



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, July 9, 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

- Presentation of Engine 5391 purchased through Bertha Schultz Trust and Measure Q.

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 MAY 28, 2019, CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-2 APPROVAL OF MINUTES FOR THE JUNE 11, 2019, CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-3 DISCUSSION AND APPROVAL OF RECOMMENDATIONS FROM THE TOURISM BUSINESS IMPROVEMENT DISTRICT (TBID) FOR CRITERIA TO EVALUATE GRANTS FOR SPECIAL EVENTS IN FISCAL YEAR 2019-20; (TOURISM)

RECOMMENDATION: CITY COUNCIL APPROVE THE TOURISM BUSINESS IMPROVEMENT DISTRICT GRANT EVALUATION PROCESS AS RECOMMENDED BY THE TBID ADVISORY BOARD.

- A-4 APPROVAL OF HARBOR ADVISORY BOARD MEMBER'S REQUEST FOR AN EXCUSED ABSENCE; (CITY CLERK)

RECOMMENDATION: City Council consider the request submitted by Harbor Advisory Board (HAB) Member, Dana McClish, to excuse his absences from the December 6, 2018, April 4, 2019, and June 6, 2019 Regular Harbor Advisory Board meetings and allow him to continue serving through the scheduled term ending January 31, 2023.

- A-5 ADOPTION OF RESOLUTION NO. 63-19, RESCINDING RESOLUTION NO. 07-18, AND ENCOURAGING THE FEDERAL GOVERNMENT TO NOT OPEN OUR OCEAN, COAST AND LAND TO ANY NEW ONSHORE AND OFFSHORE OIL DRILLING, EXPLORATION AND FRACKING; (CITY MANAGER)

RECOMMENDATION: City Council adopt Resolution No. 63-19 which encourages the federal government to not permit new onshore and offshore oil development along both the coastline as well as the land within San Luis Obispo County.

- A-6 SUPPORT FOR U.S. CONGRESSIONAL HOUSE OF REPRESENTATIVES HOUSE RESOLUTION (H.R. 763) WHICH ENCOURAGES CLEAN ENERGY TECHNOLOGIES THROUGH A FEE ON CARBON PRODUCTION; (CITY MANAGER)

RECOMMENDATION: City Council support U.S. Congressional House Resolution 763 (H.R. 763) and authorize the Mayor to send a letter of support to congressional representatives on behalf of the City.

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

- C-1 COMPREHENSIVE COST ALLOCATION PLAN AND FEE STUDY UPDATE;
(FINANCE)

RECOMMENDATION: Council receive staff presentation and provide direction, as necessary.

- C-2 ADOPTION OF RESOLUTION NO. 64-19 TO APPROVE UTILITY DISCOUNT PROGRAM ENROLLMENT, RESOLUTION NO. 65-19 CITY OF MORRO BAY'S POLICY FOR UTILITY PAYMENT EXTENSIONS, AND RESOLUTION NO. 66-19 CITY OF MORRO BAY'S RETURNED DEPOSIT ITEM POLICY.; (FINANCE)

RECOMMENDATION: Council adopt Resolution No. 64-19, approving the City of Morro Bay's Utility Discount Program Enrollment and adopt Resolution No. 65-19, approving the City of Morro Bay's Penalty for utility Payment Extensions and adopt Resolution No. 66-19, the City of Morro Bay's Returned Deposit Items.

- C-3 ADOPT RESOLUTION NO. 67-19 ESTABLISHING THE CITY OF MORRO BAY COMMUNITY GRANTS POLICY; (FINANCE)

RECOMMENDATION: City Council adopt Resolution No. 67-19, establishing the City of Morro Bay's Community Grants Policy.

- C-4 ADOPT RESOLUTION NO. 68-19 AUTHORIZING A BUDGET ADJUSTMENT OF \$10,000 TO PERFORM FACILITY UPDATES FOR SAFETY AND ACCESSIBILITY AT CITY HALL ; (CITY MANAGER)

RECOMMENDATION: City Council adopt Resolution No. 68-19 authorizing a budget adjustment of \$10,000 to perform security and accessibility upgrades at City Hall funded with \$2,500 from Fund 311- Water Fund, \$2,500 from Fund 321 – Sewer Fund; and \$5,000 from Fund 052 Facility Maintenance Fund (fund balance).

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, August 13, 2019 at 5:30 p.m.** at the Veteran's Memorial Hall located at 209 Surf Street, Morro Bay, California.

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

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

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

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MINUTES - MORRO BAY CITY COUNCIL
SPECIAL MEETING – MAY 28, 2019
VETERANS MEMORIAL HALL
209 SURF STREET – 4:00 P.M.

AGENDA NO: A-1
MEETING DATE: July 9, 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 Jennifer Callaway Rob Livick Scot Graham Steve Knuckles Eric Endersby Sandra Martin	City Manager City Clerk Finance Director Public Works Director Community Development Director Fire Chief Harbor Director Budget / Accounting Manager

ESTABLISH QUORUM AND CALL TO ORDER

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

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

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

SPECIAL MEETING AGENDA ITEMS:

- I. FY 2019/20 BUDGET STUDY SESSION
<https://youtu.be/YqhrJQwm-yU?t=32>

City Manager Collins introduced the item and turned it over to Finance Director Callaway to present the report and respond to Council inquiries.

The Council discussed the revenue options presented and directed staff to bring back information for further discussion on the following items:

- Paid Parking
- RV camping
- Adult Use Cannabis
- Sale or lease of City-owned property
- Harbor Assessment District
- Sales Tax Measure
- Parcel Tax Measure

A majority of the Council opposed Certificates of Participation, Utility User Tax, increased Transient Occupancy Tax (“TOT”) and General Obligation Bond at this time.

The Mayor and Council provided closing comments.

Mayor Headding re-opened public comment.

<https://youtu.be/YqhrJQwm-yU?t=4175>

Bill Bowes, Morro Bay, agreed with the importance of inviting public input and suggested establishing a committee to generate ideas about future revenue opportunities.

Nick Andree, Natural Healing Center, stated based on his experience in Grover Beach, adult use cannabis sales would generate significant increased revenues for the City.

The public comment period was closed.

ADJOURNMENT

The meeting adjourned at 5:15 p.m.

Recorded by:

Dana Swanson
City Clerk

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – JUNE 11, 2019
VETERAN'S MEMORIAL HALL – 5:30 P.M.

AGENDA NO: A-2
MEETING DATE: July 9, 2019

PRESENT:	John Headding Dawn Addis Robert Davis Jeff Heller Marlys McPherson	Mayor Council Member Council Member Council Member Council Member
STAFF:	Scott Collins Chris Neumeyer Dana Swanson Jennifer Callaway Rob Livick Scot Graham Rick Catlett Eric Endersby Matt Vierra Eric Casares	City Manager City Attorney City Clerk Finance Director Public Works Director Community Development Director Acting Police Commander Harbor Director Fire Marshal WRF Program Manager (<i>Carollo Engineering</i>)

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 5:30 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION – None

CLOSED SESSION REPORT – City Attorney Neumeyer stated the Council took the following reportable action during the May 29, 2019 Closed Session Meeting. Regarding Item CS-2, the Council directed the City Attorney's office to commence necessary legal action to abate the public nuisance at 320 Orcas Street. Regarding Item CS-1, due exclusively to unanticipated time constraints, that item was not completed as expected. Therefore, to ensure participation by the entire City Council, Item CS-1 was continued to the next Closed Session scheduled on June 11, 2019. At its June 11, 2019 Closed Session Meeting, the Council did not take any reportable action pursuant to the Brown Act.

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

https://youtu.be/3jHJ1_YWtfY?t=135

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

https://youtu.be/3jHJ1_YWtfY?t=539

PRESENTATIONS - None

PUBLIC COMMENT PERIOD

https://youtu.be/3jHJ1_YWtfY?t=626

Susan Stewart, owner of Beads by the Bay located at 333 Morro Bay Blvd., provided the business spot. Visit www.morrobaybeads.com or call (805) 772-3338 for more information.

Bob Keller, Morro Bay, announced a fundraising BBQ and Blood Drive event benefitting Project Surf Camp on Friday, June 28, from Noon to 4:00 pm at San Luis Sports Therapy, 890 Shasta Avenue.

Barry Branin, Morro Bay, raised concerns regarding the proposed pipeline path for the WRF project.

Katherine Gillen, Member Relations Manager for the Morro Bay Chamber of Commerce, announced upcoming events.

Linda Winters, Morro Bay, spoke regarding mobile home park living and the importance of affordable housing.

Ken MacMillan, Morro Bay business and property owner, shared his support for collaborative economic development efforts between the City and Chamber.

Dan Sedley, Morro Bay, asked when new Veterans Hall chairs would be provided for the public.

Richard Sadowski, Morro Bay, commented on Item C-1 and expressed concern about proposed groundwater injection.

Mayor Headding closed public comment.

At the Council's request, staff to respond to issues raised during public comment.

A. CONSENT AGENDA
https://youtu.be/3jHJ1_YWtfY?t=2198

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 MAY 14, 2019 AND MAY 16, 2019, CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE MAY 14, 2019, CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE MAY 29, 2019, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 DESIGNATION OF REPRESENTATIVE(S) TO THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY; (CITY CLERK)

RECOMMENDATION: City Council designate the Mayor as the official representative of the City of Morro Bay on the California Joint Powers Insurance Authority (CJPIA) Board of Directors, designate the Risk Manager as first alternate, and designate the City Manager as second alternate.

A-5 ANNUAL WATER REPORT CONCERNING ALLOCATION AND USE IN FY 2018/19 OF WATER EQUIVALENCY UNITS, AND ADOPTION OF RESOLUTION NO. 42-19 ALLOCATING WATER EQUIVALENCY UNITS FOR FY2019/20; (PUBLIC WORKS)

RECOMMENDATION: City Council review the 2018 annual water report concerning allocation and use in FY 2018/19 of Water Equivalency Units (WEUs) and the proposed allocation of the FY 2019/20 WEUs, and then adopt Resolution No. 42-19 allocating a total of 115 WEUs for FY2019/20, comprised of a total of 50 WEUs for residential development (30 for Single Family Residences and 20 for Multi-Family Residences) and 65 for commercial development.

- A-6 ADOPTION OF RESOLUTION NO. 43-19 APPROVING A NEW LICENSE AGREEMENT WITH CAL POLY CORPORATION, INC. FOR DEDICATED DOCKAGE SPACE ON THE NORTH T-PIER FOR A FLOATING RESEARCH AND EDUCATIONAL DOCK; (HARBOR)

RECOMMENDATION: City Council adopt resolution No. 43-19 to approve the two-year License Agreement with Cal Poly Corporation, Inc. (“Cal Poly”) for dedicated dockage space on the North T-Pier for a floating research and educational dock, to include an option to extend the agreement for one 2-year period.

- A-7 ADOPTION OF RESOLUTION NO. 44-19 APPROVING A LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND STATE OF CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE FOR EXCLUSIVE TIE-UP SPACE ON THE NORTH T-PIER FOR A PATROL VESSEL ACCOMMODATION DOCK; (HARBOR)

RECOMMENDATION: City Council adopt Resolution No. 44-19 to approve a two-year Lease Agreement with the State of California Department of Fish and Wildlife (DFW) for dedicated pier space on the North T-Pier to dock the patrol vessel BLUEFIN.

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

MOTION: Council Member McPherson moved for approval of Items A-1 through A-7 on the Consent Agenda. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

B. PUBLIC HEARINGS

- B-1 ADOPTION OF RESOLUTION NO. 45-19 CONTINUING THE PROGRAM AND LEVYING THE ASSESSMENTS FOR THE 2019/20 FISCAL YEAR FOR THE MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT (MBTBID) (CITY MANAGER/ TOURISM)
https://youtu.be/3jHJ1_YWtfY?t=2272

City Manager Collins presented the staff report and responded to Council questions.

Council Member McPherson suggested the Council review TBID grant criteria prior to implementation to ensure consistency with the Council grant approval process. There was consensus to move forward in that manner.

Mayor Heading opened the Public Hearing and asked the City Clerk to report the number of protests received thus far. Clerk Swanson confirmed no protests had been received.

Seeing no members of the public wishing to speak, the public hearing and comment period were closed.

MOTION: Council Member McPherson moved the Council adopt Resolution No. 45-19 continuing the program and levying the assessments for the 2019/20 Fiscal Year for the Morro Bay Tourism Business Improvement District. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

C. BUSINESS ITEMS

C-1 REVIEW OF CONCEPT DESIGN REPORT FOR THE WATER CONVEYANCE FACILITIES PROJECT AND THE GROUNDWATER MODELING TECHNICAL MEMORANDUM FOR THE WATER RECLAMATION FACILITY (WRF); (PUBLIC WORKS)

https://youtu.be/3jHJ1_YWtfY?t=2675

WRF Program Manager Casares presented the report and responded to Council questions.

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

Larry Truesdale, Morro Bay, presented his analysis of the GSI technical memo he had submitted to the WRFCAC and City Council as agenda correspondence.

Dan Sedley, Morro Bay resident and co-chairperson of Citizens for Affordable Living, opposed the public input process that is not an official public hearing and stated he would not comment further on the project.

Nancy Bast, Morro Bay, asked staff to explain the legal difference between a public hearing and business item.

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

Mayor Headding re-opened public comment.

Roger Ewing, Morro Bay, asked if it was possible to put purified water from the WRF back into the system instead of injecting it into the ground.

The public comment period was closed.

Staff responded to questions raised during public comment.

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

The Council took a brief recess at 7:40 p.m. The meeting reconvened at 7:51 p.m. with all members present.

C-2 ADOPT RESOLUTION NO. 46-19 ADOPTING THE FISCAL YEAR 2019/20 OPERATING AND CAPITAL BUDGETS AND RESOLUTION NO. 47-19 ADOPTING THE CITY'S SALARY SCHEDULE AND RESOLUTION NO. 48-19 RESCINDING AND REPLACING RESOLUTION NO. 03-16 DEFINING THE MANAGEMENT OF TOURISM PROMOTIONS AND MARKETING; (FINANCE)

https://youtu.be/3jHJ1_YWtfY?t=7842

Finance Director Callaway presented the report and responded to Council questions.

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

MOTION: Council Member Davis moved the Council adopt Resolution No. 46-19, authorizing the Fiscal Year 2019/20 Operating and Capital Budgets, including any amendments approved by the City Council, prior to the adoption of that Resolution; and adopt Resolution No. 47-19 approving the FY 2019/20 Salary Schedule; and adopt Resolution No. 48-19 Rescinding and Replacing Resolution No. 03-16 Defining the Management of Tourism Promotions and Marketing to establish a \$60,000 General Fund contribution for FY 2019/20. The motion was seconded by Council Member McPherson for discussion.

The Mayor and Council provided individual comments. The motion carried 5-0 by roll call vote.

C-3 APPROVAL OF VISITOR CENTER SERVICES CONTRACT & LEASE AGREEMENT FOR CITY-OWNED PROPERTY LOCATED AT 695 HARBOR STREET; (CITY MANGER)
https://youtu.be/3jHJ1_YWtfY?t=9234

City Manager Collins presented the report and, along with Morro Bay Chamber of Commerce President/CEO, Erica Crawford, responded to Council questions.

The public comment period for Item C-3 was opened; seeing none, the public comment period was closed.

MOTION: Council Member McPherson moved the City Council approve the agreements with the Morro Bay Chamber of Commerce for Visitor Center Services and the renewal of a property lease at 695 Harbor Street. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

C-4 PROPOSED FRAMEWORK FOR ECONOMIC DEVELOPMENT FACILITATION SUPPORT SERVICES PROVIDED TO THE CITY BY THE CHAMBER OF COMMERCE; (CITY MANAGER)
https://youtu.be/3jHJ1_YWtfY?t=10100

Mr. Collins presented the staff report and, along with Erica Crawford, Morro Bay Chamber of Commerce President/CEO, responded to Council questions.

The public comment period for Item C-4 was opened.

Steven Peck, Morro Bay Chamber of Commerce Director, shared his support for the proposed partnership.

Nick Mendoza, Morro Bay resident and restaurant owner, appreciated the quarterly meetings held in north Morro Bay as part of the 4MB program and urged the Council to continue the economic development partnership with the Chamber.

The public comment period was closed.

The Council expressed support for the proposed partnership and provided individual comments for the agreement that will be brought back at a future meeting.

No formal action was taken by the City Council.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
https://youtu.be/3jHJ1_YWtfY?t=12044

Council Member Addis requested consideration of a resolution opposing on-land fracking. There was unanimous support for this item.

Council Member McPherson requested the previously agendaized discussion of changes to advisory board handbook be expanded to look broadly at advisory body roles to clarify language as needed. There was full support for this item.

Council Member Heller requested a staff report on the schedule to repair / replace sewer lines. Staff offered to generate a report that could be provided as an update to the Council.

E. ADJOURNMENT

The meeting adjourned at 9:10 p.m.

Recorded by:

Dana Swanson
City Clerk



AGENDA NO: A-3
MEETING DATE: July 9, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: June 20, 2019

FROM: Jennifer Little, Tourism Manager

SUBJECT: Discussion and Approval of Recommendations from the Tourism Business Improvement District (TBID) for Criteria to Evaluate Grants for Special Events in Fiscal Year 2019-20

RECOMMENDATION

Staff recommends the City Council approve the Tourism Business Improvement District Grant Evaluation process as recommended by the TBID Advisory Board.

BACKGROUND

At the May 16, 2019 TBID Advisory Board meeting, the TBID Board approved the formation of a sub-committee to review past grant qualifications (for special event funding) and provide input to the Board on how best to focus grant awards on events that maximally support tourism and link with the Tourism Strategic Plan. In addition, the City Council by consensus at their June 11, 2019 meeting, requested that the TBID Board make a recommendation to Council regarding the grant criteria for City Council review and approval. The TBID Board reviewed and recommended for Council approval proposed grant criteria at its June 20, 2019 meeting.

DISCUSSION

A 9-person subcommittee was formed with the following:

1. Amish Patel, TBID Member
2. Nancy Dickenson, TBID Member
3. Jack Smith, Morro Bay Skateboard Museum
4. Sandi Twist, Stand-up Paddleboard Co
5. Giovanni DeGarimore, Giovanni's Fish Market
6. Barbara Spagnola, Citizens Finance Advisory Committee
7. Jennifer Little, Tourism Manager
8. RuthAnn Angus, Resident and Bay News reporter
9. Kirk Carmichael, City of Morro Bay Recreation Manager

The subcommittee reviewed the past grant evaluation process and formulated a process to reward and prioritize funding for events that closely align with the City's brand standards and with the City's overall tourism goals. The new proposed process also allows events to increase their potential grants by adding specific components to their event, such as a professional event planner, theming of the event and extending the number of days of the event. The dollars available for grants in FY

Prepared By: JL Dept Review: _____
City Manager Review: SC City Attorney Review: CFN

2019/20 is less than previous years, so it is critical the Board take a close look at each event and determine how well they align with tourism goals.

As proposed by the sub-committee and recommended by the TBID Board, the dollar value assigned to each evaluation component is not necessarily stating the final grant that will be awarded. It is strictly an evaluation tool, so that all events are treated equally. Once this chart is completed, it can be used as a baseline for increasing or decreasing each section by a specific percentage to fit into each year's budget.

Below is a summary of the proposed review process and criteria:

Order of event review: The TBID Board recommends that grant applications be reviewed in order by length of time of the event (number of days). In previous years, grants were reviewed in date specific order.

1. 3+ day events
2. 3-day events
3. 2-day events
4. 1-day events

Evaluation Chart: The subcommittee created a dollar value grid to be used as a baseline for potential grant awards. This grid does not necessarily mean the event will get that specific amount, rather it should be used as a guide for TBID Advisory Board upon reviewing all events. Below are the different categories and recommended dollars for the specific section and event as recommended by the TBID Board for approval by the City Council.

Length of event: In an effort to encourage events to continue for additional days, the recommendation is for additional funds to be given to longer events.

- 1-day event - \$500
- 2-day event - \$1000
- 3+-day event - \$1500

Profit versus Non-profit: The TBID Board recommendation is to give additional value to non-profits over for-profit businesses. The intent is to encourage additional non-profits to get involved in events in Morro Bay.

- For-profit business - \$0
- Non-profit business - \$500

Events that include adult/alcohol beverages: The TBID Board believes that Morro Bay has plenty of alcohol-based events (while recognizing that alcohol offerings help events raise money). The TBID Board recommendation is to reward events that do not serve alcohol.

- Alcohol-based events - \$0
- Non-Alcohol events - \$500

Age of the event: How long has the event been in existence? How should older events that still need funding compare to a new incoming event? The TBID Board recommends that the event review process should emphasize growing newer events until they are self-sufficient.

Years in existence:

- 0-3 years - \$1000
- 4-6 years - \$500
- Older - \$0

Gate or Entrance Fee: The subcommittee believes, as is supported by the TBID Board, that if an event is charging any sort of a participation fee, that income needed to be taken into account. In some cases, special circumstance might require additional reviewing. For example, special consideration may be given to events that charge an entrance fee but also allows for heavy visitor participation that requires no gate or entrance fee such as the lighted boat parade and car show.

- Gate/entrance/participation fee - \$0
- No fee required - \$500

Morro Bay Theme and/or Focus: To align well with the City's new strategic plan, staff and the TBID Board saw additional value in events that either created the event around the City's core focus or theme, or have changed and adapted to align with the Morro Bay strategic plan. Examples of this would be the Avocado Margarita festival that focuses on the Morro Bay Avocados, and the Kite Festival that has worked to bring in kites specific to our destination that feature all sea creatures.

- MB Theme and/or focus - \$500

Total Visitors to the event: The TBID Board and staff want to encourage the growth of new events, so fledgling events are provided with more funding than other events. Staff understands that new and fledgling events require more initial funds to help their immediate growth. Once an event is 3 or more years older it should be stable enough with total attendees to then reduce funding.

- 0 - 2000 daily visitors - \$500
- 2000+ daily visitors - \$1000

Number of years funded by tourism: TBID Board recommends that grants should be used to encourage new/younger events to grow in Morro Bay. Grants should be looked at by events as a temporary funding mechanism and at some point, grant funding ends or is limited.

- Number of years funded, zero - \$500
- Number of years funded, 1-4 years - \$250
- Number of years funded, 5+ years - \$0

Hired a professional Event Planner: In an effort to help the quality of events, it's the TBID Board's recommendation that the City shows strong support for this category. The recommendation is to help offset the costs of a TBID Board approved event planner. Event Planner resume must be included with the grant application to be considered in this category.

- \$750 per day of the event if hired a professional Event Planner

Special Consideration: Staff has also created a section that will allow events to request additional dollars under the special consideration section. This will be a category that will be reviewed as requested by events and will not necessarily be funded but will be considered.

As with previous years, TBID Board also recommends that a report be provided by the event promoters about how the grant supported their event and the outcome of the event. The sample report form is attached.

CONCLUSION

This proposed approach should provide a more methodical and fair way of reviewing grants for special event funding that supports the goals of Tourism.

ATTACHMENTS

1. Grant Post Event Report Form



2019-2020 Post Event Report Form

Post Event Reporting Form is due within 60 days after your event. Non-compliance will disallow you from submitting for future grants, or being eligible to receive future grants, for a full calendar year.

Today's Date: _____ Grant Amount Awarded: _____
Event Name: _____ Event Date(s): _____
Total Attendance _____ % Locals _____ % Visitors _____ (>50 miles)
Total Est. # Room Nights & Campsites _____ (in Morro Bay)
How was the above information collected/verified? _____

Total Revenue \$ _____ Total Expenditures \$ _____

Expenditures related to grant funds (attach receipts, invoices, etc. for all paid expenditures)

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total Expenditures	\$ _____

How did these grant dollars positively impact your event? _____

How did your grant impact the following? Morro Bay Lodging Community (hotels, motels)

Sales Tax Businesses (restaurants & retail) _____

Did you collect any demographic information or conduct surveys? YES NO
What information did you collect? _____

Organization Name: _____
Main Contact: _____ Role: _____
Email: _____ Phone: _____
Address: _____
City/State/Zip: _____

I attest that the information provided in this document is true, complete and accurate. Post Event Reporting Form is due within 60 days after your event. Non-compliance will disallow you from submitting for future grants, or being eligible to receive future grants, for a full calendar year.

Signature: _____ Date: _____

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AGENDA NO: A-4
MEETING DATE: July 9, 2019

Staff Report

TO: Honorable Mayor and City Council **DATE:** June 27, 2019
FROM: Heather Goodwin, Deputy City Clerk
Dana Swanson, City Clerk
SUBJECT: Approval of Harbor Advisory Board Member’s Request for an Excused Absence

RECOMMENDATION

Staff recommends the City Council consider the request submitted by Harbor Advisory Board (HAB) Member, Dana McClish, to excuse his absences from the December 6, 2018, April 4, 2019, and June 6, 2019 Regular Harbor Advisory Board meetings and allow him to continue serving through the scheduled term ending January 31, 2023.

ALTERNATIVES

The Council may choose not to excuse Mr. McClish’s absences and direct staff to begin recruitment to fill the resulting vacancy

BACKGROUND/DISCUSSION

In November 2016, the Council adopted Resolution No. 74-16 amending the By-Laws for all standing advisory bodies to establish a policy regarding absences. That policy, which is included in the current Advisory Bodies Handbook and By-Laws, states:

“Absence from three consecutive regular meetings or twenty-five (25) percent of the regular meetings during any 12-month period, without the formal consent of the City Council, shall constitute the resignation of such absent member and the position will be declared vacant. Requests for extended excused absences of three consecutive regular meetings or twenty-five (25) percent of the regular meetings must be submitted to the City Council in writing prior to the extended absence to allow sufficient time for review and approval at a regular Council meeting.”

Staff received a request from Harbor Advisory Board Member, Dana McClish, for Council consideration to excuse his absences from the December 6, 2018, April 4, 2019, and June 6, 2019, regular meetings so he can remain on the Board through his term, which ends January 31, 2023. Mr. McClish’s attached letter details his reasons for the absences which staff accepts as reasonable and warrant Council consideration. Since Mr. McClish has missed three meetings, this would constitute his voluntary resignation from the Board. Mr. McClish is requesting his absence be excused as it is his desire to continue to serve the City of Morro Bay community as a member of the Harbor Advisory Board.

During the recent review of advisory board attendance, staff learned Mr. McClish had missed three meetings in a 12-month period. While he appropriately notified staff prior to those absences, he was under the impression the December absence would fall off when he began a new 4-year term February 1, 2019. The City’s policy related to meeting absences is based on any 12-month rolling period without regard to terms; therefore, the June absence would constitute absence from twenty-five percent of the regular meetings during a 12-month period resulting in his voluntary withdrawal

Prepared By: HG Dept Review:
City Manager Review: SC City Attorney Review: CFN

from the Board. Mr. McClish's current term ends January 31, 2023.

CONCLUSION

Staff recommends the Council approve Mr. McClish request for an excused absence from the December 6, 2018, April 4, 2019, and June 6, 2019 Regular Harbor Advisory Board meetings.

ATTACHMENTS

1. Request for Excused Absence submitted by Mr. McClish
2. Link to [Advisory Bodies Handbook and By-Laws](#)

Subject: FW: Excused Absences Letter for Harbor

From: Dana McClish <dmcclish@morrobayca.gov>

Sent: Thursday, June 27, 2019 8:53 AM

To: Heather Goodwin <hgoodwin@morrobayca.gov>

Subject: Re: Excused Absences Letter for Harbor

Dear Morro Bay City Council members,

Recently, I've been notified that I'm required to receive approval from Council for Morro Bay Harbor Advisory Board (MBHAB) meeting absences. Listed below are the missed meetings and explanations:

- Dec. 6 2018, Back surgery in December 2018 (my previous term on the MBHAB)
- April 4 2019, Visited prospective colleges with my daughter
- June 6 2019, Attended my daughter's graduation ceremony at Morro Bay High School.

It is my desire to continue serving my community on the Harbor Advisory Board.

Sincerely,

Dana McClish

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AGENDA NO: A-5

MEETING DATE: July 9, 2019

Staff Report

TO: Honorable Mayor & City Council

DATE: July 3, 2019

FROM: Scott Collins, City Manager

SUBJECT: Adoption of Resolution No. 63-19, rescinding Resolution No. 07-18, and Encouraging the Federal Government to Not Open Our Ocean, Coast and Land to any New Onshore and Offshore Oil Drilling, Exploration and Fracking

RECOMMENDATION

City Council adopt Resolution No. 63-19 which encourages the federal government to not permit new onshore and offshore oil development along both the coastline as well as the land within San Luis Obispo County.

ALTERNATIVES

Council may choose not to adopt Resolution No. 63-19, thereby allowing the existing Resolution No. 07-18 to remain effective.

FISCAL IMPACT

Adoption of this resolution will have no fiscal impact.

BACKGROUND

City Council adopted Resolution No. 07-18 in February 2018, which formally designated the City's opposition to offshore oil drilling, exploration, and fracking on the coastline and offshore in Morro Bay and San Luis Obispo County. This was done in response to the White House's Executive Order called "Implementing an America-First Offshore Energy Strategy," which established a policy to encourage energy exploration and production on the outer Continental Shelf (OCS) and restarted the 2017-2022 five year lease program potentially opening up Arctic waters and millions of coastal acres off U.S. shores to oil and gas drilling, fracking, and other well stimulation. This order puts California's coastal resources at risk of more oil spills, increased greenhouse gas emissions, dependence on fossil fuels, and a delay in the movement toward greater reliance on renewable energy.

City Council directed staff at its June 11, 2019 meeting to come back with a resolution for Council consideration that adds opposition to onshore oil drilling, exploration and fracking (as proposed by the U.S. Bureau of Land Management) to the existing position regarding coastline and offshore oil development.

Prepared By: SC

Dept Review: _____

City Manager Review: SC

City Attorney Review: CFN

DISCUSSION

Staff recommends City Council adopt Resolution No. 63-19, which expands on the City's position established by Resolution No. 07-18 by stating the City's opposition to the U.S. Bureau of Land Management (BLM)'s move to open California public land and mineral estate to fracking and oil drilling in San Luis Obispo County. The purpose of the resolution is to encourage BLM to reconsider its position, so that it will prevent oil companies from threatening California lands with new leases, drilling and fracking for the following reasons as articulated in the resolution:

- Fracking presents unacceptable risks to our health and safety. A 2015 report from the California Council on Science and Technology concluded that fracking in California happens at unusually shallow depths, dangerously close to underground drinking water supplies, with unusually high concentrations of toxic chemicals that are harmful to human health and the environment.
- Moreover, new drilling and fracking would do even further damage to air quality in Central California, particularly in the San Joaquin air basin, where communities of color and low-income communities are already harmed daily by toxic air pollution.
- To prevent the worst effects of climate change, we cannot afford to sell off any more public lands to oil companies. Like a household budget, the planet has a carbon budget and it is entirely spent. Now more than ever, we must keep fossil fuels in the ground.

For these reasons, staff recommends that City Council adopt Resolution No. 63-19 to encourage BLM not to open federal lands for oil and gas drilling and fracking anywhere in San Luis Obispo County, including our pristine City of Morro Bay or the community of Los Osos where many Morro Bay students attend school. Our health, wildlife, and climate cannot afford the grave threat of new fossil fuel development on California's beautiful public lands.

Resolution No. 63-19 is presented in red-line format to illustrate the proposed language being added to the City's current position of opposition to coastal and offshore oil exploration, development and fracking.

ATTACHMENTS

1. Resolution No. 63-19

RESOLUTION NO. 63-19

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
OPPOSING NEW OR EXPANSION OF EXISTING ONSHORE AND OFFSHORE OIL AND
GAS LEASES OFF THE COAST AND ON THE LAND OF SAN LUIS OBISPO COUNTY AND
SUPPORTING MEASURES
TO PROHIBIT DISCHARGE OF POLLUTANTS INTO THE OCEAN**

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

WHEREAS, the City of Morro Bay was designated a state estuary in 1994 and an “estuary of National Significance” in 1995 as a result of community-based efforts to protect this precious resource; and

WHEREAS, the City of Morro Bay values our State's ocean waters, ~~and~~ coasts and land, which provide habitat to a vast array of wildlife that depend on a healthy and clean environment; and

WHEREAS, the City of Morro Bay's residents and visitors enjoy our ocean, beaches, mountains and abundance of diverse resources for recreation, exploration, and relaxation; and

WHEREAS, our City's economy is reliant on a healthy ocean for our residents, visitors, and fishing professionals; and

WHEREAS, the City of Morro Bay has been a port for our Commercial Fishing fleet, Sport Fishing, Recreational Boating, United States Navy, United States Coast Guard, California Fish and Wildlife, and our own Harbor Patrol Safety Officers; and

WHEREAS, the City of Morro Bay has a long history of caring for our coastal waters, bay, and local environment by adopting City policies and practicing environmental stewardship; and

WHEREAS, in 1986, the City of Morro Bay passed Measure “C,” presented to the voters as the following ballot question, ~~which was codified as Ordinance 297~~: “Shall an ordinance be enacted to (1) prohibit offshore oil development support facilities within Morro Bay, and (2) require any zoning change to accommodate onshore support facilities for offshore oil development to be submitted to a vote of the people of the City of Morro Bay,” and which was codified as Ordinance 297; and

WHEREAS, said Ordinance 297 prohibiting offshore oil support facilities within the City of Morro Bay has been in place since Measure “C” passed by the vote of the people in 1986; and

WHEREAS, the City of Morro Bay adopted Resolution No. 49-12 opposing The Central Coastal California Seismic Imaging Project by Pacific Gas and Electric Co. in September of 2012; and

WHEREAS, there is a growing body of evidence confirming that intense sound produced by human generated noise such as acoustic testing used in oil and gas exploration negatively impacts marine mammals, fish, squid, and crab, [and well as land mammals](#); and

WHEREAS, the Morro Bay Commercial Fishermen's Organization (MBCFO) stands opposed to any new offshore oil development off our California Coast; and

WHEREAS, in 1969, a well failure off the coast of Santa Barbara fouled coastal waters with an estimated 100,000 barrels of crude oil and caused catastrophic environmental damage, helping launch the modern environmental movement; and

WHEREAS, in 1970, with bipartisan support, President Nixon signed the National Environmental Policy Act on January 2nd, delivered a call to make "the 1970's a historic period when, by conscious choice (we) transform our land into what we want it to become" in his State of the Union Address, and ended the year with the creation of the Environmental Protection Agency an independent agency to regulate the environment; and

WHEREAS, oil drilling presents a clear and ever-present danger to the health and safety of residents, businesses and economies, with the threat of an oil spill potentially wreaking havoc on ecosystems, human health, [water](#), and economic activities; and

WHEREAS, the 2010 BP Deep Water Horizon disaster spilled an estimated 4.9 million barrels of crude oil into the Gulf of Mexico and shores of the Gulf Coast of the United States; and

WHEREAS, in 2015, a pipeline servicing offshore oil platforms burst and fouled the coast north of Santa Barbara with an estimated 3,400 barrels of crude oil, damaging wildlife and coastal recreation; and

WHEREAS, there have been no new offshore oil and gas leases in California since the 1969 disaster; and

[**WHEREAS**, fracking presents unacceptable risks to our health and safety. A 2015 report from the California Council on Science and Technology concluded that fracking in California happens at unusually shallow depths, dangerously close to underground drinking water supplies, with unusually high concentrations of toxic chemicals that are harmful to human health and the environment.](#)

[**WHEREAS**, new drilling and fracking would do even further damage to air quality in Central California, particularly in the San Joaquin air basin, where communities of color and low-income communities are already harmed daily by toxic air pollution.](#)

[**WHEREAS**, to prevent the worst effects of climate change, we cannot afford to sell off any more public lands to oil companies. Like a household budget, the planet has a carbon budget and it is entirely spent. Now more than ever, we must keep fossil fuels in the ground.](#)

WHEREAS, in December 2016, President Obama signed an executive order that banned any new oil and gas drilling off the coast of California under Section 12(a) of the Outer Continental Shelf Lands Act; and

WHEREAS, On April 28, 2017, President Trump issued an Executive Order called Implementing an America-First Offshore Energy Strategy, which establishes a policy to encourage energy exploration and production on the outer Continental Shelf (OCS) and restarts the 2017-2022 five year lease program potentially opening up Arctic waters and millions of coastal acres off U.S. shores to oil and gas drilling, fracking, and other well stimulation, putting California's coastal resources at risk of more oil spills, increased greenhouse gas emissions, dependence on fossil fuels, and a delay in the movement toward greater reliance on renewable energy; and

WHEREAS, the Governor of California, the State Senate, the State Lands Commission and cities, including Los Angeles and San Francisco, have called for no new Federal offshore leases in the Pacific Ocean.

NOW, THEREFORE, BE IT RESOLVED, the City Council of the City of Morro Bay, California, hereby supports in State and Federal waters in the Pacific Ocean along the United States and federal land in San Luis Obispo County; 1) a ban on new drilling, fracking, and related techniques, 2) no new or expansion of existing oil and gas leases and a phase-out of all oil and gas extraction, and 3) a framework for responsible renewable energy development.

BE IT FURTHER RESOLVED, the City Council rescinds Resolution No. 07-18 for the sole purpose of being replaced with this more comprehensive Resolution 63-19.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 9th day of July 2019 on the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

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AGENDA NO: A-6

MEETING DATE: July 9, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: July 3, 2019

FROM: Scott Collins, City Manager

SUBJECT: Support for U.S. Congressional House of Representatives House Resolution (H.R. 763) Which Encourages Clean Energy Technologies Through a Fee on Carbon Production

RECOMMENDATION

City Council support U.S. Congressional House Resolution 763 (H.R. 763) and authorize the Mayor to send a letter of support to congressional representatives on behalf of the City.

ALTERNATIVES

Council could elect to not issue letter in support of H.R. 763

FISCAL IMPACT

There is no fiscal impact related to this recommendation.

BACKGROUND

HR 763, which currently stands before the U.S. House of Representatives for consideration, creates a Carbon Dividend Trust Fund for the American people that encourages clean energy technologies to reduce greenhouse gas pollution by placing a fee on carbon production. The fees are distributed in monthly dividends to United States citizens.

The bill is designed to reduce America's greenhouse gas emissions by at least 40% in the first 12 years, help low and middle income Americans by putting money directly into their pockets to spend as they see fit, and create 2.1 million new jobs by promoting economic growth in local communities across the country. The fees will be allocated to all Americans. The government will not keep any of the fees collected.

DISCUSSION

How does the Carbon Dividend Trust Fund Work?

1. Carbon Fee

This policy puts a fee on fossil fuels like coal, oil, and gas. It starts low, and grows over time. It will drive down carbon pollution because energy companies, industries, and consumers will move toward cleaner, cheaper options.

2. Carbon Dividend

The money collected from the carbon fee is allocated in equal shares every month to the American people to spend as they see fit. Program costs are paid from the fees collected. The

Prepared By: SC

Dept Review: _____

City Manager Review: SC

City Attorney Review: CFN

government does not keep any of the money from the carbon fee.

3. Border Carbon Adjustment

To protect U.S. manufacturers and jobs, imported goods will be assessed a border carbon adjustment, and goods exported from the United States will receive a refund under this policy.

4. Regulatory Adjustment

This policy preserves effective current regulations, like auto mileage standards, but pauses the Environmental Protection Agency (EPA) authority to regulate the carbon dioxide (co2) and equivalent emissions covered by the fee, for the first 10 years after the policy is enacted. If emission targets are not being met after 10 years, Congress gives clear direction to the EPA to regulate those emissions to meet those targets. The pause does not impact EPA regulations related to water quality, air quality, health or other issues. This policy's impact on pollution will lower carbon emissions far more than existing and pending EPA regulations.

If approved by Congress, the Carbon Dividend Fund would benefit community members in Morro Bay through promotion of a cleaner environment and pending receipt of carbon dividends, and encourage more responsible and sustainable habits that could help reduce the harmful factors that contribute to climate change. Therefore, it is recommended that City Council support H.R. 763 and authorize the Mayor to send a letter of support for H.R. 763 to U.S. Congressional representatives for Morro Bay.

ATTACHMENT

None.



AGENDA NO: C-1
MEETING DATE: July 9, 2019

Staff Report

TO: Honorable Mayor and City Council **DATE:** June 26, 2019
FROM: Jennifer Callaway, Finance Director
SUBJECT: Comprehensive Cost Allocation Plan and Fee Study Update

RECOMMENDATION

Council receive staff presentation and provide direction, as necessary.

FISCAL IMPACT

The fee study has identified approximately up to \$1,000,000 in annual fee increases, across all City funds, which the City is entitled lawfully to recover for purposes of cost recovery. These fee increases would provide sufficient revenues to provide services on a full cost recovery basis. The proposed fees in the draft study (Attachment 1) represent the actual cost to deliver services and thus, decrease the City’s subsidy of private activity.

BACKGROUND

At the April 10, 2018 Council meeting, the City Council authorized staff to release a Request for Proposal (RFP) to seek qualified consulting firms to perform a Comprehensive Fee Study, Cost Allocation Plan and Optional Development Impact Fee Study. Staff published the RFP on April 13, 2018 with a closing date of May 11, 2018. The City received seven proposals in response to the RFP.

City staff assembled an evaluation panel to review the proposals and conduct finalist interviews. The panels consisted of members of City staff representing general fund departments and the enterprise funds of water, sewer and harbor. In addition, staff invited a member of the Public Works Advisory Committee, Planning Commission, Recreation and Parks Commission, Citizen’s Finance Advisory Committee, and Harbor Advisory Committee to participate in the evaluation of proposals. A member of the Public Works Advisory Committee participated in the proposal review process and a member of the Planning Commission participated in the oral interviews of finalists. In addition, the Finance Director for the City of Grover Beach served as a panelist for the oral interviews.

The City conducted a tiered evaluation approach, with the first round of evaluations being technical in nature and focused on the firm’s approach, background and experience, communication and quality of proposal submitted, ability to meet City’s timeline and reputation. The Cost proposals were opened separate and were reviewed as a separate phase of the process, upon completion of the technical evaluation. The evaluation panel recommended the top three finalists be invited to participate in oral interviews.

An evaluation panel conducted oral interviews of the top three proposers on Thursday, June 14, 2018 and recommended that the City proceed with contract negotiations with Revenue and Cost Specialists, LLC (RCS). The panelist felt that RCS was the most responsive to the presentation

Prepared By: JC Dept Review: _____
City Manager Review: SC City Attorney Review: CFN

request that was asked of the finalists. RCS demonstrated a commitment to work with the City, as the company representatives clearly spent time researching Morro Bay, the City's current fee structure and services, and also valued the approach of the team as well as the inclusion of a Master Facilities Plan (MFP). The panelists unanimously agreed that RCS would best meet the needs of the City.

Based on this recommendation, in August of 2018, the Council authorized the engagement of RCS, to conduct a comprehensive cost allocation plan, fee study and development impact fee update. The scope of the study was to review the City's current fee schedule, calculate the total cost of fee-generating services, analyze the cost recovery levels for each fee, survey other cities, and provide recommendations on how to adjust fees. The study also included a Development Impact Fee Study, a Master Facilities Plan and a comprehensive cost allocation study all of which will be provided with the Final Proposed Master Fee Schedule, tentatively scheduled for August 27, 2019 Council Meeting.

DISCUSSION

RCS conducted a detailed cost analysis of City user fees and prepared an indirect cost allocation plan. The analysis evaluated current service delivery costs and updated staffing and cost assumptions, including labor costs. The indirect cost allocation plan provided a method to assign City-wide overhead costs to direct service departments and their services to ensure that the full cost of service, including City administrative overhead, could be recovered through the fees charged for service. This evaluation helped to better inform the full cost to provide City services, including Planning, Building, Engineering, Police, Fire, Recreation and other services.

The fee study revealed that the City's fee structure is not capturing the current costs of providing services in most areas. This is not surprising, given that the City, as a matter of policy, has elected to not charge full cost recovery for certain fees, such as for recreation, , the City did not include a Consumer Price Index (CPI) in the most recently adopted fee schedule in lieu of adopting a revised Master Fee Schedule later in the fiscal year, and the existing fee schedule does not reflect the current City labor costs of providing services. For those fees that are not at full cost recovery, the General Fund or Enterprise Fund (depending on the fee) subsidizes the cost of providing services.

While cost analysis data plays a role in determining the level of fees to charge, it must be balanced with several other factors, such as affordability, parity with surrounding jurisdictions, past Council actions, the desire for partnership and sponsorship policies, etc. Keeping these factors in mind, staff recommends the following actions be taken to obtain community/user group input related to the draft proposed fees:

- July 9, 2019 – Council discussion of draft proposed fee schedule and input provided to staff.
- July 30, 2019 – Community outreach meeting at the Vet's Hall: 5:30 p.m. – 7:00 p.m.
- August 8, 2019 – Community outreach meeting at the Vet's Hall: 4:00 p.m. – 6:00 p.m.
- August 27, 2019 – Presentation to Council on community outreach meetings, feedback and staff recommendation for fees. Tentative Council date for review and consideration of adoption of new Master Fee Schedule.

There is a 60-day waiting period between Council adoption of the Master Fee Schedule and when the new schedule can go into effect. Should a new Master Fee Schedule be adopted on August 27, 2019 it could go into effect as early as November 1, 2019 or later as determined by Council.

During the proposed timeframe staff recommends the City partner with the Chamber of Commerce to reach affected businesses, in addition to City staff reaching out to local non-profits, special event promoters, and other user groups who may be impacted by a change in the Master Fee Schedule. Staff will also be working to draft partnership and sponsorship policies for Council consideration as those policies would likely impact fees to partnering organizations and agencies.

Staff welcome initial feedback and discussion from Council regarding the proposed draft Master Fee Schedule as well as the proposed timeline for community outreach.

CONCLUSION

Staff recommends that the Council provided direction, as necessary, related to the proposed community outreach schedule and draft Master Fee Schedule.

ATTACHMENTS

1. [Link to Cost of Services Study for the City of Morro Bay](#)
2. July 9, 2019 PowerPoint Presentation

Cost Allocation Plan & User Fee Update

City of Morro Bay
July 9, 2019



Background of RCS

- Revenue & Cost Specialists (RCS) founded in 1980 by two City Managers & a Finance Director
- Pioneered concept of matching fee revenues with the cost of service
- Performed 1,100 reports, 250 public agencies, 5 states
- Chu Thai, Vice President – 22 years of services for 8 cities

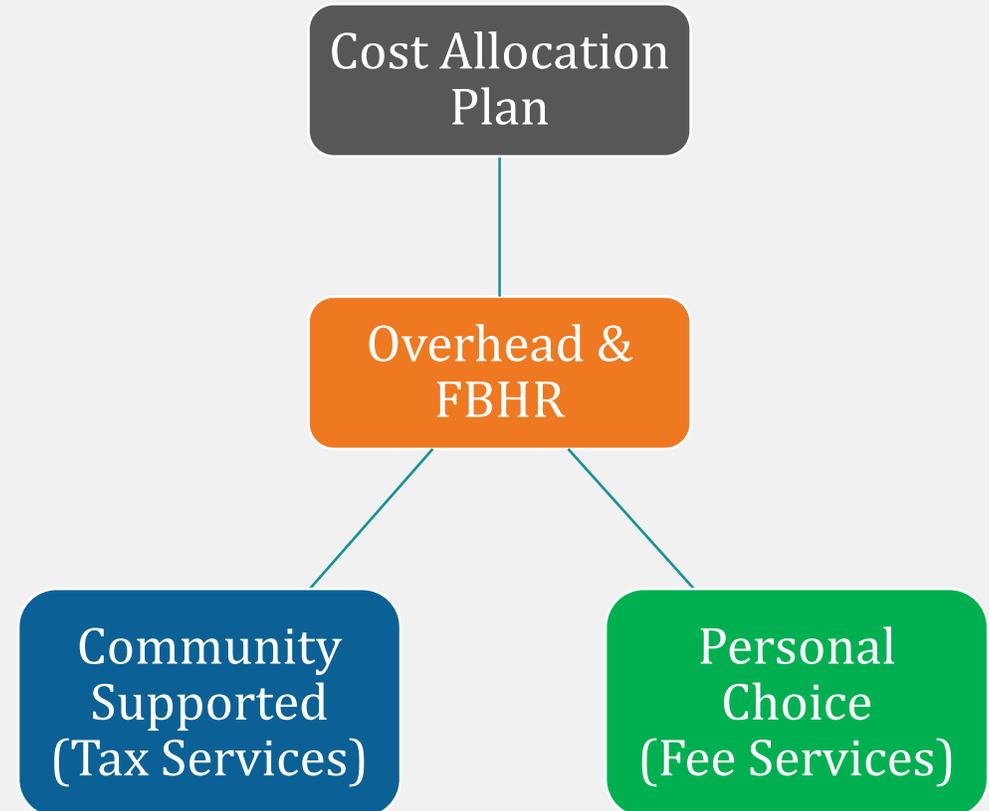
What Have We Done?

Recast the City Budget with a Business Orientation

- Identified the cost of services provided to it's customers (e.g. there is no City Council service)
- Matched Revenues to those Costs

Methodology

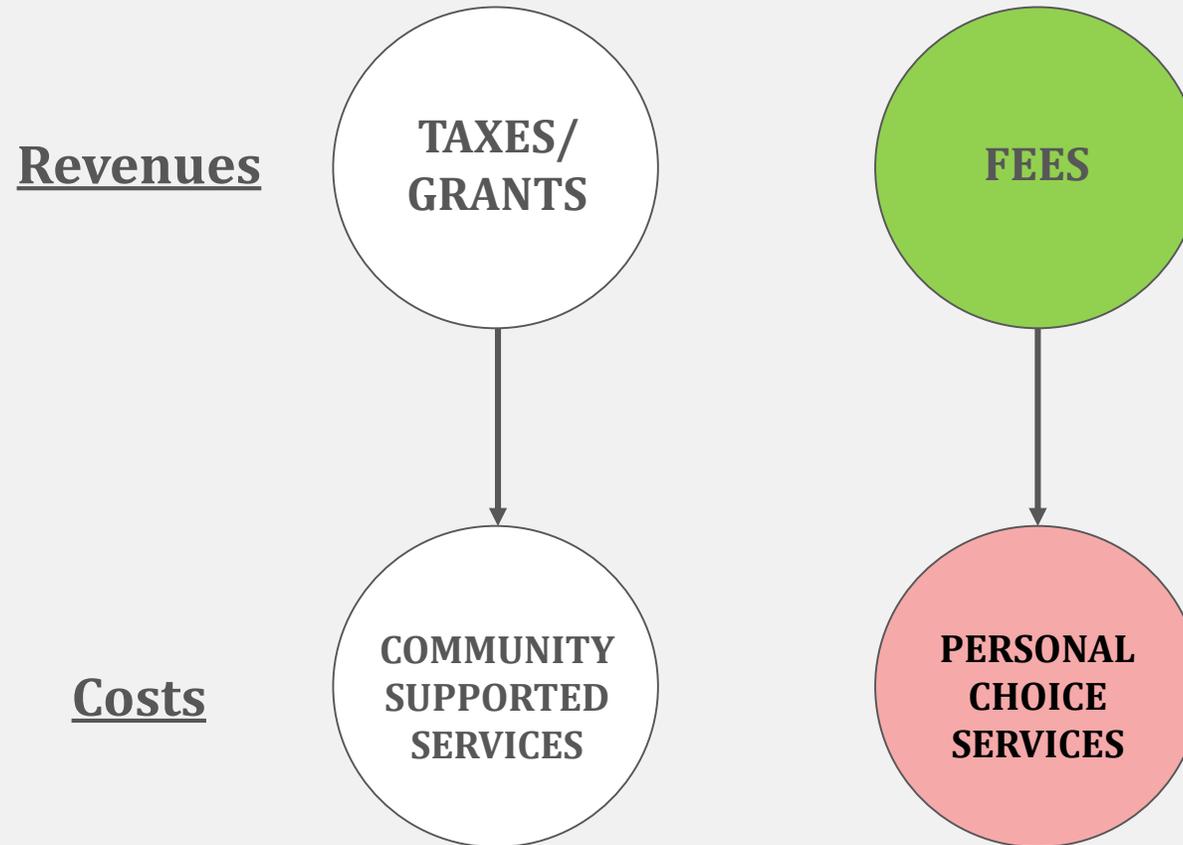
- Meet with Departments to establish services & time spent
- Review budget and calculate overhead rates
- Review services to categorize between Community Supported and Personal Choice services
- Review recovery percentages & make recommendations



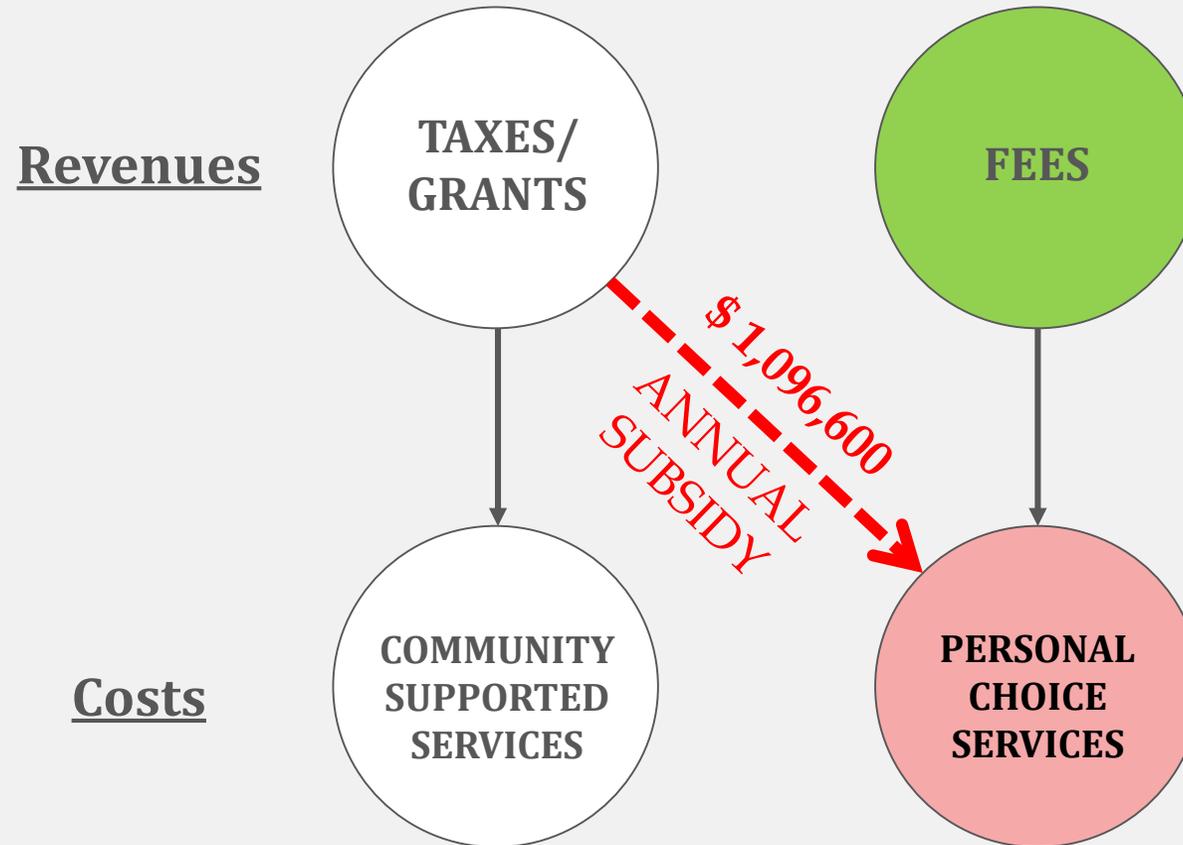
Community Supported vs. Personal Choice

- Community Supported (Tax Services)
 - ✓ Typically benefits community as a whole
 - ✓ 100% supported by tax dollars
 - ✓ E.g. Police and Street Maintenance Services
- Personal Choice (Fee Services)
 - ✓ The Customer is identifiable and the Service is measurable
 - ✓ Benefits an individual or group
 - ✓ Subsidy levels may be based on social, safety or welfare reasons (e.g. Development Services and Recreation)

Matching Revenues to Costs



Possible New Revenues



Cost Recovery Summary

Project was to identify full costs for city services

USER FEES	TOTAL FEE REVENUE	TOTAL SERVICE COST	TOTAL PROFIT/ (SUBSIDY)	PCT. RECOVERY FROM FEES		POSSIBLE NEW REVENUE
				ACTUAL	SUGGEST	
SUBTOTAL - COMMUNITY DEVELOPMENT	\$656,303	\$1,285,597	(\$629,294)	51.1%	VAR.	\$623,900
SUBTOTAL - PUBLIC WORKS	\$106,431	\$161,445	(\$55,014)	65.9%	VAR.	\$54,900
SUBTOTAL - WATER/WASTEWATER	\$114,144	\$113,865	\$279	100.2%	VAR.	\$100
SUBTOTAL - POLICE	\$37,584	\$137,561	(\$99,977)	27.3%	VAR.	\$12,200
SUBTOTAL - FIRE/EMS	\$183,260	\$425,657	(\$242,397)	43.1%	VAR.	\$160,200
SUBTOTAL - HARBOR	\$2,016,375	\$2,731,306	(\$714,931)	73.8%	VAR.	\$179,700
SUBTOTAL - MB TRANSIT/TROLLEY	\$306,704	\$388,632	(\$81,928)	78.9%	VAR.	\$0
SUBTOTAL - RECREATION	\$689,133	\$2,867,768	(\$2,178,635)	24.0%	VAR.	\$8,300
SUBTOTAL - ADMINISTRATION	\$1,448	\$64,746	(\$63,298)	2.2%	VAR.	\$57,300
	\$4,111,382	\$8,176,577	(\$4,065,195)	50.3%		\$1,096,600

\$4,065,195 in service subsidy

\$1,096,600 possible cost recovery

City Council Makes Final Tax Subsidy Decision

- The project goal is to identify the full costs for the various services
- RCS and City Staff have made fee recommendations for every service
- It is now up to the City Council to decide which services should be charged the full costs and which services should be subsidized with tax dollars

How to Read the Report

- Appendix A – Summary of Current Fees and Proposed Fees
 - ✓ Each fee has unique reference number (S-###)
- Appendix B – Detailed Revenue & Cost Sheets
 - ✓ Summary (Left Side) – Responsible Department, Description of Service, Current Fee Structure, Suggested Fee, Revenue & Cost Comparison.
 - ✓ Cost Detail (Right Side) – Staff Position, Unit Time, Unit Cost, Annual Number of Units, Total Cost
- Appendix C, D & E – Additional Cost Analysis
 - ✓ Appendix C – Harbor Fees & Analysis
 - ✓ Appendix D – MB Transit/Trolley Fees & Analysis
 - ✓ Appendix E – Recreation Fees & Analysis

Next Steps: Community Input

July 9, 2019: Council discussion of Draft Proposed Fee Schedule

July 30, 2019: Community Outreach Meeting @ Vet's Hall –
5:30 p.m. – 7:00 p.m.

August 8, 2019: Community Outreach Meeting @ Vet's Hall – 4:00 p.m. –
6:00 p.m.

August 27, 2019: Council discussion, hear feedback from Community Outreach Meetings, and Recommendations. Tentative Adoption of new Master Fee Schedule.

Questions?

Chu Thai – Vice President
Revenue & Cost Specialists
chu@revenuecost.com
(714) 996-9024

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AGENDA NO: C-2

MEETING DATE: July 9, 2019

STAFF REPORT

TO: Honorable Mayor and City Council

DATE: June 28, 2019

FROM: Jennifer Callaway, Finance Director

SUBJECT: Adoption of Resolution No. 64-19 to Approve Utility Discount Program Enrollment, Resolution No. 65-19 City of Morro Bay's Policy for Utility Payment Extensions, and Resolution No. 66-19 City of Morro Bay's Returned Deposit Item Policy.

RECOMMENDATION

Staff recommends Council adopt Resolution No. 64-19, approving the City of Morro Bay's Utility Discount Program Enrollment and adopt Resolution No. 65-19, approving the City of Morro Bay's Penalty for utility Payment Extensions and adopt Resolution No. 66-19, the City of Morro Bay's Returned Deposit Items.

DISCUSSION

Utility Discount Program

On August 14, 2018, the City Council approved a one-year pilot program to extend the Utility Discount Program (UDP) enrollment period beyond the previous July 1 through July 31 period to an on-going enrollment period. The UDP provides up to a 10% discount on a customer's Water/Sewer bill per month. Based on the one-year trial period, staff believes that on-going enrollment has worked well. Utilization of the program has increased from 147 enrolled customers in FY 2017/18 to approximately 360 customers in FY 2018/19, a 147% increase in enrollment. As a reminder, Morro Bay residential utility customers who receive water/sewer bills directly from the City are eligible for the UDP if they participate in the PG&E CARE Program.

Understanding that there may be up to 1,000 qualifying customers in the City, staff will continue to enhance efforts to notify customers of qualifications to enroll and to provide noticing of the program. Information, in both English and Spanish, will be provided to Community Resource Connections for assistance in reaching as many customers as possible, and a notice will be included in the upcoming utility bill insert as part of the flyer notifying customers of the rate increase to go into effect in July but reflected on the August bills. In addition, the account clerks will continue to actively inform customers of the program as customers call in and/or visit city hall.

Enrollees in the program must submit a new application and verification of qualifications each year, typically in July. Staff sends out letters and notices to enrollees reminding them of this requirement and the need to return the application and appropriate documentation in order to ensure they stay enrolled in the program. With an on-going enrollment period, staff recommends that a one-time annual reapplication period continue in July, available to all customers who were enrolled in the program between July and December. Customers who enroll in the program between January and

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Prepared By: JC

Dept Review:

City Manager Review: SC

City Attorney Review: CFN

June will not be asked to complete a new application and submit required documentation until the following July renewal period, effectively up to 18 months after the initial enrollment. This recommendation is meant to create less administrative paperwork for customers and streamline the process for both the customer and staff.

When originally presented with the concept of an extended enrollment period, concerns were expressed over the administrative capacity to take on such an extension as well as budget capacity to support larger enrollment. After review of the one-year trial period, staff believes there is no significant additional administrative work that would be reason enough to eliminate on-going enrollment, in fact to the contrary, staff have found on-going open enrollment has been helpful from a customer service perspective in being able to offer enrollment to qualifying customers. Furthermore, from a budgetary perspective, staff estimates that there is still more than adequate funds to support on-going enrollment but will continue to monitor this on a regular basis, particularly in light of the increase to the utility rates scheduled for July and thus an increase in the overall 10% discount customers will receive.

Staff's recommendation is to adopt Resolution No. 64-19 which would make open enrollment period for the UDP a permeant component of the program. There is adequate fund balance within the program (approximately \$400,000) to provide the UDP on an on-going basis. On-going open enrollment will allow for more eligible customers to enroll, allow for new members of the community to enroll immediately upon move in, and would allow customers who have experienced a change in circumstances to take advantage of the program without having to wait until the open enrollment period. Furthermore, an open enrollment period is consistent with PG&E Care enrollment which allows for rolling enrollment throughout the year. This is particularly important given the rate increases that will be going into effect in July 2019.

Additional Utility Policies and Returned Deposit Item Policy

In addition, staff has been working to review office policies and practices to ensure policies are properly documented and formalized so that they can be consistently applied to all customers. Thus far, staff has presented, and Council has adopted the following utility related policies:

- Leak Review Policy
- Penalty Waiver Policy
- Utility Proration Policy
- Payment Arrangement Policy
- Payment Type Policy
- Primary Account Holder Policy

Many of these policies provide some form of relief to customers who are struggling or behind on bills or may have had a leak at their residences. Staff is proposing two additional policies for Council consideration – a payment extension policy and return deposited item policy.

The proposed Utility Bill Payment Extension Policy (Exhibit A to Attachment 2, Resolution 65-19) which will provide customers with a five (5) day extension to pay their bills and avoid penalty and late fees. However, if the customer does not meet the agreed upon extension deadline then another extension will not be available to the customer for a 24-month period. Consistent with the City's Payment arrangement policy, a customer is eligible for two payment extensions in a 12-month period.

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Second, provided as Exhibit A to Attachment 3, Resolution No. 66-19, is a Returned Deposited Item Policy, addressing the process and payments for returned checks. This policy has a broader application than utility billing and applies to all payments received by the City. Under the terms of this policy, if a payee has three returned deposited items then payment in the form of check or bank draft will not be accepted for a 24-month period.

FISCAL IMPACT

Currently, there is adequate fund balance within the program (approximately \$400,000) to provide the UDP on an on-going basis. Staff will continue to monitor the program to ensure that adequate funding remains to support the on-going enrollment component.

CONCLUSION

Staff recommends the Council adopt Resolution No. 64-19 City of Morro Bay Utility Discount Program extending the enrollment period to a permanent rolling enrollment throughout the year. In addition, staff recommends Council adopt Resolution No. 65-19 City of Morro Bay Utility Bill Payment Extension Policy and Resolution No. 66-19 City of Morro Bay Return Deposited Item Policy. These policies are designed to provide assistance to customers in staying current on their utility bills and avoiding delinquent fines if possible.

ATTACHMENTS:

1. Resolution No. 64-19 City of Morro Bay Utility Discount Program amending the City's existing program
2. Resolution No. 65-19 City of Morro Bay Utility Bill Payment Extension Policy
3. Resolution No. 66-19 City of Morro Bay Return Deposited Item Policy

RESOLUTION NO. 64-19

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING RESOLUTION NO. 62-18, AND RE-ESTABLISHING A
UTILITY DISCOUNT PROGRAM WITH PERMANENT ROLLING
ENROLLMENT FOR ELIGIBLE CUSTOMERS**

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

WHEREAS, on August 28, 1995, the Morro Bay City Council adopted Resolution No. 103-95, which established economic hardship criteria for utility rates, and a program for water rate adjustments; and

WHEREAS, on July 14, 2015, the Morro Bay City Council adopted Resolution No. 54-15, which established economic hardship criteria for utility rates, and a program for water/sewer rate adjustments; and

WHEREAS, on June 13, 2018, the Morro Bay City Council adopted Resolution No. 42-18, which re-established a Utility Discount Program for eligible customers; and

WHEREAS, on August 14, 2019, the Morro Bay City Council adopted Resolution No. 62-18, which piloted a one-year rolling enrollment period for the Utility Discount Program and eligible customers; and

WHEREAS, the Morro Bay City Council now wishes to rescind Resolution No. 62-18; and

WHEREAS, the City Council wishes to re-establish the Utility Discount Program for eligible customers, make rolling enrollment for the Utility Discount Program permanent, and clarify the applicable revenues and criteria for qualifying for the program.

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

1. Resolution No. 62-18 is hereby rescinded; and
2. The City wishes to extend rolling, on-going enrollment into the Utility Discount Program, whereby a Water/Sewer customer may enroll anytime in the Utility Discount Program; and
3. For customers initially enrolled in the program between January and June of a given year, reapplication will be deferred until the following year in July.
4. Customers enrolled in the program are required to reapply annually in July to confirm eligibility.
5. The funding for this Program will come from the prior fiscal year's actual water and sewer penalties, voluntary donations, fund balance and other non-rate revenue Council deems appropriate; and
6. The maximum discount is 10-percent of the customer's Water/Sewer bill per month; and
7. The determinant for qualification will be participation in, and eligibility for, the PG&E Customer Care program; and
8. The PG&E Care documentation must match the customers utility address to qualify; and

9. Staff is directed to make changes to the Utility Discount Program application material and policy reflecting the aforementioned criteria, as appropriate.

PASSED AND ADOPTED by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9th day of July 2019, by the following vote:

AYES:
NOES:
ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

RESOLUTION NO. 65-19

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ADOPTING A UTILITY BILL PAYMENT EXTENSION POLICY FOR UTILITIES**

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

WHEREAS, The City of Morro Bay charges a ten (10) percent penalty on late utility payments;
and

WHEREAS, the City of Morro Bay charges a “tag notice fee” for the delivery of turn-off notices to
customers address; and

WHEREAS, the City of Morro Bay locks off water due to non-payment until such time as the
accounts minimum balance is paid; and

WHEREAS, staff recommends the City Council adopt the proposed Utility Bill Payment
Extension Policy to formalize a policy for consistent administrative application by staff.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California,
that the “Utility Bill Payment Extension Policy” as documented in Exhibit A, attached hereto and
incorporated herein, is hereby approved.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a special meeting
thereof held on the 9th day of July 2019, by the following vote:

AYES:
NOES:
ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk



COUNCIL POLICY

Utility Bill Payment Extension Policy

Policy Statement

The City of Morro Bay (City) Public Works Department, Water and Sewer Divisions, are responsible for the collection and treatment of wastewater for over 5,000 customers within City limits, and delivery of potable water to a similar number of customers.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. This Payment Arrangement Policy is designed to resolve an outstanding balance on a Customer's account in a timely manner under qualifying circumstances.

Purpose

The Utility Bill Payment Extension Policy establishes a mechanism and authority for aiding with payment of an outstanding balance that the Customer is not able to pay by the due date.

Definitions

Outstanding Balance – any balance on a utility account that has not been paid by the due date.

Penalty – ten percent (10%) of the unpaid, past-due balance on a utility account, assessed the first day of the month following due date.

Tag Notice – fee charged for the physical posting of shut-off notices at the customer's location.

Shut off due to non-payment – physical turning off of the water and locking of the meter by a Technician due to non-payment.

Utility Bill Payment Extension

The City bills utility customers monthly for water and sewer services. Any account with an outstanding balance after 60 days is subject to shut off.

- A payment extension must be requested by the primary account customer. The primary customer can request the extension by phone or in person and must verify personal information the City has on the account. An associated customer may not request a payment extension.
- If a payment extension is requested and approved the customer will avoid a penalty, tag notice or shut off if one of those falls in the extension period.
- The payment extension can be for no more than 5 business days (i.e. if customer calls in on a Friday the next following Friday is the longest the extension that can be given, absent official holidays).

- If the payment extension due date commitment is not met, the account will not be eligible for another payment extension for a 24-month period.
- An account can be approved for two payment extensions in a 12-month period.
- A payment extension will be approved as long as it is requested by the primary customer, is not the third request within a 12-month period and a previous payment extension commitment has not been broken in the past 24-month period.

This policy applies to all customers of the City of Morro Bay who have a utility billing account with the city. The Finance Department is responsible for the administration and enforcement of this policy.

RESOLUTION NO. 66-19

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ADOPTING A RETURNED DEPOSITED ITEM POLICY**

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

WHEREAS, The City of Morro Bay collects payments for utility bills, transient occupancy tax, business tax, permits and fees and charges for services; and

WHEREAS, the City of Morro Bay accepts multiple types of payments, including personal check; and

WHEREAS, staff recommends the City Council adopt the proposed Returned Deposited Item Policy to formalize a policy for consistent administrative application by staff.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the "Returned Deposited Item Policy" as documented in Exhibit A, attached hereto and incorporated herein, is hereby approved.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a special meeting thereof held on the 9th day of July 2019, by the following vote:

AYES:
NOES:
ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk



COUNCIL POLICY

Returned Deposited Item Policy

Policy Statement

The City of Morro Bay (City) provides many services to the Citizens of Morro Bay that have fees due. The City Council sets legislative financial management policies, as recommended by staff and/or advisory committees. This Returned Deposited Item Policy ("Policy") is designed to establish guidelines to allow for City employees to collect payment for services provided.

Purpose

The Returned Deposited Item Policy establishes an authority for providing billing adjustments and collection of payment guidelines to any payment that was provided and then returned by the City's bank.

Definitions

Returned Bank Item – A check, bank draft/direct payment or electronic payment, received by the City as payment for a service provided, that was returned by the bank as unpayable.

Returned Deposited Item Procedures and Fees

- The City charges for many different services provided, and can accept check, cash, credit/debit card, bank draft/direct payment or electronic payment as acceptable payments (see Payment Type Policy).
- The original payment will be adjusted out of the payees' account, if applicable.
- Written notification will be provided to the payee by U.S. mail addressed to the mailing address of the payee as on record with the City, when the City receives notification of returned deposited item by the City's bank. The payee will be given 5 business days (timeframe begins 2 business days after date of mailing) to make a payment in full after the date the notification was mailed or posted.
- There will be a fee of \$25.00 added to the amount of original payment for the first returned deposited item, and \$35.00 for the third and second.
- Payment can be made with cash, debit, credit, money order or cashier's check only. Check and bank draft/direct payment will not be accepted for a returned item.
- If payment is not received within the 5 business days, the payee will be sent to a collection agency or District Attorney's Bad Check Program at the City's discretion.
- If the returned item was a water payment, a second notice (in addition to the primary written notification mailed to the payee as provided above) will be posted to the property receiving the service with one additional business day to make the payment in full. If the payment is

not made in full, the account is subject to shut off during the City's monthly shut off process with a reconnection fee due before services are restored, per the master fee schedule.

- If a payee has had three Returned Deposited Items, the City will not accept payment in the form of check or bank draft/direct deposit from the Payee or the account the payment was made for in a 24-month period. Such a situation will be documented with written notification that will be sent to the payee by U.S. mail addressed to the mailing address of the payee as on record with the City, and documented in the customer's account notes, if applicable.

This policy applies to all customers of the City of Morro Bay. The Finance Department is responsible for the administration and enforcement of this policy.

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AGENDA NO: C-3

MEETING DATE: July 9, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: July 1, 2019

FROM: Jennifer Callaway, Finance Director

SUBJECT: Adopt Resolution No. 67-19 establishing the City of Morro Bay Community Grants Policy

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 67-19, establishing the City of Morro Bay's Community Grants Policy.

BACKGROUND

The Morro Bay City Council annually allocates grant funds to various community groups and organizations. The total bequests have ranged from approximately \$7,000 in Fiscal Year (FY) 2015/16 to \$16,500 in the Fiscal Years 2018/19 and 2019/20. Historically, the City Council has awarded funds to SCORE (non-profit for small business support), Meals that Connect (formerly called Senior Nutrition Program), Economic Vitality Corporation, HomeShare SLO and SLO County Housing Trust Fund.

The City Council has also previously waived City fees for use of the Vet's Hall to serve community meals on Monday nights and established an annual budget for Community Resource Connections, a City-provided service to connect those in need with available social services, through the Council bequest approval process. Staff recognizes the proposed Community Grants Policy does not apply to these two situations. As a City-provided service, Community Resource Connections was included within the proposed annual operating budget as with other City provided services. Use of the Vet's Hall to serve community meals would be more appropriately addressed in a City Partnership/Community Events policy and agreement which will come forward to Council in conjunction with the new fee schedule adoption (currently projected for the August 27, 2019 Council meeting).

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

With staffing transitions, there has been little follow-up on the award of funds and reporting requirements. As such, a Community Grants Policy and Application is provided as Exhibit A to Attachment 1 (Resolution No. 67-19) to formalize the eligibility requirements, and also formalize

Prepared By: JC

Dept Review:

City Manager Review: SC

City Attorney Review: CFN

application and follow-up process for award of council bequests.

DISCUSSION

Council previously discussed a draft Community Grant Process in February 2019, at which time Council directed staff to simplify the grant application form, broaden the policy eligibility and purpose, and simplify the reporting requirements. The revised proposed grant application is modeled after the Community Foundation of San Luis Obispo County application for grant funding and is a much more simplified application. In addition, the post award reporting requirement has been revised to be an annual report back (rather than a semi-annual reporting) to the City Council with a two-page report on use of grants funds, details of activities or events grant funds were spent on, goals achieved and number of Morro Bay residents served.

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

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

If approved by Council, staff will advertise opening of the grant period for the current fiscal year (FY 2019/20). Notification will occur on the City website; materials will be available at the front counter at City Hall and notification to FY 2018/19 grantees will be provided. The Council has \$16,500 in the FY 2019/20 budget approved for discretionary award for community grants. With approval of the proposed policy, staff would recommend an open grant period to submit applications be offered through August 31, 2019 with review and a recommendation to Council for award during the September 2019.

CONCLUSION

Having clearly defined financial policies that reflects the City of Morro Bay's values will serve as the foundation for decision-making in tough fiscal times and will aid in preserving the City's long-term fiscal health and vitality. It is important that the City Council and community understand where the City's funds are being appropriated, for what purpose, and what value is received from those appropriations. The proposed draft Community Grants Policy is intended to formalize the City's community grant process and also provide relevant information for the Council to evaluate effectiveness of the Council bequest program and benefit received by the community and residents due to the award of these funds. Therefore, staff recommends that Council review the proposed Community Grant Policy and adopt Resolution No. 67-19.

ATTACHMENTS

1 – Resolution No. 67-19

Exhibit A – Community Grants Policy

Attachment 1 – Community Grant Application

Attachment 2 – Community Grant Annual Performance Report Form

Attachment 3 – Community Grant Agreement

RESOLUTION NO. 67-19

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

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

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

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

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

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

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

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9th day of July 2019, by the following vote:

AYES:
NOES:
ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk



COUNCIL POLICY

COMMUNITY GRANTS POLICY

Policy Statement

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

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

Purpose

The purpose of this policy is to provide guidance on award of City discretionary money, allocated to be awarded by the City Council. Annually, the City budget includes a set aside amount of discretionary funds available for the City Council to make monetary grants to community non-profits for community benefits or to organizations and agencies that provide services to Morro Bay residents as outlined under eligibility requirements below which includes Community and Social services, Cultural Arts, Projects.

Policy

1. Non-profit organizations must file a City application for the community grants funding program in accordance with the City's timeline for grant applications, which may vary from year to year. Notification of open grant period will be provided on the City's website. Applications are submitted to the Finance Department and forms are available on the City's website or at City Hall. Application format and requested information is provided as Attachment 1.
2. Public funds shall be made available only when the funds are to be expended for a community program or service that will benefit the community and residents of Morro Bay.
3. An organization shall not be eligible for funding if they have failed to meet any of the post funding application requirements from the prior fiscal year.
4. Funds will not be allocated to the following organizations and activities (so as to maintain local government impartiality towards political campaigns, religious activities and fundraising endeavors):
 - a. Political action committees, political candidates, political campaigns, or partisan political activity;
 - b. Any organization conducting, promoting or denigrating religious activity;
 - c. To support an organization's fundraising event or activity;

5. Funds requested from membership based adult organizations will not be considered if the funds requested are to be used to directly benefit its members and not the community at large.
6. Requests for funding will be considered by the City Council only during the periods determined in this Council Policy and if submitted on the appropriate City application form.
7. Funding of a program will not constitute a precedent for contributions in subsequent years.

Eligibility

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

1. Submit a separate, completed application form for each project (see Attachment 1).
2. Be incorporated as a tax-exempt nonprofit corporation (IRS 501-C) and/or exist as another government entity.
3. Demonstrate the managerial and financial capability to receive and expend grant funds.
4. Assure compliance with all applicable local, state, and federal laws including but not limited to non-discrimination requirements.

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

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

Funding Request

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

1. Names/addresses of current Board of Directors
2. Board approved current operating budget

Evaluation Criteria

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

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

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

Post Funding Application Requirements

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

1. Carry adequate liability insurance naming the City of Morro Bay as additional insured as may be required by the City.
2. Not discriminate in employment or in clients served because of race, religion, national origin, sexual orientation or sex.

3. Be accountable for revenue and expenditures through standard bookkeeping procedures. An annual audit or review at the applicant's expense may be required, with the results available to the City of Morro Bay upon request.
4. Provide access to periodic reviews by City staff and City Council for purposes of monitoring the program should the City wish to do so.
5. The funded applicant shall provide the City with a year-end report, including a full financial accounting and narrative report (Attachment 3).

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

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

6. Funded applicants must return to the City any unexpended funds at the end of the one-year period, or whenever, the City reasonably determines that the applicant has not performed in accordance with the approved program proposal.
7. Any funds returned in accordance with this policy shall be returned to the fund from which they were allocated from.
8. City moneys shall be used only for the purpose and program(s) duly authorized and in accordance with the approved budget. Any deviation from the approved program proposal may be made only with the City's prior written approval which requires Council authority. If moneys are used outside the approved program proposal without prior written approval from the City, funds must be returned immediately to the City.



CITY OF MORRO BAY ❖ FY 2019/20

APPLICATION FOR COMMUNITY GRANT FUNDING

Project: Project/Program:
Program Manager:

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

*Note: You may attach additional pages if necessary

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



APPLICATION FOR COMMUNITY GRANT FUNDING

I. AGENCY INFORMATION

A. General Information

Grant Request Amount: \$ _____

General Organization Information	
Organizations Name:	
Year Established:	
Board Roster	
Number of Paid Full-Time Employees	
Number of Paid Part-Time Employees	
Most recent financial statements (or copy of your last tax return (IRS 990)	

Mailing Information	
Street Address:	
City:	
State:	
Zip:	

Contact Person	
Title:	
Phone Number:	
E-mail:	



APPLICATION FOR COMMUNITY GRANT FUNDING

Insurance/Tax Information	
Federal Employer Tax Number	
State Employer Tax Number	
Name of Program	
IRS Determination Letter (approval of 501(C) Status	
Name of Executive or CEO	
Name of Board Chairperson or President	

Please answer the following questions:

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

II. COMMUNITY NEED STATEMENT

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



CITY OF MORRO BAY ❖ FY 2019/20

APPLICATION FOR COMMUNITY GRANT FUNDING

B. Program Narrative: Please provide your agency's Mission Statement and Goals, brief history, programs and population(s) served, organizational structure and experience with proposed grant activities. If your organization provides programs countywide, indicate the percentate of Morro Bay residents served.

C. Local Challenges: What local challenge or need does this grant address? How will Morro Bay residents and residents of adjacent areas and or countywide benefit? How will all eligible participants have the opportunity to participate in the program?



CITY OF MORRO BAY ❖ FY 2019/20

APPLICATION FOR COMMUNITY GRANT FUNDING

D. Project Description: Please provide project description, including explanation of project approach, identified strategies and anticipated outcomes. Please quantify the number of Morro Bay residents to be served. Include a list of planned activities, timeline and staff/volunteers responsible for the proposed program.

E. Previous Funding: If your organization has received previous funding from the City of Morro Bay for the proposed project (within the last year), please provide the outcomes in measureable terms and a case example of the grant impact.

F. Collaborative Requests: If a collaborative request, please provide a description of prior collaborative activities, and proposed responsibilities of collaborative members.



APPLICATION FOR COMMUNITY GRANT FUNDING

III. PROGRAM FISCAL INFORMATION

A. Program Budget

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

Budget Summary

Budget Data	FY 2019/20	FY 2018/19
Morro Bay grant funding	Requested:	Received:
Total Program budget	\$	\$
Total Organization budget	\$	\$

Funding Summary

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



CITY OF MORRO BAY ❖ FY 2019/20

APPLICATION FOR COMMUNITY GRANT FUNDING

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

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



APPLICATION FOR COMMUNITY GRANT FUNDING

CERTIFICATION

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

Grantee agrees to provide immediate written notice to the City if significant changes or events occur during the term of this award which could potentially impact the progress or outcome of the grant, including without limitation, changes in Grantee management personnel or losses of funding.

This grant is requested with the understanding that the City has no obligations to provide any, other or additional support or grants to the Grantee.

On behalf of the applicant organization, I understand and agree to the foregoing terms and conditions of the City's grant, and I hereby certify and attest to my authority to execute this agreement on Applicant's behalf.

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

Date: _____, 2019

Organization Name

Executive Director

(Print Name)



Community Grant Funding Program ANNUAL PERFORMANCE REPORT- FY 2019-20

GENERAL INFORMATION

Name of Organization: _____ Phone: _____

Mailing Address: _____ Zip: _____

Report Preparer: _____ Title: _____

Contact Number: _____ Email: _____

Funds Approved: \$ _____ Funds expended per report period: \$ _____ Fund remaining: \$ _____

PERFORMANCE INFORMATION

1. Describe in detail how grant funds have been used:

2. List dates, name of activities, and event locations for special events funded with City of Morro Bay Grant funds, as relevant:

(Note: attach activity fliers/advertisement/agendas, as relevant to funded activities)

3. Total Number of Individuals Served: _____ Number of Morro Bay Residents Served: _____

4. List the goals that were achieved by your project during this report period:

5. Authorizations:

I hereby certify and attest that both the information contained in this report is true to the best of my knowledge and belief, as well as I am authorized by the organization discussed herein to present this report as its duly authorized representative. I also hereby certify that our organization is in compliance with all state, federal, and local laws regarding licensing and employment practices.

Print Name of Report Preparer: _____ Title: _____

Preparer Signature: _____ Date: _____

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

President Signature: _____ Date: _____

Return this completed report to:

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

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

THIS AGREEMENT is made and entered into this ____ day of _____, 2019, and is effective as of the xx day of xxx, 20xx by and between the CITY OF MORRO BAY, a municipal corporation of the State of California (hereinafter CITY), and [NAME OF GRANTEE], a nonprofit corporation of the State of _____ (hereinafter CONTRACTOR).

WITNESSETH

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

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

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

NOW, THEREFORE, THE PARTIES AGREE, as follows:

I. COMMUNITY GRANT POLICY

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

II. PROGRAM COORDINATION

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

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

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

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

CITY

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

CONTRACTOR

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

III. OBLIGATIONS OF CITY

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

IV. OBLIGATIONS OF CONTRACTOR

CONTRACTOR shall file Semi-Annual and/or Annual narrative reports with CITY on the types and numbers of services rendered to beneficiaries through the operation of PROGRAM, which reports shall evaluate the manner in which PROGRAM is achieving its goals according to standards established by CITY. The reports shall be due on January 31, and July 31, or the first working day thereafter and shall cover the entire two quarters immediately preceding the date on which the report is filed, and shall be made on forms approved by CITY.

V. PAYMENTS TO CONTRACTOR

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

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

VI. DISCLOSURE OF CONFIDENTIAL CLIENT INFORMATION

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

VII. ASSIGNABILITY AND INDEPENDENT CONTRACTOR REQUIREMENTS

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

VIII. COMPLIANCE WITH LAW

CONTRACTOR shall become familiar and comply with and cause all its subcontractors and employees, if any, to become familiar and comply with all applicable federal, state and local laws, ordinances, codes, regulations, and decrees including, but not limited to, the City's Community Grant Policy as provided in Exhibit C, and "Assurances" as

provided for in Exhibit C Failure of CONTRACTOR to, in any manner, observe and adhere to law as described herein or as amended shall in no way relieve CONTRACTOR of its responsibility to adhere to same and CONTRACTOR herein acknowledges this responsibility.

IX. TERMS AND AMENDMENTS

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

X. LEGAL MATTERS

A. Integration

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

B. Binding Effect

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

XI. HOLD HARMLESS

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

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

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

- D. CITY and CONTRACTOR agree that CITY's indemnification shall extend solely to the payment of any judgements and is not intended to require that a defense to suit be provided by CITY, or to limit in any manner CONTRACTOR's duty to defend all suits, actions, claims and causes of action arising out of the services CONTRACTOR provides pursuant to this Agreement.

XII. INSURANCE AND INDEMNIFICATION

A. Minimum Scope of Services

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

B. General Liability

1. The CITY, its CITY Council, its officers, officials, employees, agents and volunteers are to be covered and named as additional insured as respects: liability arising out of activities performed by or on behalf of the CONTRACTOR; products and completed operations of CONTRACTOR, premises owned or used by the CONTRACTOR. This requirement does not apply to the professional liability insurance required for professional errors and omissions.
2. The CONTRACTOR's insurance coverage shall be primary insurance as respects the CITY, its CITY Council, its officers, officials, employees, agents and volunteers. Any insurance or self-insurances maintained by the CITY, its CITY Council, its officers, officials, employees, agents or volunteers shall be excess of the CONTRACTOR's insurance and shall not contribute with it. 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.
3. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the CITY, its CITY Council, its officers, officials, employees, agents or volunteers.

4. The CONTRACTOR's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- C. All Coverages
Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the CITY. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the CITY Clerk.
- D. Workers' Compensation
In addition to these policies, CONTRACTOR shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the CITY before beginning services under this Agreement. Further, CONTRACTOR shall ensure that all subcontractors employed by CONTRACTOR provide the required Workers' Compensation insurance for their respective employees.
- E.

XIII. WHEN RIGHTS AND REMEDIES WAIVED

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

XIV. TERMINATION

A. Termination for Cause and Reimbursement

1. Termination for Cause. This Agreement may be suspended or terminated at any time before the date of completion by CITY if:
 - A. CONTRACTOR fails to comply with conditions of the Agreement.
 - B. CONTRACTOR refuses to accept any additional conditions that may be imposed by the Federal or State Government.
 - C. CITY Council determines the CITY can no longer fund the monies for the Agreement.

2. Reimbursement. CONTRACTOR expressly agrees and understands that if in the sole reasonable written determination of the CITY the grant funds provided

by CITY to CONTRACTOR are not used exclusively for the agreed upon intended purpose, in whole or in part, CITY may terminate this Agreement for cause, and CONTRACTOR will promptly reimburse CITY in full for the entire amount of the grant funding provided by the CITY, or on a pro rate basis as determined by the CITY.

B. Termination for Convenience

CITY or CONTRACTOR may terminate this Agreement in whole or in part when both parties agree that the continuation of the PROGRAM would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated.

C. Upon Suspension or Termination, CONTRACTOR shall:

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

D. CITY is not liable for any CONTRACTOR expenses incurred after the termination or closing date of the Agreement.

XV. MISCELLANEOUS PROVISIONS

A. The Caption

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

B. No Third Party Beneficiary

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

C. Severability Clause

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

D. No Pledging of CITY's Credit

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

E. Disputes

In any dispute over any aspect of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, as well as reasonable costs.

F. Nondiscrimination

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

G. Venue

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

H. Non-liability of City Officers and Employees

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

I. Interpretation

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

J. 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.

[Signatures on the following page.]

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

City of Morro Bay

[NAME OF GRANTEE]

Scott Collins
City Manager

[NAME OF CONTACT]
Executive Director

APPROVED AS TO FORM:

Chris Neumeyer, City Attorney

EXHIBITS:

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



AGENDA NO: C-4

MEETING DATE: July 9, 2019

Staff Report

TO: Honorable Mayor and City Council

DATE: July 3, 2019

FROM: Scott Collins, City Manager

SUBJECT: Adopt Resolution No. 68-19 Authorizing a Budget Adjustment of \$10,000 to Perform Facility Updates for Safety and Accessibility at City Hall

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. 68-19 authorizing a budget adjustment of \$10,000 to perform security and accessibility upgrades at City Hall funded with \$2,500 from Fund 311 – Water Fund, \$2,500 from Fund 321 – Sewer Fund; and \$5,000 from Fund 052 Facility Maintenance Fund (fund balance).

DISCUSSION

On May 28, 2019 tragedy struck City Hall in Virginia Beach where twelve lives were cut short when an employee of the City of Virginia Beach opened fire inside the main government building of the City. Mass shootings have become all too common in America and there are no easy solutions available to put them to an end. Churches, schools, and public agencies have all taken measures in recent years to improve safety of their facilities in the face of this potential threat. In response to tragedies like the one that befallen on Virginia Beach, the City of Morro Bay, has also placed a focus on employee safety and security of our City buildings.

Most City facilities are dated and have limited security in place. Staff in most buildings throughout the City have expressed workplace safety as a primary concern. City Executive staff identified City Hall, the Public Works and Community Development (Public Services) building, Recreation offices located in the Community Center and the Harbor Office as four City facilities that are deficient in safety for our employees and accessibility for our community members and employees.

Staff from the Public Works Department has completed an initial assessment and preliminary design concept to secure these four buildings, framing walls with customer service windows, similar to the design at the City's Fire and Police Departments. The design is simple and cost effective, with staff estimating a build-out in City Hall to cost approximately \$10,000. Internal staff will be utilized during evening and weekend hours to conduct the work, in order to avoid disruption of services to community members. Staff recommends an initial budget adjustment of \$10,000 to complete the build-out and installation of security and accessibility at City Hall, with cost shared between the Water, Sewer and Facilities Maintenance Funds (25%, 25% and 50% respectively) as an initial phase of the security and accessibility upgrade project. The cost sharing between the various funds is based upon the mixture of services provided by counter and front office staff. Staff anticipates completion of this during July 2019. After completion of the City Hall improvements, staff will bring back to Council in

Prepared By: JC

Dept Review: JC

City Manager Review: SC

City Attorney Review:

August a refined budget adjustment request to complete similar security and accessibility upgrades at the Public Services building, Recreation office area and Harbor Department. The costs for those upgrades would be distributed to the appropriate funds. For all upgrades, staff proposes to use internal staff to minimize cost, with the goal to be completing these upgrades by the end of summer or early fall of this year.

Below is a photo of the Morro Bay Fire Department lobby that gives an idea about what City Hall's lobby may look like post-improvements.



Staff is also exploring other measures to improve employee safety, including providing free staff trainings through California Joint Point Insurance Authority (CJPIA) and potential use of security cameras in and around City buildings.

CONCLUSION

As City Manager, it is paramount that we as a City provide safe and secure buildings for our employees and accessible areas for our residents. Therefore, we recommend that the City Council adopt Resolution No. 68-19 authorizing a \$10,000 budget adjustment to complete facility updates for security and accessibility at City Hall, with the understanding that an additional request will be submitted in August with a refined budget amount to complete similar measures at the Public Services Building, Recreation Office, and Harbor Department.

ATTACHMENT

1. Resolution No. 68-19 Authorizing a Budget Adjustment of \$10,000 to Complete Facility Updates for Safety and Accessibility at City Hall.

RESOLUTION NO. 68-19

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
APPROVING A BUDGET ADJUSTMENT OF \$10,000 TO
COMPLETE FACILITY UPDATES FOR SAFETY AND
ACCESSIBILITY AT CITY HALL**

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

WHEREAS, the City of Morro Bay prioritizes safety of the City's employees and accessibility of City customer service counters for City residents; and

WHEREAS, the City of Morro Bay recognizes that City Facilities are in need of security and accessibility enhancements to provide a safe, secure and accessible environment for employees and City residents; and

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

1. The operating budgets of the City are amended to include additional appropriation of \$2,500 from Fund 311 Water Operating Fund;
2. The operating budgets of the City are amended to include additional appropriation of \$2,500 from Fund 321 Sewer Operating Fund;
3. The operating budgets for the City are amended to include additional appropriation of \$5,000 from Fund 052 Facilities Maintenance Fund.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9th day of July 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk