/District approval for any leasehold mortgages; and

WHEREAS, the District provided authorization on November 15, 2018 to the District Manager to sign a Severance and Consent Agreement, and thereafter the District executed a Severance and Consent Agreement; and

WHEREAS, the City desires to now approve that Severance and Consent Agreement, and authorize the City Manager to sign the same; and

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

SECTION 1. On behalf of the City of Morro Bay, the City Manager is authorized to execute a Severance and Consent Agreement with Morro Dunes Trailer Park and Campground, Inc., Rabobank, N.A., and the Cayucos Sanitary District, attached hereto as Exhibit A and incorporated herein as though set forth in full, concerning the use of a new Solar Carport Structure as security for a loan from Rabobank, N.A. to Morro Dunes Trailer Park and Campground, Inc. to finance the installation of said new Solar Carport Structure.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 28th day of May 2019, on the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

John Headding, Mayor

ATTEST

Dana Swanson, City Clerk

RECORDATION
REQUESTED BY AND
WHEN RECORDED MAIL
TO:

Rabobank, N.A.
P.O. Box 6010
Santa Maria, CA 93456-6010
Attn: Santa Maria Operations, Legal Doc Request

Space above this line for Recorder's Use

Morro Dunes NRLOC to
Term 2018 Solar Line of
Credit: xxx2149-1 Term
Loan: xxx2149-1

SEVERANCE AND CONSENT AGREEMENT

This Agreement is dated December 18, 2018, by and among the CITY OF MORRO BAY, a municipal corporation, and CAYUCOS SANITARY DISTRICT, a political subdivision of the State of California (collectively "Lessor"), MORRO DUNES TRAILER PARK AND CAMPGROUND, INC., a California corporation ("Dunes"), and RABOBANK, N.A., a national banking association ("Lender").

Lender has extended credit to Dunes under the terms and conditions of the Credit Agreement between Dunes and Lender dated as of the date of this Agreement (the "Credit Agreement"). Each capitalized term used in this Agreement that is defined in the Credit Agreement and not defined in this Agreement will have the meaning specified in the Credit Agreement. This Agreement will be interpreted in accordance with the Drafting Conventions.

Lessor has an interest as lessor under a lease in the real property ("Real Property") described on EXHIBIT A attached hereto and incorporated herein by this reference.

Dunes holds a leasehold interest in the Real Property under an unrecorded Commercial Lease with Lessor dated as of September 1, 2008 (the "Lease").

Dunes has, or will execute, a Security Agreement dated as of the date of this Agreement as security for indebtedness owed, or that will be owed, to Lender, where Lender is the Secured Party and Dunes is the Debtor, which covers certain personal property and fixtures, that is or will be located upon the Real Property and is described as follows (referred to herein as "Lender's Collateral"):

(a) all equipment, parts and components necessary for that certain 124kW DC solar photovoltaic energy system (the "Solar Energy System") located on the Real Property;

(b) all fixtures necessary for the Solar Energy System;

(c) all Intellectual Property relating or pertaining to the Solar Energy System (as used in this Agreement, "Intellectual Property" means all trade secrets, computer software, service marks, trademarks, trade names, trade styles, copyrights, patents, applications for any of the foregoing, customer lists, working drawings, instructional

manuals, and rights in processes for technical manufacturing, packaging and labeling, in which Dunes has any right or interest, whether by ownership, license, contract or otherwise);

(d) the Engineering, Procurement and Construction Agreement ("EPC Agreement"), as may be amended, amended and restated, supplemented or otherwise modified from time to time, including (i) all rights of Dunes to receive moneys due and to become due under or pursuant to the EPC Agreement, (ii) all rights of Dunes to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the EPC Agreement, (iii) claims of Dunes for damages arising out of or for breach of or default under the EPC Agreement, and (iv) the right of Dunes to terminate the EPC Agreement, to perform thereunder, and to compel performance and otherwise exercise all remedies thereunder;

(e) the following (the "Account Collateral"): (i) the Designated Account and all funds and Financial Assets (as defined in the UCC) from time to time credited thereto, and all certificates and instruments, if any, from time to time representing or evidencing the Designated Account; (ii) all promissory notes, certificates of deposit, checks and other instruments from time to time delivered or otherwise possessed by the Secured Party for or on behalf of Dunes in substitution for or in addition to any or all of the then existing Account Collateral; and (iii) all interest, dividends, distributions, cash, instruments and other property from time to time received, receivable, or otherwise distributed in respect of or in exchange for any or all of the then existing Account Collateral;

(f) accessions, attachments and other additions to the Lender's Collateral;

(g) substitutes or replacements for any Lender's Collateral, all proceeds, products, rents and profits of any Lender's Collateral, all rights under warranties and insurance contracts covering the Lender's Collateral, and rights under any causes of action relating to any and all of the Lender's Collateral;

(h) books, correspondence, credit files, records, invoices, manuals, service records and programs, other papers and documents, computer records, runs, software, systems, procedures, disks, tapes and other storage media relating to any of the Account Collateral, including any of the foregoing in the possession or control of any service, consultant, or outside vendor (collectively, "Books and Records");

(i) all Permits obtained in connection with the Solar Energy System; and

(j) all Proceeds, products, accessions, rents, profits and other payments now or hereafter due and payable with respect to, and supporting obligations relating to, any and all of the Lender's Collateral, including Proceeds and supporting obligations that constitute property types described herein and, to the extent not otherwise included, all (i) payments under insurance, or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Lender's Collateral and (ii) cash.

Lender, as a condition of making financial accommodations available to Dunes requires that Lessor consent to Lender's removal of Lender's Collateral from the Real Property, no matter how it is affixed, in the event Lessor (or its successors and assigns) take possession of the Real Property or there is a default under the parties' Loan Documents.

NOW, THEREFORE, for good and sufficient consideration, the receipt of which is hereby acknowledged, the undersigned agrees to the following:

1. Estoppel. A true and correct copy of the Lease has been provided to Lender and has not been modified, supplemented or amended in any way. The Lease represents the entire agreement between the parties for the lease of the Real Property. Lessor has no current defenses or offsets against any of Dunes' obligations under the

Lease. The Lease is in full force and effect and there is no event of default under the Lease.

2. Consent to Encumbrance. Lessor consents to Dunes encumbering its leasehold interests in the Real Property established by the Lease with a deed of trust and/or fixture filing for the Solar Energy System to secure its obligations to Lender.

3. Subordination of Interest to Lender's Collateral. Lessor agrees to subordinate any interest they have in Lender's Collateral to Lender's interest in such property. Lessor further agrees not to claim any interest that is superior to Lender's interests and rights in and to Lender's Collateral.

(a) Subordination. To the extent Lessor has or claims an interest or rights in all or any portion of Lender's Collateral, Lessor hereby subordinates its interests or rights in and to such property, to Lender's interests or rights in the property described as Lender's Collateral. This subordination shall continue in effect as to all credit or other financial accommodations extended by Lender to Borrower, together with any interest and other charges on such indebtedness, whether resulting from loans or advances heretofore or hereafter made.

(b) Effectiveness of the Subordinations. Subject to the terms of the Lease and only to the extent of the leasehold interest Dunes possesses, the subordinations, agreement and priorities set forth in this Agreement shall remain in full force and effect, regardless of whether or not any party hereto in the future seeks to rescind, amend, terminate, or reform by litigation or otherwise, their respective agreements with Dunes.

(c) Further Effectiveness of the Subordinations. The subordinations, agreements, and priorities specified herein are applicable as between the parties irrespective of the time or order of attachment or perfection of the security interests or other interests referred to herein, the time or order of filing of financing statements, or the recording of deeds of trust, the acquisition of purchase money or other security interests, or the time of giving or failure to give notice of the acquisition or expected acquisition of purchase money or other security interests.

4. Nature of Lender's Account Collateral. Lender's Account Collateral shall be considered and is intended to be trade fixtures and personal property and shall not be considered part of the Real Property regardless of whether or by what means it is or may become attached to the Real Property.

5. Removal of Lender's Collateral Upon a Default. Lender may, at any time at its option upon an event of default under the Loan Documents or where Lessor (or its successors and assigns) take possession of the Real Property, enter on the Real Property and remove Lender's Collateral, whether it is classified or considered personal property or fixtures, at its sole cost and expense. Lender agrees to make such repairs caused by any such removal to the extent necessary to restore the Real Property to its condition immediately prior to such removal.

(a) Access to Collateral. Subject to the limitations set forth in the preceding paragraph, both Dunes and Lessor agree at any time within 7-days' notice from Lender, they will allow Lender, or its agents or employees, to go on to the Real Property and remove Lender's Collateral to the extent it is located on or attached to the Real Property.

(b) Binding Effect. Lessor acknowledges and agrees the provisions of this paragraph shall be binding upon it and/or any third party who acquires the Real Property.

6. Acknowledgement and Consent by Dunes. Dunes hereby consents to the terms and conditions contained in this Agreement, and agrees to recognize and adhere to all the priorities and other rights granted to Lender and Lessor in this Agreement. Dunes further agrees not to do any act, nor perform any obligation, which is not in accordance with the priorities and agreements set forth herein. Dunes also agrees Lender and Lessor may exchange information regarding Dunes and may advise each other of any breaches or defaults by Dunes or terminations by Lender or Lessor as contained in this Agreement. Dunes further agrees to execute and deliver to Lender and Lessor such additional documents and authorizations as either Lender or Lessor may request or require to carry out the intent and purposes of this Agreement. Without limiting any provision hereof or of any other document, Dunes hereby agrees the terms of this Agreement do not give it any substantive rights against Lender or Lessor, and none of the undersigned shall use a violation of this Agreement by any party as a defense to the enforcement by Lender or Lessor of any of their respective rights or remedies under their agreements with Dunes.

7. Waiver. No failure to exercise and no delay in exercising any right, power, or remedy hereunder shall impair any right, power or remedy which Lessor or Lender may have, nor shall any such delay be construed to be a waiver by such Person of any breach or default under this Agreement or the other Loan Documents; nor shall it be construed as a waiver of any default or breach subsequently occurring. All rights and remedies granted to Lender or Lessor under this Agreement or the Loan Documents shall remain in full force and effect notwithstanding any single or partial exercise of, or any discontinuance of action begun to enforce any such right or remedy. The rights and remedies specified herein are cumulative and not exclusive of each other or of any rights or remedies that a party would otherwise have. Any waiver, permit, consent or approval by a party of any breach or default hereunder must be in writing and shall be effective only to the extent set forth in such writing and only as to that specific instance.

8. Consultations with Professionals. The parties verify they have carefully read this Agreement and have discussed its legal effect with their attorney(s); they have discussed this Agreement's financial effect with their accountant(s); they understand the content of this Agreement and in executing this Agreement, they have not relied on the advice, opinions or statements by Lender's officers, directors, employees, affiliates, subsidiaries, or attorneys; and they sign this Agreement of their own free will and accord. To the extent the parties have not consulted with their own attorney(s) or accountant(s) they acknowledge they were given the opportunity to do so and waived the same of their own free will and accord.

9. Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, if hand delivered, when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown next to the party's signature below. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Lessor agrees to keep Lender informed at all times of its current address. Unless otherwise provided or required by law, if there is more than one party comprising the undersigned, any notice given by Lender to any of the undersigned is deemed to be notice given to all of the undersigned.

10. Event of Default. The breach of any term, provision, warranty or representation under this Agreement, which is not cured within any cure or grace period, if any, will be an "Event of Default" under this Agreement.

11. Binding Effect; Successors and Assigns. This Agreement will inure to the benefit of and be binding upon the parties and their respective successors and assigns.

12. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of that provision in any other jurisdiction; except that if such provision relates to the payment of any monetary sum, then Lender may, at their option declare all Obligations in their favor immediately due and payable.

13. Time is of the Essence. Time is of the essence in the performance of this Agreement.

14. Amendments in Writing. This Agreement may not be amended, changed, modified, altered or terminated without prior written consent of all parties to the Agreement.

15. Governing Law. This Agreement will be governed and interpreted by applying the laws of the State of California (the "Governing Law State") without regard to its conflict of laws principles.

16. Jurisdiction and Venue. THE PARTIES HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE STATE OF CALIFORNIA FOR THE PURPOSES OF ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT TO WHICH IT IS A PARTY OR ANY INSTRUMENT OR DOCUMENT DELIVERED THEREUNDER, WITH VENUE TO BE IN THE SUPERIOR COURT OF CALIFORNIA, SAN LUIS OBISPO COUNTY, CALIFORNIA, OR THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA.

17. Waiver of Jury Trial. THE PARTIES WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF OR IN ANY WAY CONNECTED TO THIS AGREEMENT.

18. Counterpart Execution. This Agreement may be executed in counterparts, each of which will be an original and all of which together are deemed one and the same instrument.

EXHIBIT A
to Severance and Consent Agreement
Legal Description of Real Property
(San Luis Obispo County)

Real property in the City of Morro Bay, County of San Luis Obispo, State of California, described as follows:

That portion of the Speedway lot, in the City of Morro Bay, County of San Luis Obispo, State of California, according to the Map of the Atascadero Beach Tract recorded July 2, 1917, in Book 2, Page 15 of Maps in the office of the County Recorder described as:

Bounded on the East by the center line of C Street;
Bounded on the West by the easterly line of Embarcadero Road;
Bounded on the North by center line of 69th Street;
Bounded on the South by the center line on 79 Street;

as shown on said Tract and Map

APN: 066-331-028 and 940-000-140

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of San Luis Obispo

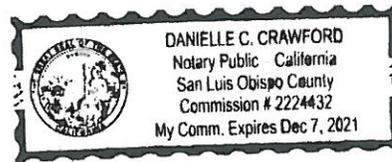
On December 10, 2018 before me, Danielle C. Crawford, Notary Public
(Here insert name and title of the officer)

personally appeared Richard L. Koon, and Robert B. Enns

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



(Notary Seal)

Signature of Notary Public

ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

Severance and Consent Agreement

(Title or description of attached document)

for Morro Dunes Solar Project

(Title or description of attached document continued)

Number of Pages 9 Document Date 12/2018

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
 Corporate Officer

(Title)

- Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear(s) at the time of notarization.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.

Signature of the notary public must match the signature on file with the office of the county clerk.
- Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document using a staple.



AGENDA NO: A-6

MEETING DATE: May 28, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: May 20, 2019

FROM: Eric Endersby, Harbor Director

SUBJECT: Adoption of Resolution No. 40-19 Authorizing the Mayor to Execute Documents Necessary for a New Loan for the Master Lease Agreement at Lease Site 82-85/82W-85W (Doug Redican/725 Embarcadero, LLC, Located at 725 Embarcadero and operating as Rose’s Landing), Including Accepting a Deed of Trust and Memorandum of Lease Related Thereto for Improvements to the Leased Property

RECOMMENDATION

City Council adopt Resolution No. 40-19 authorizing the Mayor to execute documents necessary for a new loan (Loan) regarding the leasehold interest at Lease Site 82-85/82W-85W, for improvements to the leased property subject to approval of the City Attorney and Harbor Director. The Resolution also allows the recordation of a deed of trust and memorandum of lease related to the Loan.

ALTERNATIVES

Council may elect not to approve Resolution No. 40-19 for the proposed Loan.

FISCAL IMPACT

There is no direct fiscal impact to this action.

BACKGROUND

Doug Redican owns Lease Site 82-85/82W-85W by way of a limited liability company, 725 Embarcadero, LLC. In October, 2018, a new Master Lease Agreement was approved for this site, predicated on a significant improvement project being completed that consists of converting the existing upstairs restaurant space into ten transient occupancy hotel rooms, including public and other associated improvements. Mr. Redican is currently in final building plan checks for issuance of his building permits.

DISCUSSION

Mr. Redican requested Council approval of a \$4,000,000 loan with Sesloc Federal Credit Union against the leasehold and improvements for funding to complete the redevelopment. Mr. Redican is a tenant in good standing in all regards who originally completed a total redevelopment of the site as part of the retirement of the then-existing Pipkin lease in the late 1980’s and early 1990’s. Those efforts have created one of the most highly-performing sites on the waterfront. Completion of the hotel room conversion project will result in net increased revenues to the City over time.

CONCLUSION

The Harbor Department Lease Management Policy stipulates the City will not approve financing

Prepared By: EE

Dept Review: EE

City Manager Review: SC

City Attorney Review: JWP

related to the lease site unless such financing is for sole investment upon the lease site or for City-requested improvements. The subject financing is for such improvements. In addition, the City cannot unreasonably withhold approval of such financing, which will generate capital for the completion of the required leasehold redevelopment and public benefits.

Subject to the City Attorney and Harbor Director's approval of the necessary documents, Resolution No. 40-19 will authorize the Mayor to execute those documents, which will allow 725 Embarcadero, LLC to encumber the leasehold with a deed of trust and associated documents as-proposed.

Staff recommends adoption of Resolution No. 40-19 to enable completion of the redevelopment project as-required in the 725 Embarcadero, LLC lease.

ATTACHMENT

1. Resolution No. 40-19

RESOLUTION NO. 40-19

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
CONDITIONALLY AUTHORIZING THE MAYOR TO EXECUTE
DOCUMENTS NECESSARY FOR A NEW LOAN AND ACCEPTING A DEED OF
TRUST RELATED THERETO FOR LEASE SITE 82-85/82W-85W
WITH 725 EMBARCADERO, LLC, LOCATED AT
725 EMBARCADERO ROAD, MORRO BAY**

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

WHEREAS, the City of Morro Bay is the lessor of certain properties on the Morro Bay Waterfront described as City Tidelands leases and properties; and

WHEREAS, 725 Embarcadero, LLC (Doug Redican, hereafter "Tenant") has been the lessee of Lease Site 82-85/82W-85W since 1988 and is a tenant in good standing; and

WHEREAS, Tenant is completing a partial redevelopment of the site as-required in the Lease Agreement consisting of conversion of the existing upstairs restaurant space to ten transient occupancy hotel units, including public benefits and other associated improvements; and

WHEREAS, Tenant wishes to encumber the leasehold interest with a \$4,000,000 loan from Sesloc Federal Credit Union to fund completion of the improvements; and

WHEREAS, the City cannot unreasonably withhold approval of such financing.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, the Mayor is hereby authorized to execute, as necessary, any and all documents, as approved by the City Attorney and Harbor Director, necessary to consummate the loan and deed of trust desired by Tenant.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 28th day of May, 2019 on the following vote:

AYES:
NOES:
ABSENT:

John Headding, Mayor

ATTEST:

Dana Swanson, City Clerk

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AGENDA NO: C-1

MEETING DATE: May 28, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: May 22, 2019

FROM: Scott Collins, City Manager

SUBJECT: Consideration of the Morro Bay Tourism Business Improvement District (TBID) Annual Report and Continuation of the TBID Assessment for Fiscal Year (FY) 2019/20; and Adoption of Resolution No. 41-19 Declaring the Intent to Continue the Program and Levy Assessments for the Fiscal Year 2019/20 and Scheduling a Public Hearing to Levy the Assessments

RECOMMENDATION

Council to approve the Fiscal Year 2019/20 Annual Report for expenditure of funds to be derived from the annual assessment and to continue the 3% TBID Assessment in FY 2019/20.

ALTERNATIVES

1. Revise the draft Annual Report as appropriate.

FISCAL IMPACT

It is estimated a 3% TBID annual assessment for FY 2019-20 will generate \$823,643 in TBID Assessment Revenues to be used to promote tourism in the TBID. Those assessment revenues, along with an estimated City General Fund Contribution of \$60,000 and estimated \$4,000 of advertising revenue would generate revenue sources totaling \$887,643 for FY 2019/20.

TBID staff had placed the General Fund contribution to the TBID into line 6127, Digital Media. Placement of those funds in Digital Media account allows staff to use the General Fund dollars to promote the entire destination, whereas in past years General Fund contributions were placed into marketing individual events.

BACKGROUND/DISCUSSION

The TBID was established in 2009 by the City Council with Ordinance No. 546. The purpose of the TBID, as described in the Morro Bay Municipal Code Chapter 3.60.030, is to help promote tourism in the TBID, the most significant economic driver in the community. The same chapter lists specific authorized uses as follows:

- A. The general promotion of tourism within the district is to include costs as specified in the business plan to be adopted annually;
- B. The marketing of conference, group, and film business that benefits local tourism and the local hotel industry in the district; and
- C. The marketing of the district to the travel industry in order to benefit local tourism and the local hotel industry in the district.

Prepared By: JL

Dept Review: JL

City Manager Review: SC

City Attorney Review: JWP

Annual Report and Annual Assessment Requirements

Section 3.60.060 of the Morro Bay Municipal Code (MBMC) further states all of the assessments imposed pursuant to MBMC chapter 3.60 shall be reviewed by the Morro Bay City Council annually, based upon the annual report prepared by the advisory board appointed pursuant to that chapter and California Streets and Highways Code section 36533. California Streets and Highways Code section 36533, provided as Attachment 2, requires the report include information addressing the following six items:

- (1) Any proposed changes in the boundaries of the parking and business improvement area or in any benefit zones within the area.
- (2) The improvements and activities to be provided for that fiscal year.
- (3) An estimate of the cost of providing the improvements and the activities for that fiscal year.
- (4) The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of assessment to be levied against his or her business for that fiscal year.
- (5) The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- (6) The amount of any contributions to be made from sources other than assessments levied pursuant to this part.

The annual report for the assessment for FY2019/20, which is required by the Parking and Business Improvement Area Law of 1989 (California Streets and Highways Code section 36500 *et seq.*), can be found at Attachment 1.

That is the first step in the annual reaffirmation of the TBID and reauthorization of the 3% assessments, as required by California Streets and Highways Code section 36533. The City Council will review the TBID Advisory Board's submission of the Annual Report at the May 28th City Council meeting. Upon approval of the annual report, the City Council will follow the hearing process as outlined in Section 36535 of the Parking and Business Improvement Area Law of 1989. The public hearing is tentatively set for the first City Council meeting on June 11, 2019. At the June 11, 2019, public hearing, the City Council will hear and consider protests, if any are provided.

TBID FY 2019/20 Proposed Budget

The TBID annual report also references the proposed budget; providing that budgetary information is required by State law (California Streets and Highways Code, section 36533. The FY 2019/20 Tourism budget includes a \$60,000 amount in General Fund support for tourism. TBID staff had placed the General Fund contribution into line 007-3170-6127, Digital Media. Placing the funds there allows for staff to use the General Fund dollars to promote the entire destination, whereas in past years, the General Fund contribution was primarily used to market individual events. The FY 2019/20 budget includes slight increases to salary and benefits, reflective of the previously negotiated cost-of-living adjustments and increased pension and health care expenses.

Other notable budget items include a \$31,394 expense, resulting from a 2% administrative charge for administrative support, as well as for IT related support and expenses. The City does not charge direct overhead support for the City Manager, Finance staff, Human Resources staff or general event support. The 2% administrative charge is based on assessments received and helps to offset this support.

Staffing of the tourism office is one full-time and two part-time staff members. FY 2019/20 plans are for the same staffing levels while budgets and efforts remain at the same levels.

The TBID Advisory Board reviewed the draft annual report and considered the assessment and proposed budget for FY 2019/20 at the May 16, 2019 Board meeting. They recommended City Council approval of the annual report for expenditure of funds derived from the annual assessment and the City Council continue the 3% TBID Assessment in FY 2019/20.

CONCLUSION

The MBTBID assessment is a crucial revenue stream that allows the City to market Morro Bay to tourists. MBMC Chapter 3.60, in accordance with the Parking and Business Improvement Area Law of 1989, outlines the creation of the TBID, the assessment, the assessment review and approval process and the way the funds can be used.

The use of funds is designed to enhance tourism in the community, which should increase overall Transient Occupancy Tax revenues and directly benefit the community's hotels, which will see an increase in overnight stays.

One of the Action Items for the 2019/2020 City Council goals is to work to include Vacation Rentals and Recreational Vehicle Parks into the TBID. The City has engaged a consultant to conduct outreach and engagement with Vacation Rental and Recreational Vehicle Park owners on this issue. That effort will wrap up in the next month or so. The consultant will report findings from her outreach to the TBID Advisory Board no later than September 2019. TBID Advisory Board will review the feedback and provide recommendations to City Council. City Council could consider adding VRs and RVs into the TBID through a mid-year process.

ATTACHMENTS

1. MBTBID DRAFT Advisory Board Annual Report for FY 2019/20
2. California Streets and Highway Code Section 36520-36537
3. Resolution No. 41-19
4. FY 19/20 Draft Budget (Exhibit A to Resolution No. 41-19)

Attachment 1

Morro Bay Business Improvement District Annual Report for FY 2019-20

Presented to the Morro Bay City Council by the Morro Bay Tourism
Business Improvement District Advisory Board

The City of Morro Bay's Tourism Business Improvement District at its regularly scheduled meeting on May 16, 2019, completed its review of the Annual Report as required by Section 3.60.060 of the Morro Bay Municipal Code (MBMC).

Regarding the requirements for the Annual Report, as stated in Section 36533 of the California Streets and Highways Code:

1. The Morro Bay Tourism Business Improvement District (MTBID) Advisory Board did not propose any changes in the Boundaries of the TBID, which were established in MBMC section 3.60.040 to be the boundaries of the City of Morro Bay.
2. The improvements and activities to be provided for in Fiscal Year FY 2019/20 are those services and activities permitted under Section 3.60.030 of the MBMC, which include:
 - A. The general promotion of tourism within the district to include costs as specified in the business plan to be adopted annually; and
 - B. Implementation of the strategic plan; and
 - C. Marketing of Foreign Independent Travelers (FIT), conference, group, and film business that benefits local tourism and the local hotel industry in the district; and
 - D. The marketing of the district to the travel industry in order to benefit local tourism and the local hotel industry in the district

GOALS & OBJECTIVES for FY 2019/20

1. Continue to implement the Tourism Strategic Plan, adopted by City Council in 2019.
2. Increase overall occupancy & hotel/motel revenues, especially during midweek and shoulder season through our new destination assets such as the website and implementation of the strategic plan and new branding.
3. Midweek – be more aggressive through digital media to increase stays plus grow mid-week stays through FIT and group longer stays.
4. Extend the number of average hotel/motel room nights beyond the current level of 1.8 (this is an increase from 2018/19 at 1.5).
5. Help incrementally increase the hotel/motel Average Daily Rate (ADR) through the promotion and elevation of the destination.

6. Bring exposure to Morro Bay as a viable domestic and international destination for individuals and groups which will increase longer stays.
 7. Assist with the development and growth of athletic competitions and events that attract overnight guest and that fit in our strategic plan model.
 8. Create opportunities to positively impact sales tax businesses & drive economic development in the City of Morro Bay such as new or upgrade of hotel stock, grow the quality of events to entice a higher level of visitor.
 9. Positively impact transient occupancy tax (TOT) for the City of Morro Bay.
3. An estimate of the cost of providing the improvements and the activities for that fiscal year (as described below with the FY 2019/20 Proposed Budget).

FY 2019-20 Proposed Budget - Attached

Sources: The FY 2019-20 projected actual sources include total sources of \$887,643, made up of \$823,643 from TBID assessment revenues, \$60,000 from the City's General Fund and \$4,000 from advertising revenue.

Uses: The FY 2019/20 projected actual expenditures are \$887,643, netting no change to the fund balance.

The attached budget shows FY 2019/20 revised budget, projected actuals, and the variance of the projected actuals compared to the revised budget.

4. No change in the TBID method or basis of levying the assessment was proposed for FY 2019/20. More specifically, the TBID Advisory Board approved a motion to recommend that the 3% Assessment be continued in FY 2019/20.
5. The TBID budget for FY 2018/19 is projected to include \$ -0- surplus left over for carryover into FY 2019/20.
6. The TBID FY 2019/20 Budget also includes revenues of \$60,000 from the City's General Fund and \$4,000 from advertising revenue.

ATTACHMENT 2:

California Streets and Highway Code Section 36520-36537

36520. A parking and business improvement area may be established as provided in this chapter.

36521. The city council may establish an area on its own initiative.

36521.5. A county may not form an area within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form an area within the unincorporated territory of a county, without the consent of the board of supervisors of that county. A city may not form an area within the territorial jurisdiction of another city without the consent of the city council of the other city.

36522. Proceedings to establish a parking and business improvement area shall be instituted by the adoption by the city council of a resolution of intention to establish the area. The resolution of intention shall do all of the following:

(a) State that a parking and business improvement area is proposed to be established pursuant to this chapter and describe the boundaries of the territory proposed to be included in the area and the boundaries of each separate benefit zone to be established within the area. The boundaries of the area may be described by reference to a map on file in the office of the clerk, showing the proposed area.

(b) State the name of the proposed area.

(c) State the type or types of improvements and activities proposed to be funded by the levy of assessments on businesses in the area. The resolution of intention shall specify any improvements to be acquired.

(d) State that, except where funds are otherwise available, an assessment will be levied annually to pay for all improvements and activities within the area.

(e) State the proposed method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business.

(f) State whether new businesses will be exempt from the levy of the assessment, pursuant to Section 36531.

(g) Fix a time and place for a public hearing on the establishment of the parking and business improvement area and the levy of assessments, which shall be consistent with the requirements of Section 54954.6 of the Government Code.

(h) State that at the hearing the testimony of all interested persons for or against the establishment of the area, the extent of the area, or the furnishing of specified types of improvements or activities will be heard.

(i) Describe, in summary, the effect of protests made by business owners against the establishment of the area, the extent of the area, and the furnishing of a specified type of improvement or activity, as provided in Section 36524.

36523. Notice of a public hearing held under Section 36524, 36541, 36542, or 36550 shall be given by both of the following:

(a) Publishing the resolution of intention in a newspaper of general circulation in the city once, for at least seven days before the public hearing.

(b) Mailing of a complete copy of the resolution of intention by first-class mail to each business owner in the area within seven days of the city council's adoption of the resolution of intention.

(c) Notwithstanding subdivision (b), in the case of an area established primarily to promote tourism, a copy of the resolution of intention shall be mailed by first-class mail within seven days of the city council's adoption of the resolution of intention, to the owner of each business in the area which will be subject to assessment.

36523.5. Notwithstanding Section 36523, prior to adopting any new or increased assessment, the city council shall give notice pursuant to Section 54954.6 of the Government Code in lieu of publishing notice pursuant to subdivision (a) of Section 36523.

36524. (a) At the public hearing, the city council shall hear and consider all protests against the establishment of the area, the extent of the area, or the furnishing of specified types of improvements or activities within the area. A protest may be made orally or in writing by any interested person. Any protest pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularity or defect to which the objection is made.

(b) Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest and at the public hearing may correct minor defects in the proceedings. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing.

(c) Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown

on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business. A written protest which does not comply with this section shall not be counted in determining a majority protest.

36525. (a) If written protests are received from the owners of businesses in the proposed area which will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than that 50 percent, no further proceedings to create the specified parking and business improvement area or to levy the proposed assessment, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(b) If the majority protest is only against the furnishing of a specified type or types of improvement or activity within the area, those types of improvements or activities shall be eliminated.

36526. (a) At the conclusion of the public hearing to establish the area, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements and activities to be funded with the revenues from the assessments.

(b) At the public hearing, the city council may only make changes in, to, or from, the boundaries of the proposed parking and business improvement area that will exclude territory which will not benefit from the proposed improvements or activities. However, proposed assessments may only be revised by reducing any or all of them.

(c) The city council shall not change the boundaries of the area to include any territory that will not, in its judgment, benefit by the improvement or activity. Any addition of territory to the proposed boundaries of the area may be made only upon notice to the owners of the businesses proposed to be added to the area, as provided in Section 36523, and upon a public hearing on the addition of territory, as provided in Section 36524.

36527. If the city council, following the public hearing, decides to establish the proposed parking and business improvement area, it shall adopt an ordinance to that effect. The ordinance shall contain all of the following:

(a) The number, date of adoption, and title of the resolution of intention.

(b) The time and place where the public hearing was held concerning the establishment of the area.

(c) A determination regarding any protests received at the public hearing.

(d) The description of the boundaries of the area and of each separate benefit zone established within the area.

(e) A statement that a parking and business improvement area has been established and the name of the area.

(f) A statement that the businesses in the area established by the ordinance shall be subject to any amendments to this part.

(g) The description of the method and basis of levying the assessments, with a breakdown by classification of businesses if a classification is used.

(h) A statement that the improvements and activities to be provided in the area will be funded by the levy of the assessments. The revenue from the levy of assessments within an area shall not be used to provide improvements or activities outside the area or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the area.

(i) A finding that the businesses and the property within the business and improvement area will be benefited by the improvements and activities funded by the assessments proposed to be levied. In the case of an area formed to promote tourism, only businesses that benefit from tourist visits may be assessed.

(j) The time and manner of collecting the assessments.

36528. The city council may establish one or more separate benefit zones within the area based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone.

36529. All provisions of this part applicable to the establishment, modification, or disestablishment of a parking and business improvement area apply to the establishment, modification, or disestablishment of benefit zones. The city council shall, to establish, modify, or disestablish a benefit zone, follow the procedure to establish, modify, or disestablish a parking and business improvement area.

36530. The city council shall appoint an advisory board which shall make a recommendation to the city council on the expenditure of revenues derived from the levy of assessments pursuant to this part, on the classification of businesses, as applicable, and on the method and basis of levying the assessments. The city council may designate existing advisory boards or commissions to serve as the advisory board for the area or may create a new advisory board for that purpose. The city council may limit membership of the advisory board to persons paying the assessments under this part. The city council may appoint the advisory board prior to adoption of the resolution of intention to create the area, so that the advisory board may recommend the provisions of the resolution of intention.

36531. The city council may exempt a business recently established in the area from the levy of the assessments, for a period not to exceed one year from the date the business commenced operating in the area. The city council shall state its determination to so exempt new businesses in the resolution of intention to establish the area and shall reaffirm its determination annually in the resolution of intention required to be adopted pursuant to Section 36534.

36532. The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the ordinance establishing the area.

36533. (a) The advisory board shall cause to be prepared a report for each fiscal year for which assessments are to be levied and collected to pay the costs of the improvements and activities described in the report. The report may propose changes, including, but not limited to, the boundaries of the parking and business improvement area or any benefit zones within the area, the basis and method of levying the assessments, and any changes in the classification of businesses, if a classification is used.

(b) The report shall be filed with the clerk and shall refer to the parking and business improvement area by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following:

(1) Any proposed changes in the boundaries of the parking and business improvement area or in any benefit zones within the area.

(2) The improvements and activities to be provided for that fiscal year.

(3) An estimate of the cost of providing the improvements and the activities for that fiscal year.

(4) The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year.

(5) The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

(6) The amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the advisory board or may modify any particular contained in the report and approve it as modified. The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments.

36534. (a) After the approval of the report, the city council shall adopt a resolution of intention to levy an annual assessment for that fiscal year. The resolution of intention shall do all of the following:

(1) Declare the intention of the city council to change the boundaries of the parking and business improvement area, or in any benefit zone within the area, if the report filed pursuant to Section 36533 proposes a change.

(2) Declare the intention of the city council to levy and collect assessments within the parking and business improvement area for the fiscal year stated in the resolution.

(3) Generally describe the proposed improvements and activities authorized by the ordinance enacted pursuant to Section 36527 and any substantial changes proposed to be made to the improvements and activities.

(4) Refer to the parking and business improvement area by name and indicate the location of the area.

(5) Refer to the report on file with the clerk for a full and detailed description of the improvements and activities to be provided for that fiscal year, the boundaries of the area and any benefit zones within the area, and the proposed assessments to be levied upon the businesses within the area for that fiscal year.

(6) Fix a time and place for a public hearing to be held by the city council on the levy of the proposed assessment for that fiscal year. The public hearing shall be held not less than 10 days after the adoption of the resolution of intention.

(7) State that at the public hearing written and oral protests may be made. The form and manner of protests shall comply with Sections 36524 and 36525.

(b) The clerk shall give notice of the public hearing by causing the resolution of intention to be published once in a newspaper of general circulation in the city not less than seven days before the public hearing.

36535. (a) The city council shall hold the public hearing at the time and in the place specified in the resolution of intention. The public hearing shall be conducted as provided in Sections 36524 and 36525. The city council may continue the public hearing from time to time.

(b) During the course or upon the conclusion of the public hearing, the city council may order changes in any of the matters provided in the report, including changes in the proposed assessments, the proposed improvements and activities to be funded with the revenues derived from the levy of the assessments, and the proposed boundaries of the area and any benefit zones within the area. The city council shall not change the boundaries to include any territory that will not, in its judgment, benefit by the improvement or activity.

(c) At the conclusion of the public hearing, the city council may adopt a resolution confirming the report as originally filed or as changed by it. The adoption of the resolution shall constitute the levy of an assessment for the fiscal year referred to in the report.

(d) Notwithstanding subdivision (c), if the primary purpose of the area is promotion of tourism, the city council may adopt a resolution confirming the report as submitted by the advisory board, or may adopt a resolution continuing the program and assessments as levied in the then current year without change, and that resolution shall constitute the levy of an assessment for the fiscal year referred to in the report. As an alternative, the city council may modify the report and adopt a resolution confirming the report as modified, but in that case the city council may adopt the resolution only after providing notice of the proposed changes as specified in Section 36523 and only after conducting a public hearing on the resolution as provided in Sections 36524 and 36525.

36536. The assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses and property within the parking and business improvement area. The city council may classify businesses for purposes of determining the benefit to a business of the improvements and activities provided pursuant to this part.

36537. The validity of an assessment levied under this part shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36535. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

RESOLUTION NO. 41-19

**RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MORRO BAY, CALIFORNIA,
DECLARING THE INTENTION TO CONTINUE THE PROGRAM AND LEVY
ASSESSMENTS FOR THE 2019/20 FISCAL YEAR FOR THE
MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT (MBTBID);
AND SETTING A DATE FOR A PUBLIC HEARING TO RECEIVE
PROTESTS TO THAT ASSESSMENT**

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

WHEREAS, the Parking and Business Improvement Area Law of 1989, section 36500 *et seq.*, of the California Streets and Highway Code, authorizes cities to establish and review business improvement areas for the purpose of promoting tourism; and

WHEREAS, on April 13, 2009, City Council held a public hearing for the introduction and first reading of Ordinance 546 amending the Morro Bay Municipal Code (MBMC) to add a new Chapter 3.60 to establish the Morro Bay Tourism Business Improvement District ("MBTBID"), and adopted Ordinance 546 at its April 27, 2009 meeting, which set the MBTBID assessments at 3% from June 1, 2009 to May 31, 2010, and 2% from June 1, 2010 and thereafter; and

WHEREAS, on June 1, 2010, the MBTBID assessments returned to the 2% level, as established by Ordinance 546; and

WHEREAS, on September 13, 2010, the City Council held a public hearing and first reading of Ordinance 562 to amend MBMC section 3.60.050, changing the assessment percentage to 3%, and adopted Ordinance 562 at its September 27, 2010, meeting; and

WHEREAS, on May 16, 2019, at a duly noticed public meeting, the MBTBID advisory board, formed pursuant to MBMC, section 3.60.100, recommended the renewal of the MBTBID for Fiscal Year (FY) 2019-20 to continue its activities, and the City Council has approved that renewal for the past eight years; and

WHEREAS, all other findings of Ordinances 546 and 562 remain unchanged; and

WHEREAS, on May 28, 2019, City Council conducted a public meeting where staff presented the annual assessment report, which provides a full and detailed description of the activities to be provided during the FY 2019-20, as provided in the proposed budget for that Fiscal Year, which are attached to this Resolution as Exhibit A and available for review in the City Clerk's office; and

WHEREAS, the budget generally describes the funded activities to be marketed, which attract and extend overnight stays in Morro Bay hotels, and are consistent with the authorized uses for the assessment revenue set forth in MBMC, section 3.60.030; and

WHEREAS, it is the intention of the City Council to levy and collect 3% assessments from the hoteliers within the TBID for the FY 2019-20; and

WHEREAS, at the public meeting held on May 28, 2019, City Council additionally set

the public hearing, for the intent to levy the MBTBID assessment for Fiscal Year 2019/20, to be held at the Morro Bay Veterans Memorial Hall located at 209 Surf Street, Morro Bay, California, in accordance with the California Streets and Highway Code, sections 36534 and 36535.

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

1. The above recitations are true and correct, and incorporated herein by reference.
2. The City Council approves the attached Annual Assessment Report and declares its intention to renew the Morro Bay Tourism Business Improvement District for the 2019/20 Fiscal Year, and to levy and collect 3% assessments from hoteliers calculated in the manner set forth in MBMC, section 3.60.050.
3. The City Council sets the date of the public hearing to adopt a Resolution to reaffirm the MBTBID, and levy and collect the 3% assessments from hoteliers as Tuesday, June 11, 2019. Before or at this public hearing written protests to the continuation of the MBTBID and the levy of the assessment may be made, consistent with the requirements of Streets & Highways Code, sections 36524 and 36525 and MBMC, section 3.60.060.

PASSED AND ADOPTED by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 28th day of May 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JOHN HEADDING, Mayor

DANA SWANSON, City Clerk

City of Morro Bay

FY 19-20 Budget Worksheet

G/L Account Number	Account Description	2019 Amended Budget	2020 Level 1	Level 1 Comments
Fund: 007 - MBT-BID				
REVENUES				
Department: 3170 - Promotion & Advertising				
<i>350-Rev Cursvc - Revenues From Current Services</i>				
007-3170 3400	Advertising - Guides and Magazines	4,000.0000	4,000.0000	Income from Ad sales
<i>Account Classification Total: 350-Rev Cursvc - Revenues From Current Services</i>		\$4,000.00	\$4,000.00	
<i>390-Misc Rev - Miscellaneous Revenues</i>				
007-3170 3990	Other Misc Revenues	32,000.0000		
<i>Account Classification Total: 390-Misc Rev - Miscellaneous Revenues</i>		\$32,000.00	\$0.00	
Department Total: 3170 - Promotion & Advertising		\$36,000.00	\$4,000.00	
Department: 3510 - Accounting & Treasury				
<i>300-Rev Taxes - Revenues From Taxes</i>				
007-3510 3064	Transient Occupancy Tax	836,135.0000	823,643.9400	
<i>Account Classification Total: 300-Rev Taxes - Revenues From Taxes</i>		\$836,135.00	\$823,643.94	
Department Total: 3510 - Accounting & Treasury		\$836,135.00	\$823,643.94	
Department: 7710 - Interfund Transactions				
<i>100-Interfund - Interfund Transfers</i>				
007-7710 3801	Transfers In	154,000.0000	60,000.0000	
<i>Account Classification Total: 100-Interfund - Interfund Transfers</i>		\$154,000.00	\$60,000.00	
<i>380-Interfund - Interfund Revenue Transfers</i>				
007-7710 3802	Intrafund Revenue Trans.	65,000.0000		
<i>Account Classification Total: 380-Interfund - Interfund Revenue Transfers</i>		\$65,000.00	\$0.00	
Department Total: 7710 - Interfund Transactions		\$219,000.00	\$60,000.00	
REVENUES Total		\$1,091,135.00	\$887,643.94	
EXPENSES				
Department: 1111 - Undistributed/Non-Dept.				
<i>110-Other - Other Expense</i>				
007-1111 8710	Loss on Investment	0.0000		
<i>Account Classification Total: 110-Other - Other Expense</i>		\$0.00	\$0.00	

G/L Account Number	Account Description	2019 Amended Budget	2020 Level 1	Level 1 Comments
Department Total: 1111 - Undistributed/Non-Dept.		\$0.00	\$0.00	
Department: 3170 - Promotion & Advertising				
<i>10-Personnel - Personnel Services</i>				
007-3170 4110	Regular Pay	91,749.0000	95,451.0000	
007-3170 4310	Part-Time Pay	55,027.0000	69,136.6000	
007-3170 4599	Other Pay	5,000.0000	1,500.0000	
007-3170 4910	Employer Paid Benefits	22,112.8600	27,413.5823	
007-3170 4911	Pension Normal Cost	6,098.1400	6,667.2524	
007-3170 4912	PERS Unfunded Accrued Liability	15,827.0000	18,918.3882	
<i>Account Classification Total: 10-Personnel - Personnel Services</i>		\$195,814.00	\$219,086.82	
<i>60-Supplies - Supplies</i>				
007-3170 5108	Communication Supplies	0.0000		
007-3170 5201	Other Expense	0.0000		
007-3170 5301	General Office Supplies	3,500.0000	3,000.0000	
007-3170 5305	Forms Printing	2,000.0000	500.0000	
<i>Account Classification Total: 60-Supplies - Supplies</i>		\$5,500.00	\$3,500.00	
<i>70-Services - Services</i>				
007-3170 6105	Consulting Services	15,000.0000	14,100.0000	SEO contract \$550/mo, Freelance Design 7500
007-3170 6106	Contractual Services	230,000.0000	165,000.0000	Mental Mktg
007-3170 6107	Promotion & Advertising	8,000.0000	12,000.0000	Printing of Visitors Guides
007-3170 6108	Marketing Consulting	29,000.0000		
007-3170 6112	TV Ads - Other Region	0.0000	0.0000	
007-3170 6113	Print Ads - So. Region	0.0000	4,500.0000	
007-3170 6114	Community Event Support	100,000.0000	50,000.0000	Grants at TBID \$
007-3170 6116	Print Ads - Other Regions	0.0000	0.0000	
007-3170 6118	Promotion - Media	18,000.0000	8,000.0000	2 passports 5k, Calendars
007-3170 6119	Promotion - Other	15,000.0000	13,200.0000	Oct Wine Promo, utility bill inserts, banners, promo materials, bags, canopy, July free trolley, MidStateFair misc
007-3170 6120	Trade Shows - Space Rent	4,000.0000	7,600.0000	GoWest 2600, IPW 5000
007-3170 6121	Trade Shows - Trans.	1,500.0000	500.0000	

FY 19-20 Budget Worksheet

G/L Account Number	Account Description	2019 Amended Budget	2020 Level 1	Level 1 Comments
007-3170 6124	Advertising Sponsorships	15,000.0000	22,000.0000	Co-op's with VCA, SLOCAL, CCTC
007-3170 6125	Professional Development	1,500.0000	500.0000	
007-3170 6127	Digital Media	270,000.0000	279,000.0000	Digital media buy & social media buy (60k GF)
007-3170 6128	Out of Home Media	13,000.0000	6,600.0000	Highway 1 outdoor (\$550/mo \$6600)
007-3170 6129	Digital Services	40,000.0000	45,000.0000	Constant Contact 225/mo, google 30/mo, simpleview 2190/mo, jackrabbit 1200/mo 7 misc: dronbox surflin surveymonkey etc
007-3170 6130	Digital Assets	15,000.0000	0.0000	Still photos & Video production
007-3170 6132	Promotion - Visiting Journalist	25,000.0000	15,000.0000	estimate 1000/per journalist
007-3170 6199	Other Professional Services	2,000.0000	500.0000	hold
007-3170 6201	Telephone	0.0000		
007-3170 6220	Postage	4,000.0000	700.0000	
007-3170 6300	Utilities	0.0000		
007-3170 6308	Internet/Cable TV	0.0000	2,000.0000	Charter, OMMO, cell
007-3170 6451	Workers Comp Insurance	1,191.0000	1,200.0000	
007-3170 6461	Unemployment Insurance	814.0000	900.0000	
007-3170 6510	Meetings & Conferences	2,500.0000	2,000.0000	CCTC meetings, grant committee meetings, annual hotel mtg, SLOCAL symposium, VCA
007-3170 6511	Mileage Reimbursement	500.0000	500.0000	
007-3170 6513	Meals & Lodging	4,500.0000	4,500.0000	For travel trade shows
007-3170 6514	Travel Expense	2,000.0000	2,000.0000	Flights, car, etc
007-3170 6519	Association Membership	1,500.0000	1,500.0000	BAW, CCTC, CalTravel, DMAWest
<i>Account Classification Total: 70-Services - Services</i>		\$819,005.00	\$658,800.00	
Department Total: 3170 - Promotion & Advertising		\$1,020,319.00	\$881,386.82	
Department: 7710 - Interfund Transactions				
<i>100-Interfund - Interfund Transfers</i>				
007-7710 8410	Intrafund Expense Trans.	21,653.0000		
007-7710 8501	Transfers Out	293,684.0000		
<i>Account Classification Total: 100-Interfund - Interfund Transfers</i>		\$315,337.00	\$0.00	
Department Total: 7710 - Interfund Transactions		\$315,337.00	\$0.00	
EXPENSES Total		\$1,335,656.00	\$881,386.82	

FY 19-20 Budget Worksheet

G/L Account Number	Account Description	2019 Amended Budget	2020 Level 1 Level 1 Comments
Fund REVENUE	Total: 007 - MBT-BID	\$1,091,135.00	\$887,643.94
Fund EXPENSE	Total: 007 - MBT-BID	\$1,335,656.00	\$881,386.82
	Fund Total: 007 - MBT-BID	(\$244,521.00)	\$6,257.12
	REVENUE GRAND Totals:	\$1,094,135.00	\$840,135.00
	EXPENSE GRAND Totals:	\$1,335,656.00	\$0.00
	Grand Totals:	(\$241,521.00)	\$840,135.00



AGENDA NO: C-2

MEETING DATE: May 28, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: May 21, 2019

FROM: Scott Collins, City Manager

SUBJECT: One-year Partnership Agreement with Project Surf Camp

RECOMMENDATION

City Council authorize the City Manager to execute a one-year Partnership Agreement with Project Surf Camp (PSC), in a form approved by the City Attorney.

ALTERNATIVES

Council could elect to not authorize the City Manager to execute an agreement.

FISCAL IMPACT

There is a fiscal impact related to approval of the recommendation, in the form of reduced fees received by the City by entering an agreement with PSC. Under the existing Partnership Agreement which terminates on June 30, 2019, the City has waived park and open space rental fees for the 5-week camp, totaling ~ \$11,100/year. In addition, the City has allowed the Camp to place a storage container and trailer on the Morro Creek property, totaling ~\$2,300/year in waived storage costs.

BACKGROUND

Project Surf Camp (PSC) was formed in Fall 2007 and the City began partnering with the organization in Fiscal Year 2011/12. The City supported the organization by waiving park fees and storage fees of a container and trailer. The City formally recognized that support by entering into a two-year Partnership Agreement with PSC beginning on July 1, 2017. The City Council adopted the Partnership Agreement policy in 2016 (see attached policy) to formalize these types of arrangements.

Project Surf Camp is a local 501c non-profit designed to educate individuals with special needs. Project Surf Camp focusses on providing opportunities for special needs individuals to enjoy the ocean and learn how to surf in a safe and inclusive environment, with the benefit of building their confidence, resiliency and self-esteem.

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

Volunteers average about 20 per camp and staff size averages about 12. Total volunteers who came out last year to help PSC were approximately 450, which drew from 33 communities and five

Prepared By: SC

Dept Review: SC

City Manager Review: SC

City Attorney Review: CFN

different states. The price this year per camper is \$70. The \$70/participant fee recovers about 25% of the total costs to conduct the camp. PSC makes up the difference through fundraisers and donations. A unique quality of PSC is that it is open to siblings or other family members. Most existing organizations similar to PSC don't cater to the families. PSC strives to provide a family leisure activity that all members of the family can participate in.

DISCUSSION

Partnership Agreement Request and Components

Project Surf Camp has requested an extension of the Partnership Agreement with the City, which ends on June 30, 2019. PSC is requesting the following services by the City, which mirror what the City has provided PSC over the two-year agreement:

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

For the 5-week camp schedule, the park and open space rental fees would amount to \$11,128 per year. PSC uses two sites for each camp session, Coleman Park – basketball courts and a section of Morro Rock Beach.

Days	Morro Rock Beach	Coleman Park
26	\$161/day	\$267/day
Park Fees	\$4,186.00	\$6,942.00
Total Park Fees	\$11,128.00	

The City currently charges \$3.23 per day (monthly rate/30) for dry storage space (9x20) at the Morro Creek property (*photo below*). The City currently allows PSC to store two containers at these locations for ease and accessibility for the organization and campers. The charge for two spaces per day is \$6.46, and the annual cost is demonstrated below in the table.

Morro Creek Storage	
Rates	2 Storage Containers
Daily	\$6.46
Monthly	\$194.00
Yearly	\$2,328.00



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

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

Without the agreement, and waived fees noted above, PSC would have to significantly increase the fee it charges participants and/or seek additional community donations to recover those costs.

Partnership Agreement Duration

City staff recommends approval of a one-year Partnership Agreement with PSC, from July 1, 2019 through June 30, 2020, which incorporates the specific benefits listed above. That will allow Project Surf Camp to gain the same benefits provided by the City over the past few years, while the City undergoes a review and possible revision of the Partnership Policy for after June 30, 2020.

Presently, the City is going through a fee study review and restructuring process. Council will review and discuss preliminarily fee study findings at its June 11, 2019 regular meeting. Further fee study this year includes review of fee subsidies and incentives policies, such as the Partnership Policy/Agreement framework and policy. It is anticipated Council decisions about those policies and the overall fee rates will be set in September/October 2019. In order to attain consistency in application of the agreements moving forward, anticipating changes to occur on the policy within the year, City staff recommends that this specific Partnership Agreement only be extended for one year through June 30, 2020.

CONCLUSION

The PSC is seeking an extension of the Partnership Agreement with the City of Morro Bay. The Partnership Agreement allows the PSC to provide services to special needs individuals at a reduced cost to participants. The City is going through a review of its fees and related policies this year, to include the Partnership Agreement Policy. Thus, it is recommended that it be a one-year agreement, so as to retain consistency and fairness with other organization in future years.

ATTACHMENTS

1. Draft Partnership Agreement with Project Surf Camp
2. Partnership Policy Guidelines

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

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

1. TERM

This Agreement shall commence on July 1, 2019 and shall remain and continue in effect until tasks described herein are completed, but in no event later than June 30, 2020, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

Surf Camp shall:

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

3. CITY SERVICES

City shall:

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

4. PERFORMANCE

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

5. CITY MANAGEMENT

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

6. USE OF CITY OPEN SPACE

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

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

7. DEFAULT OF SURF CAMP

- a. Surf Camp's failure to comply with any of the provisions of this Agreement shall constitute a default. City can terminate this Agreement by written notice to Surf Camp, as provided in subsection b., below, in the event Surf Camp is in default. If such failure by Surf Camp to make progress in the performance for work hereunder arises out of causes beyond Surf Camp's control, and without fault or negligence of Surf Camp, then it shall not be considered a default.
- b. If the City Manager or his/her designee determines Surf Camp is in default in the

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

8. DEFAULT OF CITY

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

9. RECORD KEEPING

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

10. INDEPENDENT CONTRACTOR

- a. Surf Camp is and shall at all times remain as to City wholly independent. The personnel performing the services under this Agreement on behalf of Surf Camp shall at all times be under Surf Camp's exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Surf Camp or any of Surf Camp's officers, employees, or agents, except as set forth in this Agreement. Surf Camp shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of City. Surf Camp shall not incur or have the power to incur any debt, obligation, or

liability whatever against City, or bind City in any manner.

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

11. NOTICES

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

For City of Morro Bay:

Scott Collins
City Manager
595 Harbor Street
Morro Bay, CA 93442

For Project Surf Camp, Inc.

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

12. ASSIGNMENT

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

13. LICENSES

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

14. GOVERNING LAW

City and Surf Camp understand and agree the laws of the State of California shall govern

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

15. ENTIRE AGREEMENT

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

16. AUTHORITY TO EXECUTE THIS AGREEMENT

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

17. INTERPRETATION

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

18. INDEMNIFICATION

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

19. INSURANCE COVERAGE

Surf Camp shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement, including any extension thereof, the following policies of insurance, which shall cover all elected and appointed officers,

employees and agents of City (through naming them as additional insureds on the policy listed in a., below):

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

20. GENERAL INSURANCE REQUIREMENTS

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

21. COUNTERPARTS

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

22. SEVERABILITY

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

23. NON-LIABILITY OF CITY OFFICERS AND EMPLOYEES.

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

City of Morro Bay
a municipal corporation

Project Surf Camp

By: _____
Scott Collins, City Manager

By: _____

Its _____

By: _____

Its _____

ATTEST:

Dana Swanson, City Clerk

APPROVED AS TO FORM

Christopher Neumeyer, City Attorney

Schedule

Day	Date	Time	Type	Exclusive Camps
Thursday	June 13, 2019	9:00am - 1:00pm	Surf Camp	served for PSC Summer Learning Institute Participants
Friday	July 5, 2019	9:00am - 1:00pm	Surf Camp	
Saturday	July 6, 2019	9:00am - 1:00pm	Surf Camp	
Wednesday	July 10, 2019	1:30pm - 5:30pm	SUP Camp	
Thursday	July 11, 2019	1:30pm - 5:30pm	SUP Camp	
Friday	July 12, 2019	9:00am - 1:00pm	Surf Camp	
Saturday	July 13, 2019	9:00am - 1:00pm	Surf Camp	
Wednesday	July 17, 2019	1:30pm - 5:30pm	SUP Camp	
Thursday	July 18, 2019	1:30pm - 5:30pm	SUP Camp	
Friday	July 19, 2019	9:00am - 1:00pm	Surf Camp	
Saturday	July 20, 2019	9:00am - 1:00pm	Surf Camp	
Wednesday	July 24, 2019	1:30pm - 5:30pm	SUP Camp	
Thursday	July 25, 2019	1:30pm - 5:30pm	SUP Camp	
Friday	July 26, 2019	9:00am - 1:00pm	Surf Camp	
Saturday	July 27, 2019	9:00am - 1:00pm	Surf Camp	
Wednesday	July 31, 2019	1:30pm - 5:30pm	SUP Camp	
Thursday	August 1, 2019	1:30pm - 5:30pm	SUP Camp	
Saturday	August 3, 2019	9:00am - 1:00pm	Surf Camp	
Friday	August 2, 2019	9:00am - 1:00pm	Surf Camp	

**City of Morro Bay
Recreation Services Division
Partnership Policy
And
Partnership Proposal Guidelines**

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I. Morro Bay Recreation Services Division Partnership Policy

A. Purpose

This policy shall be referred to the Partnership Policy and is designed to guide the process for the City of Morro Bay (City) Recreation Services Division to carry out the City's desire to partner with private, non-profit, or other governmental entities for the development, design, construction and operation of partnered recreational facilities or programs that may occur on City property, as well as with organizations that may provide service on the City's behalf. In particular, programs that can provide additional support for local seniors, youth, low-income residents, and persons with disabilities are highly desired. The City also welcomes partnerships that provide for the improvement or beautification of public spaces.

The Partnership Policy provides guidelines for the City to create partnerships of interest to the City and framework for how partnership agreements are to be proposed and created.

B. Partnership Definition

For purposes of the Partnership Policy, a Proposed Partnership is defined as:

"An identified idea or concept involving the Morro Bay Recreation Services Division, or another City department or division, and one or more for-profit, non-profit or governmental entities, which outlines a method to combine resources for developing facilities, programs or amenities for the City and its residents, businesses and visitors or to provide services the City otherwise might provide on its own, but is not or cannot, presently."

The City will especially welcome potential partnerships that improve existing community facilities or provide services/programming for seniors, low-income individuals, local youth, or persons with disabilities.

Partnerships can take the form of (1) cash gifts and donor programs, (2) improved access to alternative funding, (3) property investments, (4) charitable trust funds, (5) labor, (6) materials, (7) equipment, (8) sponsorships, (9) technical/management skills and other valuable abilities and (10) programs or services provided on the City's behalf. The effective use of volunteers also can figure significantly in developing partnerships. Some partnerships involve active decision making, while in others, partners may take a more passive role.

C. Possible Types of Active Partnerships

Morro Bay Recreation Services Division is interested in promoting collaborative partnerships with multiple community organizations. Types of agreements for Proposed "Active" Partnerships may include leases, contracts, sponsorship agreements, marketing agreements, management agreements, joint-use agreements, inter-governmental agreements, or a combination of those.

Proposed partnerships will be considered for facility, service, operations, and program development, including associated needs, such as, but not limited to, parking, paving, fencing, drainage systems, signage, outdoor restrooms, lighting and utility infrastructure. An innovative and mutually beneficial partnership that does not fit into any of these categories may also be considered.

D. Sponsorships

Morro Bay Recreation Services Division is interested in actively procuring sponsorships for facilities and programs as one type of beneficial partnership.

E. Limited-Decision Making Partnerships: Donor, Volunteer, and Granting Programs

While the Partnership Policy focuses on the parameters for more active types of partnerships, the City is interested in, and willing to discuss, a proposal for Limited-Decision Making Partnerships, and may create specific plans for such in the future.

F. Benefits of Partnerships with Morro Bay Recreation Services Division

The City expects any Proposed Partnership will have benefits for all involved parties. Some general expected benefits are:

Benefits for the City and the Community:

- Merging of resources to create a higher level of service and facility availability for community members.
- Making alternative funding sources available for public community amenities.
- Tapping into the dynamic and entrepreneurial traits of private industry.
- Delivering services and facilities more efficiently by allowing for collaborative business solutions to public organizational challenges.
- Meeting the needs of specific groups of users through the availability of land for development and community use.

Benefits for the Partners:

- Land or facility availability at a subsidized level for specific facility or program needs.
- Sharing of the risk with an established stable governmental entity.
- Becoming part of a larger network of support for management and promotion of facilities and programs.
- Availability of professional City recreation and planning experts to maximize the facilities and programs that may result.
- Availability of City staff facilitation to help streamline the planning and operational efforts.

II. The Partnering Process (Checklist)

The steps for the creation of a partnership with the Morro Bay Recreation Services Division are as follows:

- A. When applicable, the Morro Bay Recreation Services Division will create a public notification process that will help inform any and all interested partners of the availability of certain partnerships with the City.
- B. The proposing partner takes the first step to propose partnering with the City. To help in reviewing both the partnership proposed, and the project to be developed in partnership, the City asks for a Preliminary Proposal according to a specific format as outlined in Part Two - Proposed Partnership Outline Format.
- C. If initial review of a Preliminary Proposal yields interest and appears to be mutually beneficial based on the City Mission and Goals, and the Selection Criteria, then a City staff or appointed representative will be assigned to work with potential partners.
- D. The City representative is available to answer questions related to the creation of an initial proposal, and after initial interest has been indicated, will work with the proposing partner to create a checklist of what actions need to take place next. Each project will have distinct planning, design, review and support issues. The City representative will facilitate the process of determining how the partnership will address these issues. That representative can also facilitate approvals and input from any involved City departments, providing guidance for the partners as to necessary steps.
- E. An additional focus will be to determine whether the proposed project is appropriate for additional collaborative partnering, and whether the City should advertise a **Request for Proposal (RFP)** from competing/collaborating organizations, based on the following criteria.

Request for Proposal (RFP) Trigger: In order to reduce concerns of unfair private competition, if a proposed project involves partnering with a private “for-profit” entity and anticipated contribution from the City is greater than \$5,000, and the City has not already undergone a public process for solicitation of that particular type of partnership, then the City will request Partnership Proposals from other interested private entities for identical or complementary facilities, programs or services. A selection of appropriate partners will be part of the process.

- F. For some projects, a Formal Proposal from the partners for their desired development project will need to be presented for the City’s official development review processes and approvals. The project may require approval by the Legal, Planning, Fire and Safety, Finance or other City Departments, the Recreation and Parks Commission, the Planning Commission, the City Council, or the City Manager’s Office, depending on project complexity and applicable City Code provisions, ordinances, resolutions, or other regulations. If those reviews are necessary, then provision to reimburse the City for its

costs incurred in having a representative facilitate the partnered project's passage through Development Review should be included in the partnership proposal.

- G. Depending on project complexity and anticipated benefits, responsibilities for all action points are negotiable, within the framework established by law, to assure the most efficient and mutually beneficial outcome. Some projects may require all technical and professional expertise and staff resources come from outside the City's staff, while some projects may proceed most efficiently if the City contributes staff resources to the partnership.
- H. The partnership must cover the costs the partnership incurs, regardless of how the partnered project is staffed; and the project proposal and budget must reflect those costs. The proposal for the partnered project should also discuss how staffing and expertise will be provided, and what documents/products will be produced, if any. If City staff resources are to be used by the partnership, then those costs should be allocated to the partnered project and charged to it.
- I. Specific **Partnership Agreements** appropriate to the project will be drafted jointly. There is no specifically prescribed format for **Partnership Agreements**, which may take any of several forms depending on what will accomplish the desired relationships among partners. The agreements may be in the form of:
 - Lease Agreements
 - Management and/or Operating Agreements
 - Maintenance Agreements (such as Adopt-A-Park)
 - Intergovernmental Agreements (IGAs)
 - Or a combination of those and other appropriate agreements

Proposed partnership agreements might include, but not be limited to, such things as oversight of the development of the partnership, concept plans and project master plans, environmental assessments, architectural designs, development and design review, project management, and construction documents, inspections contracting and monitoring. Provision to fund the costs and for reimbursing the City for its costs incurred in creating the partnership, facilitating the project's passage through the Development Review Process, and completing the required documents should be considered.

- J. If the proposal and all required documentation are approved, then the Partnership begins. The City is committed to upholding its responsibilities to Partners from the initiation through the satisfactory continuation and completion of a partnership. Ongoing evaluation will be an integral component of all Partnerships. The agreements should outline who is responsible for evaluation, the types of measures used, and detail what will occur should the evaluations reveal Partners are not meeting their Partnership obligations.

III. The Partnership Evaluation Process

A. Mission Statements and Goals

All partnerships with Morro Bay Recreation Services Division should be in accord with the City's and the Division's Mission and Goals to indicate how a proposed partnership with the City would be preliminarily evaluated.

B. Other Considerations

1. Costs for the Proposal Approval Process

For most proposed partnerships, there will be considerable staff time spent on the review and approval process once a project passes the initial review stage. That time includes, but is not limited to discussions with Proposing Partners, exploration of synergistic partnering opportunities, possible RFP processes, facilitation of the approval process, and assistance in writing and negotiating agreements and contracting. There may also be costs for construction and planning documents, design work, and related needs and development review processes mandated by City ordinances.

Successful partnerships will take those costs into account and may plan for City recovery of some or all of those costs within the proposal framework. Some of those costs could be considered construction expenses, reimbursed through a negotiated agreement, once operations begin, or covered through some other creative means.

2. Land Use and/or Site Improvements

Some proposed partnerships may include facility or land use. Necessary site improvements cannot be automatically assumed. Costs and responsibility for those improvements should be considered in any Proposal. Some of the general and usual needs for public facilities that may not be included as City contributions and may need to be negotiated for a project include:

- Any facilities or non-existent infrastructure construction
- Roads or street improvements
- Maintenance to specified standards
- Staffing
- Parking
- Lighting
- Outdoor restrooms
- Water fountains
- Complementary uses of the site
- Utility improvements
- Custodial
- Trash removal

3. Need

The nature of provision of public services determines certain activities will have a higher need than others. Some activities serve a relatively small number of users and have a high facility

cost. Others serve a large number of users and are widely available from the private sector because they are profitable. The determination of need for facilities and programs is an ongoing discussion in public provision of programs and amenities. The project will be evaluated based on how the project fulfills a public need.

4. Funding

Only when a Partnership Proposal demonstrates high unmet needs and high benefits for City citizens will the City consider contributing resources to a project. The City recommends Proposing Partners consider sources of potential funding. The more successful partnerships will have funding secured in advance. In most cases, Proposing Partners should consider funding and cash flow for initial capital development, staffing, and ongoing operation and maintenance.

The details of approved and pending funding sources should be clearly identified in a proposal.

For many partners, especially small private user groups, non-profit groups, and governmental agencies, cash resources may be a limiting factor in the proposal. It may be necessary for partners to utilize alternative funding sources for resources to complete a proposed project. Obtaining alternative funding often demands creativity, ingenuity, and persistence, but many forms of funding are available.

Alternative funding can come from many sources, e.g. sponsorships, grants, donor programs, and Internet searches can help with foundation and grant resources. Developing a solid leadership team for a partnering organization will help find funding sources. In-kind contributions can, in some cases, add additional funding.

All plans for using alternative funding should be clearly identified. The City's Co-sponsorship Policy and partnered projects will be expected to adhere to this Policy. That adherence includes the necessity of having an Approved Sponsorship Plan in place prior to procurement of sponsorships for a Partnered Project.

C. Selection Criteria

In assessing a partnership opportunity to provide facilities and services, the City will consider (as appropriate) the following criteria. The Partnership Proposal Guidelines in Part Two provide a structure to use in creating a proposal. City staff and representatives will make an evaluation by attempting to answer each of the following Guiding Questions:

- How does the project align with the City and the affected Department/Division's Mission Statement and Goals?
- How does the proposed facility fit into the current City and the affected Department/Division's Master Plan?
- How does the facility/program meet the needs of City residents?
- How will the project generate more revenue and/or less cost per participant than the City can provide with its own staff or facilities?
- What alternatives currently exist, or have been considered, to serve the users identified in this project?
- How much of the existing need is now being met within the City borders and within nearby

cities?

- What is the number and demographic profile of participants who will be served?
- How can the Proposing Partner assure the City of long-term stability of the proposed partnership, both for operations and for maintenance standards?
- How will the partnered project meet Americans with Disabilities Act (ADA) and Equal Employment Opportunity Commission (EEOC) requirements?
- How will the organization offer programs at reasonable and competitive costs for participants?
- What are the overall benefits for both the City and the Proposing Partner?

Part Two
**Morro Bay Recreation Services Division
 Partnership Proposal Guidelines**

Please provide as much information as possible in the following outline form.

I. Description of Proposing Organization:

- Name of Organization
- Years in Existence
- Contact Name, Mailing Address,
Physical Address, Phone, Email
- Purpose of Organization
- Services Provided
- Member/User/Customer Profiles
- Accomplishments
- Legal Status

II. Decision-making Authority

Who is authorized to negotiate on behalf of the organization? Who or what group (i.e. Council/Commission/Board) is the final decision maker and can authorize the funding commitment? What is the time frame for decision making?

Summary of Proposal (100 words or less)

What is being proposed in terms of capital development and program needs?

III. Benefits to the Partnering Organization

Why is the organization interested in partnering with the City of Morro Bay Recreation Services Division or another City Department/Division? Please list and discuss the benefits (monetary and non-monetary) to the proposing organization.

IV. Benefits to the Morro Bay Recreation Services Department

Please list and discuss the benefits (monetary and non-monetary) to the Morro Bay Recreation Services Division and residents of the City.

V. Details (as currently known)

The following page lists a series of *Guiding Questions* to help address details and outline the benefits of a possible partnership. Please try to answer as many as possible with currently known information. Include what the organization proposes to provide and what is being requested from the Morro Bay Recreation Services Division. Please include (as known) initial plans for the concept, operations, projected costs and revenues, staffing, and/or any scheduling or maintenance needs.

Guiding Questions

Meeting the Needs of our Community:

- How does the proposed project align with Recreation Services Division goals?
- How does the proposed program or facility use meet a need for City residents?
- Who will be the users? What is the projected number and profile of participants who will be served?
- What alternatives currently exist to serve the users identified in this project?
- How much of the existing need is now being met? What is the availability of similar programs elsewhere in the community?
- Does the proposed program provide opportunities for entry-level, intermediate and/or expert skill levels?
- How does the proposed project incorporate environmentally sustainable practices?

The Financial Aspect:

- Can the project generate more revenue or less cost per participant than the City can provide with its own staff or facilities? If not, then why should the City partner on the project?
- Will the proposing organization offer programs at reasonable and competitive costs for all participants? What are the anticipated prices for participants?
- What resources are expected to come from the Recreation Services Division?
- Will there be a monetary benefit for the City, and if so, how and how much?

Logistics:

- How much space is needed? What type of space?
- What is critical related to location?
- What is the proposed time line?
- What are the projected hours of operations?
- What are the initial staffing projections?
- Are there any mutually beneficial, cooperative marketing benefits?
- What types of insurance will be needed, and who will be responsible for acquiring and paying premiums on the policies?
- What is the organization's experience with providing this type of facility/program?
- How will the organization meet ADA and EEOC requirements?

Agreements and Evaluation:

- How, by whom, and at what intervals should the project be evaluated?
- How can the City be assured of the long-term stability of the proposing organization?
- What types and length of agreements should be used for the proposed project?
- What types of “exit strategies” should we include?



AGENDA NO: C-3

MEETING DATE: May 28, 2019

Staff Report

TO: Honorable Mayor and City Council **DATE:** May 21, 2019
FROM: Scott Collins, City Manager
SUBJECT: Options to Enhance Communication and Engagement with the Community

This item was continued from the April 23 and May 14, 2019 City Council Meetings.

Prepared By: SC

Dept Review: SC

City Manager Review: SC

City Attorney Review: _____



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-4

MEETING DATE: May 28, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: May 21, 2019

FROM: Scott Collins, City Manager

SUBJECT: Discuss, and Consider Changing, City Council Regular Meeting End Time; Consideration of Resolution No. 39-19 Amending the City Council Policies & Procedures to Change City Council Regular Meeting End Time

RECOMMENDATION

Council adopt Resolution No. 39-19, amending City Council Policies and Procedures Manual, Chapter One "Meeting Guidelines & Procedures," section 1.1.2., to change the regular City Council meeting span from 5:30 p.m. to 10:30 p.m., to new span of 5:30 p.m. to 9:30 p.m.

ALTERNATIVES

- 1) Council may choose to end their regular meetings earlier/later than 9:30 p.m.
- 2) Council may choose to maintain the current policy of ending regular Council meetings at 10:30 p.m.

FISCAL IMPACT

Approval of this recommendation will not result in any fiscal impact to the City.

BACKGROUND/DISCUSSION

At its March 26, 2019, regular meeting, City Council directed staff to bring back an item for Council consideration on changing the end time for regular Council meetings from 10:30 p.m. to 9:30 p.m.

According to Chapter one of the Council Policies and Procedures Manual, current policy (section 1.1.2.1) states that regular City Council meetings shall be held the second and fourth Tuesday of each month beginning at 5:30 p.m. Section 1.1.2.3 states that meetings shall be between the hours of 5:30 p.m. to 10:30 p.m. A majority of Council must vote affirmatively to continue a regular Council meeting beyond 10:30 p.m. Council modified the start and end time of regular Council meetings to these times at their January 22, 2019 meeting.

As was noted in the January 22, 2019 discussion on the item, and has been the experience since Council modified the start and end time, regular City Council meetings tend to have greater public attendance between start time of 5:30 p.m. through 9:00 p.m. Attendance typically diminishes after 9:00 p.m.

In preparing this item, City staff also reviewed the duration of regular City Council meetings for Morro Bay over the past 18 months. Based upon this review, staff learned that regular Council meetings on average last 4 to 4 hours and fifteen minutes (for 2019 and 2018). Therefore, if

Prepared By: _____

City Manager Review: SC

City Attorney Review: CFN

meetings were set from 5:30 p.m. to 9:30 p.m., they could accommodate a typical Council meeting.

Approval of the recommended change to the meeting end time, in part, will also meet the consensus of Council to create more efficient meetings, as was expressed at the March 1, 2019, City Council Goals Community Forum. Staff is also reviewing several other procedures to improve the efficiency of meetings, including creating a maximum number of items brought forward per meeting, providing PowerPoint presentations to City Council and community in advance of the meeting, and establishing a maximum number of slides and time permitted for each presentation.

A modified Regular Council meeting end time of 9:30 p.m. would have the twin benefit of allowing for good participation and provide sufficient time to cover an average meeting length. In the event Council determines a specific meeting needs to go longer than 9:30 p.m., Council by majority vote at that meeting can extend the end time of the meeting past 9:30 p.m. Therefore, City staff recommends that Council adopt the attached resolution to change the current time span for regular Council meetings from 5:30 p.m. to 10:30 p.m., to new regular time span from 5:30 p.m. to 9:30 p.m. This resolution may be amended by Council for a different end time.

ATTACHMENT

1. Draft Resolution No. 39-19 Amending Section 1.1.2 of the City Council Policies and Procedures Manual

RESOLUTION NO. 39-19

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
AMENDING THE CITY COUNCIL
POLICIES AND PROCEDURES MANUAL
SO AS TO MODIFY REGULAR COUNCIL MEETING TIMES**

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

WHEREAS, the Council Policies and Procedures Manual for the City of Morro Bay (the “Manual”) is a combination of City Council actions, policies, references, and information regarding the City Council; and

WHEREAS, to ensure all Councilmembers are familiar with and understand the City of Morro Bay’s philosophies and policies regarding serving on the City Council, on July 23, 2001, the City Council adopted Resolution 47-01 approving an earlier version of the Manual; and

WHEREAS, the Manual has been amended several times throughout the years; and

WHEREAS, on May 8, 2018, following the completion of a complete review of policy language, the City Council readopted the Manual in its entirety; and

WHEREAS, at its January 22, 2019 meeting the Council considered and adopted changes to Sections 1.1.2 and 1.1.2.3 regarding the start and end time of Regular Meetings, adjusting the start time from 6:00 p.m. to 5:30 p.m.; and the end time from 11:00 p.m. to 10:30 p.m.; and

WHEREAS, at its May 28, 2019 meeting the Council considered changes to Section 1.1.2 regarding the end time of Regular Meetings; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay does hereby amend the following sections of the City Council Policies and Procedures Manual to read as follows:

1.1.2 REGULAR MEETINGS

- 1.1.2.1 Regular meetings shall be held the second and fourth Tuesday of each month beginning at 5:30 p.m. In the event that a regular meeting of the Council shall fall on a legal holiday, that regular meeting shall be held at the same place and time on the next succeeding working day. A regular meeting can only be cancelled after polling the majority of the Council in favor of the cancellation.
- 1.1.2.2 Regular meetings shall be held in the Veterans Memorial Building, 209 Surf Street, in the City of Morro Bay.
- 1.1.2.3 Regular meetings shall be between the hours of 5:30 p.m. – 9:30 p.m. It shall be the policy of the City Council to complete meetings by 9:30 p.m., unless a majority of the Council elects to continue past the adjournment hour. If at the hour of 9:30 p.m. the City Council has not extended the time to adjourn the meeting or concluded its business, then the Council will review the balance of the agenda and determine whether to extend the meeting beyond the hour of 9:30p.m., continue any remaining items, or adjourn the meeting to another date and time.

PASSED AND ADOPTED by the City Council, City of Morro Bay at a regular meeting thereof held on the 28th day of May 2019 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk