



# CITY OF MORRO BAY CITY COUNCIL AGENDA

---

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

---

## **Regular Meeting – Tuesday, September 24, 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

- Morro Bay Community Power Presentation by Marc Adato
- Sea Otter Awareness Proclamation

PUBLIC COMMENT PERIOD

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

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

- Those desiring to speak are asked to complete a speaker slip, which are located at the entrance, and submit it to the City Clerk. However, speaker slips are not required to provide public comment.
- When recognized by the Mayor, please come forward to the podium to speak. Though not required, it is helpful if you state your name, city of residence and whether you represent a business or group. Unless otherwise established by the Mayor, comments are to be limited to three minutes.
- All remarks should be addressed to Council, as a whole, and not to any individual member thereof.
- The Council respectfully requests that you refrain from making slanderous, profane or personal remarks against any elected official, commission and/or staff.
- Please refrain from public displays or outbursts such as unsolicited applause, comments or cheering.
- Any disruptive activities that substantially interfere with the ability of the City Council to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Your participation in City Council meetings is welcome and your courtesy will be appreciated.
- The Council in turn agrees to abide by its best practices of civility and civil discourse according to Resolution No. 07-19.

A. CONSENT AGENDA

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

- A-1 APPROVAL OF MINUTES FOR THE AUGUST 27, 2019, CITY COUNCIL MEETING;  
(ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-2 REVIEW AND RECEIVE WATER RECLAMATION FACILITY (WRF) CAPITAL PROJECT MONTHLY UPDATE REPORT AND RPROVIDE DIRECTION, IF ANY, DEEMED APPROPRIATE; (PUBLIC WORKS)

**RECOMMENDATION: Staff recommends the Council receive WRF Capital Project Monthly Update Report and provide direction, if any, deemed appropriate.**

- A-3 2019 MORRO BAY LOCAL HAZARD MITIGATION PLAN PROCESS UPDATE; (FIRE)

**RECOMMENDATION: Staff recommends the City Council receive and file this report.**

- A-4 ADOPTION OF RESOLUTION 78-19 APPROVING A NEW INTERIM LEASE AGREEMENT WITH TODD BASTON AND TAMARA GRAY-BASTON FOR LEASE SITE 62/62W, LOCATED AT 551 EMBARCADERO ROAD (KAYAK HORIZONS); (HARBOR)

**RECOMMENDATION: Staff recommends the City Council adopt Resolution 78-19 approving a five-year Interim Lease Agreement with Todd Baston and Tamara Gray-Baston for Lease Site 62/62W, currently operating as Kayak Horizons.**

- A-5 THIRD AND FOURTH QUARTER INVESTMENT REPORTS (JANUARY THROUGH JUNE 2019) FOR FISCAL YEAR 2018/29; (FINANCE)

**RECOMMENDATION:**

- 1. Receive and file the Third Quarter Investment Report (January through March 2019) for Fiscal Year 2018/19; and**
- 2. Receive and file the Fourth Quarter Investment Report (April through June 2019) for Fiscal Year 2018/19.**

- A-6 APPROVAL OF CONTRACT WITH SAN LUIS OBISPO COUNTY FOR ANIMAL CARE AND CONTROL SERVICES FOR FY 2019-22; (CITY MANAGER)

**RECOMMENDATION: Staff recommends the City Council authorize the City Manager to execute a three-year contract with the County of San Luis Obispo for the continued provision of Animal Care and Control Services from July 1, 2019 to June 30, 2022.**

- A-7 APPROVAL OF PUBLIC WORKS ADVISORY BOARD AND TOURISM BUSINESS IMPROVEMENT DISTRICT ADVISORY BOARD MEMBER'S REQUEST FOR AN EXCUSED ABSENCE; (ADMINISTRATION)

**RECOMMENDATION:**

**Staff recommends the City Council consider the requests submitted by:**

- 1. Public Works Advisory Board (PWAB) Member, Ric Deschler, to excuse his absence from the October 2018, February 2019, and August 2019 Regular Public Works Advisory Board meetings and allow him to continue serving through the scheduled term ending January 31, 2021; and**
- 2. Tourism Business Improvement District Advisory Board (TBID) Member, Isaac Su, to excuse his absence from the September 2019 Regular Tourism Business Improvement Advisory Board meeting.**

- A-8 PROCLAMATION RECOGNIZING SEA OTTER AWARENESS WEEK SEPTEMBER 22 – 28, 2019; (ADMINISTRATION/HARBOR)

**RECOMMENDATION: Approved as submitted.**

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

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

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

- C-2 ADOPTION OF RESOLUTION NO. 79-19 TO APPROVE UTILITY REBATE PROGRAM FOR RESIDENTS OF MOBILE HOME PARKS AND APARTMENT COMPLEX, WITHIN CITY LIMITS, WHICH ARE NOT INDIVIDUALLY METERED RESIDENCES, AND ADOPT RESOLUTION NO. 80-19 CITY OF MORRO BAY SCHEDULED TURN ON AND TURN OFF PROCEDURE, ACCOUNT PRIVACY AND PROTECTION POLICY AND COLLECTIONS POLICY; (FINANCE)

**RECOMMENDATION:**

**Staff recommends Council approve Resolution No. 79-19 City of Morro Bay's Utility Rebate Program for residents of Mobile Home Parks and Apartment Complexes, within City limits, which are not individually metered. Staff also recommends that the Council approve Resolution No. 80-19 City of Morro Bay's Scheduled Turn on and Turn off Procedures, Account Privacy and Protection Policy and Collections Policy.**

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, October 8, 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 805-772-6205 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, CALIFORNIA 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.

This Page Intentionally Left Blank

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

#### ESTABLISH QUORUM AND CALL TO ORDER

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

#### MOMENT OF SILENCE

#### PLEDGE OF ALLEGIANCE

RECOGNITION – None

CLOSED SESSION REPORT – City Attorney Neumeyer stated no reportable action was taken by the City Council in accordance with the Brown Act.

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

<https://youtu.be/0E7TMuSxh3k?t=96>

#### CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS - None

Dave Schultz from The Bike Shop located at 3118 Main Street provided the business spot. For more information, visit [www.thebikeshopmb.com](http://www.thebikeshopmb.com).

<https://youtu.be/0E7TMuSxh3k?t=725>

#### PRESENTATIONS

- Morro Bay Chamber of Commerce Quarterly Report  
<https://youtu.be/0E7TMuSxh3k?t=895>

#### PUBLIC COMMENT

<https://youtu.be/0E7TMuSxh3k?t=1547>

Bob Swain, Morro Bay, announced the Morro Bay Maritime Museum is offering tours of a World War II crash vehicle for two more weeks. He also shared his opinion on vacation rentals, stating they should be on a level playing field as everyone else.

Larry Guesno, owner of Morro Strand RV Park, opposed including RV parks in the TBID stating they would not benefit from the advertising it provides. He also mentioned his plan for a coffee house and batting cages at the Flippo's location; stated it would be good for the community.

Janice Peters, Morro Bay, announced By the Sea Productions will be presenting Veronica's Position September 6 – 29. For more information visit [www.bytheseaproductions.org](http://www.bytheseaproductions.org).

David Nelson, Morro Bay, commented on Neil Farrell's article regarding Cayucos sewer project and requested the power plant stacks be removed.

Linda Winters, Morro Bay, asked the Council and staff to read and familiarize themselves with Morro Bay's mobile home rent stabilization Ordinance No. 499 to better understand the needs of mobile home residents.

Betty Winholtz, Morro Bay, requested information regarding trees removed at Lila Keiser Park and also asked when the addendum to the WRF FEIR would be available on the City website.

Mayor Heading closed public comment.

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

A. CONSENT AGENDA  
<https://youtu.be/0E7TMuSxh3k?t=2771>

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 JULY 9, 2019, CITY COUNCIL MEETING;  
(ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

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

**RECOMMENDATION: Approve as submitted.**

A-3 REVIEW AND RECEIVE WATER RECLAMATION FACILITY (WRF) CAPITAL  
PROJECT MONTHLY UPDATE REPORT AND PROVIDE DIRECTION, IF ANY,  
DEEMED APPROPRIATE; (PUBLIC WORKS)

**RECOMMENDATION: Council receive WRF Capital Project Monthly Update Report  
and provide direction, if any, deemed appropriate.**

A-4 ADOPTION OF ORDINANCE NO. 623, PRE-ZONING THE 27.6 ACRE WATER  
RECLAMATION FACILITY (WRF) PORTION OF APN: 073-101-017 TO PUBLIC  
FACILITY. (CASE NO. MIN#19-009); (COMMUNITY DEVELOPMENT)

**RECOMMENDATION: Staff recommends Council adopt, by second reading by title  
only and with further reading waived, Ordinance No. 623: "An Ordinance of the City  
Council of Morro Bay, California establishing prezoning for the 27.6-acre portion of  
parcel APN 073-101-071 (CASE No. MIN#19-001)."**

A-5 ADOPTION OF RESOLUTION 74-19 APPROVING A NEW "MOORING AND SUPPORT  
FACILITY" LEASE AGREEMENT WITH THE UNITED STATES COAST GUARD FOR  
COAST GUARD STATION MORRO BAY LOGISTICAL NEEDS AT AND AROUND  
STATION MORRO BAY, LOCATED AT LEASE SITE 141 (1279 EMBARCADERO ROAD)  
(HARBOR)

**RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 74-19 approving a ten-year Lease Agreement, with an initial term of one year and a series of nine one-year renewals, with the United States Coast Guard (CG) for Coast Guard Station Morro Bay logistical needs.**

- A-6 AUTHORIZATION TO SUBMIT A GRANT APPLICATION FOR CALIFORNIA COASTAL COMMISSION ROUND 6 GRANT FUNDING; (COMMUNITY DEVELOPMENT)

**RECOMMENDATION: Adopt Resolution No. 75-19 authorizing staff to submit a grant application for California Coastal Commission (CCC) Round 6 grant funding to support the ongoing update of the City's General Plan/Local Coastal Program in the amount of \$65,000.**

Mayor Heading opened public comment for the Consent Agenda.

Carolyn Brinkman, Morro Bay, spoke to Item A-3 asking if the Recycled Water Management Plan required by the Coastal Commission would be made available to the community or brought back to the Council. She also questioned challenges noted in the report, such as difficulty getting access to properties owned by PG&E and Vistra.

David Nelson, Morro Bay, regarding Item A-4, he asked if the City owns the land and expected cost of the property. He also expressed concern about the proposed location as it relates to the estuary.

The public comment period was closed.

Mayor Heading pulled Items A-3 and A-4.

MOTION: Council Member McPherson moved approval of Items A-1, A-2, A-5 and A-6 on the Consent Agenda. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

- A-3 REVIEW AND RECEIVE WATER RECLAMATION FACILITY (WRF) CAPITAL PROJECT MONTHLY UPDATE REPORT AND PROVIDE DIRECTION, IF ANY, DEEMED APPROPRIATE; (PUBLIC WORKS)  
<https://youtu.be/0E7TMuSxh3k?t=3202>

WRF Program Manager Casares addressed questions raised during public comment.

- A-4 ADOPTION OF ORDINANCE NO. 623, PRE-ZONING THE 27.6 ACRE WATER RECLAMATION FACILITY (WRF) PORTION OF APN: 073-101-017 TO PUBLIC FACILITY. (CASE NO. MIN#19-009); (COMMUNITY DEVELOPMENT)  
<https://youtu.be/0E7TMuSxh3k?t=3452>

In response to questions raised during public comment, Public Works Director Livick stated the City had not yet purchased the property but is in receipt of the appraisal which is within the project budget.

MOTION: Mayor Heading moved approval of Items A-3 and A-4 on the Consent Agenda. The motion was seconded by Council Member Davis and carried 4-1 by roll call vote with Council Member Heller opposed.

- B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

C-1 CONSIDERATION OF INCLUDING VACATION RENTALS AND RECREATIONAL VEHICLE PARKS IN THE TOURISM BUSINESS IMPROVEMENT DISTRICT ASSESSMENT; (CITY MANAGER/TOURISM)  
<https://youtu.be/0E7TMuSxh3k?t=3569>

City Manager Collins provided the report and, along with Tourism Manager Little, responded to Council questions.

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

Aaron Ochs, Morro Bay, expressed support for the staff recommendation, provided on how RV Park (RVs) and vacation rental owners (VRs) have input on how their assessment dollars are spent. He also encouraged the City to elaborate on the specifics of how that money will benefit them.

Doug Claassen, Morro Dunes RV Park, urged the Council to exempt RVs from the TBID assessment to remain competitive with nearby State Parks that do not pay either transient occupancy tax or TBID assessments.

Michael Strickland, co-owner of Harbor View RV Park, opposed RVs being added to the TBID assessment district.

Nick Juren, Beach N Bay Getaways, was agreeable to a 3% assessment for VRs, if at least half that went to improvements. He encouraged the Council to put oversight in place to ensure a reasonable return on marketing investment.

Maggie Juren, Beach N Bay Getaways, asked the Council to consider whether the marketing dollars will benefit VRs and RVs equally to hotels. She also advocated for changing to the 1994 BID rules which allow for a positive rather than a protest vote.

Betty Winholtz, Morro Bay, suggested the vacation rental ordinance and issue of illegal vacation rentals be dealt with before moving forward on this item. She also hoped the Council would consider concerns RV owners as they would not benefit by being included in the TBID.

Andy Hampp, Cypress Mobile Home Park, reported his occupancy rates and comparison to State Parks. He opposed including RVs in the TBID, stating the marketing received through Visit SLO Cal was sufficient.

Ian Starkie, Rock Star Properties, expressed concern regarding the outreach process and questioned how VRs and RVs would be represented on the Board.

Dan Sedley, Morro Bay, suggested a decision not be made on this item until other issues related to vacation rentals are decided.

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

There was Council consensus to make separate motions regarding VRs and RVs as they are different situations, that VRs should be brought into the assessment district and receive proportional representation on the TBID board, that RVs would be at a competitive disadvantage compared to State Parks and other RVs that do not pay transient occupancy tax or assessments and would not receive a commensurate benefit, and that further

consideration of funding for physical improvements that would bring more benefit than marketing dollars was needed. Additionally, the Council discussed the importance of addressing the vacation rental ordinance.

MOTION: Council Member Heller moved that RV parks not be assessed TBID. The motion was seconded by Council Member Davis.

Following discussion of concerns related to the motion, City Attorney Neumeyer suggested one option would be to not initiate the process to add the RV parks into the TBID.

AMENDED MOTION: Council Member Heller moved to not initiate the process to add RV parks into the TBID. The amended motion was seconded by Council Member Davis and failed 2-3 with Council Member Addis, Council Member McPherson and Mayor Headding opposed.

MOTION: Mayor Headding moved the Council initiate a process to include vacation rentals at a TBID assessment level of 3% into the TBID, and that we not consider at present initiating a process to add RV parks into the TBID assessment, and that further consideration be added to determining if a RV assessment would be appropriate if staff were to bring back appropriate improvement opportunities that were identifiable improvements in tourism, physical attributes of the City, for which the contribution could be allocated to. The motion was seconded by Council Member Addis.

The Mayor withdrew his motion and Council Member Addis withdrew the second.

MOTION: Mayor Headding moved to initiate process of bringing the vacation rentals into the TBID at an assessment rate of 3%. The motion was seconded by Council Member Addis.

Council Member Heller wished to resolve the vacation rental ordinance before moving forward with inclusion to the TBID.

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

MOTION: Mayor Headding moved the Council not initiate process at present to assess or bring RVs into the TBID but give further consideration regarding an assessment after staff brings back information on potential infrastructure improvement opportunities that might be appropriate for assessment contributions. The motion was seconded by Council Member Addis for discussion.

Following discussion, the Mayor withdrew the motion and Council Member Addis withdrew the second.

MOTION: Mayor Headding moved to not initiate the process of adding RVs into the TBID Assessment District at this time. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

MOTION: Mayor Headding moved the Council ask staff to bring back a plan to look at potential Citywide infrastructure improvement opportunities that could improve tourism draw in the future. The motion was seconded by Council Member Addis for discussion.

Mr. Neumeyer clarified any proposed improvements would need to have clear findings the assessment monies levied are being used appropriately.

The motion carried 5-0 by roll call vote.

MOTION: Council Member McPherson moved the Council delay the initiation of the VR inclusion in the TBID until after we address the vacation rental ordinance and it is passed. The motion was seconded by Council Member Heller.

Following discussion, Council Member McPherson withdrew the motion and Council Member Heller withdrew the second.

MOTION: Council Member Davis moved that as part of the initiation of bringing VRs in at 3% that staff provides proportional representation for the VR community on the TBID board. The motion was seconded by Council Member McPherson and carried 4-1 by roll call vote with Council Member Heller opposed.

The Council took a brief recess at 8:41 p.m. The meeting reconvened at 8:54 p.m. with all members present.

C-2 REVENUE GENERATING MEASURES FOR THE NOVEMBER 2020 GENERAL ELECTION BALLOT; (CITY MANAGER/FINANCE)  
<https://youtu.be/0E7TMuSxh3k?t=11391>

City Manager Collins and Finance Director Callaway provided the report and responded to Council questions.

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

Betty Winholtz, Morro Bay, opposed spending \$100,000 from Emergency Reserves to learn the community will not support this type of measure.

Dan Sedley, Morro Bay, suggested staff evaluate budget cuts at the department level and outline resulting service impacts. He appreciated negotiations with employee groups to help pay for pension and health benefits.

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

MOTION: Council Member McPherson moved the meeting go past 9:30 to a time uncertain. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

MOTION: Mayor Headding moved to authorize the City Manager to enter into consulting agreements with both a lead consulting firm and public opinion research agency to conduct polling for a sales tax revenue ballot measure and/or a Harbor Assessment ballot measure for consideration during the November 2020 general election with appropriate budget adjustments from the General Fund Emergency Reserves, specifically utilizing companies mentioned in the staff report. The motion was seconded by Council Member McPherson.

Council Member Heller requested a friendly amendment to include a parcel tax. Mayor Heading declined, explaining the Harbor Assessment was a form of parcel tax and that based on previous Council discussion, there was not consensus to explore a Citywide parcel tax at this time. The motion carried 4-1 by roll call vote with Council Member Heller opposed.

MOTION: Council Member McPherson moved to establish a Council ad-hoc committee to help in the beginning process. The motion was seconded by Council Member Davis for discussion.

Council Members McPherson and Davis volunteered to be on the ad-hoc committee and it was clarified there would be a future need to have community members involved. The motion carried 5-0 by roll call vote.

MOTION: Mayor Heading moved to appoint Council Members McPherson and Davis to the ad-hoc committee for this issue. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

C-3 REVIEW AND DISCUSSION OF CITY COUNCIL POLICIES & PROCEDURES AND ADVISORY BODIES HANDBOOK AND BY-LAWS; (CITY MANAGER)  
<https://youtu.be/0E7TMuSxh3k?t=14127>

City Clerk Swanson provided the report.

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

Mayor Heading reviewed both policies in light of issues brought forward and identified the following sections needing review:

- Page 116 of agenda packet – Time to Serve in Appointed Capacity
- Page 118 - Section 3.3, Advisory Body Work Plans
- Page 119 - Sections 5 & 6, Advisory Body/Staff Relationship and Advisory Body/City Council Relationship
- Page 115 – Section B, Membership Qualifications, specifically regarding magnitude of time required.
- Page 123 - Section 5, Chair Responsibilities.
- Page 168-169 - Placing Items on the Agenda
- Page 184 – Section 2.1, CFAC review of Council compensation in 2019
- Page 190 – Section 3.1.5, Written Communications
- Page 193 – Section 3.10, Legislative Action Program
- Page 201 – Section 5.2.2, Direction to Staff by Mayor/Council Members
- Page 202 – Section 5.3.2, Direction from Council
- Page 203 – Section 5.3.5, Significant Information
- Page 206 – Section 6.4 – Support for Advisory Bodies & Council
- Page 207 – Sections 6.5 – 6.6.3, Advisory Body Appointment Procedures and Terms

MOTION: Mayor Heading moved to recommend the City Council review and discuss the policies as outlined by myself and establish a subcommittee to perform in depth review of the items noted. The motion was seconded by Council Member McPherson for discussion.

Council Member McPherson sought clarification to ensure the following issues were included in the review: advisory board member communications to Council, clarification on the types of changes advisory bodies can make without Council approval, advisory

7

body declaration of future agenda items not on the approved work plan, and other inconsistencies.

AMENDED MOTION: Mayor Headding amended his motion to include areas cited and be sure they are inclusive of those mentioned. The amended motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

MOTION: Council Member Davis moved to appoint the Mayor and Council Member McPherson to the subcommittee. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS  
<https://youtu.be/0E7TMuSxh3k?t=15509>

Council Member McPherson requested an update on the vacation rental ordinance update according to the existing plan and, if there are opportunities to expedite that, provide a notation without specifics about what that would involve. A majority of the Council supported the request.

E. ADJOURNMENT

The meeting adjourned at 10:17 p.m.

Recorded by:

Dana Swanson  
City Clerk



AGENDA NO: A-2

MEETING DATE: September 24, 2019

## Staff Report

**TO:** Honorable Mayor & City Council **DATE:** September 19, 2019

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

**SUBJECT:** Review and Receive Water Reclamation Facility (WRF) Capital Project Monthly Update Report and Provide Direction, if any, Deemed Appropriate

### **RECOMMENDATION**

Council receive WRF Capital Project Monthly Update Report and provide direction, if any, deemed appropriate.

### **DISCUSSION**

Provided as Attachment 1 is the Monthly WRF Project Report for August 2019 for Council and public review.

### **ATTACHMENT**

1. City of Morro Bay Water Reclamation Facility Project Monthly Report August 2019

Prepared By: \_\_\_\_\_ Dept Review: \_\_\_\_\_  
City Manager Review: \_\_\_SC\_\_\_ City Attorney Review: \_\_\_\_\_

This Page Intentionally Left Blank



City of Morro Bay  
Water Reclamation Facility Project

## MONTHLY REPORT AUGUST 2019

FINAL | September 2019







City of Morro Bay  
Water Reclamation Facility Project

## MONTHLY REPORT AUGUST 2019

FINAL | September 2019

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



## Contents

Section 1	1	
PROJECT OVERVIEW	1	
1.1 General Project Status Update	1	
1.1.1 Property and Easement Acquisition	1	
1.1.2 Funding Agency Coordination	1	
1.1.3 Coastal Development Permit Receipt	2	
1.1.4 Environmental Documentation Completion	2	
1.2 Water Reclamation Facility	2	
1.2.1 Membrane Bioreactor Procurement	2	
1.3 Conveyance Facilities	3	
1.4 Recycled Water Facilities	3	
1.5 Quarterly Budget Revision	3	
Section 2	7	
KEY PERFORMANCE MEASURES	7	
2.1 Performance Measures	7	
Section 3	11	
PROJECT COSTS	11	
3.1 Project Budget	11	
3.2 Project Cash Flow	11	
Section 4	15	
PROJECT SCHEDULE	15	
4.1 Project Milestones	15	
<b>Tables</b>		
Table 1	Budget Revision Summary	4
Table 2	Project Accomplishments and Challenges	5
Table 3	WRF Project Performance Measures	9
Table 4	WRF Project Overall Budget Status (thru August 2019)	11
Table 5	Project Construction Milestones	15

## Figures

Figure 1	Project Cash Flow Projections and Actual Expenditures	14
Figure 2	Project Milestone Summary	17

## Abbreviations

APE	Area of Potential Effect
BDR	Basis of Design Report
BOD	Biochemical Oxygen Demand
CCC	California Coastal Commission
CDP	Coastal Development Permit
CDR	Concept Design Report
CEQA	California Environmental Quality Act
CPT	Cone Penetration Test
CWSRF	Clean Water State Revolving Fund
DDW	Division of Drinking Water
EPA	Environmental Protection Agency
ESCP	Enhanced Source Control Program
FEIR	Final Environmental Impact Report
GMP	Guaranteed Maximum Price
IPR	Indirect Potable Reuse
IUP	Intended Use Plan
IWS	Industrial Waste Survey
KPI	Key Performance Indicator
MBPFC	Morro Bay Public Facilities Corporation
MBR	Membrane Bioreactor
NEPA	National Environmental Policy Act
NOI	Notice of Intent
NPDES	National Pollution Discharge Elimination System
PCO	Potential Change Order
PPP	Pollution Prevention Program
RO	Reverse Osmosis
RWQCB	Regional Water Quality Control Board
SHPO	State Historic Preservation Office
SPI	Schedule Performance Index
TSO	Time Schedule Order
TSS	Total Suspended Solids
USACE	United States Army Corps of Engineers
USBR	United States Bureau of Reclamation
USFW	United States Fish and Wildlife
UVAOP	Ultraviolet Advanced Oxidation Process
WIFIA	Water Infrastructure Finance and Innovation and Act

WRF            Water Reclamation Facility  
WRFCAC      Water Reclamation Facility Citizens Advisory Committee  
WWE            Water Works Engineers

## Section 1

# PROJECT OVERVIEW

### 1.1 General Project Status Update

All components of the Water Reclamation Facility Project (Project) are currently in progress. City staff and the Program Manager (Carollo) are actively working with the design-build team (DB team) and the pipeline designer to advance the design of the Water Reclamation Facility (WRF) and Conveyance Facilities project components, respectively. In August 2019, City staff and the Program Manager continued to focus on moving the WRF component of the Project into construction. In order to start construction, the following activities must be completed:

- Property and Easement Acquisition.
  - Purchase the WRF site currently owned by Tri W.
  - Acquire both the temporary and permanent easements on property adjacent to Teresa Road owned by the Martz 2003 Trust.
- Funding Agency Coordination.
  - Negotiate and sign the final loan agreement with the Water Infrastructure Finance and Innovation and Act (WIFIA).
  - Facilitate completion of the Clean Water State Revolving Fund's (CWSRF's) Environmental Checklist.
- Coastal Development Permit (CDP) Receipt.
- Environmental Documentation Completion.
  - Receipt of the Final Environmental Impact Report (FEIR) addendum by the City Council.

A status update for these specific activities related to the start of construction is provided below. Brief updated on the status of each Project components is also provided as well.

#### 1.1.1 Property and Easement Acquisition

In August 2019, the City received appraisals from Schenberger, Taylor, McCormick & Jecker, Inc. (STMJ) for the Tri W property and necessary easements owned by the Martz 2003 Trust. City staff is finalizing the purchase agreements with the two property owners and anticipates bringing these purchase agreements to City Council at the October 08, 2019 meeting.

#### 1.1.2 Funding Agency Coordination

City staff and the Program Manager have been working with the City Attorney and WIFIA staff for the last several months to finalize the terms and specific language of the WIFIA loan agreement. The WIFIA loan agreement will cover 49 percent of the total \$126 million cost for the Project. Final edits have been provided to the City by WIFIA staff and it is anticipated that the final loan agreement will come back to City Council for review and approval at the October 08, 2019 meeting.

In addition to loan terms, the Program Manager has been working to facilitate the review of both the WIFIA and CWSRF applications with their respective staffs. Specifically, CWSRF requires an applicant to complete the Environmental Checklist before construction can begin. These activities include coordination with various stakeholders including the United States Fish and Wildlife (USFW), National Marine Fisheries Service (NMFS), and the State Historic Preservation Office (SHPO). All of these consultation efforts are underway and City staff anticipates having a completed Environmental Checklist in October 2019.

### **1.1.3 Coastal Development Permit Receipt**

On July 11, 2019, CCC approved the City's CDP with special conditions. On July 19, 2019, the City received a Notice of Intent (NOI) to issue the CDP 3-19-0463 that included several conditions that must be met before either the CDP can be issued or before construction can be started. In order to receive the CDP, the City must satisfy Special Condition 1 (Revised Final Plans) and Special Condition 2 (Construction Plans). A third condition, Special Condition 6 (Recycled Water Management Plan), must be satisfied before construction of the Project can begin. The Program Manager is currently working with the DB team to finalize and submit these documents to CCC staff before the end of September 2019.

### **1.1.4 Environmental Documentation Completion**

On August 08, 2019, Environmental Science Associates (ESA) completed the FEIR Addendum for the Project. While not required by the California Environmental Quality Act (CEQA) to be circulated, the State Water Board requires that all environmental documents for projects that receive CWSRF funding be circulated for a minimum period of 14 days. Hard copies of the FEIR Addendum and supporting documentation were received by the State Clearinghouse and San Luis Obispo County Clerk's Office on August 14, 2019. The FEIR Addendum was put on the agenda for the September 10, 2019 City Council meeting and City Council approved a motion to receive and file the addendum.

## **1.2 Water Reclamation Facility**

The design of the WRF has been progressing since the agreement with the DB team was signed in October 2018. On August 31, 2019, the DB team delivered the 60-percent design submittal for review by the Program Manager and City staff. A internal workshop was held on August 12, 2019 to review the design submittal. The 90-percent design submittal will be delivered to the City in November 2019.

### **1.2.1 Membrane Bioreactor Procurement**

Occurring in parallel with the development of the WRF design effort, City staff, the DB team, and the Program Manager have been working on procurement of the major equipment for the WRF. Since it is the heart of the wastewater treatment process, the first system being procured is the membrane bioreactor (MBR). The City's Project will also be the first potable reuse project in the state utilizing a MBR. At the end of August 2019, after several months of review and discussion, the DB team officially selected Suez as the MBR supplier.

Procurement for the headworks equipment has been completed and the selected manufacturer will be announced shortly. Procurement for the reverse osmosis (RO) system is also currently underway and proposals were received on August 30, 2019.

### 1.3 Conveyance Facilities

Over the last several months, the Program Manager has addressed the challenges with advancement of the Conveyance Facilities design due to access to the Vistra Energy Corporation (Vistra) property. At this time, all of the field investigations necessary to advance the design have been completed, and the 60-percent design submittal was submitted by Water Works Engineers (Water Works) to the City. A design workshop was held on September 16 and 17, 2019 to discuss the components of the 60-percent design.

### 1.4 Recycled Water Facilities

Challenges to advancement of the hydrogeological work to support design of the Recycled Water Facilities have also resulted from problems accessing the Vistra property. Several months ago, the City's hydrogeologist (GSI) completed Phase 1 of the hydrogeology work for the Project focused on long-term nitrate concentrations and the potential for seawater intrusion in the Lower Morro Groundwater Basin. GSI also completed the first component of the Phase 2 hydrogeology work focused on identifying the optimal groundwater injection location. The work consisted of pump testing of an existing well on Errol Street and cone penetration tests (CPTs) at the east injection area.

The next step in the hydrogeology work includes completion of Phase 2 or improved characterization at the west injection area. Completion of this component of the work has been contingent upon accessing the Vistra property to drill a pilot injection well or use an existing Morro Bay Mutual Water Company (MBMWC) well to conduct the pumping and injection tests. The City has reached an agreement with Vistra regarding use of the MBMWC well. Testing for this well can be started once the City receives the final CDP, which is anticipated in late September 2019.

### 1.5 Quarterly Budget Revision

The original \$126 million baseline budget was developed in June 2018 (Q4 Fiscal Year 2017/2018) and was used as the basis for the rate study prepared by Bartle Wells. At the beginning of each fiscal year, the budget is updated and used as the measure of performance for the Project during that upcoming fiscal year. The budget is then reviewed and reconciled on a quarterly basis so it can be compared to both the current fiscal year and baseline budgets. The next budget reconciliation will occur at the end of Q1 Fiscal Year 2019/2020 (September 30, 2019). A summary of the baseline, reconciled quarterly, and fiscal year budgets are summarized in Table 1. Subsequent budget reconciliations (quarterly) and fiscal year budgets (annual) will also be presented in this table for reference.

Table 1 Budget Revision Summary

Project Component	Baseline (Q4 FY 17/18)	Quarterly Reconciliation (Q3 FY 18/19)	Current Fiscal Year (Q4 FY 18/19)
Water Reclamation Facility	\$62,414,000	\$74,059,000	\$72,891,000
Conveyance Facilities	\$21,087,000	\$27,108,000	\$28,864,000
Recycled Water Facilities	\$8,593,000	\$5,366,000	\$5,283,000
General Program	\$24,403,000	\$11,614,000	\$11,714,000
Construction Contingency <sup>(1)</sup>	\$9,444,000	\$6,450,000	\$7,132,000
<b>Total</b>	<b>\$125,941,000</b>	<b>\$124,597,000</b>	<b>\$125,884,000</b>

## Notes:

(1) Increase in construction contingency is due to funds being shifted back from the Water Reclamation Facility into the contingency fund (only \$1.9 million of the budgeted \$2.5 million was used to fund the potential change orders [PCOs] approved by City Council for the Project in May 2019).

Increases to the Project budget since the budget reconciliation in Q3 Fiscal Year 2018/2019 can be attributed to the following:

- Addition of a trenchless crossing to the design of the Conveyance Facilities along the bike path at Willow Camp Creek following completion of the wetland delineation as part of the supplementary biological report prepared by Kevin Merk (approximately \$1 million)
- Additional potholing for design of the Conveyance Facilities necessary to identify utility locations and avoid construction change orders (approximately \$150,000)
- Additional land acquisition costs for purchase of the Tri-W property following initial estimates from the appraiser (approximately \$300,000).

Table 2 summarizes some of the key accomplishments and critical challenges identified for the Project in August 2019.

Table 2 Project Accomplishments and Challenges

Project Component	Key Accomplishments	Critical Challenges	Actions to Overcome Challenges	Likely Outcomes
General Project	Receipt of the FEIR Addendum by the City Council			
		Completion of the funding, property acquisition, and permitting work necessary to start construction by the end of October 2019	Actively working with the CCC, CSWRF, WIFIA, various property owners, and permitting stakeholders to expedite these processes.	Continued delays to the start of construction will result in impacts to the WRF cost.
Water Reclamation Facility	Selection of Suez as the MBR supplier			
	Selection of the headworks equipment supplier			
	Received the 60 Percent Design Submittal			
Conveyance Facilities	Received the 60 Percent Design Submittal			
		Schedule recovery due to issues access Vistra and PG&E property	Work with WWE to expedite the final design schedule (options could include eliminating some intermediate deliverables)	Without expediting the schedule, delayed construction completion could impact the schedule for start-up of the WRF
Recycled Water Facilities		Schedule recovery due to issues access Vistra and PG&E property	Work with GSI to expedite the completion of the Phase 2 hydrogeology work	Without expediting the schedule, the completion of the injection wells could be delayed (does not impact compliance with the time schedule order [TSO])



## Section 2

# KEY PERFORMANCE MEASURES

### 2.1 Performance Measures

A set of five (5) Key Performance Indicators (KPIs) were established to readily measure the progress of the Project. These KPIs represent various success factors associated with the WRF project management and delivery that were established by the Program Manager and City staff and are summarized as Table 3. The Project's performance is also illustrated graphically in Figures 1 and Figure 2



Table 3 WRF Project Performance Measures

Performance Measure	Data	Target <sup>(1)</sup>	Current	Delta	Status	Ⓜ	Ⓨ	Ⓡ
<b>1: Total Project Costs</b>	Total Project Projected Cost at Completion versus the Baseline Budget (budget as of 6/30/19)	\$125.9 M	\$125.9 M	0.0%	Ⓜ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
<b>1.1: WRF Costs</b>	On Site WRF Projected Cost at Completion versus the Baseline Budget (budget as of 6/30/19)	\$77.3 M	\$77.3 M	0.0%	Ⓜ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
<b>1.2: Conveyance Facilities Costs<sup>1</sup></b>	Conveyance Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 6/30/19)	\$31.3 M	\$31.3 M	0.0%	Ⓜ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
<b>1.3: Recycled Water Facilities Costs<sup>1</sup></b>	Off Site Injection Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 6/30/19)	\$5.6 M	\$5.6 M	0.0%	Ⓜ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
<b>1.4: General Project Costs<sup>(2)</sup></b>	General Project Projected Cost at Completion versus the Baseline Budget (budget as of 6/30/19)	\$11.7 M	\$11.7 M	0.0%	Ⓜ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
<b>2: Program Manager Cost Performance Index<sup>(3)</sup></b>	Ratio of Program Manager Earned Value to Actual Invoiced Cost-to-Date (as of 8/31/19)	1.00	0.97	-0.03	Ⓨ	>= 1.00	0.99 to 0.90	< 0.90
<b>3: Project Schedule Performance Index<sup>(4)</sup></b>	Ratio of Actual Percent Complete to Planned Percent Complete (as of 8/31/19)	1.00	0.91	-0.09	Ⓨ	>=1.00	0.99 to 0.80	<0.80
<b>4: Conveyance Pipeline Installed</b>	Feet of conveyance pipeline installed (thru 8/31/19)	18,500 LF	0.0 LF	0.0%	Ⓜ	<= 5%	> 5% and <=7.5%	> 7.5%
<b>5: Compliance Date Countdown</b>	Days Remaining to Compliance Date (as of 8/31/19)	1,277 days	851 days	-426 days	Ⓜ	>= 365 days	364 days and 180 days	> 179 days
Notes: (1) The target costs represent the Fiscal Year 2019/2020 current budget of \$125,884,000. The original baseline budget used as the basis of the rate increase is \$125,941,000. (2) General Project Costs include Program Management, funding, permitting, etc. as well as approximately \$5 million of accumulated costs for the Project before Carollo became Program Manager in April 2018. (3) Program Manager's budget performance is being impacted by a delay in the annual budget amendment. Tasks including Routine Update Meetings and Project Controls were originally funded through June 2019. (4) Delays associated with access to Vistra and PG&E property have resulted in schedule delays impacting hydrogeology work and completion of the Conveyance Facilities final design and hydrogeology work needed for the Recycled Water Facilities preliminary and final design.								



## Section 3

# PROJECT COSTS

### 3.1 Project Budget

The overall budget status for the Project is summarized in Table 4. The top half of the table provides a summary of total estimated Project costs, including original and current estimated costs for the entire Project. The bottom half of Table 4 shows the total amount of work currently under contract and provides a summary of total charges.

Table 4 WRF Project Overall Budget Status (thru August 2019)

Summary of Total WRF Project Cost	
Original Baseline WRF Project Budget <sup>(1)</sup>	\$125,941,000
Current Fiscal Year WRF Project Budget <sup>(2)</sup>	\$125,884,000
Current WRF Project Budget (as of 6/30/19) <sup>(3)</sup>	\$125,884,000
Budget Percent Change (Current versus Baseline)	0.0%
Total Expenditures for August 2019	\$866,520
Total Expenditures to Date (thru 8/31/19 invoices)	\$12,287,142
Percent of Current WRF Project Budget Expended	10.2%
Summary of Contracted Work	
Total Contracted Amount	\$77,246,016
Percent of Current WRF Project Budget Contracted	61.4%
Total Contracted Amount Expended	\$11,193,947
Percent of Contracted Amount Expended	14.5%
Remaining WRF Project Contracted Amount	\$66,052,070

Notes:

- (1) Developed in June 2018 as the basis of the approved rate surcharge that took effect in July 2019.
- (2) The budget for the Project is reviewed on an annual basis at the end of each fiscal year (June 30th) and is used as the basis of performance for the Project for the upcoming fiscal year.
- (3) The Project budget is reconciled on a quarterly basis and compared to the current fiscal year budget (i.e., September 30th, December 31st, and March 31st)

### 3.2 Project Cash Flow

Presented in Figure 1 are the projected and actual expenditures for the Project through August 2019 compared to the current fiscal year budget developed at the end of Fiscal Year 2018/2019 as the basis for the upcoming fiscal year (i.e., July 01, 2019 through June 30, 2020). The line graph shows the cumulative expenditures for the Project and the bars show the discrete monthly expenditures. Actual and budgeted expenditures from 2013 to the end of Fiscal Year 2018/2019 have been combined to improve readability. Total expenditures over that period were \$11,013,825. A milestone has been added to the cumulative forecasted expenditures. This milestone corresponds to the substantial completion of the WRF, which coincides with the City

being in compliance with the TSO issued by the Regional Water Quality Control Board (RWQCB) in June 2018.



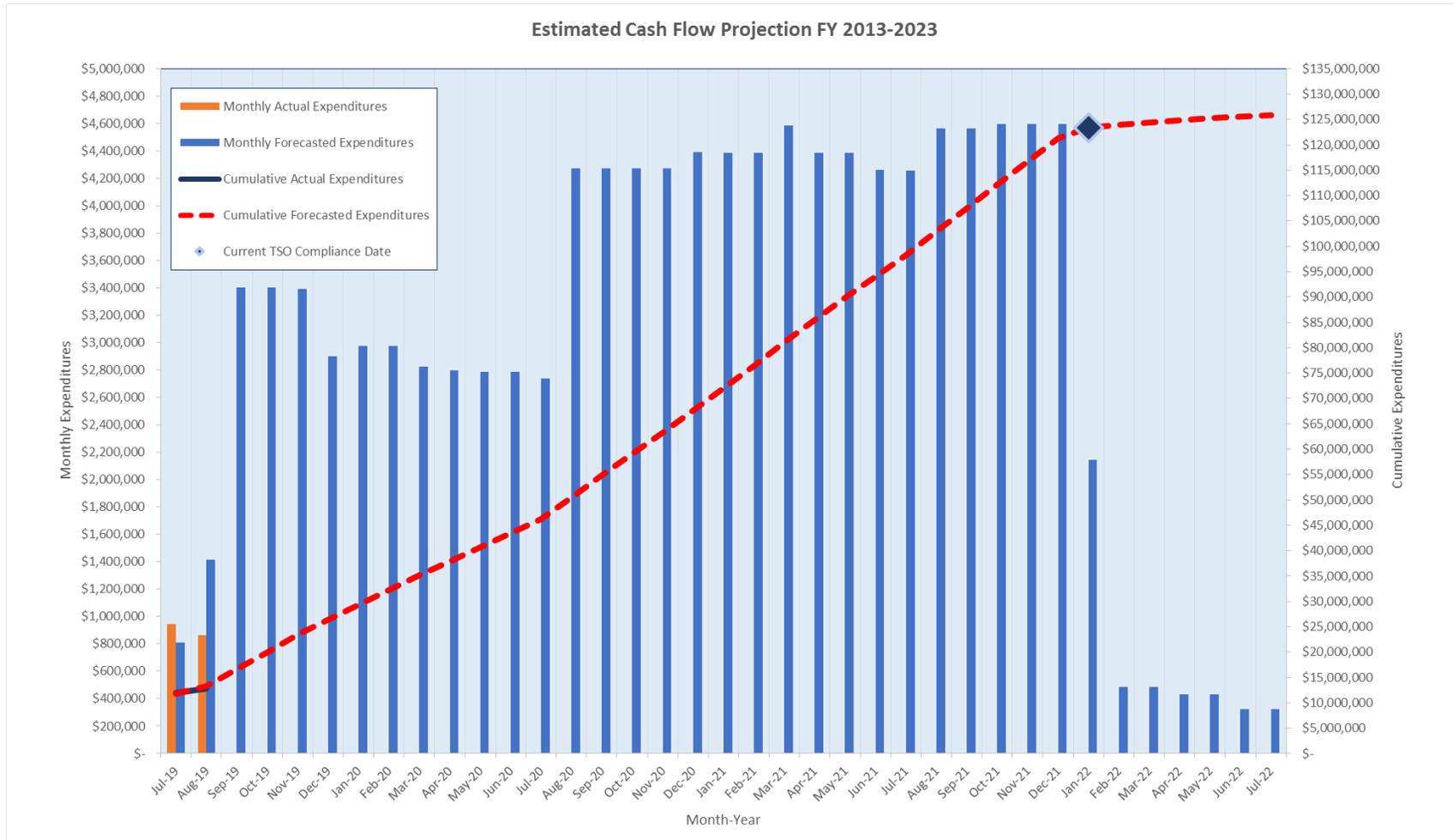


Figure 1 Project Cash Flow Projections and Actual Expenditures

## Section 4

# PROJECT SCHEDULE

A summary of the Project schedule is presented in Figure 2. The light blue bars for each major task represent the planned progress based on the baseline schedule developed at the end of Q4 Fiscal Year 2018/2019. The dark blue bars represent the current actual progress as of September 17, 2019. For each major line item, the schedule performance index (SPI) has been provided as well as an overall SPI for the entire Project. The SPI is a ratio of the current actual percent complete versus the planned percent complete. A SPI of greater than 1.00 indicates that the Project is on or ahead of schedule and a SPI of less than 1.00 indicates the Project is running behind the planned schedule.

### 4.1 Project Milestones

In June 2018, the City received a TSO from the RWQCB. The TSO requires the City to comply with a time schedule that will, within five years of adoption, allow the City to achieve full compliance with biochemical oxygen demand (BOD) and total suspended solids (TSS) final effluent limitations established in Order No. R3-2017-0050. In addition to the final compliance date, a number of intermediate milestones are provided in Table 5 (Compliance Schedule) of the TSO. Presented in Table 5 are the milestones in the TSO.

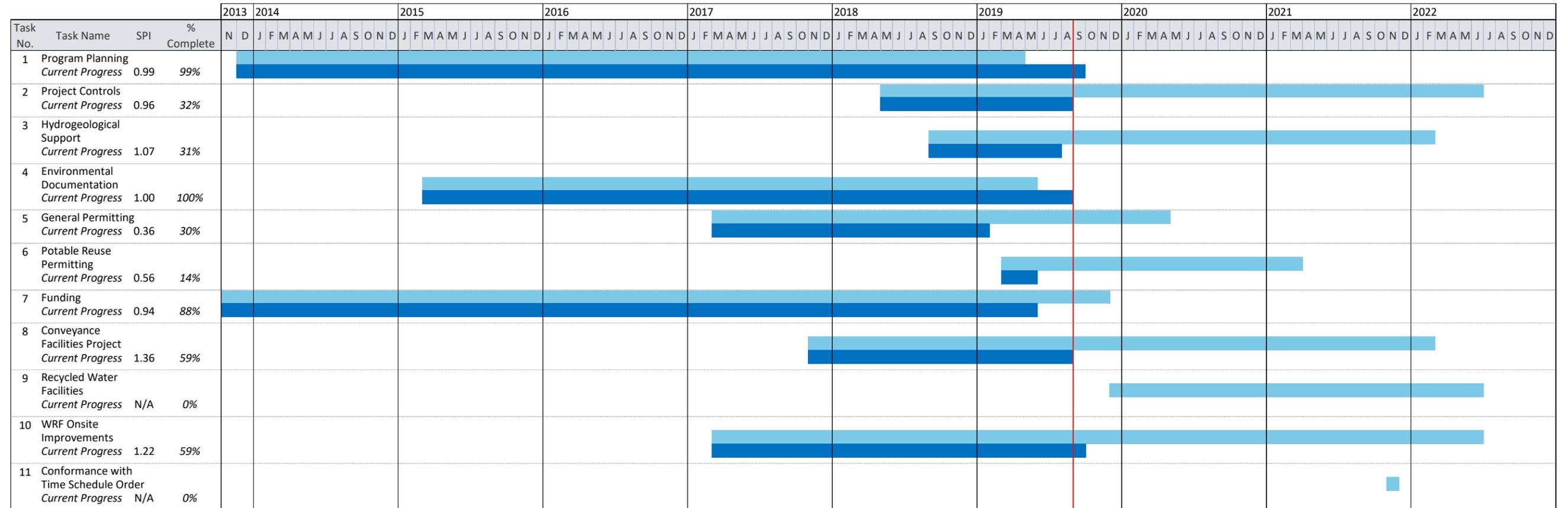
Table 5 Project Construction Milestones

Required Actions	Compliance Due Date	Planned Compliance Date	Actual Compliance Date
Release of Public Draft EIR	March 30, 2018	-	March 30, 2018
Release of Updated Rate Study	June 30, 2018	-	July 05, 2018
Proposition 218 Hearing	August 30, 2018	-	September 11, 2018
Certification of Final EIR	June 30, 2018	-	August 14, 2018
Award of Contract for WRF	September 30, 2018	-	October 23, 2018
Develop, Implement, and Submit Pollution Prevention Plan (PPP) for BOD and TSS	December 01, 2018	TBD <sup>(1)</sup>	-
Award of Contract for Construction of Conveyance Facilities	November 30, 2019	July 31, 2020	-
Completion of WRF Improvements with Completion Report	December 30, 2022	December 29, 2021	-
Full compliance with final effluent limitations	February 29, 2023	December 29, 2021	-

Notes:

(1) The City and Program Manager have noted this requirement in the previous quarterly progress reports sent to the RWQCB (as required by the TSO). The City has requested that the Enhanced Source Control Program (ESCP) required as part of the Title 22 Engineer's Report be considered acceptable for this requirement in lieu of the PPP identified in the TSO.





Project SPI: 0.91  
 Program % Complete: 62%

Figure 2 Project Milestone Summary

This Page Intentionally Left Blank



AGENDA NO: A-3

MEETING DATE: September 24, 2019

## Staff Report

**TO:** Honorable Mayor and City Council      **DATE:** September 16, 2019

**FROM:** Steven Knuckles, Fire Chief  
Matthew Vierra, Fire Marshal

**SUBJECT:** 2019 Morro Bay Local Hazard Mitigation Plan Process Update

### **RECOMMENDATION**

Staff recommends the City Council receive and file this report.

### **FISCAL IMPACT**

There is no fiscal impact. The planning, review, and approval process are funded through a local Homeland Security Grant through the Federal Emergency Management Agency (FEMA).

### **ALTERNATIVES**

None.

### **BACKGROUND**

Staff recognizes that natural and human-caused hazards pose a significant threat, at varying degrees of magnitude and frequency, to the safety and economic stability of the City and its residents. Often, the potential reality of hazards within the City is not fully understood or realized until a major disaster occurs, and then significant resources are required to respond and recover from the damages. Staff also understands that responding to disasters on a post-incident basis can result in increased costs, in terms of both financial and human losses. Accordingly, Morro Bay has partnered with other cities and the County of San Luis Obispo to prepare the City of Morro Bay Local Hazard Mitigation Plan (LHMP) in order to assess the City's vulnerability to natural and human caused hazards, and to develop mitigation strategies that reduce the risks associated with those hazards. All outsourcing expenses and coordination through San Luis Obispo County Office of Emergency Services (OES) was fully funded by a local Homeland Security Grant sponsored by the San Luis Obispo County Fire Chief's Association through the FEMA.

The planning process followed during the update was similar to the process used in the City's 2012 LHMP update. This planning process utilized the input from a multi-jurisdictional Hazard Mitigation Planning Committee (HMPC). A significant change from our 2012 LHMP is the inclusion of all seven incorporated communities within our County, nine community service districts, and four special districts. Wood Environment & Infrastructure Solutions, Inc. (Wood) was procured to assist with the update through the County of San Luis Obispo. Below is the estimated remaining schedule for our

Prepared By:   MV/SK        Dept Review:   SK    
City Manager Review:   SC        City Attorney Review:

LHMP review and approval process:

- September 23- October 23 – Public review period
- November 1 – LMHP for OES review, revised per public review
- December 16 (estimated) – OES provides comments from review
- January 8 (estimated) – Address OES comments and submit final plan to OES for FEMA review
- February 21 (estimated) – FEMA review complete
- March 1 – (estimated) Address FEMA comments, if applicable
- March 15 – (estimated) FEMA approval pending adoption
- March 15 – May 31 – Local adoptions; FEMA final approvable upon receipt of County adoption.

As the costs of damage from natural disasters continue to increase, staff continues to realize the importance of identifying effective ways to reduce vulnerability to disasters. LHMPs assist our community and surrounding communities in reducing risk from natural hazards by identifying resources, information, and strategies for risk reduction, while helping to guide and coordinate mitigation activities. The LHMP works in conjunction with other City plans including the Morro Bay General Plan and the Morro Bay Comprehensive Emergency Management Plan.

## **DISCUSSION**

The Disaster Mitigation Act (DMA) of 2000, also commonly known as “The 2000 Stafford Act Amendments” (the Act), constitutes an effort by the Federal government to reduce the rising cost of disasters. The Act stresses the importance of mitigation planning and disaster preparedness prior to an event. Mitigation Planning Section 322 of the Act requires local governments to develop and submit mitigation plans in order to qualify for Hazard Mitigation Assistance grant program funds. For disasters declared after November 1, 2004, San Luis Obispo County must have a Local Hazard Mitigation Plan (LHMP) approved pursuant to §201.6 in order to receive FEMA Pre-Disaster Mitigation (PDM) project grants or to receive Hazard Mitigation Assistance (HMA) funding. The LHMP is written to meet the statutory requirements of DMA 2000 (P.L. 106-390), enacted October 30, 2000 and 44 CFR Part 201 – Mitigation Planning, Interim Final Rule, published February 26, 2002. To facilitate implementation of the DMA 2000, the Federal Emergency Management Agency (FEMA) created an Interim Final Rule (the Rule), published in the Federal Register in February of 2002 at section 201 of 44 CFR. The Rule spells out the mitigation planning criteria for States and local communities. Specific requirements for local mitigation planning efforts are outlined in §201.6 of the Rule. In October 2011, FEMA released a Local Mitigation Plan Review Guide (Guide) in order to help “Federal and State officials assess Local Mitigation Plans in a fair and consistent manner”. Local jurisdictions must demonstrate that proposed mitigation actions are based upon a sound planning process that accounts for the inherent risk and capabilities of the individual communities as stated in §201.5 of the Rule. The Guide includes a Plan Review Tool to assist reviewers in assuring all required components are present in submitted LHMPs.

This Local Hazard Mitigation Plan was prepared jointly and regionally by the County of San Luis Obispo and City of Morro Bay staff, with assistance from Wood. Our LHMP includes an assessment of the planning area’s risks from hazard events such as earthquake, flood, tsunami, and wildfire, and identifies initiatives and projects intended to minimize future hazard-related damage. Several avenues of media were used to involve the public, neighboring jurisdictions, and local and regional agencies in the planning process. Continued public participation is an integral component to the mitigation planning process and will continue to be essential as this LHMP evolves over time.

Beginning September 23, 2019 thru October 23, 2019 is another opportunity for a public review period before the final plan is submitted to FEMA.

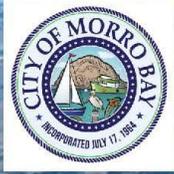
Staff is planning and preparing for a public workshop on October 9, 2019, at 6:00 pm at our Harbor Street Fire Station. Outreach for the plan includes media press releases to local news organizations, Facebook posts, Twitter posts, and press releases posted on our City website for public study workshop session.

### **CONCLUSION**

This local hazard mitigation plan is to serve as an effective blueprint for reducing future losses from natural hazards and disasters and to meet requirements for FEMA approval. The plan is the representation of your whole community's commitment to reducing long-term vulnerability and acts as a guide for decision makers as they commit resources for implementation. Our participation in a regional LHMP with the County of San Luis Obispo County and other neighboring communities has and will provide consistency in a cost-efficient process. The 2019 Morro Bay's LHMP is funded through a local Homeland Security Grant with future cost efficiencies through a regional approach. Following the review and public comment period and any resulting changes to the draft plan, the 2019 update will be submitted to the California Governor's Office of Emergency Services (Cal OES) and FEMA for review and approval in the first part of 2020. After approval from FEMA and Cal OES, it will be formally adopted by the San Luis Obispo County Board of Supervisors and presented to the Morro Bay City Council for approval.

### **ATTACHMENT**

1. LHMP Public Workshop Flyer, October 2019



Public Workshop

October 9, 2019

6:00 pm

## **Local Hazard Mitigation Plan Update**

City Staff will be discussing the Development of our Local Hazard Mitigation Plan. The Purpose of this plan is to help reduce the impacts of natural hazards to citizens, property and critical infrastructure in the city. Members of the community have an important role in this process and are encouraged to participate and provide input.

**Wednesday, October 9th, 2019**

**6:00pm to 8:00pm**

**Harbor Street Fire Station**

**715 Harbor Street, Morro Bay**



AGENDA NO: A-4

MEETING DATE: September 24, 2019

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** September 9, 2019

**FROM:** Eric Endersby, Harbor Director

**SUBJECT:** Adoption of Resolution 78-19 Approving a New Interim Lease Agreement with Todd Baston and Tamara Gray-Baston for Lease Site 62/62W, Located at 551 Embarcadero Road (Kayak Horizons)

### **RECOMMENDATION**

Staff recommends the City Council adopt Resolution 78-19 approving a five-year Interim Lease Agreement with Todd Baston and Tamara Gray-Baston for Lease Site 62/62W, currently operating as Kayak Horizons.

### **ALTERNATIVES**

The City Council can elect to not approve the lease agreement as-proposed or to desire changes, and direct staff accordingly.

### **FISCAL IMPACT**

Under this agreement, the annual rent will remain essentially unchanged as is current, starting at \$13,000/year and to include the usual annual CPI adjustments.

### **BACKGROUND**

The current lease for lease site 62/62W expired at the end of September 2018 and was extended one year with tenants Dennis and Deborah Krueger, while the City put the site out to bid for redevelopment last year. The Kruegers had originally planned to retire from the site and let it revert to the City but agreed to stay with an extension to help maintain operational continuity.

On June 1, 2018, a Request for Proposals (RFP) was issued for site redevelopment, and two proposals were received. Subsequent to the initial proposer interviews, one proposer dropped-out of consideration, leaving the Bastons as the sole-remaining proposers. Staff continue to work with the Bastons on modifications to their proposal deemed necessary for its successful consideration, and eventual submission to the City Council for a Consent of Landowner approval.

With the one-year Krueger lease extension nearing its termination at the end of this month, the Bastons recently approached staff with the proposal to take over the Kayak site on a 5-year interim basis in order to ensure the site does not become dormant, and to provide more time for them to continue working with staff developing their Kayak Horizons redevelopment proposal.

On August 27, 2019, staff brought their proposal to the City Council in closed session for direction, which is incorporated into the lease agreement proposed tonight.

Prepared By: EE

Dept Review: EE

City Manager Review: SC

City Attorney Review: JWP

## **DISCUSSION**

This lease with the Bastons at Kayak Horizons would essentially be on the same terms and conditions as is current; and the Bastons intend to keep the kayak rental business operating smoothly and seamlessly from the current operator to the next as either a sub-tenancy or them operating it themselves. They also intend to keep the current upstairs clothing maker subtenant in place.

Staff is proposing the attached new Interim Lease Agreement (modeled after the current agreement), containing the following highlights:

1. Section 1.03 Condition of the SITE. The land and water portions of the lease are rented in an “as-is” condition; however, no untoward issues are known to be present with the land, revetment, buildings, dock or associated improvements beyond normal wear and tear for their age. There is no seawall built at this location. Since this site is to be redeveloped in the near future, provision in this section for renegotiation should an “extraordinary” maintenance or repair issue arise.
2. Section 2.01 Term. A five-year term commencing October 1, 2019. That term could be canceled early for either the Bastons getting a new long-term agreement for the site based on their redevelopment proposal, if it comes to fruition, or, if it does not, then the City elects to lease the site to a different party for redevelopment.
3. Section 3.01 Minimum Rent. Starting annual minimum rent of \$13,000/year, which is essentially what the rent is now under the current tenant and under “standard” appraisal and rent-setting conditions.
4. Section 3.02 Annual CPI Adjustment to Minimum Rent. Standard annual CPI adjustments based on the Department of Labor’s indices.
5. Section 3.04 Percentage Rental. Standard percent rents of 5% for retail/rental, 10% for slips, transient occupancy and all other uses. Due to this site’s very small size, however, percent rents have historically not been made because of the limited revenue-generating capacity of the site.
6. Section 4.01 Permitted Uses. Permitted uses allowed would be retail and rental sales, boat slip renting, transient occupancy and other allied uses, which have also been allowed by the site’s various permit entitlements.
7. Section 5.04 Ownership of Improvements. Since this is an interim lease with the Bastons stepping in to manage the site on a short-term basis, removal of the standard option that allows the City to demand removal of the site improvements upon lease termination.
8. Section 7.02 Dock and Gangway. Since this is an interim lease, removal of the standard provision that the Tenant is responsible for the site’s revetment and pilings, and modification of this section for responsibility for the dock and gangway only.
9. Section 13.11 Termination for Redevelopment of Site. If the Baston’s redevelopment proposal bid fails, then the City has the option, with due notice, to lease the site to another party for redevelopment.

The remaining terms and conditions are essentially “standard” in their general scope character.

## **CONCLUSION**

It behooves the City and adjoining waterfront to ensure the Kayak Horizons site remains open and operational once the existing tenant transitions out at the end of this month. The owners/operators of the Gray’s Inn next door have provided a logical means in which to do that. As staff continue to work with the Bastons on revising their RFP proposal before bringing it forward for Council consideration for a long-term lease, including redevelopment of the site, the proposed interim lease

will provide a good opportunity to maintain continuity at this site with the likely future operators of it.

If the current RFP process results in a favorable outcome for the Bastons' redevelopment proposal, then the resulting new long-term lease could either be a stand-alone one or be combined with the Gray's Inn lease for a two-site consolidation, if it made sense for both parties to do so. Those, however, are options for possible future consideration.

If the Bastons' RFP proposal does not eventually result in the City and them agreeing to a long-term lease with no amenable path forward, then the site will continue to be operated by the Bastons under the proposed interim lease until next steps can be considered. Those steps could include continuing to work with the Bastons on a new plan or proposal, working with a new party for a new redevelopment proposal and lease, or advertising another RFP for the redevelopment and use of the site. Those options are, again, ones for possible future consideration.

Staff, therefore, are seeking Council approval of the proposed interim lease agreement to move forward with the Bastons' proposal to operate the Kayak Horizons on an interim basis now. If the Kayak Horizons RFP-revising process bear fruit with the Bastons, then it is anticipated that proposal will be brought to Council in regular session before the year is out for a Consent of Landowner approval and next steps.

#### **ATTACHMENTS**

1. Resolution 78-19
2. Interim Lease Agreement for Lease Site 62/62W with Todd Baston and Tamara Gray-Baston

**RESOLUTION NO. 78-19**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
APPROVING A FIVE-YEAR INTERIM LEASE AGREEMENT  
FOR LEASE SITE 62/62W, LOCATED AT 551 EMBARCADERO ROAD,  
BETWEEN THE CITY OF MORRO BAY AND  
TODD BASTON AND TAMARA GRAY-BASTON**

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

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

**WHEREAS**, Lease Site 62/62W is currently operating on a one-year extended lease with Dennis and Deborah Krueger, doing business as Kayak Horizons; and

**WHEREAS**, the Kruegers are retiring and the site is reverting from their ownership at the end of September 2019; and

**WHEREAS**, the operators of the Gray's Inn and Gallery at the adjacent lease site 63-64/63W-64W, Todd Baston and Tamara Gray-Baston, are currently processing a redevelopment proposal for Lease Site 62/62W that is not yet ready for City Council consideration; and

**WHEREAS**, the City and the Bastons wish to enter into a five-year Interim Lease Agreement for continued seamless operation of the site while their redevelopment proposal is being processed.

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

1. The attached Interim Lease Agreement for Lease Site 62/62W is hereby approved.
2. The Mayor is hereby authorized to execute said Interim Lease Agreement.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 24<sup>th</sup> day of September 2019 on the following vote:

AYES:  
NOES:  
ABSENT:

\_\_\_\_\_  
JOHN HEADING, Mayor

ATTEST:

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

**LEASE**

by and between

the CITY OF MORRO BAY

("CITY")

and

TODD BASTON AND TAMARA GRAY-BASTON

("TENANT")

## TABLE OF CONTENTS – LEASE SITE 62/62W

ARTICLE 1 TERMINATION OF PREVIOUS LEASE AND DESCRIPTION OF SITE.....	2
Section 1.01 <u>Termination of Previous Lease</u> .....	2
Section 1.02 <u>SITE</u> .....	2
Section 1.03 <u>Condition of the SITE</u> .....	2
ARTICLE 2 FIXED TERM..... ;	3
Section 2.01 <u>Term</u> .....	3
Section 2.02 <u>No Extensions</u> .....	3
Section 2.03 <u>Hold Over</u> .....	3
ARTICLE 3 RENT .....	4
Section 3.01 <u>Minimum Rent</u> .....	4
Section 3.02 <u>Annual CPJ Adjustment to Minimum Rent</u> .....	4
Section 3.03 <u>Reserved</u> .....	4
Section 3.04 <u>Percentage Rental</u> .....	4
Section 3.05 <u>Penalty and Interest</u> .....	6
ARTICLE 4 USE OF SITE..... ;	7
Section 4.01 <u>Permitted Use</u> .....	7
Section 4.02 <u>Unauthorized Use</u> .....	7
Section 4.03 <u>Operation of Business- Hours of Operation</u> .....	7
Section 4.04 <u>Competition</u> .....	8
Section 4.05 <u>Tidelands Trust</u> .....	8
Section 4.06 <u>Compliance with Law</u> .....	8
Section 4.07 <u>Waste or Nuisance</u> .....	8
ARTICLE 5 CONSTRUCTION, REPAIRS AND ALTERATION.....	9
Section 5.01 <u>Construction Approval</u> .....	9
Section 5.02 <u>Construction Bond</u> .....	9
Section 5.03 <u>Mechanics' Liens</u> .....	9
Section 5.04 <u>Ownership of Improvements</u> .....	10
ARTICLE 6 HYPOTHECATION OF LEASE.....	11
ARTICLE 7 REPAIRS, MAINTENANCE AND RESTORATION .....	12
Section 7.01 <u>Maintenance by TENANT</u> .....	12
Section 7.02 <u>Dock and Gangway</u> .....	12
Section 7.03 <u>Requirements of Governmental Agencies</u> .....	12
Section 7.04 <u>Failure to Repair</u> .....	12
Section 7.05 <u>TENANT'S Duty to Restore SITE</u> .....	12
Section 7.06 <u>Inspection by CITY</u> .....	13
Section 7.07 <u>Option to Terminate Lease for Destruction</u> .....	13
Section 7.08 <u>Application of Insurance Proceeds</u> .....	13
ARTICLE 8 INDEMNITY AND INSURANCE.....	14
Section 8.01 <u>Indemnity Agreement</u> .....	14
Section 8.02 <u>Liability Insurance</u> .....	14
Section 8.03 <u>Worker's Compensation</u> .....	14
Section 8.04 <u>Fire and Casualty Insurance</u> .....	15
Section 8.05 <u>Specific Perils to be Insured</u> .....	15
Section 8.06 <u>Deposit of Insurance with CITY</u> .....	15
Section 8.07 <u>Notice of Cancellation of Insurance</u> .....	15
Section 8.08 <u>No Subrogation</u> .....	15
ARTICLE 9 TAXES AND UTILITIES.....	16
Section 9.01 <u>TENANT to Pay Taxes</u> .....	16
Section 9.02 <u>TENANT to Pay License and Permit Fees</u> .....	16
Section 9.03 <u>Utilities</u> .....	16
ARTICLE 10 CONDEMNATION .....	17
Section 10.01 <u>Total Condemnation</u> .....	17
Section 10.02 <u>Condemnation Award</u> .....	17
Section 10.03 <u>Termination for Partial Taking</u> .....	18
Section 10.04 <u>Rent Abatement for Partial Taking</u> .....	18
Section 10.05 <u>Conveyance in Lieu of Eminent Domain</u> .....	18
ARTICLE 11 ASSIGNMENT AND SUBLEASING.....	19

Section 11.01	<u>No Assignment Without CITY's Consent</u> .....	19
Section 11.02	<u>Reserved</u> .....	19
Section 11.03	<u>Application for Assignment</u> .....	19
Section 11.04	<u>Probate Transfer or Assignment</u> .....	19
Section 11.05	<u>No Sub-lease Without CITY's Consent</u> .....	19
Section 11.06	<u>Term of Sub-lease</u> .....	19
Section 11.07	<u>Sub-Tenant Subject to Lease Terms</u> .....	20
Section 11.08	<u>Consent Form Agreement</u> .....	20
Section 11.09	<u>TENANT Remains Liable</u> .....	20
Section 11.10	<u>Exception for Boat slips, Motels</u> .....	20
ARTICLE 12	DEFAULT AND TERMINATION.....	21
Section 12.01	<u>Abandonment by TENANT</u> .....	21
Section 12.02	<u>Termination for Breach by TENANT in All Cases Except Failure to Pay Rent</u> .....	21
Section 12.03	<u>Termination for Failure to Pay Rent</u> .....	21
Section 12.04	<u>Beneficiary May Cure Default</u> .....	21
Section 12.05	<u>Reserved</u> .....	21
Section 12.06	<u>Damages for Breach</u> .....	21
Section 12.07	<u>Cumulative Remedies</u> .....	22
Section 12.08	<u>Waiver of Breach</u> .....	22
Section 12.09	<u>Surrender of the SITE</u> .....	22
ARTICLE 13	MISCELLANEOUS.....	23
Section 13.01	<u>Reserved</u> .....	23
Section 13.02	<u>Notices</u> .....	23
Section 13.03	<u>Governing Law</u> .....	23
Section 13.04	<u>Binding on Heirs and Successors</u> .....	23
Section 13.05	<u>Partial Invalidity</u> .....	23
Section 13.06	<u>Sole and Only Agreement</u> .....	23
Section 13.07	<u>Modification</u> .....	24
Section 13.08	<u>Time of Essence</u> .....	24
Section 13.09	<u>Memorandum of Lease Recording</u> .....	24
Section 13.10	<u>Joint and Several Liability</u> .....	24
Section 13.11	<u>Termination for Reasons Related to Redevelopment of the Site</u> .....	24

## LEASE

THIS LEASE is made and entered into by and between the CITY OF MORRO BAY, a municipal corporation of the State of California herein called CITY, and Todd Baston and Tamara Gray-Baston, a married couple, as sole proprietors, herein called TENANT.

## WITNESSETH

WHEREAS, the State of California granted certain tide and submerged lands located within the CITY limits of CITY to the County of San Luis Obispo and to its successors, being Chapter 1076, Statutes of 1947, as amended by Chapter 413, Statutes of 1955, Chapter 1874, Statutes of 1957, and Chapter 70, Statutes of 1960, first extraordinary session; which Statutes may be amended from time to time by the Legislature of the State of California; all of which Statutes are expressly recognized and agreed to be in full force and effect by the parties hereto; and

WHEREAS, the parties hereto recognize and agree that on July 17, 1964, the CITY, Lessor herein, succeeded to all of the right, title and interest of the County of San Luis Obispo in and to all of the tide and submerged lands conveyed to said County by the State of California pursuant to the above-mentioned acts; and

WHEREAS, judgment has been entered on October 14, 1968, in the case of City of Morro Bay, Plaintiff, versus County of San Luis Obispo, and State of California, Defendants, by the Superior Court of the State of California in and for the County of San Luis Obispo, #30417, adjudging and decreeing, among other things, that the title to said tide and submerged lands so conveyed by the State of California to the County of San Luis Obispo in trust, as set forth above, passed automatically to CITY upon the date of its incorporation as a city on the 17th day of July, 1964; and

WHEREAS, TENANT accepts this Lease with full knowledge there is no warranty of title in and to the SITE (described below) by CITY to TENANT; and

WHEREAS, in order to develop and improve the Morro Bay Harbor, and to assist in carrying out the provisions of the tideland grant as aforesaid, and in order to provide facilities for the accommodation of those using Morro Bay Harbor, CITY leases to TENANT the within described property upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the rent to be paid thereunder and of the provisions, covenants and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## Article I TERMINATION OF PREVIOUS LEASE AND DESCRIPTION OF SITE

### **Section 1.01 Termination of Previous Lease**

CITY and TENANT hereby mutually agree the previous carried-over lease for Lease Site 62/62W between the CITY and Dennis and Deborah Krueger, originally commencing July 1, 1995, is terminated effective September 30, 2019.

### **Section 1.02 SITE**

Upon and subject to the provisions, covenants and conditions hereof, CITY hereby leases and demises to TENANT, and TENANT hereby leases and takes from CITY, the SITE, which is the real property and improvements thereon known as Lease Site 62/62W including a 15' westerly extension of Lease Site 62/62W in the City of Morro Bay, County of San Luis Obispo, State of California. The SITE is described and outlined in yellow on the attached Exhibit A, which is incorporated by this reference as though fully set forth herein. The SITE, excluding the 15-foot westerly extension of Lease Site 62/62W, is delineated on Parcel Map of the City of Morro Bay No. 68-30, which map was recorded on October 10, 1968, in Book 3, Page 10 of Parcel Maps in the Office of the County Recorder, San Luis Obispo County, California.

As used herein, the term "SITE" shall mean and include the site described above, all existing improvements on the SITE and all improvements placed thereon by the TENANT pursuant to this Lease.

### **Section 1.03 Condition of the SITE**

Except as otherwise specifically provided for in this Lease, the SITE shall be conveyed to TENANT in an "as is" condition. It shall be the sole responsibility of TENANT, at TENANT's sole expense, to investigate and determine the conditions of the SITE, the condition of the existing improvements on the SITE and the suitability of such conditions for the business to be conducted by TENANT.

TENANT and CITY mutually acknowledge this Lease is for an interim term and CITY desires the SITE to be redeveloped in the near future by TENANT or others. Therefore, if any maintenance or repair beyond the scope of normal wear and tear (Extraordinary Maintenance and Repair) becomes necessary, as reasonably determined by CITY, then CITY and TENANT shall in good faith negotiate a mutually-agreeable method and financing for the Extraordinary Maintenance and Repair.

## Article 2 FIXED TERM

### **Section 2.01 Term**

The term of this Lease shall be a period of five (5) years, commencing October 1, 2019 (the Commencement Date), and terminating without notice on September 30, 2024, unless sooner terminated as herein provided, or by operation of law.

### **Section 2.02 No Extensions**

The term of this Lease shall not be extended nor shall this Lease be renewed. Requests for continued use of the SITE shall be treated as an application for a new lease and shall require appropriate application to the CITY with all required supporting information and documents, CITY Council approval and the execution of a new CITY lease, containing the then most current provisions, covenants, conditions and rent schedules.

### **Section 2.03 Hold Over**

If TENANT does not relinquish actual physical possession of the SITE after the expiration of the term of this Lease, or if otherwise terminated, with the consent of the CITY, express or implied, then such holding over (in the absence of a written agreement between CITY and TENANT with respect thereto) shall be deemed to create a tenancy from month- to-month, terminable on thirty-days' written notice from either party to the other, at a monthly rental equal to twice one-twelfth (1/12) of the total minimum and percentage rental for the preceding twelve (12) months (equal to 1/6 annual rent per month), and otherwise subject to each and every provision, covenant and condition of this Lease. TENANT shall indemnify, defend and hold harmless CITY from any and all loss or liability, including, but not limited to, claims of succeeding tenants, resulting from TENANT'S failure to surrender possession of the SITE upon expiration of this Lease, or upon termination of this Lease for any other reason.

## Article 3 RENT

### **Section 3.01 Minimum Rent**

TENANT agrees to pay to CITY in addition to the additional sums specified in Section 3.04, a minimum guaranteed annual rental for the use and occupancy of the SITE of Thirteen Thousand Dollars (\$13,000.00) per year payable in advance in monthly installments on the first day of each month, starting with the first full month after the Commencement Date. If the Commencement Date is other than the first day of a month, the monthly rent for that month shall be on a pro-rated basis.

Those amounts shall be paid to CITY in lawful money of the United States of America, without offset or deduction, at the Harbor Office, located at 1275 Embarcadero, Morro Bay, California, or at such other place or places CITY may from time-to-time designate by written notice delivered to TENANT.

### **Section 3.02 Annual CPI Adjustment to Minimum Rent**

The parties agree on July 1, 2020 and each July 1 thereafter, except as provided for in Section 3.03, the minimum guaranteed annual rental shall be increased or decreased in direct proportion to any upward or downward movement from the Consumer Price Index for January 1, 2019, which is hereby agreed to be 269.468. The Consumer Price Index referred to herein is the Consumer Price Index (all items indexes, all urban consumers) for Los Angeles – Long Beach – Anaheim, California, compiled and published by the United States Department of Labor, Bureau of Labor Statistics, 1982-84 Base Year = 100 (hereafter called Index). The percentage adjustment for any given year shall be based upon the average monthly index for twelve months ending December 31st.

The minimum annual rental shall be adjusted once each year on July 1, and will remain in effect as adjusted through June 30 of the following year, at which time it will be readjusted. (By way of illustration only, if the Index was 130 on January 1, 1986 and the average monthly Index from January 1986 through December 1986 equals 136 then the percentage increase is 4.62%. Therefore the minimum guarantee annual rental then being paid by TENANT would be increased by 4.62% commencing July 1, 1987 and continuing at that rate until June 30, 1988.)

If the United States Department of Labor, Bureau of Labor Statistics shall ceases to compile and make public the Index as now constituted and issued, then another index as reasonably determined by CITY, shall be used for the purpose of adjusting the minimum rental for the SITE.

### **Section 3.03 Reserved**

### **Section 3.04 Percentage Rental**

A. In addition to the minimum guaranteed annual rental specified hereinabove TENANT agrees to pay to CITY at the time and in the manner hereinafter specified, as rent for the use and occupancy of the SITE an additional sum equal to five (5) percent of TENANT's gross sales, as defined below, from retail and non-slip rental sales and ten (10) percent of gross sales, as defined below, from slip rentals and all other sales and activities related to the SITE, less the amount of the minimum guaranteed annual rental paid pursuant to Sections 3.01 and 3.02, above.

B. The term "gross sales" as used herein, shall (subject to the exception and authorized deductions as hereinafter set forth), mean the total selling price and the total gross amount received by TENANT from all rentals, merchandise sold and services rendered in, on or from the SITE by TENANT, their sublessees, licensees, or concessionaires, both for cash and on credit including, but not limited to, rentals of dockage space, leasing and servicing operations and ticket sales, and if on credit whether or not payment be actually made therefore, all charges for services, alterations or repairs to customer's property made in or upon said SITE; the gross amount received by TENANT for merchandise sold pursuant to orders received in the SITE, though filled elsewhere; and the gross amount received by TENANT from

any and all other sources of income derived from the business or businesses conducted upon the SITE.

C. Notwithstanding the provisions of Subsection 3.04 A., above, the term "gross sales" shall not include the following items, and such items may be deducted from "gross sales" to the extent they have been included therein or have been included in a prior computation of "gross sales" or for which a percentage rental has been paid under this Lease to CITY.

(1) Credits and refunds made to customers for merchandise returned or exchanged; and

(2) Any sales or excise taxes otherwise includable in "gross sales" as defined in this Article because a part of the total selling price of merchandise or services rendered in, from, or on the SITE where TENANT must account for and remit the taxes to the government entity or entities by which they are imposed.

(3) Any discount fees paid by TENANT to a financial institution for the use of that institution's credit card service.

(4) Sales on credit for which TENANT is unable to collect payment; provided, however, that deduction may not exceed 2% of TENANT's total gross sales.

D. TENANT shall keep or cause to be kept full, complete, and accurate records, and books of account in accordance with accepted accounting practices showing the total amount of gross sales, as defined herein, made each calendar month in, on or from the SITE. TENANT shall keep said records and books of account within San Luis Obispo County and shall notify CITY in advance of their location at all times. Furthermore, TENANT shall at the time of sale and in the presence of the customer cause the full selling price of each piece of merchandise, each rental received and each service rendered in, on or from the SITE to be recorded in a cash register or cash registers that have cumulative totals and are sealed in accordance with standard commercial practices. Said records, books of account and cash register tapes, including any sales tax reports that TENANT may be required to furnish any government or governmental agency shall at all reasonable times be open to the inspection of CITY, CITY's auditor, or other authorized representative or agent of CITY.

TENANT consents to the release of sales tax information to CITY and on demand will furnish to CITY a copy of the sales tax reports, quarterly reports and any audit reports of sales for confidential internal use of the CITY in determining gross sales for TENANT. TENANT consents and authorizes CITY to request such information directly from the State Board of Equalization or other state agency with which sales tax information is filed.

E. By July 31, of each year TENANT shall furnish CITY with a statement, to be certified by TENANT as current, true and accurate, which shall set forth the gross sales (as defined herein) of each department, sub-lessee, licensee and concession operating in, on or from the SITE for the previous twelve (12) calendar months, ending June 30, just concluded, and the authorized deductions, if any, therefrom; and with it TENANT shall pay to CITY the amount of the additional rental which is due to CITY as shown thereby. If TENANT shall at any time cause an audit of sales of TENANT's business to be made by a public accountant, then TENANT shall furnish CITY with a copy of said audit without cost or expense to CITY. CITY may, once in any calendar year, cause an audit of the business of TENANT to be made by a public accountant of CITY's own selection. TENANT shall, upon receiving written notice of CITY's desires for such an audit deliver and make available all such books, records and cash register tapes to the public or certified public accountant selected by CITY. Furthermore, TENANT shall promptly on demand reimburse CITY for the full cost and expense of said audit, should the audit disclose that the questioned Statement or statements understated gross sales by five percent (5%) or more but less than ten percent (10%). TENANT shall also immediately pay the additional rental with interest, therein shown to be payable by TENANT to CITY. Otherwise the cost of such audit shall be paid by CITY. In the event an audit or other review of records

discloses the amounts reported as gross sales was understated by TENANT by ten percent (10%) or more, CITY shall not only be entitled to recovery from TENANT all costs of audit and review, but shall also be entitled to recovery from TENANT a penalty equal to two times the percentage of gross sales rent due pursuant to this Lease on such unreported amounts.

F. CITY shall be entitled at any time within five years after the receipt of any such additional rental payment, to question the sufficiency of the amount thereof and/or the accuracy of the statement or statements furnished by TENANT to justify the same. For the purpose of enabling CITY to check the accuracy of any such statement or statements, TENANT shall for said period of five (5) years after submission to CITY of any such statement keep all of TENANT's records, including sales tax returns, all cash register tapes and other data which in any way bear upon or are required to establish in detail TENANT's gross sales of merchandise and services and any authorized deductions therefrom as shown by any such statements and shall upon request make the same available to CITY for examination.

**Section 3.05 Penalty and Interest**

A. If any rent is not received within ten days following the date on which the rent first became due, then TENANT shall pay a late penalty often percent (10%) of the amount of the rent in addition to the rent.

B. In addition to the penalty, TENANT shall pay interest at the rate of one percent (1%) per month or fraction thereof or the maximum amount permitted by law as of the date this Lease is signed, whichever is greater, on the amount of the rent, exclusive of the penalty, from the date on which rent first became delinquent until paid. The term "rent" includes any sums advanced by CITY and any unpaid amounts due from TENANT to CITY.

## Article 4 USE OF SITE

### **Section 4.01 Permitted Uses**

The SITE shall, during the term of this Lease, be used for the purpose of operating and conducting thereon and therein the following: retail and rental sales, office and transient occupancy (hotel); provided such uses are in compliance with CITY'S planning and zoning regulations, berthing of vessels of size appropriate to the SITE and for uses normally incident to and directly allied to such purposes and for no other purposes.

### **Section 4.02 Unauthorized Use**

TENANT agrees to allow only those uses authorized in Section 4.01 above and that any unauthorized use thereof shall constitute a breach of this Lease and shall, at the option of CITY terminate this Lease. In the event the SITE is used for uses other than those specifically authorized, then in addition to all other remedies allowed by law or authorized elsewhere in this Lease, CITY shall be entitled to receive from TENANT and TENANT shall be required to pay to CITY an additional rent calculated as a percentage of the "gross sales" as defined herein, accountable to such unauthorized use, which is equal to twice what such percentage would have been had such use been authorized in advance. Said additional rent shall be retroactive to the commencement of such unauthorized use and shall continue until the unauthorized use is abated. The parties agree and understand that the collection and acceptance by CITY of this additional rent, shall not, in any way be deemed a waiver nor estoppel of CITY's right to require abatement of the unauthorized use or at CITY's option to pursue any other remedies available at law or equity.

### **Section 4.03 Operation of Business - Hours of Operation**

Failure to actively and diligently conduct at least one of the retail sales or hotel businesses authorized herein, constitutes a breach of this Lease and shall, at the option of CITY terminate this Lease.

A. TENANT shall

during the term of this Lease conduct business of the nature specified in Section 4.01 of this Lease on the SITE in an efficient and diligent manner and keep the SITE open for the conduct of business continuously and without interruption for at least six hours each day of the year except one day each week and legal holidays. This provision shall not apply if the SITE shall be closed and the business of TENANT is temporarily shut down for a period not to exceed fourteen (14) calendar days in any calendar year to make minor or major repairs, maintenance or other construction deemed necessary by TENANT. Further this provision shall not apply if the SITE shall be closed and the business of TENANT is temporarily shut down as authorized or required by the CITY or on account of strikes, walkouts, or causes beyond the control of TENANT or for not over three (3) days out of respect to the memory of either TENANT, an employee of TENANT or close relative of TENANT or one of TENANT'S employees.

B. TENANT shall operate TENANT'S business on the SITE with due diligence and efficiency and in like manner as comparable businesses in CITY or coastal area are operated, so as to produce all of the gross sales and gross receipts from services which may be produced from TENANT's business; and TENANT at all times shall carry on the SITE, a stock or merchandise of such size, character, and quality as is reasonable, designed to produce the maximum return to TENANT, when sales of goods and merchandise are a permitted use of this Lease.

### **Section 4.04 Competition**

During the term of this Lease, TENANT shall not directly nor indirectly engage in any similar or competing business within a radius of five (5) miles from the location of the SITE; provided, however, that TENANT may, with prior written approval from CITY, own or operate more than one business, whether or

not competing and similar along the Embarcadero upon any CITY lease sites. The purpose of this Section is to prevent and prohibit TENANT from reducing revenue to CITY by diverting business from TENANT'S operations on the SITE to another similar business owned by TENANT within the CITY, but not upon a CITY lease site for which CITY is paid rent based on gross sales.

**Section 4.04 Competition**

During the term of this Lease, TENANT shall not directly nor indirectly engage in any similar or competing business within a radius of five (5) miles from the location of the SITE, provided, however, that TENANT may, with prior written approval from CITY, own or operate more than one business, whether or not competing and similar along the Embarcadero upon CITY lease sites. The purpose of this Section is to prevent and prohibit TENANT from reducing revenue to CITY by diverting business from their lease site operation to another similar business owned by TENANT within the CITY but not upon a CITY lease site from which CITY is paid a rent based on gross sales.

**Section 4.05 Tidelands Trust**

TENANT shall use and occupy the SITE in complete compliance with the Tidelands Trust purposes under which the SITE or any portion thereof are held by CITY pursuant to the grants from the State of California as set forth above.

**Section 4.06 Compliance with Law**

TENANT shall, at TENANT's sole cost and expense, comply with all of the requirements of all local, municipal, county, state and federal authorities now in force, or which may hereafter be in force, pertaining to the SITE, and shall faithfully observe in the use of the SITE all local, municipal and county ordinances and state and federal statutes, rules and regulations now in force or which may hereafter be in force. The judgment of any court of competent jurisdiction, or the admission of TENANT in any action or proceeding involving TENANT, whether CITY be a party thereto or not, TENANT has violated any ordinance, statute, rule or regulation in the use of the SITE shall be conclusive of that fact as between CITY and TENANT. CITY, upon three-days' written notice, may terminate this Lease if TENANT fails to comply with this section.

**Section 4.07 Waste or Nuisance**

TENANT shall not commit or permit the commission by others of any waste on the SITE; TENANT shall not maintain, commit, or permit the maintenance or commission of any nuisance as defined by law on the SITE; and TENANT shall not use or permit the use of the SITE for any unlawful purpose. CITY, upon three-days' written notice, may terminate this Lease if TENANT fails to comply with this section.

## Article 5 CONSTRUCTION, REPAIRS AND ALTERATION

### **Section 5.01 Construction Approval**

TENANT shall not make or permit any other person to make any alterations or structural additions or structural modifications to the SITE or to any structure thereon or facility appurtenant thereto if the cost thereof shall exceed Ten Thousand Dollars (\$10,000), without the written consent of CITY first had and obtained as follows:

Prior to the commencement of any phase of future construction, TENANT shall submit to CITY'S Community Development Department for approval and recommendation to the CITY COUNCIL, a development and improvement plan for the leased SITE, which shall provide for the full and complete development of the SITE, showing all facilities, structures, landscaping or other improvements to be constructed or installed on each portion of the SITE or facilities appurtenant thereto, and shall include a detailed estimate of the cost of construction, and installation of such improvements and a detailed schedule showing the proposed commencement and completion date of each phase of the development and improvement.

Where required by the Morro Bay Municipal Code, California Coastal Act, Corps of Engineers or any other agency having authority over the proposed project, Conditional Use Permits, Concept Plans, Precise Plans, Coastal Development Plans, and any other required plans or permits shall be applied for and/or approved prior to any construction, alteration or repairs.

### **Section 5.02 Construction Bond**

Prior to the commencement of any construction the cost of which is greater than the amount of \$10,000, TENANT shall file with the CITY CLERK a final detailed Civil Engineer's, Registered Architect's or Licensed and Bonded General Contractor's estimate of the cost of construction and installation of improvements on the SITE. That estimate must be submitted to the CITY ENGINEER for approval. TENANT shall file with the CITY CLERK a faithful performance bond, in a form and issued by a corporate surety company satisfactory to CITY, in an amount equal to one hundred percent (100%) of the final detailed cost estimate, securing the faithful performance of TENANT or his contractor in the completion of said construction.

TENANT shall also file with the CITY CLERK a labor and materials bond, in a form and issued by a corporate surety company satisfactory to CITY, in an amount equal to fifty percent (50%) of the final detailed cost estimate, securing the payment of all claims for the performance of labor or services on, or the furnishing of materials for, the performance of the construction. In lieu of the above referenced bonds, TENANT may post cash deposits in similar amounts or may make other mutually satisfactory arrangements to guarantee the completion of construction projects. In the event the contractor performing the work for the improvements provides bonds to guarantee that work is satisfactorily performed, those bonds may name CITY as additional indemnitee to comply with these requirements.

### **Section 5.03 Mechanics' Liens**

At all times during the term of this Lease, TENANT shall keep the SITE and all buildings and improvements now or hereafter located on the SITE free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the SITE. TENANT further agrees to at all times, save and hold harmless CITY and indemnify it against all claims for labor or materials in connection with any improvement, repairs, or alterations on the SITE, and the cost of defending against such claims, including reasonable attorney's fees.

If TENANT fails to pay and discharge or cause the SITE to be released from such liens or claim of liens within ten (10) days after the filing of such lien or levy, then TENANT shall upon written

notification be required to immediately deposit with CITY a bond conditioned for payment in full of all claims on which said lien or levy has been filed. Such bond shall be acknowledged by TENANT as principal and by a company or corporation, licensed by the Insurance Commissioner of the State of California to transact the business of a fidelity and surety insurance company as surety. The beneficiary of any security instrument which instrument is on record with CITY, shall have the right to file such a bond on behalf of TENANT.

**Section 5.04 Ownership of Improvements**

All existing improvements and structures on the SITE shall, during the term of this Lease, be and remain the property of TENANT; provided, however, that TENANT shall have no right to waste, destroy, demolish or remove the improvements; and provided, further, that TENANT's rights and powers with respect to the improvements are subject to the terms and limitations of this Lease. At the termination of this Lease, the structures and improvements on the SITE shall revert to the ownership of CITY subject to the following:

A. At the expiration or sooner termination of this Lease, TENANT shall remove all TENANT's personal and/or business property and leave the SITE in a "broom-clean" condition.

Upon termination of this Lease, whether by expiration of the term or otherwise, all improvements, structures, personal and business property remaining on the SITE shall, without compensation to TENANT, become CITY's property, free and clear of all claims to or against them by TENANT or any third party.

B. TENANT shall defend, hold harmless and indemnify CITY against all liability and loss arising from any such claims to said improvements or structures by TENANT or any third party, or from CITY's exercise of the rights conferred by this Section.

## Article 6 HYPOTHECATION OF LEASE

CITY shall not be responsible for notifying any lien, encumbrance or security interest holder in the SITE of any default in the performance of this Lease by TENANT, unless the lien, encumbrance or security interest holder shall have previously been approved by CITY, as required by Article 11 hereof and has kept CITY notified of any changes in the terms of such lien, encumbrance or security interest including filing with the City Clerk a copy of same.

## Article 7 REPAIRS, MAINTENANCE AND RESTORATION

### **Section 7.01 Maintenance by TENANT**

At all times during the term of this Lease, TENANT shall, at TENANT'S own cost and expense, keep and maintain the SITE and all improvements now or hereafter on the SITE in good order and repair and in a safe and clean condition. Furthermore, TENANT shall, at TENANT'S own cost and expense, maintain at all times during the term of this Lease the whole of the SITE as well as any improvements, landscaping, or facilities thereon in a clean, sanitary, neat, safe, tidy, orderly and attractive condition.

CITY may, at the sole option of CITY, clean, repair or clear the SITE, at TENANT'S cost and expense, in the event TENANT fails to clean, repair or clear the SITE in accordance with this Section to the satisfaction of CITY after fifteen (15) days written notice to TENANT from CITY of CITY'S intent to exercise this option.

### **Section 7.02 Dock and Gangway**

At all times during the term of this Lease, TENANT shall at TENANT'S own cost and expense repair and maintain, as necessary, the dock and gangway improvements, located in the water portion of the SITE. Further, TENANT shall at TENANT'S own cost and expense conduct maintenance surveys at reasonable intervals to locate and determine needed repairs.

### **Section 7.03 Requirements of Governmental Agencies**

At all times during the term of this Lease, TENANT, at TENANT'S own cost and expense, shall:

- (1) Make all alterations, additions, or repairs to the SITE or the improvements or facilities on the SITE required by any valid law, ordinance, statute, order, or regulation now or hereafter made or issued by CITY in its governmental capacity or any federal, state, county or other governmental agency or entity;
- (2) Observe and comply with all valid laws, ordinances, statutes, orders, and regulations now or hereafter made or issued respecting the SITE or the improvements or facilities located thereon;
- (3) Obtain all required permits pursuant to the Morro Bay Municipal Code or State law prior to the instigation of any repair or maintenance activity.
- (4) Indemnify, defend and hold harmless CITY from any and all liability, loss, damages, fines, penalties, claims and actions resulting from TENANT'S failure to comply with and perform the requirements of this Section.

### **Section 7.04 Failure to Repair**

In the event failure to repair results in a hazardous or unsafe condition, CITY shall have the right and option, but not the obligation, to close and prohibit access to the unsafe portion of the SITE until such repairs are completed and accomplished and the SITE rendered safe for public use, as determined by the BUILDING OFFICIAL or FIRE MARSHAL. Failure by CITY to enforce any of the provisions of this Article shall not constitute a waiver of any of these provisions and CITY may at any time enforce all of the provisions of this Article, requiring all necessary repairs, rebuilding or replacement.

### **Section 7.05 TENANT'S Duty to Restore SITE**

If at any time during the term of this Lease, any buildings or improvements now or hereafter on the SITE are destroyed in whole or in part by fire, theft, the elements, or any other cause not the sole fault of CITY, then this Lease shall continue in full force and effect and TENANT, at TENANT'S own cost and expense, shall repair and restore the damaged or destroyed building, buildings, improvement, or improvements according to the original plan thereof or according to such modified plans therefore as

shall be approved in writing by CITY. The work of repair and restoration shall be commenced by TENANT within one hundred eighty (180) days after the damage or destruction occurs and shall be completed with due diligence not longer than one (1) year after the work is commenced. In all other respects, the work of repair and restoration shall be done in accordance with the requirements for construction work on the SITE set forth in Article 5 of this Lease.

**Section 7.06 Inspection by CITY**

TENANT shall permit CITY or CITY's agents, representatives, or employees to enter the SITE at all reasonable times for the purpose of inspecting the SITE to determine whether TENANT is complying with the terms of this Lease and for the purpose of doing other lawful acts that may be necessary to protect CITY'S interest in the SITE under this Lease or to perform CITY's duties under this Lease.

**Section 7.07 Option to Terminate Lease for Destruction**

Notwithstanding the provision of Section 7.05 of this Lease, TENANT shall have the option of terminating this Lease for destruction on the last calendar day of any month by giving CITY at least thirty-days' prior written notice of TENANT'S intent to do so and by removing, at TENANT'S own cost and expense, to the satisfaction of CITY, all debris and remains of the damaged improvements from the SITE if any buildings or improvements now or hereafter on the SITE are so damaged or destroyed by fire, theft, the elements, or any cause not the fault to TENANT or CITY during the last year of the term of this Lease that cannot be repaired and restored as required by Section 7.05 of this Lease at a cost not exceeding fifteen (15) percent of the cost of replacing all buildings and improvements if totally destroyed then, immediately preceding the calamity damaging or destroying the damaged or destroyed buildings or improvements, located on the SITE.

**Section 7.08 Application of Insurance Proceeds**

Any and all fire or other insurance proceeds that become payable at any time during the term of this Lease because of damage to or destruction of any buildings or improvements on the SITE shall be paid to TENANT and solely applied by TENANT toward the cost of repairing and restoring the damaged or destroyed buildings or improvements in the manner required by Section 7.05 of this Lease; provided, however, that should TENANT exercise the option given TENANT by Section 7.07 of this Lease to terminate this Lease because of damage to or destruction of buildings or improvements on the SITE, then, in that event, any and all fire or other insurance proceeds that become payable because of such damage or destruction:

- (1) Shall be applied first to the TENANT's exact documented costs for clearing the damaged or destroyed improvements to the satisfaction of CITY.
- (2) Shall be applied next toward the reduction of the unpaid principal balance of the obligation secured and discharging the SITE from any then outstanding encumbrance or encumbrances incurred by TENANT and approved by CITY pursuant to Article 6 and Article 11 of this Lease; and
- (3) Then the balance of the proceeds, if any, shall be paid to CITY to compensate CITY, at least in part, for the loss to its ownership interest in the damaged or destroyed buildings or improvements.

## Article 8 INDEMNITY AND INSURANCE

### **Section 8.01 Indemnity Agreement**

TENANT shall indemnify, defend and hold harmless CITY and each of its officials, employees, agents and volunteers from any and all liability, claims, loss, damages, or expenses resulting from TENANT'S occupation and use of the SITE, specifically including, without limitation, any liability, claim, loss, damage, or expense arising by reason of:

(1) The death or injury of any person, including TENANT or any person who is an employee or agent of TENANT, or by reason of the damage to or destruction of any property, including property owned by TENANT or by any person who is an employee or agent of TENANT, from any cause whatever while such person or property is in or on the SITE or in any way connected with the SITE or with any of the improvements or personal property on the SITE;

(2) The death or injury of any person, including TENANT or any person who is an employee or agent of TENANT, or by reason of the damage to or destruction of any property, including property owned by TENANT or any person who is an employee or agent of TENANT, caused or allegedly caused by either (a) the condition of the SITE or some building or improvement on the SITE, or (b) some act or omission on the SITE of TENANT or any person in, on, or about the SITE with or without the permission and consent of TENANT;

(3) Any work performed on the SITE or materials furnished to the SITE at the instance or request of TENANT or any person or entity acting for or on behalf of TENANT.

(4) TENANT'S failure to perform any provision of this Lease or to comply with any requirement of law or any requirement imposed on TENANT or the SITE by any duly authorized governmental agency or political subdivision.

### **Section 8.02 Liability Insurance**

TENANT shall at TENANT'S own cost and expense, secure promptly after the execution of this Lease and maintain during the entire term of this Lease a broad form comprehensive coverage policy or policies of comprehensive general public liability, TENANT'S business automobile coverage and property damage insurance, each with the combined single limit of not less than \$1,000,000.00 issued by an insurance company acceptable to CITY and authorized to issue liability insurance in California, and which shall list CITY as the named primary additional insured, without offset to CITY'S policies as respects all operations of TENANT. Any deductibles or self-insured retentions must be declared to and approved by CITY. The terms of said policies may be for such period as shall be designated by TENANT; provided however, that within two (2) months prior to the expiration date of such insurance terms, TENANT shall procure other policies of said insurance to ensure during the time between the execution of this Lease and the commencement of the lease term, and throughout the entire lease term or any renewal thereof, or until the sooner termination hereof, CITY, its officials, employees, agents and volunteers shall always be added as named primary additional insured under the policies of comprehensive general liability, business automobile coverage, and property damage insurance, in accordance with the foregoing.

CITY may at any time require TENANT to increase the minimum coverage limits for insurance required by this Lease, but every such increase shall be reasonable under the circumstances and in no event shall such increases more than double in any ten-year period, except as required in Section 8.04.

### **Section 8.03 Worker's Compensation**

TENANT shall maintain at TENANT'S own expense and keep in full force and effect during the term of this Lease, Worker's Compensation Insurance as provided by law. Said insurance shall contain a waiver provision of subrogation rights against CITY.

**Section 8.04 Fire and Casualty Insurance**

TENANT shall, at TENANT'S own cost and expense, at all times during the term of this Lease keep all buildings, improvements, and other structures on the SITE, as well as any and all additions thereto, insured for at least ninety (90) percent of their full insurable value by insurance companies authorized to issue such insurance in California against loss or destruction by fire and the perils commonly covered under the standard and special form endorsement to fire insurance policies in CITY. Any loss payable under such insurance shall be payable to TENANT, CITY, and any lender under an encumbrance incurred by TENANT and approved by CITY pursuant to Article 6 as their interests may appear. Any proceeds received because of a loss covered by such insurance shall be used and applied in the manner required by Section 7.08 of this Lease.

**Section 8.05 Specific Perils to be Insured**

Notwithstanding anything to the contrary contained in Section 8.04 of this Lease, the insurance required by Section 8.04 shall, whether or not included in the standard extended coverage endorsement mentioned in Section 8.04, insure all buildings, improvements, and other structures on the SITE, as well as any and all additions thereto, against loss or destruction by water damage, windstorm, cyclone, tornado, hail, explosion, riot, riot attending a strike, civil commotion, malicious mischief, vandalism, aircraft, fire, smoke damage, and sprinkler leakage. Furthermore, the insurance required by Section 8.04 of this Lease during the construction of said building project described in Article 5 shall have course of construction, vandalism, and malicious mischief clauses attached insuring said project during its construction and all materials delivered to the site of said building project for their full insurable value.

**Section 8.06 Deposit of Insurance with CITY**

TENANT shall within ten (10) days after the execution of this Lease and promptly thereafter when any such policy is replaced, rewritten, or renewed, deliver to CITY a true and correct copy of an insurance binder and within 45 days deliver to CITY a true and correct copy of endorsement to each insurance policy required by this Article 8 and a certificate executed by the insurance company or companies or their authorized agent evidencing such policy or policies.

**Section 8.07 Notice of Cancellation of Insurance**

Each insurance policy required by this Article shall contain a provision stating it cannot be canceled for any reason nor can the coverage or limits be reduced, unless ten-days' prior written notice of the cancellation or reduction is given to CITY in the manner required by this Lease for service of notices on CITY by TENANT.

**Section 8.08 No Subrogation**

Each insurance policy required under this Lease including those insuring TENANT against claims, expense, or liability for injury to persons or property shall provide that the insurer shall not acquire by subrogation any right to recovery which TENANT has expressly waived in writing prior to the occurrence of the loss. TENANT hereby waives any right of recovery against CITY for each such claim, expense, liability, or business interruption. TENANT agrees that if TENANT fails to acquire such insurance TENANT shall not have a claim against CITY for loss of fixtures or inventory or business interruption.

## Article 9 TAXES AND UTILITIES

### **Section 9.01 TENANT to Pay Taxes**

TENANT shall pay, before delinquency, all taxes and assessments levied upon or assessed to TENANT on the SITE by reason of this Lease or of any equipment, appliances, improvement, or other development of any nature whatsoever, erected, installed, or maintained by TENANT or by reason of the business or other activity of TENANT upon or in connection with the SITE. TENANT shall also pay before delinquency all possessory interest taxes applicable to the SITE.

### **Section 9.02 TENANT to Pay License and Permit Fees**

TENANT shall pay any fees imposed by law for licenses or permits for any business or activities including construction of TENANT upon the SITE.

### **Section 9.03 Utilities**

TENANT shall pay, or cause to be paid, and hold harmless CITY from all charges for the furnishing of gas, water, electricity, telephone service, and for other public utilities to the SITE during the term of this Lease and for the removal of garbage and rubbish from the SITE during the term of this Lease.

## Article 10 CONDEMNATION

### **Section 10.01 Total Condemnation**

If title and possession to all of the SITE is taken for any public or quasi-public use under any statute, or by the right of eminent domain, then this Lease shall terminate on the date that actual physical possession of the SITE is taken from TENANT, and both CITY and TENANT shall thereafter be released from all obligations including rent which shall be prorated to the date of termination, except those specified in Section 10.02 of this agreement

### **Section 10.02 Condemnation Award**

Any compensation or damages awarded or payable because of the taking of all or any portion of the SITE by eminent domain shall be allocated between CITY and TENANT as follows:

A. All compensation or damages awarded or payable for the taking by eminent domain of any land that is part of the SITE shall be paid to and be the sole property of CITY free and clear of any claim of TENANT or any person claiming rights to the SITE through or under TENANT.

B. All compensation or damages awarded or payable which is specifically attributed by the taking party to the "good will" of TENANT'S business shall be paid to and be the sole property of TENANT.

C. All compensation or damages awarded or payable because of any improvements constructed or located on the portion of the SITE taken by eminent domain where only a portion of the SITE is taken by eminent domain and TENANT is not entitled to or does not terminate this Lease shall be applied in the manner specified in Section 10.04 toward the replacement of such improvements with equivalent new improvements on the remaining portions of the SITE.

D. All compensation or damages awarded or payable because of any improvements constructed or located on the portion of the SITE taken by eminent domain where this Lease is terminated because of the taking by eminent domain, whether all or only a portion of the SITE is taken by eminent domain, shall be allocated between CITY and TENANT as follows:

1. That percentage of the compensation or damages awarded or payable because of the improvements that equals the percentage of the full term of this Lease that has, at the time of the taking, not expired shall belong to and be the sole property of TENANT.

2. That percentage of the compensation or damages awarded or payable because of the improvements that equals the percentage of the full term of this Lease that has, at the time of the taking, expired shall belong to and be the sole property of CITY.

3. The term "time of the taking" as used in this subparagraph shall mean 12:01 a.m. on the date title, or the date actual physical possession of the portion of the SITE on which the improvements are located is taken by the agency or entity exercising the eminent domain power, whichever shall first occur.

E. Any severance damages awarded or payable because only a portion of the SITE is taken by eminent domain shall be:

1. The sole and separate property of TENANT during the first five (5) years of the term of this Lease;

2. Equally divided, except to the extent needed to replace any improvements taken by eminent domain with equivalent improvements on the remaining portion of the SITE where TENANT cannot or does not terminate this Lease, between CITY and TENANT during the sixth (6th) to nineteenth (19th)

years of the term of this Lease; and

3. The sole and separate property of CITY during the last five (5) years of the term of this Lease.

**Section 10.03 Termination for Partial Taking**

If, during the term of this Lease, title and possession of only a portion of the SITE is taken for any public or quasi-public use under any statute, or by right of eminent domain, then TENANT may, at TENANT'S option, terminate this Lease by serving written notice of termination on CITY within ninety (90) days after TENANT has been deprived of actual physical possession of the portion of the SITE taken for such public use. This Lease shall terminate on the first day of the calendar month following the calendar month in which the notice of termination described in this Section is served on CITY. On termination of this Lease pursuant to this Article, all sub-leases and sub-tenancies in or on the SITE or any portion of said SITE created by TENANT under this lease shall also terminate and the SITE shall be delivered to CITY free and clear of all such sub-leases and sub-tenancies; provided, however, that CITY may, at CITY's option, by mailing written notice to a sub-tenant allow any sub-tenant to attorn to CITY and continue his or her occupancy on the SITE as a TENANT of CITY. On termination of this Lease pursuant to this Section, however, both CITY and TENANT shall be released from all obligations, except those specified in Section 10.02 of this Lease.

**Section 10.04 Rent Abatement for Partial Taking**

If, during the term of this Lease, title and possession of only a portion of the SITE is taken under the power of eminent domain by any public or quasi-public agency or entity and TENANT does not terminate this lease, then this Lease shall terminate as to the portion of the SITE taken under eminent domain on the date actual physical possession of the portion taken by eminent domain is taken by the agency or entity exercising the eminent domain power. Furthermore, the rent payable under this Lease shall, as of that time, be reduced in the same proportion the value of the portion of the SITE taken by eminent domain bears to the full value of the SITE at that time; provided, however, that TENANT shall replace any improvements or facilities with equivalent new facilities on the remaining portion of the SITE and do all other acts at TENANT'S own cost and expense required by the eminent domain taking to make the remaining portion of the SITE fit for the use specified in this Lease.

**Section 10.05 Conveyance in Lieu of Eminent Domain**

A voluntary conveyance by CITY, with the consent of TENANT, of title to all or a portion of SITE to a public or quasi-public agency or entity in lieu of and under threat by such agency or entity to take the SITE or a portion thereof by eminent domain proceedings shall be considered a taking of title to all or such portion of the SITE under the power of eminent domain subject to the provisions of this Article.

## Article 11 ASSIGNMENT AND SUBLEASING

### **Section 11.01 No Assignment Without CITY's Consent**

Except as provided in Section 11.02 of this Lease, TENANT shall not assign, mortgage, pledge, encumber or otherwise transfer this Lease, any right or interest in this Lease, or any right or interest in the SITE or any of the improvements that may now or hereafter be constructed or installed on the SITE without the express written consent of CITY evidenced by resolution of City Council first had and obtained. Any assignment or transfer by TENANT without the prior written consent of CITY, whether it be voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of CITY, terminate this Lease. A consent by CITY to one assignment or transfer shall not be deemed to be a consent to any subsequent assignment or transfer of this Lease by TENANT. CITY shall not unreasonably nor arbitrarily withhold approval to the assignment or transfer of this lease to an assignee or transferee who is financially reliable and qualified to conduct one or more of the permitted uses for which this lease was granted.

It is mutually agreed the personal qualifications of the persons named herein as TENANT is a part of the consideration for granting of this Lease and TENANT does hereby agree to maintain active control and supervision of the use or uses conducted on the SITE.

### **Section 11.02 Reserved**

### **Section 11.03 Application for Assignment**

A condition of an assignment or transfer of this Lease or any portion thereof shall be TENANT shall file with CITY an application to assign or transfer this Lease prepared by the prospective assignee or transferee. Concurrently with filing the application, TENANT shall pay a fee, to be determined by CITY, in cash or certified or cashier's check to enable CITY adequately to investigate the proposed assignee or transferee's qualifications as a permitted assignee or transferee. CITY shall not be required to account for the use of the sum paid. If the proposed assignee or transferee's net worth on the date of assignment is not sufficient to reasonably guarantee successful operation of the SITE, then CITY may require TENANT to guarantee such assignee's obligations hereunder for such period as CITY determines. Net worth shall mean the amount by which the total of all assets shall exceed the total of all liabilities as determined in accordance with general accepted accounting principles as approved by CITY's auditor, or other authorized representative or agent.

### **Section 11.04 Probate Transfer or Assignment**

Nothing herein contained will prevent the transfer of this Lease by will, or by operation of law under the intestacy provisions of the California Code as it may from time to time be amended. Probate sale of the leasehold interest will not be permitted without the consent of the CITY, evidenced by resolution of City Council, first had and obtained.

### **Section 11.05 No Sub-lease Without CITY's Consent**

TENANT shall not sub-lease the whole nor any part of the SITE, or suffer any other person (the agents and employees of TENANT excepted) to occupy or use the SITE, or any portion thereof, without the written consent of CITY evidenced by prior written approval of the Harbor Director first had and obtained. A consent to one subletting, occupation, or use by another person shall not be deemed to be a consent to any subsequent subletting, occupation, or use by another person. Any such subletting without CITY's written consent shall be void, and shall at CITY's option, terminate this Lease. City shall not unreasonably nor arbitrarily withhold consent to one who is qualified and financially reliable.

### **Section 11.06 Term of Sub-Lease**

In no event shall the term of any sub-lease extend beyond the term of this master lease. Termination of this Lease prior to the expiration of this Lease term shall also terminate any and all sub-leases; provided, however, that CITY may, at CITY's option by mailing written notice to a sub-tenant, allow any sub-tenant

to attorn to CITY and continue his or her occupancy on the SITE as a TENANT of CITY.

**Section 11.07 Sub-Tenant Subject to Lease Terms**

Any and all sub-leases shall be expressly made subject to all the provisions, covenants, and conditions of this Lease. A breach of the terms of this Lease by a sub-tenant shall constitute a breach on the part of TENANT and shall subject both the sub-tenant and TENANT to all the remedies provided to CITY herein and by law. Failure to report and pay the agreed percentage of gross sales as provided herein by any sub-tenant shall constitute a breach of this Lease. TENANT hereby agrees to and does guarantee payment of such percentage rentals due by a sub-tenant under the terms of this Lease.

**Section 11.08 Consent Form Agreement**

Prior to any consent by CITY to any sub-lease hereof, TENANT shall cause to be executed between TENANT and any sub-lessee an agreement making the CITY a third-party beneficiary, in a form acceptable to CITY, whereby the sub-tenant agrees to be bound by all of the provisions, covenants and conditions of this Lease. Further, it is agreed by TENANT any default by the sub-lessee of any of the terms, covenants and conditions of this Lease shall be deemed to be violations by TENANT of this Lease and all remedies of CITY for such violation, including termination of this Lease, shall immediately be enforceable by CITY against TENANT. Further, it is agreed TENANT must apply any and all moneys received from any sub-tenant first to the payment of obligations of the sub-tenant to CITY.

**Section 11.09 TENANT Remains Liable**

Prior to approval by CITY to any sub-lease hereof, TENANT shall agree to be primarily and jointly and severally liable to CITY for all obligations due CITY by any sub-tenant, including the payment of rents, and TENANT shall agree CITY may proceed directly against TENANT for any obligation owing CITY by the sub-tenant.

**Section 11.10 Exception for Boat Slips, Motels**

Notwithstanding any provisions herein to the contrary, the terms "assignment," "subletting," "occupation," or "use," shall not be construed or interpreted to mean or include the temporary, short-term renting or leasing of boat slips, motel, hotel, or apartment accommodations on the SITE.

## Article 12 DEFAULT AND TERMINATION

### **Section 12.01 Abandonment by TENANT**

If TENANT breaches this Lease and abandons the SITE prior to the natural expiration of the term of this Lease, then CITY may continue this Lease in effect by not terminating TENANT'S right to possession of the SITE, in which event CITY shall be entitled to enforce all CITY's rights and remedies under this Lease including the right to recover the rent specified in this Lease as it becomes due under this Lease.

### **Section 12.02 Termination for Breach by TENANT in All Cases Except Failure to Pay Rent**

All provisions, covenants and conditions contained in this Lease are declared to be conditions of this Lease and to the term hereby demised to TENANT. If TENANT defaults in the performance of any covenant, condition, or provision contained in this Lease and the default not be cured within thirty (30) days after written notice of the default is served on TENANT by CITY, then CITY may terminate this lease immediately, and that in the event of such termination, TENANT shall thereupon forthwith remove from the SITE and shall have no further right or claim thereto and CITY shall immediately thereupon have the right to re-enter and take possession of the SITE subject to appropriate legal process.

### **Section 12.03 Termination for Failure to Pay Rent**

If any default be made in the payment of rental as herein provided and such default shall not be cured within three (3) days after written notice thereof, then CITY shall have the option to immediately terminate this Lease; and that in the event of such termination, TENANT shall have no further right or claim thereto and TENANT shall thereupon forthwith remove from the SITE and CITY shall immediately thereupon have the right to re-enter and take possession of the SITE subject to appropriate legal process.

### **Section 12.04 Beneficiary May Cure Default**

CITY shall afford the beneficiary of any security instrument in the SITE the right to cure any default by TENANT of the covenants, conditions, or agreements hereof, within the period hereinabove mentioned after written notice thereof, which said period shall be computed from the date said notice is mailed by the CITY to said beneficiary, by certified mail; provided, however, that said beneficiary has filed with the CITY CLERK a copy of said security instrument..

### **Section 12.05 Reserved**

### **Section 12.06 Damages for Breach**

If TENANT defaults in the performance of any covenant, condition or provision contained in this Lease and the default be incurable or not be cured within the time period set forth hereinabove, then CITY may terminate this Lease and:

A Bring an action to recover from TENANT:

(1) The worth at the time of award of the unpaid rent which had been earned at the time of termination of the lease;

(2) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination of the lease until the time of award exceeds the amount of rental loss that TENANT proves could have been reasonably avoided;

(3) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that TENANT proves could be reasonably avoided; and

(4) Any other amount necessary to compensate CITY for all detriment proximately caused by TENANT'S failure to perform his obligations under this Lease; and

B. Bring an action, in addition to or in lieu of the action described in subparagraph (1) of this section, to re-enter and regain possession of the SITE in the manner provided by the laws of unlawful detainer of the State of California then in effect.

**Section 12.07 Cumulative Remedies**

The remedies given to CITY in the Article shall not be exclusive but shall be cumulative with and in addition to all remedies now or hereafter allowed by law and elsewhere provided in this Lease.

**Section 12.08 Waiver of Breach**

The waiver by CITY of any breach by TENANT of any of the provisions of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach by TENANT either of the same or a different provision of this Lease.

**Section 12.09 Surrender of the SITE**

On expiration or sooner termination of this Lease, TENANT shall surrender the SITE, all improvements in or on the SITE, and all facilities in any way appertaining to the SITE, to CITY in as good, safe, and clean condition as practicable, reasonable wear and tear excepted.

## Article 13 MISCELLANEOUS

### **Section 13.01 Reserved**

### **Section 13.02 Notices**

Any and all notice or demands by or from CITY to TENANT, or TENANT to CITY, shall be in writing. They shall be served either personally, or by registered or certified mail. Any notice or demand to CITY may be addressed or given to the CITY CLERK at CITY'S City Hall.

Any notice or demand to CITY may be given to:

Harbor Director  
1275 Embarcadero  
Morro Bay, CA 93442

with a copy to:

City Manager of the City of Morro Bay  
City Hall  
595 Harbor Street  
Morro Bay, CA 93442

Any notice or demand to TENANT may be given at:

Todd Baston & Tamara Gray-Baston  
Gray's Inn and Gallery  
561 Embarcadero  
Morro Bay, CA 93442

Such addresses may be changed by written notice by either party to the other party.

### **Section 13.03 Governing Law**

This Lease, and all matters relating to this Lease, shall be governed by the laws of the State of California in force at the time any need for interpretation of this Lease or any decision or holding concerning this lease arises.

### **Section 13.04 Binding on Heirs and Successors**

Subject to the provisions herein relating to assignment and subletting each and all of the provisions, conditions, and covenants herein contained shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors, and permitted assigns of any and all of the parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder.

### **Section 13.05 Partial Invalidity**

If any provision of this Lease is held by a court of competent jurisdiction to be either invalid, void, or unenforceable, then the remaining provisions of this Lease shall remain in full force and effect unimpaired by the holding.

### **Section 13.06 Sole and Only Agreement**

This instrument constitutes the sole and only agreement between CITY and TENANT respecting the SITE, the leasing of the SITE to TENANT, or the provisions, conditions and covenants herein specified, and correctly sets forth the obligation of CITY and TENANT to each other as of its date. Any agreements or representations respecting the SITE, this Lease to TENANT by CITY, or any other matter discussed in this Lease not expressly set forth in this instrument are null and void. No modification, amendment, or alteration of this Lease shall be valid unless it is in writing and signed by both parties.

### **Section 13.07 Modification**

This Lease shall not be modified except pursuant to a written amendment executed by the MAYOR or CITY MANAGER and CITY CLERK pursuant to prior CITY COUNCIL approval. Notwithstanding CITY COUNCIL approval, no amendment shall become effective until such amendment is in fact executed by the MAYOR or CITY MANAGER and CITY CLERK. TENANT understands this Lease may not be modified by oral statements by any person representing CITY including the MAYOR, CITY MANAGER and CITY CLERK. TENANT specifically agrees not to rely on oral statements, purported oral waivers, or purported oral modifications and agrees not to rely upon purported written modifications, unless they meet the requirements of this paragraph and are approved in writing pursuant to formal CITY COUNCIL action and a subsequent written amendment signed by the MAYOR or CITY MANAGER and CITY CLERK.

### **Section 13.08 Time of Essence**

Time is expressly declared to be the essence of this Lease.

### **Section 13.09 Memorandum of Lease for Recording**

Neither party, CITY or TENANT, shall record this Lease without the written consent of the other. However, CITY and TENANT shall, at the request of either at any time during the term of this Lease, execute a memorandum or "short form" of this Lease for purposes of, and in a form suitable for, being recorded. The memorandum or "Short form" of this Lease shall describe the parties, CITY and TENANT, set forth a description of the SITE, specify the term of this Lease, and shall incorporate this Lease by reference.

### **Section 13.10 Joint and Several Liability**

Each of the individuals defined as TENANT are jointly and severally liable for all the obligations of TENANT pursuant to this Lease.

### **Section 13.11 Termination for Reasons Related to Redevelopment of the Site**

- A. If CITY and TENANT agree to enter into a new lease for operations based on TENANT'S proposed site redevelopment project, then this Lease shall be automatically terminated without notice.
  
- B. If the continuing site business operations anticipated by CITY and TENANT to be conducted on the SITE fail for any reason, as determined by the HARBOR DIRECTOR, then HARBOR DIRECTOR may terminate this Lease with ten-days' written notice.
  
- C. If the CITY COUNCIL reasonably determines a different use of or tenant for the SITE would be more beneficial to the community, then CITY COUNCIL may terminate this Lease upon sixty-days' written notice after making that determination at a public meeting.

EXECUTED on \_\_\_\_\_, 2019, at \_\_\_\_\_, San Luis Obispo County, California.

CITY OF MORRO BAY

TENANT

By: \_\_\_\_\_  
John Heading, Mayor

By: \_\_\_\_\_  
Todd Baston

ATTEST:

By: \_\_\_\_\_  
Tamara Gray- Baston

\_\_\_\_\_  
Dana Swanson, City Clerk  
APPROVED AS TO FORM:

\_\_\_\_\_  
Chris Neumeyer, City Attorney



This Page Intentionally Left Blank



AGENDA NO: A-5

MEETING DATE: September 24, 2019

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** September 17, 2019

**FROM:** Jennifer Callaway, Finance Director

**SUBJECT:** Third and Fourth Quarter Investment Reports (January through June 2019) for Fiscal Year 2018/19

### **RECOMMENDATION**

1. Receive the attached Third Quarter Investment Report (January through March 2019) for Fiscal Year 2018/19; and
2. Receive the attached Fourth Quarter Investment Report (April through June 2019) for Fiscal Year 2018/19.

### **FISCAL IMPACT**

There is no fiscal impact associated with this recommendation.

### **DISCUSSION**

Attached for your consideration is the Third and Fourth Quarter Investment Reports for FY 2018/19.

As of December 31, 2018, the City's weighted portfolio yield of 2.050% was below the Local Agency Investment Fund (LAIF) yield of 2.57%.

Staff has consciously decided to keep significant cash in the City's LAIF account in order to ensure cash flow for the pending construction of the Water Reclamation Facility (WRF) project. Once final funding of the project is determined, staff will further analyze cash needs and then determine if longer-term Certificate of Deposit (CD) purchases should be made.

During the two quarters under review, yields have generally been declining, potentially symbolizing a slowing of the economy. As of June 30, 2019, the City recorded \$455,824 in interest earnings.

The third quarter report was reviewed by the Citizens Finance Advisory Committee on May 21, 2019 and approved for presentation to the City Council. The fourth quarter report was reviewed by the Citizen's Finance Advisory Committee on September 17, 2019 and approved for presentation to the City Council.

### **CONCLUSION**

Staff recommends that the Council receive the Third and Fourth Quarter Investment Reports (January through June 2019) for Fiscal Year 2018/19.

### **ATTACHMENTS**

1. Third Quarter Investment Report for FY 2018/19 (January through March 2019)
2. Fourth Quarter Investment Report for FY 2018/19 (April through June 2019)

Prepared By: JC

Dept Review: \_\_\_\_\_

City Manager Review: SC

City Attorney Review: CFN

**CITY OF MORRO BAY**  
**QUARTERLY PORTFOLIO PERFORMANCE**  
**3/31/2019**

INVESTMENT OR CUSIP NUMBER	INSTITUTION	PURCHASE PRICE	MARKET VALUE	COUPON INTEREST RATE	PURCHASE DATE	MATURITY DATE	DAYS TO MATURITY
LAIF	LOCAL AGENCY INVESTMENT FUND	\$ 13,431,430	\$ 13,431,430	2.55%	DAILY	DAILY	1
<b>MONEY MARKET ACCOUNT:</b>							
MM	RABOBANK - MONEY MARKET	2,321,692	2,321,692	0.20%	DAILY	DAILY	1
SWEEP	RABOBANK - SWEEP	2,349,815	2,349,815	0.05%	DAILY	DAILY	1
MM	OPUS BANK	5,143,171	5,143,171	2.48%	DAILY	DAILY	1
<b>Government Agency</b>							
3134G8PD5	FHLM Corp	500,003	497,548	1.350%	3/30/2016	9/30/2019	
<b>CERTIFICATES OF DEPOSIT:</b>							
1404202A7	ZION BANK - CAPITAL ONE BANK	250,005	252,772	2.400%	4/12/2017	4/12/2022	1,108
949763XU5	Wells Fargo	249,000	249,000	2.800%	2/27/2019	2/28/2022	1,065
38148PGK7	ZION BANK - GOLDMAN SACHS BANK	250,003	245,243	1.550%	8/3/2016	8/3/2021	856
3090683803	STATE FARM BANK	250,000	250,000	3.050%	10/21/2013	10/24/2023	1,668
1731202F5	Citibank	246,000	246,000	3.200%	1/25/2019	1/25/2024	1,761
61690UDL1	Morgan Stanley N/A	246,000	246,000	3.100%	1/24/2019	1/24/2024	1,760
61760AUU1	Morgan Stanley Private Bank	246,000	246,000	3.000%	1/24/2019	1/24/2023	1,395
02007GHD8	Ally Bank UT	246,000	246,000	2.900%	1/24/2019	1/24/2022	1,030
		<u>\$ 25,729,118</u>	<u>\$ 25,724,670</u>				
					<b>% OF LIQUID PORTFOLIO HOLDINGS</b>	<b>WEIGHTED AVERAGE RATE OF EARNINGS</b>	<b>WEIGHTED AVERAGE MATURITY</b>
					<u>90.349%</u>	<u>2.088%</u>	<u>103</u>

Portfolio holdings as of the third quarter ended March 31, 2018, are in compliance with the current Investment Policy. With 90.349%

of the portfolio held in liquid instruments, the City's portfolio is well above the 65% to 70% target liquidity rate approved by the City Council in March 2018.

**CITY OF MORRO BAY**  
**QUARTERLY PORTFOLIO PERFORMANCE**  
**6/30/2019**

INVESTMENT OR CUSIP NUMBER	INSTITUTION	PURCHASE PRICE	MARKET VALUE	COUPON INTEREST RATE	PURCHASE DATE	MATURITY DATE	DAYS TO MATURITY
LAIF	LOCAL AGENCY INVESTMENT FUND	\$ 15,505,236	\$ 15,505,236	2.57%	DAILY	DAILY	1
<b>MONEY MARKET ACCOUNT:</b>							
MM	RABOBANK - MONEY MARKET	2,322,494	2,322,494	0.20%	DAILY	DAILY	1
SWEEP	RABOBANK - SWEEP	3,794,427	3,794,427	0.05%	DAILY	DAILY	1
MM	OPUS BANK	5,176,100	5,176,100	2.59%	DAILY	DAILY	1
<b>Government Agency</b>							
3134G8PD5	FHLM Corp	500,003	497,548	1.350%	3/30/2016	9/30/2019	
<b>CERTIFICATES OF DEPOSIT:</b>							
1404202A7	ZION BANK - CAPITAL ONE BANK	250,005	252,772	2.400%	4/12/2017	4/12/2022	1,017
949763XU5	Wells Fargo	249,000	249,000	2.800%	2/27/2019	2/28/2022	974
38148PGK7	ZION BANK - GOLDMAN SACHS BANK	250,003	245,243	1.550%	8/3/2016	8/3/2021	765
3090683803	STATE FARM BANK	250,000	250,000	3.050%	10/21/2013	10/24/2023	1,577
1731202F5	Citibank	246,000	246,000	3.200%	1/25/2019	1/25/2024	1,670
61690UDL1	Morgan Stanley N/A	246,000	246,000	3.100%	1/24/2019	1/24/2024	1,669
61760AUU1	Morgan Stanley Private Bank	246,000	246,000	3.000%	1/24/2019	1/24/2023	1,304
02007GHD8	Ally Bank UT	246,000	246,000	2.900%	1/24/2019	1/24/2022	939
		<u>\$ 29,281,267</u>	<u>\$ 29,276,819</u>				
				<b>RECORDED INTEREST AS OF 30-Jun-19</b>	<b>% OF LIQUID PORTFOLIO HOLDINGS</b>	<b>WEIGHTED AVERAGE RATE OF EARNINGS</b>	<b>WEIGHTED AVERAGE MATURITY</b>
				<u>\$ 455,823.75</u>	<u>91.520%</u>	<u>2.050%</u>	<u>85</u>

Portfolio holdings as of the third quarter ended June 30, 2019, are in compliance with the current Investment Policy. With 91.520%

of the portfolio held in liquid instruments, the City's portfolio is well above the 65% to 70% target liquidity rate approved by the City Council in March 2018.

This Page Intentionally Left Blank



AGENDA NO: A-6

MEETING DATE: September 24, 2019

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** September 17, 2019

**FROM:** Scott Collins, City Manager

**SUBJECT:** Approval of Contract with San Luis Obispo County for Animal Care and Control Services for FY 2019-22

## RECOMMENDATION

City Council authorize the City Manager to execute a three-year contract with the County of San Luis Obispo for the continued provision of Animal Care and Control Services from July 1, 2019 to June 30, 2022.

## ALTERNATIVES

None proposed.

## FISCAL IMPACT

The contract fee for Fiscal Year (FY) 19-20 is \$44,166 and the remaining two years will be based on a service fee methodology as outlined in this report.

## BACKGROUND/DISCUSSION

State law requires that the City provide a certain level of animal care and control services within its borders. For many years, the City has contracted with the County of San Luis Obispo ("County") for the provision of Animal Care and Control Services along with other cities in the County. This is the only animal control and care service available in the County, and all other cities in the County contract with the County for this service. Services provided pursuant to the proposed contract include: emergency and non-emergency response of Animal Services Officers for injured and stray animals; investigative services for animal bites, abuse and neglect; sheltering and quarantine services; dog licensing; animal adoption; and, other services as required either by State law or the Morro Bay Municipal Code. The Police Department administers the contract on behalf of the City.

The current three-year contract with the County expired on June 30, 2019, with the County continuing to provide the same services to the City, under the previous agreement and terms, up to this point in the new fiscal year. The costs for the remaining two years (July 1, 2020 through June 30, 2022) will be determined annually based on the cost for services in each of the previous years. This contract does not include the City's share of future costs associated with the new animal shelter under development by the County and costs for FY 2019-20 will be incorporated as a mid-year budget adjustment when finalized.

## **Contract Provisions and Costs**

The proposed contract provides for the provision of Animal Care and Control services to the City for three years, from July 1, 2019 through June 30, 2022. Services include, but are not limited to:

Prepared By: SC

Dept Review: \_\_\_\_\_

City Manager Review: SC

City Attorney Review: CFN

- Sheltering and medical care of stray, owner surrendered, confiscated, and quarantined household animals.
- Reunification of sheltered animals with owners or adopted into new homes.
- Receipt and publication of lost and found animal reports.
- Response to calls for service from the Police Department or residents for stray or loose animals, dangerous or vicious animals, bite and neglect/abuse investigations, potential rabies exposure investigations and quarantines, pick up of deceased animals.
- Regulation of breeders and sales of domestic animals.
- Animal-related nuisance investigation.
- Enforcement of state and local animal-related laws.

The contract fee for FY 2019-20 is \$ \$44,166, which is pretty consistent with the past two fiscal years. The County shall compute on an annual basis the fee assessed to the City for services provided under this contract. The County shall use a service based methodology for determining city service fees. The service based methodology shall be based on four key facets of Animal Services' operations:

- Field Service
- Licensing
- Shelter Operations
- Education Service

The contract includes a provision for the parties to reopen the contract and address specific issues as needed during the contract term. This provision allows for continued negotiations on various terms that were not able to be addressed in time for the new contract to begin and provide continuous animal control and care services. The contract also provides that either party may terminate the contract at any time by giving the other party 30 days written notice. Staff proposes that the Council approve the attached contract which would continue those services through FY 2021-22.

**ATTACHMENT**

1. Contract for Animal Care and Control Services with County of San Luis Obispo

**CONTRACT  
FOR  
ANIMAL CARE AND CONTROL SERVICES**

THIS CONTRACT is made and entered into by and between the County of San Luis Obispo, a public entity in the State of California, (“County”) and, Morro Bay, an incorporated city in the State of California, (“City”).

WITNESSETH:

WHEREAS, County has established the Division of Animal Services to provide animal care and control functions including the enforcement of the ordinances of San Luis Obispo County Code Title 9 and of California state codes pertaining to the care, keeping, and management of animals; and

WHEREAS, County, through Animal Services, maintains and operates an animal shelter and a humane education program; and

WHEREAS, City is desirous of contracting with County for the provision of such services;

NOW THEREFORE, in consideration of the covenants, conditions, agreements, and stipulations set forth herein, the parties hereby agree that County shall perform the services described herein for the compensation set forth herein, subject to the terms and conditions set forth herein.

1. Services. The parties agree to perform the services described in Exhibit A, attached hereto and incorporated herein by reference as if set forth in full at this point.

2. Compensation. The parties agree to the compensation described in Exhibit B, attached hereto and incorporated herein by reference as if set forth in full at this point.

3. Duration. The parties agree to the duration described in Exhibit C, attached hereto and incorporated herein by reference as if set forth in full at this point.

4. General Conditions. The parties agree to the general conditions described in Exhibit D, attached hereto and incorporated herein by reference as if set forth in full at this point.

5. Notices. Notices required in this contract shall be provided to:

COUNTY  
Eric Anderson, DVM  
Animal Services Manager  
PO Box 4110  
San Luis Obispo, CA 93406

CITY  
Jody Cox  
Chief of Police  
850 Morro Bay Blvd  
Morro Bay, CA 93442

IN WITNESS WHEREOF, the parties have executed this agreement as of the date set forth below.

CITY OF MORRO BAY  
An Incorporated City in the State of California

By: \_\_\_\_\_  
SCOTT COLLINS  
City Manager

\_\_\_\_\_ Date

ATTEST:

By: \_\_\_\_\_  
DANA SWANSON  
City Clerk

\_\_\_\_\_ Date

APPROVED AS TO FORM:

By: \_\_\_\_\_  
CHRIS F. NEUMEYER  
City Attorney

\_\_\_\_\_ Date

COUNTY COUNSEL:  
APPROVED AS TO FORM AND LEGAL EFFECT:  
RITA NEAL County Counsel

By: \_\_\_\_\_  
Deputy County Counsel

\_\_\_\_\_ Date

COUNTY OF SAN LUIS OBISPO  
A Public Entity in the State of California

By: \_\_\_\_\_  
DEBBIE ARNOLD  
Chairman of the Board of Supervisors

\_\_\_\_\_ Date

ATTEST:

By: \_\_\_\_\_  
WADE HORTON  
Ex-Officio Clerk  
of the Board of Supervisors

\_\_\_\_\_ Date

**CONTRACT  
FOR  
ANIMAL CARE AND CONTROL SERVICES**

**EXHIBIT A**

**SCOPE OF SERVICES**

1. County Obligations. The County shall perform the following duties.

*a) Shelter Services*

- i) Maintain, or cause to be maintained, an animal shelter whereat stray, owner surrendered, confiscated, quarantined and custodially impounded household pets are received and provided with appropriate care, housing, and shelter services in accordance with state regulations, local ordinances, and policies governing the humane treatment of such animals.
- ii) Provide services allowing sheltered animals to be returned to their owners, adopted into new homes, or to be humanely euthanized.
- iii) Provide for the receipt and publication of lost and found animal reports.
- iv) Provide services for the humane euthanasia of household pets and for the disposal of their remains.

*b) Field Services*

- i) Receive and respond to public calls for service related to alleged violations of local or state codes pertaining to the care, keeping, treatment, and management of animals.
- ii) Provide for the response to any of the following circumstances 24 hours a day, seven days a week:
  - (1) Domestic animals posing an active and present threat to public safety
  - (2) Domestic animals which are severely injured, ill, or in eminent risk and whose owner is unknown or unavailable.
  - (3) Domestic or wild animal demonstrating signs of possible rabies infection.
  - (4) Calls for assistance from law enforcement or emergency response personnel.
  - (5) Reported animal bites where the animal remains in the area unconfined and whose owner is unknown or unavailable.
  - (6) Loose livestock roaming on roadways or other public areas.

- iii) Provide for the response to any of the following during Animal Services' normal business hours:
  - (1) Pick-up and impoundment of unlimited numbers of stray confined, domestic animals.
  - (2) Pick-up and disposal of unlimited numbers of dead domestic animals from roadways, parks, and other public areas.
  - (3) Pick up and transfer to shelter of owned animals for surrender or euthanasia
  - (4) Pick up of dead owned animals for disposal
- iv) Provide for the necessary medical treatment and emergency care for domestic animals picked up by Animal Services personnel and for those domestic animals presented directly to veterinarians by private citizens and emergency response personnel.
- v) Provide for the receipt, processing and investigation of animal bite reports as well as the subsequent quarantine of animals in accordance with state codes pertaining to rabies control.
- vi) Request assistance from the San Luis Obispo County District Attorney's Office Bureau of Investigations when an animal bite results in significant injury causing death or likely to cause death or in any case Animal Services believes may require significant criminal investigation beyond the experience of Animal Services Officers.
- vii) Receive and respond to reports of animals, domestic or wild, which are suspected to be rabid or to have been exposed to rabies infection and attempt to affect their capture. Captured animals will be processed in accordance with state codes pertaining to rabies control.
- viii) Receive and process all applications related to the keeping and sale of household pets; inspect and regulate permitted operations in accordance with local and state codes.
- ix) Provide for the recording, investigation, administrative hearings, and issuance of findings and orders related to animal nuisances, animal seizures or confiscations, and dangerous or vicious animals. Nuisances which remain unresolved following the issuance of an abatement order will be processed to court through the City Attorney's office.
- x) Assist in the preparation and filing of court documents related to the civil and/or criminal prosecution of cases involving violation of municipal codes pertaining to the care, treatment, and keeping of domestic animals.

- xi) Provide for the preparation, filing and civil or criminal prosecution of cases involving violations of California state codes pertaining to the care, treatment, and keeping of domestic animals.
  - c) *Reporting*: Provide to the City bi-annual service activity and financial reports reflecting field services, licensing, shelter operations, and humane education programs. Reports will detail this information for both the individual quarter and year-to-date.
2. City Obligations. The City shall perform the following duties.
- a) *Ordinance Conformity*: Adopt, either by direct incorporation in the municipal code or by way of reference, animal control ordinances which are in conformity to and are not in substantial conflict or in variation from Chapter 9 of the San Luis Obispo County Code.
  - b) *Prosecution of Municipal Code Violations*: Through the City Attorney, provide for the preparation, filing and civil or criminal prosecution of cases involving violation of municipal codes, pertaining to the care, treatment, and keeping of animals, including all such codes incorporated into the municipal code by way of reference.
  - c) *Assistance*: Provide such assistance and support to Animal Services personnel as may be reasonably necessary to safely and effectively execute the operations required by this contract within the City limits.
3. Animal Care and Control Coordination Group: The County and City agree that Animal Services is a shared interest of all parties and that all participating jurisdictions will share in the cost and revenue generated based on actual costs and fees generated in each jurisdiction. Further, policy-setting and procedure development will happen in a collaborative manner, with all partner jurisdictions having input into the best way to conduct these services in San Luis Obispo County.

To coordinate efforts, the participating jurisdictions, including the City and County agree to meet and confer periodically to discuss current issues as they relate to the fiscal and practical application of this contract, along with other potential items identified by the group. Such meetings shall be coordinated by the Health Agency Director from time to time as necessary, but no less than once quarterly.

This group commits to a goal of reducing animal intakes and total animal nights by an average of 5% annually for the next five years while maintaining the compassionate and responsible provision of services and improving Animal Services revenues to decrease the net cost of the service. The targeted reductions are to be accomplished primarily by reducing the need for services and the costs of those services, not by reducing or denying needed services.

As part of this commitment, the County agrees to develop performance benchmarks and communicate them quarterly to the group on the following:

- a) Cost of Services/per Capita (by City) over time.
- b) Cost of services/per City over time.
- c) Number of Full-Time Equivalent (FTE) positions within Animal Control over time.
- d) Number of field FTE within Animal Control over time.
- e) Geographical Information Service (GIS) heat maps of calls for service over time by City (requested development from County IT Department, maps to be provided when available).
- f) Average response times by call types over time by City.
- g) Percentage of animals licensed by the City over time.
- h) Other data points charted out over time that were used to spread out the Animal Shelter costs.

In the first quarter of year one of this contract, the group will propose Ordinance updates aimed at lowering domestic animal populations and costs and increasing animal services related revenues. The County agrees to present the collaborative Ordinance updates for consideration by the County Board of Supervisors. The City agrees to present the Ordinance updates for consideration by their City Council.

**CONTRACT  
FOR  
ANIMAL CARE AND CONTROL SERVICES**

**EXHIBIT B**

**COMPENSATION**

- 1) First Year Service Fee: The City agrees to pay to the County the amount of \$44,166 for services provided under this Contract during the first year of service.
- 2) Subsequent Years' Service Fee: The County shall compute on an annual basis a service fee assessed to the City for services provided under this Contract.
- 3) Timing of Service Fee: The County shall calculate annual service fees and provide them to the City prior to April 15<sup>th</sup> of each year, with service fees becoming effective on July 1<sup>st</sup> of that year. No further action by either party is necessary to implement new fees in subsequent years.
- 4) Service Fee Methodology: The County shall use a service-based methodology for determining city service fees. The service-based methodology shall be based on four key facets of Animal Services' operations:
  - Field Service
  - Licensing
  - Shelter Operations
  - Education Services
  - a) *Determination of Cost of Service* – The cost of providing services to the City will be calculated by determining the average percentage of service allocated to the City over the preceding three years for each of the four facets of operations and multiplying this percentage against Animal Services operational cost for each facet. Combined, this then represents the City's total service cost in proportion to the County and all other contracting parties.
  - b) *Credit for Fees* – The average annual revenue generated from fees or fines assessed directly to residents of the City by Animal Services over the preceding three years will be applied against the City's total service cost.
  - c) *Determination of Service Fee* – The fee assessed to the City for provision of services outlined in this contract shall be determined by subtracting the average revenue as determined by item 4b of this exhibit from the average cost of service as determined by item 4a of this exhibit.
- 5) Billing – County shall bill City for contracted services in quarterly increments. City shall remit payment to the County within thirty (30) days of receipt of billing.

**CONTRACT  
FOR  
ANIMAL CARE AND CONTROL SERVICES**

**EXHIBIT C**

**DURATION**

- 1) Effective Date: This contract shall be effective July 1, 2019 or fifteen (15) days following of the date of the signature of the County, whichever is later. The County shall be the last to sign this contract.
  
- 2) Service Date: City and County acknowledge that the services provided under this contract are a continuation of those established during the preceding contract term and that these services may have been provided uninterruptedly between July 1, 2019 and the date of execution by the County in order to ensure the interest of public service.
  - a) Both City and County expressly and retroactively authorize the provision of those services.
  
  - b) For the purposes of billing and determination of the First Year Service Fee as provided in Exhibit B, the first year of service will be presumed to have begun on July 1, 2019.
  
- 3) Duration: The term of this Contract shall expire June 30, 2022 unless terminated sooner as provided in Exhibit D.

**CONTRACT  
FOR  
ANIMAL CARE AND CONTROL SERVICES**

**EXHIBIT D**

**GENERAL CONDITIONS**

- 1) Termination: Either party may terminate this contract at any time by giving the other party thirty (30) days written notice of termination. Termination for convenience shall have no effect upon the rights and obligations of the parties arising out of any services provided occurring prior to the effective date of such termination. County shall be paid for all work satisfactorily completed prior to the effective date of termination. In the event that the contract is terminated prior to the conclusion of a quarterly billing cycle, the City shall remit to the County a prorated amount based upon the number of days of service relative to the total number of days in the billing cycle.
- 2) Indemnification: Nothing in the provisions of this Contract is intended to create duties or obligations to, or rights in third parties not party to this contract, or affect the legal liability of either party to contract, by imposing any standard of care respecting the regulation and enforcement of laws regarding animals different from the standard of care imposed by law.

It is understood and agreed that neither City, nor any officer or employee thereof, is responsible for any damage or liability occurring by reason of anything done or omitted to be done by the County under or in connection with any work, authority or jurisdiction delegated to the County under this Contract. It is also understood and agreed that pursuant to Government Code 895.4, County shall defend, indemnify and save harmless the City, all officers, and employees from all claims, suits or actions of every name, kind, and description brought forth or on account of injuries or death of any person or damage to property resulting from anything done or omitted to be done by the County under this Contract except as otherwise provided by Statute.

It is understood and agreed that neither County, nor any officer or employee thereof, is responsible for any damage or liability occurring by reason of anything done or omitted to be done by the City under or in connection with any work, authority or jurisdiction delegated to the City under this Contract. It is also understood and agreed that pursuant to Government Code Section 895.4, the City shall defend, indemnify and save harmless the County, all officers and employees from all claims, suits or actions of every name, kind and description brought forth on account of injuries or death of any person or damage to property resulting from anything done or omitted to be done by City under connection with any work, authority or jurisdiction delegated to the City under this Agreement except as otherwise provided by Statute.

- 3) Notices: Any notice, payment, statement, or demand required or permitted to be given hereunder by either party to the other shall be affected by personal delivery in writing or by mail, postage prepaid. Mailed notices shall be addressed to the parties at the addresses

appearing below, but each party may change its address by written notice in accordance with this section. Mailed notices shall be deemed communicated as of three days after mailing.

Notices for County shall be addressed to:

Eric Anderson  
Animal Services Manager  
PO Box 4110  
San Luis Obispo, California 93406

Notices for Contractor shall be addressed to:

Jody Cox  
Chief of Police  
850 Morro Bay Blvd  
Morro Bay, CA 93442

- 4) Status of the Parties' Officers/Employees/Agents: Neither party's officers, employees, agents, partners, other contractors or subcontractors shall be deemed to be employees of the other party at any time. Nothing in this contract shall be construed as creating a civil service employer- employee relationship or a joint venture relationship. No officer, employee, agent, partner, other contractor or subcontractor of the other party shall be eligible for membership in or any benefits from any plan for hospital, surgical, or medical insurance, or for membership in any retirement program, paid vacation, paid sick leave, other leave, with or without pay, collective bargaining rights, grievance procedures, appeals to the Civil Service Commission or any other benefits which inures to or accrues to an employee of the other party. The only performance and rights due the other party are those specifically stated in this contract.
- 5) Governing Law and Venue: This Contract shall be governed by and construed in accordance with the laws of the State of California. Additionally, this contract has been formed and shall be performed in San Luis Obispo County; the venue for any legal action on the contract shall be in San Luis Obispo County.
- 6) Entire Agreement: This Contract embodies the complete agreement of the parties hereto, superseding all oral or written previous and contemporary agreements between the parties relating to matters herein; and except as otherwise provided herein, cannot be modified without the prior written agreement of the parties.
- 7) Severability: In case any one or more of the provisions contained in this Contract shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Contract shall be considered as if such invalid, illegal, or unenforceable provision had never been contained in this Contract.
- 8) Successors and Assigns: This Contract shall be binding upon and insure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and, except as otherwise provided in this Contract, their assigns.

- 9) Captions: The captions to the various clauses of this Contract are for information purposes only and shall not alter the substance of the terms and conditions of this Contract.
- 10) Authorization: Each of the parties represents and warrants to the other that this Contract has been duly authorized by all necessary corporate or governmental action on the part of the representing party and that this Contract is fully binding on such party.

This Page Intentionally Left Blank



AGENDA NO: A-7

MEETING DATE: September 24, 2019

# Staff Report

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

**FROM:** Heather Goodwin, Deputy City Clerk  
Dana Swanson, City Clerk

**SUBJECT:** Approval of Public Works Advisory Board and Tourism Business Improvement District Advisory Board Member's Request for an Excused Absence

## RECOMMENDATION

Staff recommends the City Council consider the requests submitted by:

1. Public Works Advisory Board (PWAB) Member, Ric Deschler, to excuse his absence from the October 2018, February 2019, and August 2019 Regular Public Works Advisory Board meetings and allow him to continue serving through the scheduled term ending January 31, 2021; and
2. Tourism Business Improvement District Advisory Board (TBID) Member, Isaac Su, to excuse his absence from the September 2019 Regular Tourism Business Improvement Advisory Board meeting.

## ALTERNATIVES

The Council may choose:

1. Not to excuse Mr. Deschler's absence and direct staff to begin recruitment to fill the resulting vacancy; and
2. The Council may choose not to excuse Mr. Su's absence.

## 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 Public Works Advisory Board Member, Ric Deschler, for Council consideration to excuse his absence from the October 2018, February 2019, and August 2019 regular meetings so he can remain on the Board through his term, which ends January 31, 2021. Mr. Deschler's attached letter details his reason for the absence for which staff accepts as reasonable and warrant Council consideration. Mr. Deschler has missed three meetings. Thus, pursuant to the Advisory Bodies Handbook and By-Laws, these absences (without Council granting Mr. Deschler's request) would constitute his voluntary resignation from the Board. Mr. Deschler is

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

requesting his absences be excused as it his desire to continue to serve the City of Morro Bay community as a member of the Public Works Advisory Board.

During the recent review of advisory board attendance, staff found Mr. Deschler had missed three meetings in a 12-month period. While he appropriately notified staff prior to those absences, he was not aware of the need to notify the Council and formally request an excused absence prior to the third missed meeting in August 2019. Staff acknowledges its responsibility to better track absences and communicate with advisory board members before these issues arise. Staff recommends the Council consider Mr. Deschler's request for an excused absence from the October 2018, February 2019, and August 2019 regular meetings so that he may continue serving on the Public Works Advisory Board. Mr. Deschler's term is scheduled to end on January 31, 2021.

Staff also received a request for Tourism Business Improvement Advisory Board Member, Isaac Su, for consideration to excuse his absence from the September 2019 regular meeting. Mr. Su's attached letter details his reason for the absence which staff accepts as reasonable and warrant Council consideration. Mr. Su has one unexcused absence in the previous 12-month period. Mr. Su represents the hoteliers with 50 rooms or less and is requesting this absence be excused.

### **CONCLUSION**

Staff recommends the Council consider approving:

1. Mr. Deschler's request for an excused absence from the October 2018, February 2019, and August 2019 Regular Public Works Advisory Board meeting; and
2. Mr. Su's request for an excused absence from the September Regular Tourism Business Improvement District Advisory Board meeting.

### **ATTACHMENTS**

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

## Heather Goodwin

---

**From:** Ric Deschler  
**Sent:** Monday, September 16, 2019 5:54 PM  
**To:** Council  
**Cc:** Heather Goodwin; Janeen Burlingame  
**Subject:** PWAB attendance

Dear Mayor and Members of Council,

Dana has informed me that I may have a problem with my excused absences from PWAB meetings.

I missed the October 2018, February 2019, and recently, the August 2019 regular meetings.

I had notified Rob and Janeen of my inability to attend those meetings well before those meeting dates because of long-scheduled prior commitments but did not realize that it was necessary to seek permission from the council to be absent from those meetings.

I returned today, September 16, from a six-week trip specifically to make sure that I would be able to attend the regularly scheduled September 18 meeting but upon returning I find that it has been canceled and rescheduled. I try to make every effort to be available for the meetings.

So, at this time, I would like to seek permission for those absences and be able to continue my role on the PWAB board.

Thank you for your consideration of this matter.

Ric Deschler

## Heather Goodwin

---

**Subject:** FW: Isaac Su TBID 9/19/19 Absence Request

---

**From:** Isaac Su <[isacksu@gmail.com](mailto:isacksu@gmail.com)>

**Sent:** Friday, September 13, 2019 9:41:48 PM

**To:** Jennifer Little <[jlittle@morrobayca.gov](mailto:jlittle@morrobayca.gov)>

**Subject:** Isaac Su TBID 9/19/19 Absence Request

Hi Jenn,

I just got the TBID agenda for this Thursday. So sorry I didn't let you know sooner but I am planning on going back to Orange County for the next 2 weeks. Can I be excused from thsi meeting?

Thanks,

Isaac

**A PROCLAMATION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY DECLARING  
SEPTEMBER 22 – SEPTEMBER 28, 2019 AS  
THE 17<sup>TH</sup> SEA OTTER AWARENESS WEEK**

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

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

**WHEREAS**, disease from a variety of sources accounts for a significant amount of the mortality of California sea otters in a given year; and

**WHEREAS**, the survival of the sea otter remains dependent upon continued public support and increased understanding of sea otters as a keystone species; and

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

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

**WHEREAS**, through California State Parks’ Sea Otter Experience and Sea Life Stewards programs in Morro Bay, volunteer docents provided information and learning opportunities for over 6,500 visitors during the months of July and August 2019; and

**WHEREAS**, the City of Morro Bay is grateful for those volunteers who give their time so freely in order to increase public awareness and understanding of sea otter importance and issues.

**NOW, THEREFORE, BE IT RESOLVED**, that the Morro Bay City Council does hereby proclaim September 22 – September 28, 2019 to be the 17<sup>th</sup> “Sea Otter Awareness Week.”

**IN WITNESS WHEREOF** I have  
hereunto set my hand and caused the  
seal of the City of Morro Bay to be  
affixed this 24<sup>th</sup> day of September, 2019

\_\_\_\_\_  
John Headding, Mayor  
City of Morro Bay, California

This Page Intentionally Left Blank



AGENDA NO: C-1

MEETING DATE: September 24, 2019

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** September 19, 2019

**FROM:** Scott Collins, City Manager  
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

A fee study commissioned by the City has identified across various City funds approximately \$1,000,000 in annual fee increases that provide for full cost recovery to the City (not including the Water and Sewer Funds). These fee increases would provide sufficient revenues to provide “personal choice” services on a full cost recovery basis, thereby creating equity between taxpayers and fee-payers. The proposed fees in the revised draft study (Attachment 1) in most cases represent the full cost to deliver services and thereby decrease the City’s subsidy of private discretionary activity.

## BACKGROUND

At the April 10, 2018 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.

Based upon the recommendation of a review panel consisting of staff and representatives of the Planning Commission, Harbor Advisory Board, Public Works Advisory Board, Citizens Finance Advisory Committee, and Recreation & Parks Commission, in August of 2018, the City Council authorized the engagement of Revenue and Costs Specialists, LLC (RCS), an independent financial consultant that specializes in public sector fee analysis, to conduct a comprehensive cost allocation plan, fee study and development impact fee update. The purpose 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.

Staff and RCS provided a fee study update to the City Council on July 9, 2019 in which the methodology and results of the Fee Study process were reviewed. During this meeting City Council directed staff to engage with user groups and host two community meetings, which were conducted as follows:

- 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.

Prepared By:   JC  

Dept Review: \_\_\_\_\_

City Manager Review:   SC  

City Attorney Review:   CFN

In providing this direction, Council also emphasized the desire to have as much outreach as possible regarding the proposed fees.

## **DISCUSSION**

### **Community Forum Input**

As part of the outreach efforts, staff conducted two outreach meetings as directed by Council.

On July 30, 2019 seven interested parties attended the meeting: two representatives from the Chamber and five representatives from the Commercial Fishing community. The RCS consultant reviewed the methodology and process for completing the study and staff was available to answer questions and hear feedback. During this meeting, all questions focused on the Harbor Fees, specifically on the slip and pier fees for the commercial fishermen. Because many of their key representatives are at sea fishing, the Fisherman present requested that adjustments to any of their slip fees be delayed until after further discussions can be had when their members return in November. Staff supports this recommendation and would suggest delaying any further discussion of Harbor's commercial slip fees until those conversations are had and feedback received, and then return to Council with recommendations likely in November 2019.

Staff held a second community forum on August 8, 2019 with approximately 25 to 30 interested parties attending. The Recreation Division and Community Development Department notified potential interested parties of this meeting in advance to encourage participation. Similar to the July 30 meeting, the RCS consultant provided an overview of the fee study update and methodology and staff was available for discussion, questions and to hear feedback. General questions and feedback during these discussions focused on City facility and park rentals, with a few questions on the permitting fees. Concern was expressed about the division of City Park into multiple areas, requiring multiple permit fees to be paid for use of the entire park, as well as events currently scheduled to occur in January that should be advertising admission prices now but are holding off because increased fees would be require an increased admission cost.

### **City Facility and Special Event Fees**

After hearing this feedback, staff would recommend that any fee increases go into effect January 1, 2020. In addition, staff would honor already reserved facilities and related event permit fees at the current prices, even if the events are held after January 1, 2020, so long as the reservations are made prior to January 1, 2020. Staff will work with RCS to revise the facility rentals and include City Park as one park rental fee.

Also, staff is working to develop recommendations on fee subsidies for facility and park rental fees based on an organization's status as a non-profit, overall event benefit to the community, partnership with the City, and/or City sponsored events. This approach is intended to encourage events within the City that attract tourists and visitors to Morro Bay, and provide local events to City residents.

Currently, the City provides subsidies for residents and non-profits, as related to use of City facilities and public space and special event permits, ranging from 0 – 50%. Additionally, there are a handful of other user groups or events that receive further, deeper reductions by way of a "direct cost" method (meaning the facility maintenance and energy costs are the only recoverable fee, and not actual room rentals), which is not currently City Council approved. Other organizations receive

reduced fees or full fee waivers through a Partnership Agreement with the City (such as Community Foundation of Estero Bay, Project Surf Camp, Estero Bay Community Radio). Council entered into these agreements as there is a direct benefit or service provided on behalf of the City and/or citizens through the actions of these groups. There are other groups that receive free use of City facilities who need to either move into a Partnership Agreement or be charged accordingly (Lions Club, Ares/Races Ham Radio Club, Monday Night Community Dinners, Community Thanksgiving Dinner). Lastly, the City waives all fees for City operated events, such as the Family Fourth of July day and for events in which we are a significant partner, like the Amgen Tour of California.

Moving forward, City Council has several options to consider with regard to City facility and event fee subsidies. Here are some concepts for Council consideration:

- 1) Council could maintain the proposed subsidies for locals and non-profits for events and facilities use, receiving subsidies ranging up to 50% for facility rental fees, and the City continuing to waive all fees for its own events and those in which it is a significant partner (*i.e.* Amgen).
- 2) As an alternative, Council could choose not to provide subsidies to locals who are not non-profits; or, Council could only offer the subsidy to local non-profits.
- 3) Council could place the organizations that currently provide services on behalf of the City, but do not have an agreement with the City, into a Partnership Agreement, such as Monday Night Dinners, Community Thanksgiving Dinner and Lions Club, to receive up to a full subsidy as they currently receive.
- 4) Council could also offer a small subsidy to events that bring significant economic benefit to the City (through overnight stays as an example).
- 5) Council could move organizations that currently receive a full subsidy into a Partnership Agreement to maintain consistency.

In considering these options, staff would not recommend continuing to provide City facilities at a "direct cost" method moving forward. Staff would further recommend that subsidies not exceed 50% in total for rentals and event fees, with the exception of the organizations that have Partnership Agreements with the City, and for City run events and events like Amgen.

#### Harbor Fees Requiring Additional Community Input

The Fee Study was also discussed at two Harbor Advisory Board (HAB) meetings; August 1 and September 5, 2019.

During the September 5 meeting, approximately 40 interested parties were in attendance and discussions ensued around liveaboard fee increases. Regarding the proposed Liveaboard Service fee increases, the HAB's recommendation was to defer these increases until further conversations can occur regarding them with the liveaboard community. As with the commercial slip fees, staff would support the recommendation that liveaboard service fees are not considered until discussions with that community take place and their feedback received, likely returning to City Council with recommendations in November 2019.

The HAB's August 1 and September 5 recommendations are included in Attachment 3.

#### Additional Community Input

The City Manager and Finance Director also attended the Chamber of Commerce's Government

Affairs Committee Meeting on August 7, 2019 to discuss the Fee Study and draft results. Staff spent about one hour with the Committee answering questions and receiving feedback. During these discussions, the members of the Committee expressed an interest in ensuring that City processes and procedures were streamlined so that fee costs could be controlled. The Committee cited staff's time estimates for completing certain tasks as high in some cases, i.e. Tree Removal Permits. The Government Affairs Committee provided comment for Council consideration provided as Attachment 4.

Lastly, the City utilized POLCO, the on-line community engagement tool, to run a simple four question survey regarding the fee study. The survey ran for about 1 ½ months with the following questions:

1. Are you aware that the City of Morro Bay is in the process of updating fee amounts for services, such as recreation classes, development permits, special events and renting boat slips in the Harbor?
2. Do you believe the City should set fee amounts to recover the full cost of providing services that have an associated fee?
3. Do you believe the City should set fee amounts to recover less than the full cost of providing services for any of the following reasons?
4. Any Comments you would like to add?

Responders to the survey questions are able to provide comments on individual questions. Responses received for each are provided in Attachment 5 for Council consideration.

With respect to question 1, awareness of the fee study, 60% of respondents indicated that they were aware that the City was in the process of updating fees while 40% indicated that they were not.

**Are you aware that the City of Morro Bay is in the process of updating fee amounts for services, such as recreation classes, development permits, special events and renting boat slips in the Harbor?**



With respect to Question 2, the majority of respondents 59% did not believe the City should set fee amounts to recover the full cost of providing services compared to 41% of respondents feeling that fees should be set at full cost recovery.

**Do you believe the City should set fee amounts to recover the full cost of providing services that have an associated fee?**



The City also asked participants about setting fees at less than cost recovery for three specific reasons. Forty-eight responses were received with respect to this question with 63% of the participants supporting less than cost recovery for fees that would impact youth and seniors. 56% supported reduced fees for non-profits and charities while 46% supported reduced fees to help incentivize economic development and support businesses. A summary of survey results for question 3 are provided below for review:

**Do you believe the City should set fee amounts to recover less than the full cost of providing services for any of the following reasons?**



Council Deliberation and Recommendations

Based on feedback provided during community outreach and a review of the draft study, staff is recommending the following steps and seeks Council feedback and direction:

1. Public Hearing to be held on Fee Increases October 8, 2019.
2. Approved fee increases would go into effect January 1, 2020 with waiver of facility rental and event fees for those events already permitted prior to January. Harbor Live Aboard and Dock Rental Fees would not be included in Public Hearing on October 8, 2019 and would be deferred until further discussion in November with interested parties.
3. Harbor and Live Aboard Dock Rentals fee recommendations would be presented at a public hearing in December with approved fee increases anticipated to be effective January 1, 2020.

Council discussion and guidance on the following items would be incorporated into staff's recommendation for the October 8, 2019 Public Hearing:

1. Does Council wish to recommend any fees be lower than cost recovery?
  - a. If Yes, what fees?
2. Would Council support full cost recovery with a certain percentage amount being directed towards the economic development fund to support locally controlled economic development incentives?
3. Does Council wish to phase in fee increases?
  - a. If yes, at what level, i.e. 50% increase year 1 and 50% year 2? Some other phase in?
4. What direction does Council have with regard to event/facility rental subsidies? (As discussed in the facility rental and special events section above)

### **CONCLUSION**

Staff recommends that the Council provided direction, as necessary, related to the proposed Implementation plan and structure

### **ATTACHMENTS**

1. [Link to Cost of Services Study for the City of Morro Bay \(September 2019\)](#)
2. Fee Comparison
3. Harbor Advisory Board August 1 and September 5, 2019 Master Fee input
4. Morro Bay Chamber Cost Allocation Letter and Policy Framework
5. POLCO Survey Responses

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-001	Conditional Use Permit (CUP)	\$5,653 per application	\$13,545 per application	\$3,988 per application	\$4,287 per application	\$ 12,476	\$2,080.00 – Administrative \$6,659 – PC	
S-002	CUP - Concept Plan	\$8,967 per application	\$14,890 per application				\$3,756.10	
S-003	CUP - Precise Plan	\$3,261 per application	\$10,235 per application		\$2,242 per application			
S-004	CUP - Combined Concept/Precise Plan	\$8,697 per application	\$14,890 per application					
S-005	CUP - SFR 25% or Less of Orig Area	\$2,174 per application	Remove. Same as CUP Addition to Non-Conforming Structure					
S-006	CUP - SFR in Planned Dev/Bluff Area	\$16,315 per application	\$6,760 per application					
S-007	CUP - Occup Change in Comm/Ind Zone	\$871 per application	\$5,745 per application					
S-008	CUP - Addition to Non-Confrm Struct	\$2,130 per application	\$5,990 per application					
S-009	Special Use Permit - Minor PC	\$2,174 per application	\$5,665 per application					
S-010	Special Use Permit - Major PC	\$5,653 per application	\$13,190 per application					
S-011	Minor Use Prmt - Res, Comm & Indust	\$619 per application	\$2,305 per application		\$1,195 per application	Architectural Review \$4,474 – Major \$803 - Minor		
S-012	Use Permit - Commercial Outdoor Use	\$988 per application	\$1,725 per application					
S-013	Temporary Use Permit - 10 days+	\$1,088 per application	\$1,725 per application	\$341 per application		\$256 per application		\$ 166 per application
S-014	Temporary Use Permit - Administration	\$163 per application	\$620 per application	\$341 per application		\$256 per application	\$282.35 – Sidewalk Sales Permit	
S-015	Coastal Dev Permit - With CUP	No fee	No fee					
S-016	Coastal Dev Permit - Administrative	\$806 per application	\$1,410 per application					
S-017	Coastal Dev Permit - Commercial	\$5,653 per application	\$13,545 per application				\$16,800	
S-018	Coastal Dev Permit - Residential	\$5,653 per application	\$6,185 per application					
S-019	Coastal Dev Permit - Resid 10%-25%	\$2,174 per application	\$5,865 per application					
S-020	Coastal Dev Permit - Emergency	\$726 per application	\$1,010 per application					
S-021	Categorical Exemption	\$98 per application	\$65 per application				\$6,317.27 (Environmental Impact Determination)	
S-022	Negative Declaration	\$1,575 per application	\$4,035 per application		\$1,595 per application in addition to other application fees where applicable	\$482	\$6,317.27 (Environmental Impact Determination)	

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-023	Mitigated Negative Declaration	\$3,844, if done in house or as a deposit for outside consultant  If contracted = contract amount + 25% Administration Fee	In House - \$6,660 per application  Outside - \$6,660 deposit for cost of outside consultant plus 25% Administration Fee			\$2,016	\$6,317.27 (Environmental Impact Determination)	
S-024	Environmental Document Filing	\$200 per application	\$190 per application					
S-025	Environmental Impact Report Review	\$5,000 deposit for contract amount plus 25% Administration Fee	Initial \$5,000 deposit for cost of staff and outside consultant	Deposit determined by staff with charges at the fully allocated hourly rates for all personnel involved, plus any outside costs	10% of contract consultant amount for City staff review	\$2,967	Consultant Contract plus 30% for administrative & review services	
S-026	Archaeology Research Fee	\$25 plus \$75 CCIC research fee	\$65 plus \$75 CCIC research fee					
S-027	Sign Permit	\$217 per application	\$595 per application	\$216 - Administrative - Per application \$1,017 - Discretionary - Per application	\$50 per permit, inclusive of noticing and label generation fees + 2.85% for document imaging	\$298	\$2,102	\$332
S-028	Sign Program	No current fee	\$1,280 per application			\$2,079 - Planned Sign Program  \$1,171 - Administrative Sign Program	\$2,102	
S-029	Sign Exception (CUP)	\$979 per application	\$3,450 per application					
S-030	Pole Sign (CUP)	\$979 per application	\$3,450 per application					
S-031	Conceptual Review	\$1,500 per application  Fee is credited toward any future discretionary permit application.	\$4,355 per application. Fee is credited toward any future discretionary permit application within 24 months.	\$505 - Administrative per application  \$5,111 - Discretionary  Fees are deducted from the cost of that project's future fees			\$2,890 per application	
S-032	Telecomm Facility - Administrative	No current fee	\$150 per application					
S-033	Street Name/Rename Processing	\$461 per application	\$345 per application	\$369 per application	\$685 per application		\$4,843	\$600 per application
S-034	Development Agreement	\$10,000 deposit charged at fully allocated rates for personnel plus outside costs	\$10,000 deposit charged at fully allocated rates for personnel plus outside costs	\$10,898	\$13,158 deposit with staff charges at the fully allocated hourly rate + all outside or legal expenses	\$ 20,890 deposit Time and Materials (if project exceeds 50 hours of staff time)	\$15,428.80	
S-035	Land Use Confirmation Letter	\$98 per letter	\$155 per letter				\$437	

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-036	Tree Removal	\$277 per application	\$570 per application	\$685	\$389 per permit- All trees other than Heritage trees  \$916 per permit- Heritage trees		\$162	\$200 – Staff Level  \$600 – Council Hearing
S-037	Parking Exception	\$213 per application	\$1,000 per application	\$244 per application				
S-038	Special Events Review	Actual staff cost	Remove. Service is no longer used					
S-039	Commercial Medical Cannabis	\$18,000 deposit	Initial \$18,000 deposit for cost of staff and outside consultant			\$657 – Appl. Proc Fee \$101 - Background Inv. Fee \$33 - ID Card /Vehicle Permit Fee \$25 - Live Scan Actual cost - DOJ/FBI		657 101 33 25 actual cost
S-040	Planning Commission Hearing	\$326 per hearing	\$560 per hearing	\$2,194 per hearing				
S-041	Administrative Noticing	\$163 per notice	\$530 per notice					
S-042	Time Extension - CUP, CDP, Variance	\$979 per request	\$2,540 per request	\$1,205 per application		\$2,233	25% of current filing fee	
S-043	Time Extension - Tract/Parcel Map	\$979 per request	\$3,515 per request	\$1,176 per application		\$2,233		
S-044	Time Extension - Administrative	\$272 per request	\$285 per request	\$1,176 per application	\$433 per application	\$2,233		
S-045	Amend Existing Permit - Admin	\$211 per application	\$705 per application					
S-046	Amend Existing Permit - Plan Comm	\$2,827 per application	\$8,960 per application					
S-047	Major Modification While Processing	\$1,672 per application	\$5,035 per application	\$5,448 per application				
S-048	Extra Planning Commission Meeting	No current fee	\$2,180 per meeting	\$860 per meeting				
S-049	Applicant Requested Continuance	\$127 per request	\$125 per request		\$274 per application	\$401 per application		
S-050	Appeal of City Decision	\$250 per appeal, refundable if applicant prevails	\$875 per appeal, refundable if applicant prevails  Estimated cost of appeal is \$3,495, with standing Council policy of 25% cost recovery	No Charge – appeal of Coastal Development Permits Per appeal application - all actions except Coastal Development	\$1,025 per application (70% cost recovery)		\$116.15 - Tree Committee \$288.84 - All Other Appeals	\$600 per application
S-051	Investigation - No Planning Permit	\$100 plus two times the Planning permit fee and \$50 per day after notice	Two times the Planning permit fee, plus \$50 per day after notice					
S-052	Investigation - Unauthorized Signs	\$55 per day after notice given	\$50 per day after notice given					
S-053	Laserfiche of Plan & Bldg Docs	\$15 for first page of plan set, and \$7 for each additional page	\$15 for first page of plan set, and \$7 for each additional page.	3% of total Plan Review and Permit fees				
S-054	Variance	\$2,174 per application	\$5,665 per application	\$2,086 per application	\$1,891 per application	\$3,159 per application	\$1,875.05 per application	
S-055	Variance Processed w Other Permits	\$830 per application	\$1,000 per application					

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-056	Minor Variance	\$457 per application	\$680 per application					
S-057	Gen Plan/L.C.P. Amend - Minor	\$7,610 per application. If contracted, fee amount becomes initial deposit - contract amount + 25% Administration Fee	\$5,000 deposit for cost of staff and outside consultant	\$3,307 per application	\$7,560 per application	\$7,740	\$17,172.51 - Map (includes rezoning), Deposit \$16,675.85 - Text	
S-058	Gen Plan/L.C.P. Amend - Major	\$10,871 per application. If contracted, fee amount becomes initial deposit - contract amount + 25% Administration Fee	\$10,000 deposit for cost of staff and outside consultant	\$10,898 Deposit with charges at the fully allocated hourly rates for all personnel involved, plus any outside	\$7,560 per application	\$14,076 - Time and Materials (if project exceeds 50 hours of staff time)	\$17,172.51 - Map (includes rezoning), Deposit \$16,675.85 - Text	
S-059	Zone Ord Changes/L.C.P. - Minor	\$7,396 per application	\$5,000 deposit for cost of staff and outside consultant					
S-060	Zone Ord Changes/L.C.P. - Major	\$10,565 per application	\$10,000 deposit for cost of staff and outside consultant					\$2,423 per application
S-061	Specific Plan Amendment	\$5,000 deposit	\$5,000 deposit for cost of staff and outside consultant	Deposit - determined by staff with charges at the fully allocated hourly rates for all personnel involved, plus any outside costs.	\$9,869 deposit with staff charges at the fully allocated hourly rate + all outside or legal expenses	\$20,850	\$16,464.04	
S-062	Annexations	\$5,355. If contracted, fee amount becomes initial deposit - contract amount + 25% administrative fee.	\$10,000 deposit for cost of staff and outside consultant	Deposit - determined by staff with charges at the fully allocated hourly rates for all personnel involved, plus any outside costs	\$16,448 deposit with staff charges at the fully allocated hourly rate + all outside or legal expenses	\$20,000 deposit (fee based on actual time at staff at hourly rates)	\$23,634.93 deposit	
S-063	Tentative Parcel Map	\$7,066 per map	\$6,665 per map	\$7,514 - per application	\$4,474 per application	\$8,293 per application		
S-064	Tentative Tract Map	\$7,066 per map	\$12,915 per map	\$7,514 - per application \$435 - per lot for every lot over 4 lots	\$6,157 per map + \$44 per lot over 15 lots	\$13,626 per application		
S-065	Tentative Map Amendment	\$3,261 per map	Remove. Service included within other Planning services.	\$1,197 per application	\$2,950 per application	Tract Maps - \$4,017 per amendment Parcel Maps - \$5,982 per amendment	\$12,141.55	
S-066	Lot Line Adjustment	\$1,088 per application	\$5,915 per application	\$1,241 per application	\$1,420 per application - Historic Conflict Lot Line Adjustment \$2,379 per application - Other	\$2,892 per application	\$2,875.32 per application	\$1,200 per application
S-067	Certificate of Compliance	\$2,130 per application up to 4 lots  \$ 250 per lot for every lot over 4	\$1,190 per application	\$2,423 per application	\$1,124 per application	\$2,096 per application	\$2,377.52 per application	

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-068	Lot Mergers	\$1,057 per application	\$5,915 per application	\$1,149 per application	\$1,442 per application	\$2,846 per application	\$827.30 per application	
S-069	Building Plan Check/Permit	\$94 - project valuation up to \$3,000  \$0.025 x project valuation - projects greater than \$3,000  50% of fee collected at submittal/50% collected at permit issuance	\$0 to \$3,000 project valuation - \$170  \$3,001 to \$300,000 - \$0.056 x project valuation  \$300,001 and up - \$16,800 plus \$0.05 x project valuation  50% of fee collected at submittal/50% collected at permit issuance	See Fee Schedule Appendix (S055)	Building Permit - The current International Code Council (ICC) Building Valuation Tables including inflation indexing Plumbing Permits-10% of Building Permit Fee (\$82 minimum) Mechanical Permits-10% of Building Permit Fee (\$82 minimum) Electrical Permits-10% of Building Permit Fee (\$82 minimum) Plan Check - 65% of Building Permit Fee Disabled Access - Additional 10% of Building Permit Fee Energy Efficiency - Additional 10% of Building Permit Fee Outside plan check - 1.3 times the cost of an outside consultant Document Imaging-2.85% of Permit/Plan Check Fees	See Fee Schedule Appendix	Residential Minor - \$182.67 Moderate- \$365.35 Major - \$2,922.76  Commercial Minor - \$274.01 Moderate- \$456.68 Major \$2,922.76	Commercial/Industrial - New < 5,000 sqft - \$ 2,825 5,000 sqft to 10,000 sqft -\$4,154 10,001 sqft to 50,000 sqft - \$5,815 50,001 sqft to 100,000 sqft - \$9,138 > 100,000 sqft (for each add'l 25,000 sqft) - \$2,492
S-070	Construction After Hours	\$36 per request	\$75 per request		\$455	After work hours: FT employee - \$ 101 PT employee - \$ 36		\$332, 2 hr. min., \$166 per hour after
S-071	Building Re-Address	\$35 per application	\$60 per application	\$369	\$504		\$509	
S-072	Demolition Permit - Residential	\$309 per application	\$150 per application			Demolition - Plan Check Fee \$ 112 Inspection Fee \$ 354		\$415
S-073	Demolition Permit - Commercial	\$514 per application	\$225 per application			Demolition - Multi-Family/Commercial - Plan Check Fee \$ 112 Inspection Fee \$ 35		\$415
S-074	General Plan Maintenance	6% surcharge on all Building Plan Check/Permit	8% surcharge on all Building Plan Check/Permit	5% of BMEP	5% of all building permit fees, which includes new buildings and additions.			Formula fee
S-075	Development Technology Fee	\$0.0075 x project valuation	6% surcharge on all Building Plan Check/Permit				2.65% of all development fees	
S-076	SMIP Category I - Residential	\$0.00013 x project valuation	\$0.00013 x project valuation Fee set by the State	SMIP \$13 per \$100,000 Residential - State mandated				Strong Motion Instrumentation Program (SMIP) - formula fee

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-077	SMIP Category II - Commercial	\$0.00028 x project valuation Fee set by the State	\$0.00028 x project valuation Fee set by the State	SMIP \$28 per \$100,000 Commercial - State mandated				Strong Motion Instrumentation Program (SMIP) - formula fee
S-078	Unsafe Bldg Repair, Demo or Move	Charged at cost	Fully allocated hourly rates for all personnel involved plus any outside costs					
S-079	Inspection Outside Normal Hours	\$173 per hour	Fully Allocated Hourly Rate x 1.2	Charge the fully allocated hourly rate for all responding personnel with a 3 hour minimum		\$226		\$332 - 2 hours, 166 per hour
S-080	Building Re-Inspection	\$129 per hour	\$145 per hour			\$282	\$178	
S-081	Property Report for Condo Conv	\$206 per report	Remove. Service now provided with Unspecified Building Inspection fee	\$9,807	\$2,878 per map + \$30 per unit after the first 5 units		\$15,301	
S-082	Unspecified Building Inspection	\$129 per hour	\$145 per hour					
S-083	Additional Building Plan Review	\$129 per hour. One hour minimum	\$145 per hour. One hour minimum					
S-084	Consultant Plan Check	Actual cost of consultants plus 25% Administration Fee	Actual cost of consultants plus 25% Administration Fee		Outside plan check - 1.3 times the cost of an outside consultant			
S-085	Permits Change Owner/Add Contractor	\$129 per request	\$120 per request		\$137			
S-086	Permit Extension of Time	\$129 per request	\$60 per request	\$1,176	\$433	\$2,233	25% of current filing fee	\$1,200
S-087	Solar Permit - Residential	\$360 - 1kW to 15 kW \$15 - per 1kW above 15kW	\$435 - 1kW to 15 kW \$ 10 - per 1kW above 15kW		\$356 per permit + 2.85% for document imaging			Residential - \$410 Residential + Electric Panel - \$490
S-088	Solar Permit - Commercial	\$772 - 1kW to 50 kW \$ 5 - per 1kW above 50kW	\$870 - 1kW to 50 kW \$ 10 - per 1kW above 50kW		\$356 per permit + 2.85% for document imaging			Commercial/Ind. Permit Processing - \$498 Commercial/Ind. Plan & Est. Inspections - \$166
S-089	Construction w/o Building Permit	\$120 + 2 times the Building Plan Check/Inspection fees	2X the Building Plan Check/Inspection fees					\$332
S-090	Final Parcel Map	\$5,167 per map	\$4,550 per map	\$5,265 per map	\$1,924 per map + \$99 + \$5 per lot GIS fee + any recording fees		\$6,624.45 - up to 4 lots \$9,499.77 - 5 or more parcels	

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-091	Final Tract Map	\$5,167 per map plus \$136 per lot over 4	\$6,080 per map \$ 235 per lot over 4	\$5,265 per map + \$137 per lot for every lot over 4 lots	\$2,878 per map + \$30 per lot over 5 lots + \$99 + \$5 per lot GIS fee + any recording fees Affordable Housing - \$389 per application + \$132 per unit + any outside or legal cost	\$5,703, Each additional map \$136; \$2,716 – Additional Map Review	\$14,648.70 - base fee	
S-092	Final Map Amendment	\$1,176 per application	\$1,450 per application	\$1,197 per application	\$2,950 per application Certificate of Correction- \$779 per application	\$2,950 per application Certificate of Correction- \$779 per application		
S-093	Encroachment - Regular Surface	\$201 per permit	\$390 per permit	\$206 per permit - surface encroachment				
S-094	Encroachment - Regular Underground	\$440 per permit	\$545 per permit	\$451 per permit - subsurface encroachment		\$678 per permit		
S-095	Special Encroachment Into ROW	\$1,542 per permit	\$1,140 per permit					
S-096	Traffic Control Plan	\$114 per permit	Remove. Service now included within various encroachment permits		\$576 per project		Minor - \$71 Moderate - \$142 Major - \$284.89	
S-097	Annual Utility Encroachment Permit	\$1,922 per permit	\$3,750 per permit			\$16,966.00		
S-098	Wide Load Perm w/ Traff Cont. Plans	\$16 - Daily Permit \$90 - Annual Permit Fee set by the State	\$16 - Daily Permit \$90 - Annual Permit Fee set by the State		\$16 - Daily Permit \$90 - Annual Permit Fees are set by the State			
S-099	Temporary Encroachment Permit	No current fee	\$315 per permit	\$206 per permit- surface \$451 per permit - subsurface	\$126 per permit			
S-100	Street & Sidewalks Exception	\$184 per application	\$805 per application		Driveway Approach - \$225  Sidewalk - \$329 for first 50 linear feet + \$2 for each additional foot  Curb/Gutter - \$329 for first 50 linear feet + \$2 for each additional foot  Sidewalk/Curb/Gutter -			

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-101	Public Impr Plan Review/Inspection	5% of Engineer's estimate	6.3% of Engineer's estimate	5% of the Engineer's estimate, plus charges at the fully allocated hourly rates for all personnel involved, plus any outside costs, if over the standard number of plan checks and inspections	\$0 - \$50,000 - 3% of the Engineer's Estimate (\$548 minimum) \$50,001 - \$100,000 - \$1,645 + 1.3% of the Engineer's Estimate over \$50,000 \$100,001+ - \$2,357 - + 0.4% of the Engineer's Estimate over \$100,000	\$0 - 10,000 - \$2,501 \$10,001 - 50,000 - \$2,875 \$50,001 - 100,000 - \$3,309 \$100,001 - \$250K - \$3,811 \$250,000 - \$500K - \$5,300 \$500,000 - 1 Mill. - \$6,912 Each add'l 1 mill. \$2,128	\$1,506.02	
S-102	Lease Line Adjustment	No current fee	\$2,140 per application					
S-103	Tree Removal Permit	\$297 per application	\$760 per application	\$685 - Per inspection plus arborist cost	\$389 per permit- All trees other than Heritage trees \$916 per permit- Heritage trees		\$162.16	\$200 - Oak Tree Removal (Staff Level- Dead Tree) \$600 - Oak Tree Removal (Council Hearing)
S-104	Street/R-O-W Abandonment	\$6,359 per application	\$7,140 per application	\$6,538 per application	\$4,660 per application		\$13,628.96 per application	
S-105	Summary Abandonment	No current fee	\$3,570 per application					
S-106	Right of Way Dedication	No current fee	\$490 per permit					
S-107	Memorial Dedication	15 gallon tree and plaque - actual cost of labor and parts  bench and 1 plaque space - actual cost of labor and parts  whole bench with 3 plaque space - actual cost of labor and parts  other park amenity - determined on individual basis	15 gallon tree and plaque - actual cost of labor and parts  bench and 1 plaque space - actual cost of labor and parts  whole bench with 3 plaque space - actual cost of labor and parts  other park amenity - determined on individual basis					
S-108	Flood Hazard Development Permit	\$219 per permit	\$470 per permit					
S-109	Flood Plain Letter	\$110 per application	\$155 per application		\$493 per letter			
S-110	Storm Water - Plan Review	\$165 per application	\$155 per application	15% of the building permit fees plus 100% of BMEP		\$778		
S-111	Storm Water - Bldg Permit Review	\$215 per permit	\$315 per permit	15% of the building permit fees				
S-112	Storm Water - Inspection	\$115 per application	\$190 per application					
S-113	Utility Service Application	\$29 per account	\$50 per account	\$86 Per turn off/ on		\$40	\$88	\$48
S-113	Utility Service Application	\$29 per account	\$50 per account	\$60 per account, \$180 deposit		\$40		
S-114	Utility Deposit - Residential Acct	\$100 per account	\$100 per account					

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-115	Utility Deposit - Delinquent Acct	\$100 per account	\$100 per account	\$86 - Pe Turn/off On  10% Delinquent charge - based on total utility bill or total amount due, plus interest at 8% per year shall accrue for the period of said non-payment and collected as a part of the principal amount thereof.			\$116	
S-116	Posting of Shut-Off Notice	\$62.27 per notice	\$35 per notice	\$ 36 - 48 Hour Notices				
S-117	Water Service Reconnection	\$53 per reconnection	\$85 per reconnection			\$90		
S-118	After Hours Water Svcs Turn Off/On	\$226 per request	\$580 per request	\$199			\$307.25 - minimum 2 hours \$153.78 - Each Additional Hour	\$ 422
S-119	Water Meter/Lock Damage	Time and material (\$53 minimum)	Time and materials cost					\$70 - 1st offense \$106 - 2nd offense \$140 - Customer Damage to Water Meter (plus cost of new meter)
S-120	Water Meter Re-Read	\$53 per request	\$65 per request	\$75 per request				\$43
S-121	Water Meter Testing	\$165 per test  Fee refunded if meter test indicates an overage of greater than 2%	\$255 per test plus outside cost of testing  Fee refunded if meter test indicates an overage of greater than 2%	\$201 Per test plus the cost of testing and shipping, which will be refunded if meter is running fast				
S-122	Water Service Connect-Outside City	2 x Fee	Remove. Service no longer provided					
S-123	Water Meter Install/Relocate	\$1,565 - 3/4" meter/service (Only installed where Fire sprinklers are not required)  \$2,099 - 1-inch meter meter/service connection  \$2,656 - 1" meter and 1-1/2" service connection  \$3,323 - 1" meter and 2" service connection  T&M (\$3,323 deposit) - 1-1/2" inch meter and above	3/4" & 1" meters - \$450 plus actual cost of parts  1-1/2" meters and above - Actual cost of outside contractor & parts  Partial credit may apply if staff is able to use existing parts	Less than 3" - \$158, plus the actual cost of the meter and supplies \$ 3" or greater - \$250, plus the actual cost of the meter and supplies  Water Service Chargers by Meter Size: \$29.02 - 5/8" \$29.02 - 3/4" \$58.03 - 1" \$96.92 - 1 1/2" \$154.66 - 2" \$290.17 - 3" \$483.70 - 4" \$1,160.67 - 6"			\$131.87 - Install Water Meter (3/4" - 1") \$263.74 - Install Water Meter (1.5" - 2") Time & Materials - Install Water Meter (larger than 2")	

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-124	Meter Box Replacement	\$253 per meter box	\$520 per meter box, paved/concrete location  \$330 per meter box, unpaved location	\$74 per meter box				
S-125	"Drop In" Meter Fee	.75 x regular Meter Fee	Remove. Service combined with other fees/services					
S-126	Water Meter Relocation	0.5 x regular Meter Fee	Remove. Service combined with other fees/services					
S-127	Hydrant Meter Install/Remove	\$53 Installation \$53 Removal	\$245 per rental plus \$5 per day and \$1,500 refundable deposit. Water meter will be read and billed on a monthly basis.					
S-128	Hydrant Meter Rental	\$5 per day, plus \$1,500 refundable deposit. Water meter will be read and billed on a monthly basis.	Remove. Service combined with hydrant meter install/remove					
S-129	Cert of Compliance - Water Retrofit	\$28 per certification	\$75 per certification	\$2,423 per application				
S-130	Wastewater Connection Permit	\$88 per permit	\$155 per permit	Various rates depending upon classification of consumer and meter size				
S-131	Wastewater Discharge - RV & Campers	\$26 plus \$0.25 per gallon	Remove. Service is no longer provided by the City					
S-132	Wastewater Disch-Tank Trcks& Comml	\$104 plus \$0.25 per gallon	\$260 plus \$0.25 per gallon					
S-133	Manhole Re-Grading Inspection	T&M (\$776 min)	\$155 per manhole					
S-134	Sewage Spill Cleanup	T&M (\$776 min)	Fully Allocated Hourly Rate for all staff involved		Charge the fully allocated hourly rates for all personnel involved + any outside or material costs.			
S-135	Fats, Oils & Grease Inspection	No current fee	\$155 - inspection \$155 - reinspection					
S-136	Tow/Taxi Service Provider Appl	\$673 per application	\$1,805 per application	\$1,115 per application		\$137 – permit proc. fee \$25 – Live Scan Fingerprinting Actual Cost – DOJ & FBI		
S-137	Taxi Operator Permit	\$428 per permit	\$905 per permit	\$258		\$49	\$229.50	\$354
S-138	Taxi Operator Permit Renewal	\$71 per permit	\$145 per permit	\$100		\$109	\$234.57	

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-139	Second Hand Dealer Permit	\$358 per permit (does not include Department of Justice fee) (MBMC 5.40.330)	\$1,040 per permit (does not include Department of Justice fee) (MBMC 5.40.330)	\$408 New - per application		\$137 - Permit Processing Fee \$25 - Live Scan Fingerprint Rolling Fee		\$300
S-140	Second Hand Dealer Permit Renewal	\$178 per permit (does not include Department of Justice fee) (MBMC 5.40.330)	\$275 per permit (does not include Department of Justice fee) (MBMC 5.40.330)	\$119 Renewal - per application		\$109		
S-141	Massage Therapist/Parlor Permit	\$149 per permit	\$145 per permit	\$517 - parlor \$119 - therapist			\$302.28 - Facility Permit \$209.24 - Massage Technician \$183.91 - Massage Technician Permit Renewal	Discontinued
S-142	Digital Photo Production	1 hour minimum at \$60/hour per request	Fully Allocated Hourly Rate in 30 minute blocks	\$15 per device	\$3 per device			
S-143	Audio/Video Tape Production	1 hour minimum at \$60/hour	Fully Allocated Hourly Rate in 30 minute blocks					
S-144	Record Search/Review/Clearance/Resp	1 hour minimum at \$60/hour	Fully Allocated Hourly Rate in 30 minute blocks	\$42 per letter				
S-145	Citation Sign Off	\$17 per citation	\$15 per citation			\$28		\$17
S-146	Vehicle Impound	\$178 per vehicle	\$185 per vehicle	\$233	\$115 per vehicle		\$142.07	
S-147	Abandoned Vehicle Removal	\$358 per vehicle	\$185 per vehicle					
S-148	Firearm Seizure & Release	\$60 per firearm	\$315 per firearm					\$92
S-149	Concealed Weapons Permit	\$119 per permit	\$100 per permit (\$20 paid at time of application with remaining amount paid upon issuing of permit)  Fees set by California Penal Code Sections 12050-12054 and 26190a  Psychological testing costs are added to the above fees up to \$150  Permit requires Fingerprinting	\$100	\$108	\$109 - Police Department Investigation Fee \$93 - DOJ Renewal Fee \$25 - Live Scan/Fingerpr. \$22 - ID Card	\$100	\$100

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-150	Renew/Amend CCW	\$29 per application	Fees set by California Penal Code Sections 12050-12054 and 26190a  Renewal Permit - \$25 Amended Permit - \$10	\$25 – Renewal; \$10 Amend	\$27 – Renewal; \$11 Amend	\$28 - Police Department Investigation Fee \$52 – DOJ Renewal Fee \$22 – ID Card	\$25	\$25
S-151	Subpoena - Witness and Documents	\$17 per subpoena	Subpoenaed Non-Sworn - \$35 per day plus \$0.20 per mile  California Government Code 68093  Subpoenaed Peace Officer - full cost to the public entity incurred in paying the peace officer, firefighter his or her salary or other compensation and traveling expense for each day that such officer is required to remain in attendance California Government Code 68097.2  Subpoena Duces Tecum - \$15 California Evidence Code 1563(b)(6)	\$30 per hour (as set by the courts)	\$15 per request + reproduction costs Fees are set by State Law.	\$15 per request + actual reproduction and postage/shipping costs	\$275	\$15 per subpoena
S-152	Delinquent Parking Citation Copy	\$2 per copy	Remove. Refer to the City's Copies - Printed Fee					
S-153	Repossessed Vehicle	\$17 per vehicle	\$15  Fee set by California Government Code 41612	\$15 Per vehicle (fee is set by State law)	\$15	\$15	\$80.66	\$15
S-154	Booking Fee	\$130 per booking	Remove. Service no longer provided	\$145 per booking		\$137 per booking		
S-155	Live Scan Fingerprinting	\$23 per request	\$35 per request	\$20 Per set of prints plus any costs for outside agencies.	No Charge - Volunteers for Seniors/Youth \$16 per person - community group coaches or leaders \$33 per person - all others	\$25 Live Scan and Fingerprint Rolling Fee		\$37 Live scan Fingerprint Service

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-156	Criminal History Review	\$29 per request	Remove. Service not provided by the City and requests are referred to DOJ					
S-157	DUI Emergency Response	Actual Cost (MBMC 3.40.030)	Per Government Code Section 53155, charge the actual costs incurred up to \$12,000 per response for all responding personnel.	Charge the fully allocated hourly rate for all emergency personnel responding, not to exceed \$12,000 per incident by State law	Charge the fully allocated hourly rate for all emergency personnel involved, not to exceed \$12,000 per incident by State Law.	Actual cost - Emergency DUI Response - Impaired Driver Accident - Actual Time @ Staff Hourly Rates	Determined by Finance Director	\$ 559 – Hourly Rate
S-158	False Alarm Response	\$239 per response after 3rd false alarm in a year	No charge - 1st and 2nd response within a year  \$380 - 3rd and subsequent response within a year	\$155 - Per false alarm after two false alarms in a calendar year	First three responses within a calendar year - No Charge 4th and subsequent false alarm within a calendar year - \$164 per response	First three responses within a calendar year - No Charge 4th and subsequent false alarm within a calendar year - \$164 per response	\$84.29 - Third \$140.82 – Fourth \$232.31 – Fifth \$417.33 – Sixth \$636.27 - Seventh & More	False Alarm - Repetitive (3 Within Prior 365 Day Period) - \$452.
S-159	Special Events	Actual Staff Cost	Fully Allocated Hourly Rate for all staff involved	Actual staff costs	Actual staff costs		\$217	
S-160	ABC Permit	No current fee	\$150 per permit		\$482 per application			\$664
S-161	Fire Code Permit	\$146 per permit	\$385 per permit	Actual staff costs	\$60 per permit			
S-162	Combination of Fire Permits	Any combination of Fire Permits shall not exceed \$438	Any combination of Fire Permits shall not exceed \$1,150					
S-163	Marine Welding Permit	\$73 an application	Remove. Now included within Fire Code Permit					
S-164	Aircraft Landing Permit	\$146 per application	Remove. Now included within Fire Code Permit					
S-165	Underground Water Line Inspection	\$146 per permit	Remove. Now included within Fire Code Permit			\$431		
S-166	Fire Alarm Sys. Install. Inspection	0-15 devices: \$146 16-50 devices: \$219 51-100 devices: \$292 101 - 500 devices: \$365 501 and up: \$365+ \$292 for each additional 100 devices or portion thereof	Remove. Now included within Fire Code Permit		Single Family Residential - \$60 Other - Charges at the fully allocated hourly rates of all personnel involved + all outside expenses	Fire Spr. Syst, New Const. Plan check/Insp. Fees 1-50 Heads - \$215/\$235 51-100 Hds - \$269/\$334 101-200 Hds.- \$485/\$400 Every 200 above 200 Hds. \$214/\$153		0-15 devices: \$484 16-30 devices: \$536 31-100 devices: \$819 101 - 500 devices: \$365 each additional devices: \$58
S-167	Specialized Fire Protect. Sys Insp.	\$146 per permit	Remove. Now included within Fire Code Permit					
S-168	Flam. or Combust. Tank Inspection	\$73 per permit	Remove. Now included within Fire Code Permit					
S-169	On-Site Hyd. Syst. Install. Inspect	\$146 per permit	Remove. Now included within Fire Code Permit		\$296 per system + 2.85% for document imaging			

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-170	Hydrant Flow Test	\$73 fee plus personnel & equipment as specified in Personnel and Equipment Charges at one hour minimum	Remove. Now included within Fire Code Permit	\$207		\$644	\$177.85	
S-171	Special Occurrence or Use Permit	\$146 an application	Remove. No longer applicable					
S-172	Equipment and Personnel Charges	Engine or Truck: per hour, per vehicle: \$129  Squad/Rescue: per hour, per vehicle:\$94  Utility/Command Vehicle: per hour, per vehicle: \$45  (personnel charges additional)  Personnel Charges: Per hour, per person - 2 hour minimum, unless otherwise specified, at fully burdened hourly rate	Engine or Truck: per hour, per vehicle: \$129  Squad/Rescue: per hour, per vehicle:\$94  Utility/Command Vehicle: per hour, per vehicle: \$45  (personnel charges additional)  Personnel Charges: Per hour, per person - 2 hour minimum, unless otherwise specified, at fully burdened hourly rate				Fire Engine/Ladder Truck - \$419  Squad or Light Rescue Equipment - \$261  Third & Subsequent Fire Inspection Fee \$173.26	
S-173	Fire Plan Concept Review	Personnel charges, as specified in Equipment and Personnel Charges	Fully Allocated Hourly Rate, with no charge for first 15 minutes					
S-174	Fire Plan Review	0.9% of total valuation plus use of outside consultant for Plan Review & Inspection is based on actual cost plus \$67 fee	1.1% of project valuation		\$137 per hour extra plan check or inspection OR 1.3 times the actual cost of contract consultant			\$203
S-175	Addl Review Required by Changes	Personnel charges, as specified in Equipment & Personnel Charges, on an hourly basis, plus any actual cost of outside consultants	Personnel charges, as specified in Equipment & Personnel Charges, on an hourly basis, plus any actual cost of outside consultants					

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-176	Fire Sprinkler System Inspection	Residential: \$146 + \$0.55 per head  Commercial projects or tenant improvements under 1,000 sq. ft: \$146 + \$0.55 per head  Commercial: \$219 + \$0.55 per head	Residential: \$190  Commercial projects or tenant improvements under 1,000 sq. ft: \$190 + \$15 per head  Commercial: \$285 + \$15 per head	Charge the Building Plan Review and Permit Fee (S-055)	Residential - \$170 Commercial - Charges at the fully allocated hourly rates for all personnel involved + all outside expenses	New Construction: 1-50 Heads - \$235 51-100 Heads - \$334 101-200 Heads - \$400 Every 200 Heads above 200 - \$153  Tenant Improvements: New Construction: 1-25 Heads - \$235 26-100 Heads - \$367 Every 100 Heads above 100 - \$246	Systems (New Installation) 1-25 Heads - \$968.25 26-50 Heads - \$1,340.66 51-100 Heads - \$1,489.62 101-200 Heads - \$2,010.99 Every 200 Heads above 200 \$595.85	
S-177	Use of Outside Consult for Plan Rev	\$146 per application plus actual cost of outside consultant	\$190 per application plus actual cost of outside consultant					
S-178	Building Fire Flow Calculations	\$73 per report	\$385 per report	\$102 per report	\$170			\$557
S-179	Hydrant Flow Information	\$73 per report	\$190 per report					
S-180	Fire & Safety Inspection Program	No current fee	\$ 40 - B2 Business Inspection (4 yr Self Inspection Program)  \$140 - Non B2 Business Inspection (Annual Inspection)  Fees collected through business licensing					
S-181	Engine Company Reinspections	No charge - 1st inspection & 1st Reinspection  \$219 - 2nd and subsequent reinspections	No charge - 1st inspection & 1st reinspection  \$340 - 2nd and subsequent reinspections	First 2 inspections - no charge 3rd and subsequent inspections - \$227 per inspection	First 2 inspections - no charge 3rd and subsequent inspections - \$148 per inspection			
S-182	New & Ann. Bus/Facility Inspection	No charge - 1st inspection & 1st Reinspection  \$146 - 2nd and subsequent reinspections	No charge - 1st inspection & 1st reinspection  \$190 - 2nd and subsequent reinspections					

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-183	Administrative Citations	\$146 - 1st citation \$292 - 2nd citation \$584 - 3rd and each additional citation	Morro Bay Municipal Code Chapter 1.03 \$100 - 1st citation \$200 - 2nd citation \$500 - 3rd and each additional citation	\$100 – 1st violation  \$200 – 2nd violation of same ordinance within any twelve-month period  \$500 – 3rd violation of same ordinance within any twelve-month period			\$350 - First citation for each such violation (except open container)  \$100 - First citation (open container)  \$700 - Second citation for each such violation  \$1,000 - Third citation for each such violation	
S-184	Annual Weed & Hazard Abatement	1st inspection for compliance: No charge  2nd and subsequent inspections: \$146	No charge - 1st inspection and 1st reinspection  \$190 - 2nd and subsequent reinspections	Actual costs + 100% with a \$100 minimum	Actual costs + 150% if lot must be cleared by the City		Actual Cost	In the absence of an established fee for service, the City will recover costs based on the reasonable time and materials required to provide the service, as calculated by ES Administration.
S-185	Negligent Incidents	Two hour minimum to be charged as specified by Personnel & Equipment Charges plus any material costs and contract services used	Two hour minimum to be charged as specified by Personnel & Equipment Charges plus any material costs and contract services used		Charge double the fully allocated hourly rates for all personnel involved.			
S-186	Hazardous Mat./Chemical Incident	No charge first half-hour (excluding negligent/intentional acts)  Each additional hour, or fraction thereof, will be charged as specified in the Personnel and Equipment Charges plus the cost of any materials and contract services used	Remove. Combined with Negligent Incidents	Charge the fully allocated hourly rate for all responding personnel plus State OES equipment rates.	Charge the fully allocated hourly rate for all personnel involved.		Remote utility (1-time fee) \$572.22  1-4 Materials Handled - \$329.41  5-10 Materials Handled - \$375.81 11+Materials Handled - \$450.04	In the absence of an established fee for service, the City will recover costs based on the reasonable time and materials required to provide the service, as calculated by ES Administration.
S-187	Excessive or Malicious False Alarms	0.5 hours minimum to be charged as specified by Personnel & Equipment Charges	0.5 hours minimum to be charged as specified by Personnel & Equipment Charges	Per Calendar Year \$263 – 3rd response \$351 – 4th response \$441 – 5th response and subsequent responses	First 3 responses in a calendar year - No Charge 4th and subsequent response in a calendar year - \$252 per response	\$164 - 4th False Alarm within 12 mos. \$329 – 5th False Alarm within 12 mos. \$492 - 6th or more false alarm within 12 months (per incident)	Two false alarms in any 30-day period – no charge. Three false alarms in any 360-day period – no charge. False alarms exceeding these numbers \$578.22.	\$452 - False Alarm - Repetitive (3 Within Prior 365 Day Period)

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-188	Malicious False Alarms	.5 hour minimum to be charged as specified by Personnel & Equipment Charges plus any material costs	Remove. Duplicate of Excessive or Malicious False Alarms fee					
S-189	Fire Alarm System Malfunction	Charged as specified by Personnel & Equipment Charges plus any material costs	Charged as specified by Personnel & Equipment Charges plus any material costs					
S-190	Fire Response Report	\$28 per report	\$125 per report		As this service is covered by the Public Records Act, the fee should match the City's copy charge fee: 1st page - \$0.50 each additional page - \$0.10			
S-191	Cause & Origin Investigation Report	\$116 per report	\$360 per report	Charge the fully allocated hourly rate for all required personnel plus State OES equipment rates.	Charge the fully allocated hourly rates for all personnel involved.		Determined by Finance Director	
S-192	Non-Renewal of Required Fire Permit	Double the Permit rate	Double the Permit rate					
S-193	Failure to Obtain Fire Permit	Double the Permit rate	Double the Permit rate					
S-194	Missed Site Inspection Appointment	\$73 per inspection missed	\$190 per inspection missed					
S-195	Fire Reinspection	\$73 per reinspection	\$190 per reinspection					
S-196	Harbor Enterprise	See Appendix	See Appendix					
S-197	Master Lease Approval	\$2,136 per lease agreement	\$3,100 per lease agreement					
S-198	Actions Requiring Council Approval	\$700 per application	\$2,010 per application					
S-199	Actions Requiring Admin Approval	\$265 per application	\$665 per application					
S-200	Morro Bay Transit	See Appendix	Refer to 2018 Morro Bay SRTP study in Appendix for program-based fare adjustments.					
S-201	Morro Bay Trolley	See Appendix	Refer to 2018 Morro Bay SRTP study in Appendix for program-based fare adjustments.					
S-202	Recreation Programs and Services	See Appendix	See Appendix	Varies	Varies	Varies	Varies	Varies
S-203	Recreation Processing Fee	\$10 per event	\$10 - Park Reservation \$25 - Facility Rental \$35 - Bounce House \$35 - Alcohol/Security					

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-204	Banner Placement	\$107 per week - Resident/Non-Profit \$159 per week - Non-Resident/For-Profit	\$125 per week - Resident/Non-Profit \$175 per week - Non-Resident/For-Profit	\$211	\$50		\$200	
S-205	Special Event/Festival Permit	\$30 non refundable	\$345 per event, non-refundable	Actual costs of required personnel plus equipment rental rates, except non-profit events.	Fully allocated cost of required personnel	\$236	\$100 park only/\$160 encroachment	\$ 452
S-206	Copies - Printed	\$.40 per page - Letter and Legal sized paper  \$.70 per page - Tabloid sized paper	\$.40 per page - Letter and Legal sized paper  \$.70 per page - Tabloid sized paper	5 pages or fewer - No Charge 6+ pages: B/W (8 1/2 x 11, 8 1/2 x14, and 11x17) - \$0.25 per page for all pages including pages 1 through 5 FPPC filing copies - \$0.10 per page per State law .32 - Per page, for color	Copying/Scanning/Faxing: Black & White: \$0.50 - 1st page \$0.10 - each additional page Color Copies: \$1 per page	Copies, per page \$.20 (Black and White)  Color Copies, Copies of records sent to a commercial copier - Actual Cost	Two-sided charged as two pages  Standard or legal - \$0.41 Standard or legal - \$0.72	Two-sided charged as two pages - \$0.20 0.20
S-207	Copies - Digital	No current fee	\$5 per device	\$15 per device or disc	\$3 per device (Police)		Via the City's Web Site of e-mail - Free CD-Counter Pickup - \$4.11 CD-Mail -\$4.11	PDF - Free PDF Docs -CD - \$15
S-208	Records Request	No current fee	\$5.00 - Retrieval of FPPC filings 5 or more years old  Where applicable, fully allocated hourly rates for all personnel involved plus any outside costs - Per ruling on National Lawyers Guild vs City of Hayward, Court of Appeal, First District, Division 3, 2018	Charge the fully allocated hourly rate for all required personnel subject to Public Records Act restrictions.	Charge the fully allocated hourly rate for all required personnel and any outside costs in accordance with Government Code section 6253.9.			
S-209	Council/Planning Comm DVD	\$13 provided by AGP Video	Remove. Videos of meetings are now available on City website			Vendor cost	Video Recordings \$14.39	\$15
S-210	Print Material Mailed	Actual cost of copying/printing and postage	Actual cost of copying/printing and postage	Per year plus SASE. City may set this fee, not to exceed the actual cost of the service. CA GC 54954.1				

REF NO	SERVICE TITLE	MORRO BAY CURRENT FEE	MORRO BAY SUGGESTED FEE	PISMO BEACH	ATASCADERO	ARROYO GRANDE	SAN LUIS OBISPO	PASO ROBLES
S-211	Appeal - Non Land Use Admin	\$250 per appeal. Estimated Cost of Appeal is \$1,000, with 25% cost recovery	\$875 per appeal, refundable if applicant prevails  Estimated cost of appeal is \$3,495, with standing Council policy of 25% cost recovery. See Planning - Appeal of City Decision	Appeal to Planning Commission: \$860 per appeal  Appeal to City Council Processing: \$860 per appeal application - all actions except Coastal Development Permits	Appeal to Planning Commission: \$762 per application (70% cost recovery)  Appeal to City Council: \$1,025 per application (70% cost recovery)	CD Director to Planning Commission - \$427  Planning Commission to City Council - \$1,011	Appeals to the Council for Administrative or Advisory Body Decisions: Tree Committee - \$116 All Others - \$289	\$200 per appeal
S-212	Petition Filing Fee	\$200 per petition	\$200 per petition  This fee is limited by State law		\$200	\$200		\$200
S-213	Candidate Filing	No current fee	\$25 per candidate  This fee is limited by State law		\$25	None		\$25
S-214	Document Copies	Per page cost for photocopying	Actual cost of outside company to print and bind, or Copies - Printed fee at:  \$0.40 per page - Letter and Legal sized paper  \$0.70 per page - Tabloid sized paper	5 pages or less no charge \$0.25 6+ pages: B/W (8 1/2 x 11, 8 1/2 x 14, and 11 x 17) (including pages 1 - 5) \$0.10 FPPC copies - \$0.10 per page per State law \$0.32 per page, for color	Fair Political Practices Commission copies - \$.10 per page Contract reproduction of documents: Actual cost of reproduction	8 1/2" x 11 (per page)- \$0.20 18" x 30 (per page) -\$3 24" x 36" (per page)-4 36" x 48" (per page)-5 Standard Plans 35	Two-sided charged as two pages  Standard or legal - \$0.41 Standard or legal - \$0.72	PDF Documents via website or email
S-215	Returned Check	\$25 for the first check  \$35 for each subsequent check	\$75 per check	\$39	\$27 per NSF check	\$25	Initial - \$25 Subsequent - \$35	\$25
S-216	Business License - New	No current fee	\$30 per license	\$30	\$225 - A Occupancy, H Occupancy, Sprinkler \$99 - All Other Occupancies \$71 - Out of Town Business or Contractor \$71 - Home Occupation	\$34	\$56	\$75
S-217	Business License Renewal	No current fee	\$15 per license	\$6	\$22	\$34	\$47	\$75

Harbor Advisory Board 8/1/2019 Input

CURRENT HARBOR DEPARTMENT FEES
1. All fees are due in advance. At the Harbor Department's discretion, billing in arrears for qualified and registered vessels with current account status may be allowed.
2. Any account past due over 10 days will be charged a \$35 late fee on a monthly basis. Accounts are due and payable by the 10th of every month.

VESSEL FEES	
1. All vessel fees based on the length of the vessel or the length of the slip, whichever is greater, with a 36-foot minimum.	
2. The Harbor Director may waive dockage fees for "tall ships" visiting Morro Bay Harbor for any period less than 30 days with written notice.	
3. Transient Slip fees will be charged by the day or by the month, whichever is less.	
4. Transient Slip monthly subleases shall be limited to 3 months in any slip as long as there are vessels appropriate to the slip size on the sublease waiting list.	
5. Floating Dock and Anchorage stay limited to 30 days in any 6 month period.	
<b>6. A 10% discount is available for assigned Commercial Fishing Vessel slips when paid one full year in advance during the first month of the fiscal year after adoption of the Master Fee Schedule for that fiscal year.</b>	
Commercial Fishing Slips - monthly rate per foot	\$5.10
Commercial Fishing Slip Waiting List Deposit	\$435.00
Head Float Berth - monthly rate	\$205.00
Transient Slips - monthly sublease rate per foot	\$10.00
Transient Slips - daily rate per foot	\$1.00
T-Piers - daily rate per foot	\$0.30
Floating Dock - daily rate per foot	\$0.30
A1-5 Anchorage Area - first 5 days	\$0.00
A1-5 Anchorage Area - daily rate/foot over 5 days	\$0.25
Temporary Moorage - large vessels or equipment requiring	\$182.00
Impound Fee	\$213.00
Impounded Vessels - daily storage rate per foot	\$1.50

SUGGESTED FEES

HAB RECOMMENDATIONS

VESSEL FEES

\$7.65	Defer to fishermen-staff dialogue
\$256.25	Agree with suggested amount
\$15.00	Recreational \$14.00, Comm. \$12.00
\$1.50	Agree with suggested amount
\$0.45	Defer to fishermen-staff dialogue
\$0.45	Agree with suggested amount
\$0.00	Agree with suggested amount
\$0.38	Agree with suggested amount
\$273.00	Agree with suggested amount
\$2.25	Agree with suggested amount

MOORING FEES	
<b>1. A 10% discount is available for Private and City mooring fees when paid one full year in advance during the first month of the fiscal year after adoption of the Master Fee Schedule for that fiscal year.</b>	
<b>2.1. Guest Mooring stay limited to 30 days in any 6 month period without prior approval of the Harbor Department.</b>	
City Moorings – monthly rate	\$260.00
Private Moorings – monthly rate	\$90.00
Guest Moorings – daily rate per foot	\$0.30
Mooring Ownership Transfer – private moorings	\$1,205.00

**MOORING FEES**

**HAB RECOMMENDATIONS**

\$275.00
\$0.00
\$0.45
\$0.00

Agree with suggested amount

SERVICE FEES	
<b>1. South T-Pier Hoist may only be used for fish unloading in certain cases; see Harbor Department Rules and Regulations.</b>	
<b>2. Dry Storage fee for use of each designated approximate 9-foot by 20-foot space, minimum monthly increments.</b>	
T-Pier Electrical – daily rate	\$2.85
South T-Pier Hoist – rate per use	\$15.40
South T-Pier Hoist Fish Unloading – per hour	\$80.50
Wharfage – rate per ton	\$1.05
Loaned Electric Cord or Adaptor Replacement	\$175.00
Dry Storage – monthly rate	\$97.00
Triangle Lot Trailer/Boat Storage – monthly rate	No current fee

**SERVICE FEES**

\$0.00
\$0.00
\$0.00
\$0.00
\$0.00
\$0.00
\$0.00
\$100.00

Agree with suggested amount

LIVEABOARD FEES	
<b>1. Liveaboard permits are valid for 2 fiscal years. Any Liveaboard application, submitted during the period January 1 through June 30, is valid only for that fiscal year and the following fiscal year, but will be prorated by reducing the Liveaboard application fee, stated herein, by 25%. Any Liveaboard application, submitted July 1 through December 31, will not be prorated.</b>	
<b>2. Liveaboard Permit Inspections may be conducted by the Harbor Patrol or by a qualified Marine Surveyor acceptable to the City.</b>	
Liveaboard Permit Administration - biennial	\$184.00
Liveaboard Permit Inspection – biennial (if done by Harbor Patrol)	\$88.00
Service Fee, Moorings - monthly	\$17.40
Service Fee, City Slips - monthly	\$35.80

**LIVEABOARD FEES**

\$165.00
\$150.00
\$90.00
\$100.00

Agree with suggested amount
Agree with suggested amount
Table until liveaboard cmtty heard
Table until liveaboard cmtty heard

EQUIPMENT & PERSONNEL CHARGES	
1. Vessels requiring non-emergency assistance more than once in any 12-month period may be charged at the rates established herein.	
2. Officers and vessels charged on an hourly basis with a 1-hour minimum.	
3. Officers and vehicles charged on an hourly basis with a 1-hour minimum.	
<del>One Patrol Officer + Patrol Vessel – per hour</del>	<del>\$213.00</del>
Each Additional Patrol Officer – per hour	\$88.00
<del>One Patrol Officer + Vehicle – per hour</del>	<del>\$130.00</del>
Lifeguard	\$25.00

**EQUIP/PERSONNEL**

**HAB RECOMMENDATIONS**

\$150.00

Agree with suggested amount

\$27.00

Agree with suggested amount

LAUNCH RAMP PARKING FEES	
1. Launch Ramp Parking fees apply to the extended yellow-striped truck and trailer parking spaces at the Launch Ramp parking lot and Tidelands	
2. Annual Parking Permits are valid for one calendar year and may be prorated to the nearest month.	
Daily (or any part thereof)	\$5.00
Annual Permit	\$115.00
Failure to Pay Established Fee	\$60.00
Failure to Visibly Display Receipt	\$60.00

**LAUNCH RAMP**

\$6.70

Recommend an even \$6.00

\$155.00

Agree with suggested amount

LEASE ADMINISTRATION FEES	
Master Lease Approval	\$2,200.00
Actions Requiring City Council Approval	\$700.00
Actions Requiring Administrative Approval	\$265.00

**LEASE ADMIN**

\$3,105.00

Agree with suggested amount

\$2,010.00

Agree with suggested amount

\$665.00

No action - insufficient data

**City of Morro Bay Harbor Advisory Board**  
**Report to City Council**  
**September 6, 2019**  
(Two Pages)

**Re. HAB Meeting September 5, 2019 – Agenda Item B-5**

**HAB Review of Suggested Harbor Related Fees for FY19/20**

The Harbor Advisory Board was tasked by the City Council via the Harbor Director with considering Revenue & Costs Specialists, LLC's suggested Harbor related fee schedule for FY19/20, and with providing recommendations to Council regarding that suggested fee schedule.

Recommendation

On the basis of public comment relating to this agenda item, with approximately 40 liveboards attending the meeting, the HAB recommends the following prior to City Council establishing the FY19/20 liveboard service fees:

- A. That the liveboard community be given an opportunity to organize itself in order to generate a consolidated list of questions and concerns relating to the proposed liveboard service fees. Also that the liveboard community appoint a spokesperson or persons to represent the group in dialogue with the City. *Note: The liveboard group attending the September 5, 2019 HAB meeting expressed a willingness to do this.*
- B. That the City meet with a designated liveboard spokesperson or persons, and exchange information regarding liveboard service fee concerns and facts.
- C. That based upon that exchange, the City Council establish FY 19/20 liveboard service fees.

Background

Following the HAB's August 1 meeting and the resultant August 13, 2019 HAB report to Council, three suggested Harbor related Master Fee Schedule line items remained to be addressed by the HAB.

One line item - City commercial slip fee rental - was deferred by the HAB to Council, given the expressed desire of the commercial fisherman to dialogue directly with the City when the majority of fishermen slip holders return to Morro Bay in September and October.

The other two line items were:

- Liveboard Service Fee, Moorings – Monthly – suggested increase from the current \$17.40 to \$90.00
- Liveboard Service Fee, City Slips – Monthly – suggested increase from the current \$35.80 to \$100.00

September 5, 2019 HAB Meeting – Public Comment

Public comment was initially opened with the following information provided to the public:

- The City engaged Revenue & Costs Specialists, LLC to perform a cost allocation study and user fee update, and the resulting study results were published in a July 9, 2019 report - relevant portions of which are attached to the current HAB meeting agenda item.
- The City Council previously established Resolution 63-15, which by policy requires that 100% of the cost to the City of all Harbor related administration and services be recovered by a relevant fee or rental – with the exception of commercial slip and pier rates, which by that same policy are 85% cost recovery.
- According to the Harbor Department there are currently a total of 30 permitted liveaboards, twelve of which are directly subject to City liveaboard service fees. The remaining are moored on or occupy non-City owned moorings or slips.

Agenda item public comment included, but was not limited to, the following points:

- Liveaboards do not understand how the cost allocation consultant and the City came up with the proposed liveaboard service fees. What is the specific breakdown for those fee elements and assumptions?
- The proposed apportionment of \$90 per month for mooring liveaboards, and \$100 per month for slip liveaboards, makes no sense, given that slip liveaboards have access to 24/7 electricity and water at their slips, and mooring liveaboards do not.
- Per the Harbor Department a portion of the liveaboard service fee is for water, trash, public bathroom maintenance, and the sewage pump-out station. While it is true that liveaboards have access to those facilities, it is non-exclusive access. The general public has the same access to all those facilities (with the exception of the electrical and water hook-ups at liveaboard City slips), and liveaboards routinely observe the general public utilizing those facilities.
- Concerning the facilities portion of the proposed liveaboard service fees, liveaboard apportionment to facility costs should be differentiated from general public costs.
- The City's public bathrooms, and particularly the City showers, are disgusting and unsafe. Other harbors and ports on the California coast provide liveaboards with keyed entry to private shower facilities that are kept clean, and which reliably deliver hot water.
- The City's coin operated public showers routinely deliver only cold water, and the coin-op machinery is frequently vandalized.
- Homeless live in the City public bathrooms at night, rendering the bathrooms inconvenient and potentially unsafe.

September 18, 2019

Scott Collins, City Manager  
City of Morro Bay  
595 Harbor Street  
Morro Bay, CA 93442  
Sent via email [scollins@morrobayca.gov](mailto:scollins@morrobayca.gov)

**Subject: Morro Bay Chamber Policy Recommendations on Cost Allocation Study**

Dear Mr. Collins and Morro Bay City Councilmembers:

The Morro Bay Chamber of Commerce has undertaken a comprehensive review of the Cost Allocation Study and submits recommendations and comments for consideration. Attached to this letter is our organization's policy framework on the topic.

The Council is to be commended for undertaking the odious task of conducting such a study to the fullest extent available. Where prior City Administrations may have investigated cost for services within a specific scope, this Administration went full bore, leaving no fee unturned. Such a thorough approach indicates that Council is willing to confront the distressing state of City finances and demonstrates steadfast commitment to its goal of achieving fiscal and economic sustainability for the City of Morro Bay.

The study does, though, warrant discussion. Our Chamber's review concluded that there are necessary modifications for such things as: the justification for less than full cost recovery vs partial cost recovery, fee ceilings based on fees in comparable jurisdictions, phasing in some fees that are going up, changes in some procedures to make them more administrative or "cookie cutter" in nature, and a commitment to measurable increases in efficiency that will accompany the proposed fee increases.

We look forward to the opportunity to discuss these recommendations with you, City staff and the City Council. Please accept our thanks to your staff for their information in our research and policy development.

Sincerely,

A handwritten signature in black ink, appearing to read "Erica Crawford".

Erica Crawford  
Chief Executive Officer, Morro Bay Chamber of Commerce

Copied: Michael Samaniego, Chairman of the Board, via email [directors@morrochamber.org](mailto:directors@morrochamber.org)  
Attached: Morro Bay Chamber Policy on Cost Allocation Study



## Cost Allocation Study

### GAC Recommendations/Chamber Policy Framework

The Governmental Affairs Committee (GAC) reviewed the City Cost Allocation Study, heard a presentation by the City Manager and Finance Director, and discussed the Cost Allocation Study internally. The GAC expressed concern about the overall enormity of the proposed increases (estimated at over \$1,000,000) but concluded that the city is justified in moving forward with cost recovery efforts, with some modification. This is the first time that such a study has been done in recent memory and City staff and the City Council should be applauded for undertaking this odious, but necessary, duty.

The GAC concluded that there are necessary modifications for such things as the justification for less than full cost recovery vs partial cost recovery, fee ceilings based on comparable fees in other jurisdictions, phasing in some fees that are going up substantially, changes in some procedures to make processes more administrative or "cookie cutter" in nature, and a commitment to measurable increases in efficiency that will accompany the proposed fee increases. The GAC recommended the following policies and decision criteria (in **bold**) to the Chamber Board of Directors, and the Chamber Board approved them at its August 20<sup>th</sup> meeting. The following recommendations are made under each policy area:

***Policy 1: Any modifications to the cost for services should result in good internal business practices for the City AND a GAIN in the community's competitive economic development edge. Increasing fees may be necessary but should be offset by an even greater increase in the "performance" of the City in providing these services.***

- A. Permit processing fees (across all departments) for economic development projects (hotels, retail), or for projects on identified "catalyst" sites should not exceed those for equivalent services in other jurisdictions in the County. The County of San Luis Obispo and the City of Pismo Beach process Coastal Development Projects and should be used as benchmarks for the maximum fees to be assessed. **The message cannot be that we are just as slow as everyone else, but more expensive.**
- B. City permit processing fee levels are only one of the elements in the "go/no-go" decision by those investing in the community. Potential profitability or non-profitability, risk, economic trends and processing times are also important. The City has control over the latter item and should set benchmark processing times for permits in the City so that they are equal to or less

than those in comparable jurisdictions for comparable services. **The net “message” should be that we are better and faster.**

- C. Any cost increases above the County average should be justified only with a concurrent commitment to have processing times at least 25 percent better than elsewhere in the County. That is, if a comparable project takes 12 months elsewhere in the County, it would take 9 months in the City of Morro Bay. The Chamber believes that investors interested in the community would make that tradeoff all day long. **The message could be that we are better and faster, and worth it.**
- D. The cost of building plan check and improvement plan check services should be set at a level equal to the prevailing level in the County, measured as a percent of building or project cost, or a cost per square foot.

***Policy 2: The Chamber recognizes that this is the first real comprehensive cost allocation study in anybody’s recent memory, so there will need to be changes to the fees that are charged for services. Substantial changes should be phased in over time with no more than a 25 percent fee increase in any one year. And, it is not reasonable to completely catch up on unfunded depreciation or funding of capital reserves with these fees.***

- A. If increases in fees greater than 25 percent are warranted, the City Council should adopt those increases and phase them in over multiple fiscal years.
- B. Phasing in the increases will allow staff to find opportunities for efficiencies.
- C. The Chamber encourages full cost accounting including direct costs, overhead, interest/finance expense, major capital (buildings and assets with a life of more than five years), and minor capital (equipment, software and other assets with a useful life of five years or less). However, fair share cost allocation for depreciation on capital assets that are factored into the Cost Allocation Study cannot be compressed to make up for allocations that have been missed in the past. If the cost of a floating dock is 20 years, for example, the City cannot amortize that expense over a shorter period of time. This creates a potential funding shortfall that would need to be addressed through other financing sources or debt financing.

***Policy 3: The Cost Allocation Study represents a snapshot in time over the last year and may simply reflect inefficient or soon-to-be modified means of providing services. It should not be interpreted as a representative, or an adequately sized sample of the City’s activities.***

- A. It is known that the current GP/LCP/Zoning results in tremendous inefficiencies and the time that staff spends on development applications is a direct result of that, according to the Com-

munity Development Director. Therefore, Community Development and development permit processing fees should not be above the region-wide average for similar services.

**Policy 4: *Providing services and meeting the community's expectations requires a highly qualified and motivated staff and community. The City should transition to a salary schedule that retains and attracts highly qualified and motivated employees, and who can provide the services in an efficient and effective manner.***

- A. If the City is paying lower salaries for comparable work, if that is in fact the case, this will not result in lower costs and faster processing times. Competitive salaries often result in a “can-do” work and achievement attitude and a possible reduction in total staffing. The City Council should continue to review the City’s salary schedule to ensure that it retains and attracts those who can provide the high-level, and highly efficient services that the Council and community expect.

**Policy 5: *In addition to the limited sample size and limited sampling duration, the Chamber is skeptical of the granularity of the cost analysis that was performed and observed that many estimates may have been rounded up to the nearest hour or half hour. This may over-estimate the cost of providing some small routine items (tree removal permit), most of which are disproportionately provided by small businesses and individuals.***

- A. The Chamber applauds the City’s decision to acquire the necessary Cost Allocation software to monitor the cost of services more regularly. It should also provide tracking for staff time to the tenth of an hour as is customary for professional services firms. The City may actually capture time that is being lost or not accounted for.

**Policy 6: *The City should establish, by a comprehensive and rational policy, the cost recovery objectives for various services, and the reasons for reducing cost recovery below 100%. These reasons should not include intangibles such as “we like this business better than that one” or other subjective measures. Currently, some recreation services are provided below 100% cost recovery, development appeals are established at 25% cost recovery, and some Harbor fees are established at 85% cost recovery. The rationale for each of these should be reconsidered, debated, and established by comprehensive policy. The Chamber recommends the following:***

- A. Community Development. 85% departmental Cost Recovery overall, and 100 percent cost recovery for direct development permit processing, subject to the limitations elsewhere herein. The issue here is the City’s arcane and antiquated development regulations, and the costs associated with long processing times. Appeals should have a cost recovery of 50 percent to discourage frivolous appeals (also see comment 6 J below). Full, 100 percent cost recovery in the Department overall is neither feasible nor desired since many of the functions of the department are for public information and assistance (such services are not described on the list of

services) and permit processing should not subsidize those functions. (Note that the proposed revenue gains from the fee increases in CD would place fee revenue at or above actual costs, which would mean that development permit processing would be subsidizing other CD/Planning general government functions and services.)

- B. Public Works. 100% Cost Recovery, subject to the limitations elsewhere herein.
- C. Water and Wastewater. 100% Cost Recovery.
- D. Police. 35%-40% Cost Recovery as recommended by the PD.
- E. Fire/EMS. 80%+ as requested by the FD.
- F. Harbor Services. The detail regarding Harbor Services is unclear. The justification for the capital recovery is also not documented, or we cannot find it. The justification for the “administrative” expenses associated with leased harbor assets is unclear, as is the basis for the capital replacement/depreciation expenses. The spreadsheet also shows “costs” of \$1.5 million and “revenues” of almost \$2 million, and further recommends fee increases. Those two things don’t make sense. We concur with the City Council’s recommendation to act on the other Cost Recovery recommendations now, and to defer the Harbor Services fees until adequate information can be provided.
- G. Transit. 75%-80% as requested by Transit. This is a high cost recovery ratio for Transit services.
- H. Recreation. 50% of operating costs, not including facility replacement. The total identified cost for recreation includes \$1.2 million for “facility replacement”. This cost recovery is slightly higher than recommended by the department. City policy should be to provide necessary facilities and recover 50 percent of the operating costs.
- I. Where a decision is made to recover less than 100% of the cost of the service, the City should identify, and commit to fund, the difference from an identified source, including current General Fund revenues, or from revenues resulting from the activity such as TOT or sales taxes. For example, if the City wishes to continue the 85% cost recovery model for commercial fishing leases/charges, the City General Fund, or other source, should annually fund the Harbor Department to make up the gap so that the Harbor Department’s operating and capital needs are fully funded.
- J. The City should reconsider the 25 percent cost recovery for appeals of development approvals. While 100% cost recovery would have a chilling effect on public participation (assuming that the cost analysis is anywhere near correct), increasing cost recovery from 25% to 50% would both

discourage frivolous appeals and still substantially subsidize those services. Citizens make a “personal choice” to appeal matters, sometime for non-substantive reasons. If they make these choices they should pay to play, like everyone else. The City’s revised development regulations also will make fewer approvals discretionary items and fewer items subject to appeal.

**Policy 7: Fee adjustments at this round should be made but should not exceed the average for such services. The actual elements of providing City services are not substantially different than that for other communities in the County, coastal or elsewhere. Running a copy for a citizen is the same from city to city, and the necessary findings and processes for a General Plan Amendment, CUP, are essentially the same at the local jurisdictional level as dictated by State and local laws. Any changes necessary to bring the cost of the services down to the regional average should be from changes in efficiency.**

**Policy 8: Where the City believes that there is justification and a desire to raise the fees above the regional average, it should demonstrate that it is providing a measurably superior level of service, both in terms of processing time and level of service. We are all willing to pay more for a computer with an i7 processor, but don’t want to pay the same or even more for an IBM AT with an 8086 processor.**

**Policy 9: The City should follow up the Cost Allocation Study with a management and process study to refine and streamline processes. The City of SLO completed a similar study and has increased the speed of service delivery at a reduced cost to the City and to its customers. In addition, the Chamber ED contract provides for recommendations on process improvements and economic development promotion. The City and Chamber should do that sooner than later.**

**Policy 10: According to the Cost Study, some permits go through a number of hands. Some of this may be unnecessary (tree removal permit example was provided). If the technical finding is supported by a licensed professional (civil engineer, architect, arborist, etc.) that should be sufficient evidence since the applicant and professional are the ones that are liable. City should establish a pre-qualification list of licensed professionals who can provide those services and the applicant should provide those reports directly upon application. The City should get out of the regular habit of contracting for these services.**

### Are you aware that the City of Morro Bay is in the process of updating fee amounts for services, such as recreation classes, development permits, special events and renting boat slips in the Harbor?

Yes  No

- 
-  **Anonymous user's Opinion**

the city is a community service NOT A FOR PROFIT BUSINESS.. it's expected as a community that services will be provided for the general welfare and standard of living, fees should be to deter abuse of services, not to recoup the costs and make a buck. some youth fees should be waived completely. but people might abuse things.

Responded  No
  
  -  **Anonymous user's Opinion**

Of course as they continue to mismanage money and pass the costs on to the rate payers. Pretty soon all the respectable fee paying home owners will be moving away and only the business owners, corrupt politicians will be left. Who will the get to pay for their incompetence then?

Responded  Yes
  
  -  **Anonymous user's Opinion**

I hope the city will consider events in a tourism area economic development so fees should consider the investment the group is making in order to bring revenue to the city.

Responded  No
  
  -  **Anonymous user's Opinion**

Fees are currently ridiculously high. Increasing some of the fees especially for live-aboard to the tune of 300% increase is not logical since your average resident has had no increase in income which reflection of inability to be able to pay set increases. Illogical. You're creating a circumstance for animosity. Rather than increase fees why not work within the budget that you currently have in the funds that you have available or shut down the Redundant service's such as lifeguard, boat rescue, which are already costing Morro Bay residents the normal amount of money

Responded  Yes
  
  -  **Anonymous user's Opinion**

Please consider a locals rate and charge the visitors a full fee.

Responded  No
  
  -  **Anonymous user's Opinion**

The cost to run City government has risen just like everything else. It's expected that fees to use services would also increase.

Responded  Yes
  
  -  **Anonymous user's Opinion**

Many homeowners will be struggling with the increased water/sewer bills. Do not make it worse with additional increases.

Responded  Yes

### Do you believe the City should set fee amounts to recover the full cost of providing services that have an associated fee?

A Yes  B No

- 
-  **Anonymous user's Opinion** Responded  A No  
Fees for activities which "provide for the common welfare" should be minimal. Examples would include health enhancing recreational activities, and programs for kids like skate parks.
  -  **Anonymous user's Opinion** Responded  A No  
Boat slip rental should definately recover all costs and turn at least a 5% profit. Same for boat and RV parking. Also rental of a facility for the purpose of generating a profit for the renter should be set at cost recovery +5% profit for the city.
  -  **Anonymous user's Opinion** Responded  B Yes  
I think we should charge for parking in main areas of town. The increased revenue can go toward repairing the roads.
  -  **Anonymous user's Opinion** Responded  A No  
Who determines, and how are the costs of services determined? Gross increases are highly questionable, because of criteria.
  -  **Anonymous user's Opinion** Responded  A No  
Not in all cases. In many California Cities, the cost of providing services for residential units exceeds property tax revenue, yet these services must be provided. The City needs to be creative and come up with new revenue sources make up for the cost-revenue discrepancy for some services.

## Do you believe the City should set fee amounts to recover less than the full cost of providing services for any of the following reasons?

**A** Help incentivize economic development/support businesses. **B** Reduce costs for non-profits/charities. **C** Reduce costs for youth and seniors. **D** other?

- 
-  **Anonymous user's Opinion** Responded **B** Reduce costs for youth and seniors.  
 Programs for youth and seniors are quality of life issues and should not be bound to self fund.
-  **Anonymous user's Opinion** Responded **A** other?  
 Fees are ridiculously high as they are currently. The fact that fees are going up and services are not increasing is ridiculous and not logical. The average rate of pay for residents is not increasing, we don't have a spendable income to be throwing at government that we're already paying for. If the governmental entities cannot exist on the funds that they receive at this time than they need to shut down.
-  **Anonymous user's Opinion** Responded **A** other?  
 Yes/no question should be first. Answer choices to first question don't make sense. That should be a yes/no. Follow up answer choices for those who support discounts should then be those choices of who gets the discounts.
-  **Anonymous user's Opinion** Responded **C** Reduce costs for non-profits/charities. **B** Reduce costs for youth and seniors.  
 Developers' for profit must pay their own way, including future public costs due to climate change and cleanup when their enterprise folds.
-  **Anonymous user's Opinion** Responded **B** Reduce costs for youth and seniors.  
 I recommend that the city set up a webpage about the proposed fee increases on the City's website, to make the information more readily accessible to residents and business owners. As it is, it takes quite a bit of digging to find information about the proposed fee increases (even using the weblink included in the description above requires further searches within the document to reach the section addressing fee increases). Also, there was insufficient public outreach to let people know about the meetings to discuss the proposed fee increases. I didn't know about the outreach meetings until 8/30/19, after those meetings were all done. How was outreach about these meetings conducted?

## Please provide any general comments you have regarding the City's fees and consideration to adjust fees.



### Anonymous user's Opinion

Adjusting fee's provides financial assistance to provide the many needed services that the city provides, if the city does not recover "actual" costs for some services they could be forced to reduce those services to the public.



### Anonymous user's Opinion

Fees should be what the REAL cost is



### Anonymous user's Opinion

I agree that fees for developers need to be increased. We need to maintain our fishing village character. We must consider setting fees less than the full amount for organizations that provide services for those in need (homeless, low income, medically fragile, home bound seniors) to name a few.



### Anonymous user's Opinion

City fees must cover costs wherever possible. If fees are to be reduced for youth/seniors, which I support, please show where those subsidies will come from in the City's budget so the general public understands the true cost of reducing fees. Please consider partnering with service clubs/EBCF to help support reduced fees ever more than they do today.



### Anonymous user's Opinion

The City needs to weigh what added value benefits can and do come from events that are put on by citizens just as a community expression of togetherness, unity and fun. These add immeasurably to the quality of life here (or in any community). For example, I have suggested to former mayor Irons that we should create an annual Block Party event to help bring some greater unity to the City. The efforts to organize such an occasion should not also be compounded by excessive fee pricing. That is just one example. The City should incentivize such community investment and buy ins by offering some fee pricing flexibility for those types of civic events. (Parades, parties, holiday events, Election Day camaraderie etc).



### Anonymous user's Opinion

A city should charge the going market rate for classes, exercise or any other class. The money raised could help maintain the facilities or some other worthwhile endeavor.



### Anonymous user's Opinion

Developers should pay the full cost of services they require. Non profits that provide services that offset city services should get a break. For profit organizations should pay for the cost of services.



### Anonymous user's Opinion

Fees should be lower for services that promote the health and wellness of residents: city pool fees, community courses on fitness, etc. However fees should be higher for services that are truly free choice of those who can afford it: developers, event fees, etc.



### Anonymous user's Opinion

City fees should recover costs.



### Anonymous user's Opinion

If you are not increasing services or providing enhanced services then you have no business increasing the fees. If you cannot work within the budget that you currently have, then it's time to tighten your belts and possibly even close down some non productive departments like Harbor Department. Every function of the harbor Department could be privatized thereby saving funds for the citizens of Morro Bay and the future taxpayers of Morro Bay.



### Anonymous user's Opinion

Fees should be based on cost recovery, equally. Discounting select customers (nonprofits) passes the cost burden to other customers. Assistance to nonprofits is important but should be provided through defined charitable contributions. Otherwise, these discounts by govt entity are not fully tracked or disclosed.



### Anonymous user's Opinion

The City needs revenue to operate and to provide essential services to residents. Nobody should be surprised that as costs rise, fees to operate and use services would also rise.



### Anonymous user's Opinion

Instead of raising fees on residents I think we should start charging for parking to increase the cities revenue.



### Anonymous user's Opinion

The City is a business, and the councils primary purpose is to manage the residents money. The council must be strong and make tough decisions so the City does not spend more than it makes through taxes, fees, etc. Like a personal budget, the City must "make ends meet". We are currently spending more than we take in. Either we cut services and/or increase taxes, fees, etc until our budget is balanced. THIS MUST BE DONE.



### Anonymous user's Opinion

Grateful for waiving of fees for the Monday Night Community Dinner at the Vet's Hall. It makes a difference!



### Anonymous user's Opinion

We need to be a desired destination for business/Econ Dev before we get too carried away with any fee increases



### Anonymous user's Opinion

Morro Bay seems to be getting more desperate for additional money in the general fund so maybe it is time to admit Morro Bay can not afford the police and fire departments. It is not like we need either as there is no problem with the county sheriff or Cal fire. Probably a waste of time to add fees to everything as that is best way to stop doing something so little additional money realized.



**Anonymous user's Opinion**

Developers and leases should cover the cost of service BUT the city needs to be more efficient in delivery of service...especially for permitting. The city should be able to do its review and feedback in the 1st round so the applicants can keep moving forward. Unless things were hidden or new problems introduced there should be no reason for applicants to keep getting new issues on the 2nd or 3rd or.... review.



**Anonymous user's Opinion**

Marijuana business should be taxed to the max.



**Anonymous user's Opinion**

Having being involved in setting fees while on the council, the challenge is to decide what city services should rightfully be included in the city taxes paid by residents and what should have additional charges. Full cost recovery is not always appropriate in government provided services. Increasing fees to the point that residents can't afford to make needed improvements to their homes or property (fixing roofs, plumbing, driveways, etc.) is both unfair and counterproductive. Problems get worse, property deteriorates and that's not good for the city in general. Increasing fees on recreational activities, visitor uses, luxury improvements (hot tub, decorative additions, etc.) is OK, but not on essentials that may make those essentials unaffordable to the resident.



**Anonymous user's Opinion**

I am surprised the city has not come up with the idea of charging \$2.00 for everyone using the round-a-bout. I am very disappointed money earmarked for the sewer was used to put in 'protective devices' in city offices. So disappointed in the leadership of this city pushing a very expensive wastewater project. 30,000 population along this area of the coast and 3 sewers. Where is the oversight????? Put in a casino in the city owned building next to Dorn's. Casinos profits are like a 'tax on the poor.' Perhaps poor from other areas can be lured to drop their monies here to support our city services.



**Anonymous user's Opinion**

Considering the increased amount all Morro Bay citizens are needing to pay for water/sewer, I don't think more increases are appropriate.



**Anonymous user's Opinion**

Make sure everyone clearly understands what the fees pay for and how the community benefits.



**Anonymous user's Opinion**

Please do NOT impose fees for the seniors at the REC center classes...most of us are having a tough time financially already with the sewer costs.....and don't pay for a study about sales tax! Just take a poll here....\$85,000 is INSANE



**Anonymous user's Opinion**

Please set up a webpage about the proposed fee changes on Morro Bay's City website, to make it easier for people to find the information. It currently requires a lot of digging to unearth the information about the proposed fee changes. The information needs to be easier to access.



**Anonymous user's Opinion**

If they have not been raised in a long time, then they need to be increased, but build in a discount for young children and seniors into the fees.



**Anonymous user's Opinion**

I have always advocated for affordable Rec/Parks programs and rental fees for the Community Center for locals and nonprofits. I believe Seniors and Youth should be charged the least amount possible, as other age groups can afford private recreation events and the expensive gyms to work out in. Please keep prices low for Rec and Parks programs and use.



**Anonymous user's Opinion**

Instead of raising fees and taxes, CUT THE BUDGET. Lay off employees. Trim benefits. Live within your means.

**Anonymous user's Opinion**



I think the Vacation Rental community should be required to set up a "watch dog" board, made up of volunteers who owners of vacation rentals, much like a Home Owner's Association. The members would all be required to follow the Board's code of standards, meet the criteria and show proof of compliance in terms of providing off street parking per # of bedrooms etc. The Board would then submit an annual report with all compliant and non compliant members. If a member is non compliant they would lose their permit. I also think that the member association should be required to conduct annual inspections as part of this program. In addition I think that every vacation rental permits should only be "good" for 5 years. Every 5 years an owner who has a permit would essentially lose their permit and then start over with their application process to allow others to have a 5 year use of the permit.....this rotating calendar would keep the rentals to a healthy limit and allow others to participate.....this seems fair to me. Having this industry self regulate would take the burden off the City and it would create a way for neighbors to complain and get some action when there is a problem with noise, parking etc.



**Anonymous user's Opinion**

Fees should help pay for the cost of operating the city government, but should not be prohibitive to needed growth such as affordable housing. What are the costs of "personal choice" services in nearby towns? Our fees shouldn't be a lot higher than those in the surrounding area.



**Anonymous user's Opinion**

As a resident of Morro Bay for over 50 years, the fees have always been reasonable and within the average citizen's budget or there was assistance. I don't think this should ever change



**Anonymous user's Opinion**

I support increasing fees to help pay for city services (especially fire and police services). In addition, vigorously pursuing grants for services is recommended.



**Anonymous user's Opinion**

I understand that fees need to be increased and adjusted, but I think the increases should be incrementally increased and kept in line with the average fees of other cities in the county.



**Anonymous user's Opinion**

Fees for private owner improvements are too high. Improvements should be encouraged and not penalized. City employee salaries are too high and not in line with salaries for others in this area. Pension obligations are too high. The only way to compensate is to reduce the number of public employees.



**Anonymous user's Opinion**

fees should just be to prevent abuse of services, not to recover individual costs.. if people could afford individual costs. they would own their own rec room/ tennis court, or pool. fees should be both on a per visit and a yearly/monthly pass



**Anonymous user's Opinion**

City should be focusing on revenue generation (new businesses and development) and cost cutting.



**Anonymous user's Opinion**

I think its poor timing and highly tone deaf for the city council to direct this review, so soon after the big water/sewer rate increase.



**Anonymous user's Opinion**

Considering drastically increasing penalty fees, and making original applications easier and more cost-effective--make it more expensive to ask for forgiveness!. Increase efficiency and decrease processing time.

# Fee Study Update

Scott Collins, City Manager

Jennifer Callaway, Finance Director

September 24, 2019

# Agenda

- Council direction from July 9, 2019
- Public input
- Consideration of facility rentals/special event fees and Partnership Policy
- Questions for Council
- Recommendations

# Council Direction

- Reviewed the full draft fee study on July 9, 2019
- Directed staff to hold two community forums
- Maximize opportunities for public engagement

# Public Input

- Two community forums
- Two Harbor Advisory Board meetings
- Community responses on POLCO
- Chamber of Commerce – Government Affairs Committee
- Individual discussions with stakeholders

# Results of Public Input

- Delay discussion on Harbor fees (liveaboard and docking fees)
- General community support for subsidization, particularly for youth/senior programming and non-profits
- Consider a phase in of large percentage fee increases
- Commit to improving processing to accompany fee increases

# Facility Rentals/Events Fees and Partnership Policy

- Approved action item on Council goals in 2018 and 2019-2020 to review
- Currently, different tiers of subsidies, some of which have Council approval and some that do not.
  - City events
  - Partnership Policy
  - Local/non-profit
  - Direct cost approach and other tiers

# Council Questions

- For facilities/public event fees
  - Maintain proposed subsidies for locals/non-profits?
  - Add organizations into the Partnership Agreement tier?
  - Significant economic benefit subsidy?
  - Maintain full subsidy for City run/City partner events (like Amgen)?
- General Questions for Council
  - Does Council wish to recommend any fees/set of fees be lower than cost recovery?
  - Interest in directing a percentage of fee revenue to economic development incentive fund?
  - Phase in fee increases?

# Recommendations

- Hold public hearing on October 8, 2019 to review and approve fee increases
- Fees go into effect on January 1, 2020
- Honor current rates for facility rental/event permit fees for those reserved prior to January 1, 2020 but occurring after the date.
- Bring Harbor related fees back to Council in November/December (liveaboard and dock rental fees)

# Fee Study Update

Scott Collins, City Manager

Jennifer Callaway, Finance Director

September 24, 2019

# Agenda

- Council direction from July 9, 2019
- Public input
- Consideration of facility rentals/special event fees and Partnership Policy
- Questions for Council
- Recommendations

# Council Direction

- Reviewed the full draft fee study on July 9, 2019
- Directed staff to hold two community forums
- Maximize opportunities for public engagement

# Public Input

- Two community forums
- Two Harbor Advisory Board meetings
- Community responses on POLCO
- Chamber of Commerce – Government Affairs Committee
- Individual discussions with stakeholders

# Results of Public Input

- Delay discussion on Harbor fees (liveaboard and docking fees)
- General community support for subsidization, particularly for youth/senior programming and non-profits
- Consider a phase in of large percentage fee increases
- Commit to improving processing to accompany fee increases

# Facility Rentals/Events Fees and Partnership Policy

- Approved action item on Council goals in 2018 and 2019-2020 to review
- Currently, different tiers of subsidies, some of which have Council approval and some that do not.
  - City events
  - Partnership Policy
  - Local/non-profit
  - Direct cost approach and other tiers

# Council Questions

- For facilities/public event fees
  - Maintain proposed subsidies for locals/non-profits?
  - Add organizations into the Partnership Agreement tier?
  - Significant economic benefit subsidy?
  - Maintain full subsidy for City run/City partner events (like Amgen)?
- General Questions for Council
  - Does Council wish to recommend any fees/set of fees be lower than cost recovery?
  - Interest in directing a percentage of fee revenue to economic development incentive fund?
  - Phase in fee increases?

# Recommendations

- Hold public hearing on October 8, 2019 to review and approve fee increases
- Fees go into effect on January 1, 2020
- Honor current rates for facility rental/event permit fees for those reserved prior to January 1, 2020 but occurring after the date.
- Bring Harbor related fees back to Council in November/December (liveaboard and dock rental fees)



AGENDA NO: C-2

MEETING DATE: September 24, 2019

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** September 19, 2019

**FROM:** Jennifer Callaway, Finance Director

**SUBJECT:** Adoption of Resolution No. 79-19 to Approve Utility Rebate Program for Residents of Mobile Home Parks and Apartment Complexes, Within City Limits, Which are Not Individually Metered Residences; and, Adoption of Resolution No. 80-19 City of Morro Bay Scheduled Turn on and Turn Off Procedure, Account Privacy and Protection Policy, and Collections Policy

## RECOMMENDATION

Staff recommends Council approve Resolution No. 79-19 City of Morro Bay's Utility Rebate Program for residents of Mobile Home Parks and Apartment Complexes, within City limits, which are not individually metered. Staff also recommends that the Council approve Resolution No. 80-19 City of Morro Bay's Scheduled Turn on and Turn off Procedures, Account Privacy and Protection Policy, and Collections Policy.

## DISCUSSION

### Utility Discount Program

On August 13, 2019, the City Council requested a future agenda item to consider extending the Utility Discount Program to eligible mobile home park tenants and apartment complex tenants who do not have utility accounts with the City.

Mobile Home Park residents receive City utility services, however they are not direct utility customers of the City, as each individual mobile home is not generally individually metered. Rather, a mobile home park is on one meter, a mobile home park is the utility account holder with the City, and a mobile home park receives the City's utility bill and is responsible for payment of that bill. Owners of the mobile home park then recover utility costs by independently billing their residents for City utilities such as water and sewer. The City has no jurisdiction or control over how the mobile home park owners bill their residents for these services. Mobile home parks are governed by the California Department of Housing and Community Development. The City does have some jurisdiction over mobile home parks, specifically related to rent stabilization, as defined in the City's municipal code, with specific emphasis for purposes of utility billing in section 5.32.100 (A)(1) which states that park owners may increase rent to provide:

*Beneficial increases in maintenance and operating expenses, including but not limited to the reasonable value of the owner's labor and any increased costs for services provided by a public agency, public utility, or quasi-public agency or utility*

01181.0001/480956.1

Prepared By:   JC  

Dept Review:           

City Manager Review:   SC  

City Attorney Review:   CFN

Understanding that there are approximately 1,000 homes within the City limits that would income qualify for enrollment into a discount program, and that currently there are approximately 300 residents enrolled in the program, there are a substantial number of residents that have been not reached thus far. Part of this is due to the inability of income qualifying residents of mobile home parks to meet the eligibility requirements of the current Utility Discount Program in that they are not direct customers of the City's utility.

Extending the Utility Discount Program to residents of mobile home parks and apartment complexes that are not individually metered raises a number of challenges, first being that the resident is not a direct utility customer with the City, and thus the City has no way of knowing how much water the customer used to offer a 10% rebate, as provided under the existing Utility Discount Waiver. The City could consider offering a discount to the Mobile Home Park owner or Apartment complex manager/owner but would have no mechanism to ensure the discount is passed onto eligible residents. Therefore, in keeping with the spirit of the utility discount program to provide utility relief to income qualifying residents in most need of reduced rates, staff recommends that the City establish a new Utility Rebate Program for residents of Mobile Home Parks and Apartment complexes that are within the City limits, but that are not individually metered residences.

As outlined in Resolution No. 79-19 attached, the Utility Rebate Program would mirror the terms of the Utility Discount Program in eligibility and application requirements. Residents would be required to complete a Utility Rebate Application, provided as Exhibit A to Attachment 1, and submit proof that they are enrolled in the PG&E Care program or similar SoCAL Gas program. Enrollment may occur at any point throughout the year. However, rather than a monthly discount of 10% of the total bill, staff proposes to provide a flat rebate to qualifying residents. Staff recommends that the rebate would be calculated based on the prior fiscal year's average Utility Discount provided. The average per customer discount in FY 2018/19 was \$150 per year, therefore, staff recommends the proposed flat FY 2019/20 utility rebate - for residents of mobile home parks and apartment complexes due to the unique circumstances outlined above - equal a flat \$150 per year or a flat \$12.50 per month.

Enrolled residents of the proposed rebate program are responsible to provide a current water bill from the mobile home park or apartment complex to demonstrate that they are still residents of the premises at the time of the rebate. The water bill must be in the resident's name that is enrolled in the program. Rebate checks will not be processed in another name. Staff proposes that rebates occur in the last accounts payable check runs of October and April of each year and it be the responsibility of the enrolled resident to provide evidence of a current water bill, defined within at least two months, prior to October 15<sup>th</sup> and April 15<sup>th</sup> of each year in order to obtain the rebate.

Rebates are proposed to be retroactive for the proceeding months, meaning the October rebate will be for the preceding six months of April, May, June, July, August, and September and the April rebate will be for the preceding six months of October, November, December, January, February and March. Rebates will be prorated on a monthly basis for new enrollees into the program. Rebates are not to be processed outside of the October and April timeframe with the exception being for residents that are moving out of the enrolled property.

As a matter of fairness, staff recommends that for the current fiscal year only, rebates be effective for the month of July 2019 forward, regardless of when applications are received. This will afford eligible residents an opportunity to apply at any time during the current fiscal year and obtain a rebate dating back from July 2019. Please note that rebates will still only be processed in October

01181.0001/480956.1

and April.

Staff believes the rebate program offers comparable utility relief to qualifying residents of Mobile Home Parks and Apartment complexes as that provided to those customers currently enrolled in the Utility Discount Program. Staff will report back to Council during the mid-year budget performance update on the number of enrollees into the rebate program and fiscal impact of this program. Currently, staff estimates enough fund balance within Fund 315 Water Discounts/Rebates to support this program.

Staff will provide notification of the rebate program, in both English and Spanish, on the City's website, and will also send out the notification to Mobile Home Park and Apartment complex residents that the City has on file.

#### Additional Utility Policies and Returned Deposit Item Policy

In addition, staff continues 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
- Utility Bill Payment Extension Policy
- Return Deposited Item 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 residents. Staff is proposing three additional policies for Council consideration – Turn On and Off Procedural Policy, Account Privacy and Protection Policy, and Collections Policy.

The proposed Scheduled Turn On and Off Procedural Policy (Exhibit A to Attachment 2) outlines the requirements and information needed by the City in order to complete a scheduled Turn On or Off of utility services, including the point in which after-hours services fees are charged.

Exhibit B to Attachment 2 outlines an Account Privacy and Protection Policy, outlining who may have access to a customer's account and what information is accessible, including how a customer or associated customer is identified.

Staff have also drafted a policy outlining the procedures for delinquent account collections which is included as Exhibit C to Attachment 2, outlining when delinquent accounts are transferred to a debt recovery company.

#### **CONCLUSION**

Staff recommends the Council adopt Resolution No. 79-19 City of Morro Bay to approve the Utility Rebate Program for residents of Mobile Home Parks and Apartment Complex, within the City limits, which are not individually metered residences. In addition, staff recommends Council adopt Resolution No. 80-19 City of Morro Bay Scheduled Turn On and Turn Off Policy, Account Privacy

01181.0001/480956.1

and Protection Policy, and Collections Policy. Adoption of these policies and procedures provides clear guidance to staff and ensures that all customers are treated equally and in accordance with approved policies.

**ATTACHMENTS**

1. Resolution No. 79-19 City of Morro Bay Utility Rebate Program
2. Resolution No. 80-19 City of Morro Bay Scheduled Turn on Turn Off Procedural Policy, Account Privacy and Protection Policy and Collections Policy

**RESOLUTION NO. 79-19**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
ESTABLISHING A UTILITY REBATE PROGRAM TO ELIGIBLE MEMBERS OF MOBILE  
HOME PARKS AND APARTMENTS, WITHIN THE CITY LIMITS, THAT ARE NOT  
INDIVIDUALLY METERED**

**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, 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, 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, 2018, 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**, on July 9, 2019, the Morro Bay City Council adopted Resolution No. 64-19, establishing the rolling enrollment period for the Utility Discount Program and eligible customers to a permanent component of the program; and

**WHEREAS**, the Morro Bay City Council now wishes to adopt Resolution No. 79-19 establishing a Utility Discount Rebate program for eligible residents, of Mobile Home Parks and Apartment complexes that are within the City limits, who are not direct Utility customers of the City.

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

1. The Utility Discount Rebate Program is established for residents (otherwise eligible for the previously established Program), of Mobile Home Parks and Apartment complexes that are within the City limits, who are not direct utility customers of the City, as these residents do not reside on individually metered properties (rather the Mobile Home Park or Apartment complex is metered by the City as one unit); and
2. The funding for the Program will come from the prior fiscal year's actual water and sewer penalties, fund balance within Fund 315 Water Discounts/Rebates Fund, as well as annual voluntary donations to the Program; and
3. The annual rebate amount is calculated based on the prior fiscal year's average Utility Discount rebate, adjusted for any rate increases; and
4. The annual rebate will be provided on a bi-annual basis, in equal installments in October and April of each year and paid in the last accounts payable check run of the month; and
5. Rebates are for eligibility during the proceeding six-month period and prorated on

a monthly basis depending on enrollment and/or if a resident is no longer eligible. For example, October rebate is for eligibility during the proceeding months of April, May, June, July, August and September. The April rebate is for eligibility during the preceding months of October, November, December, January, February and March; and

6. The determinant for qualification and eligibility for the program will be current participation in the PG&E Customer Care program or equivalent SoCal Gas Program; and
7. Residents of Mobile Home Parks and Apartment complex must complete a Utility Rebate Program Application, to establish eligibility (provided as Exhibit A); and
8. The Utility Rebate Program Application must be completed annually (every July) to renew eligibility into the program; and
9. The Utility Rebate enrollment period is rolling throughout the year, rebates will be prorated on a monthly basis depending on enrollment; and
10. Prior to October 15<sup>th</sup> and April 15<sup>th</sup> of each year an enrolled program member must provide evidence of continued residence in the mobile home park or apartment complex by providing City with a copy of a current (within 2 months) water bill from the mobile home park or apartment complex; and
11. For Fiscal Year 2019/20 only, customers may apply for the Utility Rebate Program and receive retroactive rebate from June 2019 forward if all eligibility requirements are met (rebates are still only processed in October and April as outlined above); and
12. Except for outlined in 11 above, rebates will not otherwise be approved in variance of what is prescribed in this resolution unless an enrolled member moves and is requesting a final rebate for the property.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 24<sup>th</sup> day of September 2019, by the following vote:

AYES:  
NOES:  
ABSENT:

---

JOHNE HEADDING, Mayor

ATTEST:

---

DANA SWANSON, City Clerk



# CITY OF MORRO BAY UTILITY REBATE PROGRAM CUSTOMER APPLICATION

Date: \_\_\_\_\_

Program Year: \_\_\_\_\_

**PLEASE PRINT:**

Resident name : \_\_\_\_\_

Name of Mobile  
Home Park or  
Apartment Complex: \_\_\_\_\_

Resident address: \_\_\_\_\_

Telephone number: \_\_\_\_\_

**ATTACH COPY OF CURRENT PG&E BILL or SoCAL GAS BILL SHOWING ENROLLMENT IN  
CARE PROGRAM FOR ADDRESS PROVIDED ABOVE AS WELL AS CURRENT WATER BILL  
FROM MOBILE HOME PARK OR APARTMENT COMPLEX.**

**PLEASE INITIAL:**

\_\_\_\_\_ I understand this application is effective for the \_\_\_\_\_ program year. My  
application expires on July 31, 20\_\_.

\_\_\_\_\_ I understand I must resubmit and requalify, every July, for program participation, by  
filling out an application, and attaching **current proof** of participation in the PG&E  
Customer Care Program or equivalent SoCAL Gas Program.

\_\_\_\_\_ I understand I am not guaranteed to receive the utility rebate every year.  
I understand the discount amount will change every program year.

\_\_\_\_\_ I have received a copy of the Utility Rebate Program Resolution.

\_\_\_\_\_  
Resident Signature

-----  
STAFF USE ONLY

\_\_\_\_\_  
Approval signature

\_\_\_\_\_  
Date

**RESOLUTION NO. 80-19**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
ADOPTING A SCHEDULED TURN ON/TURN OFF PROCEDURAL POLICY, ACCOUNT  
PRIVACY AND PROTECTION POLICY, AND COLLECTIONS POLICY**

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

**WHEREAS**, The City of Morro Bay regularly receives requests to schedule turn on and turn offs of City Utilities; and

**WHEREAS**, the City of Morro Bay regularly receives requests for customer account information from non-customers; and

**WHEREAS**, the City of Morro Bay utilities do have past due accounts; and

**WHEREAS**, staff recommends the City Council adopt the proposed Scheduled Turn on/Turn Off Procedural Policy to formalize a policy for consistent administrative application by staff; and

**WHEREAS**, staff recommends the City Council adopt the proposed Account Privacy and Protection policy for consistent administrative application by staff; and

**WHEREAS**, staff recommends the City Council adopt the proposed Collections policy for consistent administrative application by staff; and

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, that the "Scheduled Turn On Turn Off Procedural Policy" as documented in Exhibit A, attached hereto and incorporated herein, is hereby approved; and

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, that the "Account Privacy and Protection Policy" as documented in Exhibit B, attached hereto and incorporated herein, is hereby approved.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, that the "Collections Policy" as documented in Exhibit C, 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 24<sup>th</sup> day of September 2019, by the following vote:

AYES:  
NOES:  
ABSENT:

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

ATTEST:

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



## COUNCIL POLICY

### Scheduled Turn On/Off Procedural Policy for Utilities

#### 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 Turn On/Off procedural policy (“policy”) is designed to set forth procedures to best serve citizens and staff.

#### Purpose

The Scheduled Turn On/Off Procedural Policy for Utilities is to provide the most efficient customer service to citizens by setting procedures for the starting and cancelling of water and sewer service.

#### Definitions

**Scheduled Water/Sewer Turn Off** – At the request of Primary customer the water account will be closed out with a final read of the meter by the Technicians.

**Scheduled Water/Sewer Turn On** – To establish water/sewer service, the Primary customer will need to provide the required documents and the Technicians will then provide a beginning read of the meter.

#### Scheduled Turn Off Procedure

A scheduled water/sewer **Turn Off** shall be requested by the Primary customer at least one (1) business day before start of business on day you wish to have service discontinued to avoid same day service fee. The Primary customer will have to provide the following:

- Verification of identity by either phone or in person (acceptable formats provided below):
  - Confirmation of information listed on file (i.e., last four of social security number, State-issued ID number, date of birth, mailing address or email address).

### **Scheduled Turn On Procedure**

A scheduled water/sewer **Turn On** shall be requested by the Primary customer at least one (1) business day before start of business on day you wish to have service established to avoid same day service fee. The Primary customer will need to provide the following during normal City Hall operating hours:

- Completed and signed Turn on Request Form.
- Legal photo ID (expired ID forms will not be accepted unless coupled with another form of identification).
- Tenants – City must receive deposit, per the City's adopted Master Fee Schedule, before the water/sewer turn on.
- All first-time customers will be charged an application fee per the City's adopted Master Fee Schedule.
- Same Day Service Fee is the cost for an account when setup is required for same day service. This is a one-time, non-refundable fee and this type of request cannot be canceled once activated.
- A Primary Customer with a completed the Auto On form on file may request same day turn-on over the phone. The Utility Clerk will verify and complete the turn on request form with the information provided.

Property management companies are able to request a turn on via phone one (1) business day in advance and are subject to the Same Day Service Fee noted above. The Utility Clerk will verify and complete the turn on request form with the information provided.

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.



## **COUNCIL POLICY**

### **Account Privacy and Protection 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 Account Privacy and Protection Policy (“Policy”) is designed to set forth procedures to best serve citizens and staff.

#### **Purpose**

The Policy is to provide privacy, protection and the most efficient customer service to a utility account holder.

#### **Definitions**

Primary Customer – Person or company whose name is on the utility account.

POA – Power of Attorney

Associated Customer – Secondary person or company who is listed on the account.

#### **Account Privacy and Protection**

The City respects the privacy rights of its customers and does not disclose utility account information except as provided below and as required by State or Federal law.

The Primary Customer and Associated Customer can have any information listed on the account; such as consumption reports, transaction reports, contact information, associated customers and/or notes on the account.

Changes to an existing utility account can be made to an account by a Primary Customer or an executor of a POA for the Primary Customer. Possible changes that can be made are contact information, addition of an Associated Customer, or termination of the account. The requesting person must provide the following:

- Verification of identity can be provided by either phone or in person (acceptable formats provided below):
  - Legal photo ID
  - Confirmation of identifying information listed on the account
  - A copy of POA stating executor
  - Legal photo ID of executor

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.



## **COUNCIL POLICY**

### **Delinquent Account Collections Procedural 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 advisory committees. This Delinquent Account Collections Procedural Policy ("Policy") is designed to establish guidelines to allow for City employees to collect payment for services provided.

#### **Purpose**

The Delinquent Account Collections Policy establishes an authority for recovering unpaid balances on an inactive utility account balances guidelines and procedures.

#### **Delinquent Account Collections Procedures**

- The Utility Clerk will identify inactive accounts with unpaid balances that are 60+ days delinquent.
- A copy of the final bill will be re-sent to the customer at the mailing address on file.
- If there is an active account with the customer listed as the Primary, a letter will be sent informing the customer the pending inactive account balance transfer to their active account if the balance is unpaid by the last day of the month. If there is not an active account with the customer listed as the Primary, then the unpaid balance will be sent to a debt recovery company of the City's choosing.
- On the last day of the month, any unpaid balance remaining on the account will be adjusted off the inactive account. The balance will be either be sent to a debt recovery company or to the appropriate active account.

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.