



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, August 11, 2020 – 5:30 P.M. Held Via Teleconference

ESTABLISH QUORUM AND CALL TO ORDER
MOMENT OF SILENCE
PLEDGE OF ALLEGIANCE
RECOGNITION
CLOSED SESSION REPORT
MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS
CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS
PRESENTATIONS – None

PUBLIC COMMENT

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this Meeting will be conducted telephonically through Zoom and broadcast live on Cable Channel 20 and streamed on the City website (click [here](#) to view). Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, the Veterans' Hall will not be open for the meeting.

Public Participation:

In order to prevent and mitigate the effects of the COVID-19 pandemic, and limit potential spread within the City of Morro Bay, in accordance with Executive Order N-29-20, the City will not make available a physical location from which members of the public may observe the meeting and offer public comment. Remote public participation is allowed in the following ways:

- *Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the City Council at council@morrobayca.gov prior to the meeting and will be published on the City website with a final update one hour prior to the meeting start time. Agenda correspondence received less than an hour before the meeting start time may not be posted until after the meeting.*
- *Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*
- *Alternatively, members of the public may watch the meeting and speak during general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided below. Please use the "raise hand" feature to indicate your desire to provide public comment. Each speaker will be allowed three minutes to provide input.*

Please click the link below to join the webinar:

- <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcwTHlRTk9xaTlmWVNWRFUQT09>

Password: 135692

- Or Telephone Attendee: 1 (408) 638-0968 or 1 (669) 900 6833 or 1 (346) 248 7799; Webinar ID: 827 2274 7698; Password: 135692; Press *9 to "Raise Hand" for Public Comment

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 JUNE 23, 2020, CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-2 APPROVAL OF MINUTES FOR THE JULY 14, 2020, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-3 ADOPTION OF RESOLUTION NO. 74-20 UPDATING THE CITY'S CONFLICT OF INTEREST CODE; (CITY CLERK)

RECOMMENDATION: Staff recommends the City Council update the City's Conflict of Interest Code by adopting the proposed Resolution No. 74-20.

- A-4 ADOPTION OF RESOLUTION 75-20 RESCINDING RESOLUTION NO. 48-20 AND APPROVING REVISIONS TO THE CITY'S TEMPORARY USE PERMIT AND BLANKET ENCROACHMENT PERMIT PROGRAMS FOR OUTDOOR DINING/SALES TO INCLUDE OTHER OUTDOOR USES (E.G. OUTDOOR FITNESS AND PERSONAL CARE SERVICES); (COMMUNITY DEVELOPMENT DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 75-20 revising the City's recently adopted Blanket Encroachment Permit and Temporary Use Permit ("TUP") programs for outdoor dining/sales to include other outdoor uses.

- A-5 THIRD QUARTER INVESTMENT REPORT (PERIOD ENDING MARCH 31, 2020) FOR FISCAL YEAR 2019/20; (FINANCE DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council receive the attached Third Quarter Investment Report (period ending March 31, 2020) for Fiscal Year 2019/20.

- A-6 ADOPTION OF RESOLUTION NO. 76-20 APPROVING THE ASSIGNMENT AND ASSUMPTION AND CONDITIONALLY AUTHORIZING THE MAYOR TO EXECUTE DOCUMENTS NECESSARY FOR THE ASSIGNMENT AND ASSUMPTION AT LEASE SITE 91-92/91W-92W AND ACCEPTING DEEDS OF TRUST RELATED THERETO (ANDERSON INN, 897 EMBARCADERO); (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 76-20 allowing the Mayor to authorize the assignment and assumption, and authorizing the Mayor to execute necessary documents, and accepting deeds of trust related thereto regarding the leasehold interest at Lease Site 91-92/91W-92W, with documents subject to approval of the City Attorney.

- A-7 ADOPTION OF RESOLUTION NO. 77-20 APPROVING THE CITY'S AMENDED SALARY SCHEDULE FOR FY 2020/21; (FINANCE DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 77-20, rescinding Resolution No. 62-20 and approving the City's amended FY 2020/21 Salary Schedule.

- B. PUBLIC HEARINGS - NONE

- C. BUSINESS ITEMS

- C-1 REVIEW WRF QUARTERLY UPDATE REPORT AND DISCUSS THE CITIZEN'S FINANCE ADVISORY COMMITTEE (CFAC) ROLE IN WATER RECLAMATION FACILITY (WRF) REVIEW WITH ADDITIONAL RESPONSIBILITIES AS DIRECTED BY COUNCIL ON JANUARY 28, 2020; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends Council receive the WRF Quarterly Update Report and discuss CFAC role in WRF Report review and additional responsibilities.

- C-2 APPROVAL OF CONTRACT WITH DIGITAL WEST TO PROVIDE BROADBAND/INTERNET SERVICES TO THE CITY FOR REGULAR OPERATIONS AND CONTINUITY OF OPERATIONS NEEDS DURING EMERGENCIES AND POWER SHUTDOWNS; (CITY MANAGER/FIRE DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council authorize the City Manager to execute a contractor agreement with Digital West to provide broadband/internet services to support regular City operations as well as continuity of operations during prolonged power shutdowns and other emergencies, subject to approval as to form by the City Attorney.

- D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

- E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, August 25, 2020 at 5:30 p.m.** via teleconference.

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 UPON REQUEST BY CALLING THE CITY CLERK'S OFFICE AT 805-772-6205.

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

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MINUTES - MORRO BAY CITY COUNCIL
SPECIAL MEETING – JUNE 23, 2020
TELECONFERENCE – 3:00 P.M.

AGENDA NO: A-1
MEETING DATE: August 11, 2020

City Council conducted this meeting in accordance with Section 3 of California Governor Newsom's Executive Order N-29-20 issued on March 17, 2020 in response to the present State of Emergency in existence due to the threat of COVID-19. This meeting was held via teleconference for all participants.

PRESENT:	John Headding Dawn Addis Robert Davis Jeff Heller Marlys McPherson	Mayor Council Member Council Member Council Member Council Member
ABSENT:	None	
STAFF:	Scott Collins Chris Neumeyer Dana Swanson Jennifer Callaway Scot Graham Steve Knuckles Jody Cox Eric Endersby	City Manager City Attorney City Clerk Finance Director Community Development Director Fire Chief Police Chief Harbor Director

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding established a quorum and called the meeting to order at 3:00 p.m. with Council Members Addis and McPherson present. Council Members Davis and Heller joined the meeting at 3:01 p.m.

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

<https://youtu.be/-BHZlqz1CXA?t=208>

Dan Sedley, Morro Bay, requested the Council table the proposed resolution, based on the unconstitutional manner it was presented, and requested more funding for the Morro Bay Police Department.

The public comment period was closed.

SPECIAL MEETING AGENDA ITEM:

- I. RACISM AS A PUBLIC HEALTH CRISIS; RECEIVE AND DISCUSS REPORT FROM MBPD CHIEF COX ON POLICE REFORM; CONSIDER RESOLUTION NO. 64-20 AFFIRMING THAT RACISM IS A PUBLIC HEALTH CRISIS AND URGING PUBLIC HEALTH OFFICIALS DECLARE RACISM A PUBLIC HEALTH EMERGENCY; CONSIDER PROVIDING FURTHER DIRECTION TO STAFF; (CITY MANAGER)
<https://youtu.be/-BHZlqz1CXA?t=686>

City Manager Collins and Police Chief Jody Cox provided the report.

Mayor Headding re-opened public comment.
<https://youtu.be/-BHZlgz1CXA?t=2549>

Quinn Brady, Los Osos, encouraged the City to take active steps to provide more resources for mental health and community support.

Courtney Haile, San Luis Obispo resident and co-founder of R.A.C.E. Matters, encouraged unanimous support of the proposed resolution and recommended health officials designate racism as a public health emergency.

Travis Ford, Morro Bay, stated we must do everything in our power to prevent racially motivated tragedies from happening in Morro Bay and encouraged the Council to declare racism a public health crisis.

Mayor Headding closed public comment.

Mr. Collins and Chief Cox responded to questions raised by the Council.

MOTION: Council Member Davis moved to adopt Resolution No. 64-20 affirming that racism is a public health crisis and recommending that public health officials declare racism as a public health emergency. The motion was seconded by Council Member Heller for discussion.

The Council requested staff keep the Council apprised as to what happens at the State Level regarding the use of the carotid hold, and also report back on a potential community organization with specifics on accountability with regard to the vetting of general police performance issues.

Following discussion, the motion carried 5-0 by roll call vote.

ADJOURNMENT

The meeting adjourned at 4:47 p.m.

Recorded by:

Dana Swanson
City Clerk

MINUTES - MORRO BAY CITY COUNCIL
SPECIAL CLOSED SESSION MEETING –
JULY 14, 2020 – 3:00 P.M.
TELECONFERENCE.

AGENDA NO: A-2
MEETING DATE: August 11, 2020

City Council conducted this meeting in accordance with Section 3 of California Governor Newsom's Executive Order N-29-20 issued on March 17, 2020 in response to the present State of Emergency in existence due to the threat of COVID-19. This meeting was held via teleconference for all participants.

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

ABSENT: None

STAFF: Scott Collins City Manager
 Chris Neumeyer City Attorney
 Colin Tanner Special Labor Counsel
 Jennifer Callaway Finance Director/Acting Public Works Director
 Scot Graham Community Development Director
 Eric Endersby Harbor Director
 Dana Swanson City Clerk/Human Resources Manager

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 3:00 p.m. with all members present.

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

CLOSED SESSION PUBLIC COMMENT – Mayor Headding opened public comment for items on the agenda; seeing none, public comment was closed.

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

CS-1 CONFERENCE WITH LABOR NEGOTIATORS

A closed session will be held, pursuant to Government Code § 54957.6, with City negotiator and designated labor representative Colin Tanner, special labor counsel, regarding labor negotiations with employee organization, Morro Bay Firefighters' Association

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

Property: Lease Sites 86/86W (Libertine Pub, 801 Embarcadero)
Property Negotiators: Burt Caldwell
Agency Negotiators: Eric Endersby, Harbor Director; Scott Collins, City Manager; Chris Neumeyer, City Attorney; Joseph Pannone, Special Counsel
Negotiation: Price and Terms of Payment

CS-3 CONFERENCE WITH REAL PROPERTY NEGOTIATOR – GOVERNMENT CODE SECTION 54956.8:

Property: 1 Jordan Terrace (Cerrito Peak/Eagle Rock): APN 066-221-001
Property Negotiators: Morro Bay Open Space Alliance
Agency Negotiators: Scott Collins, City Manager; Scot Graham, Community Development Director; and Chris Neumeyer, City Attorney
Under Negotiation: Price and Terms of Payment

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

ADJOURNMENT - The meeting adjourned at 4:06 p.m.

Recorded by:

Dana Swanson
City Clerk



AGENDA NO: A-3

MEETING DATE: August 11, 2020

Staff Report

TO: Honorable Mayor and City Council

DATE: August 4, 2020

FROM: Dana Swanson, City Clerk

SUBJECT: Adoption of Resolution No. 74-20 Updating the City's Conflict of Interest Code

RECOMMENDATION

Staff recommends City Council update the City's Conflict of Interest Code by adopting the proposed Resolution No. 74-20.

ALTERNATIVES

No alternatives are recommended.

FISCAL IMPACT

None

BACKGROUND/DISCUSSION

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

In February 2019, the City established an updated Conflict of Interest Code through the adoption of Resolution No. 13-19. Staff has determined it is necessary to update the City's Conflict of Interest Code to add the newly designated position of City Engineer and remove limited term advisory committees. By adopting the attached Resolution No. 74-20, the City Council will ensure the City's Conflict of Interest Code is up to date and reflects the current organization and operations of the City.

ATTACHMENTS

1. Resolution No. 13-19
2. Proposed Resolution No. 74-20 with Exhibits A & B

Prepared By: DS

Dept Review: _____

City Manager Review: SC

City Attorney Review: CFN

RESOLUTION NO. 13-19

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



JOHN HEADDING, Mayor

ATTEST:



DANA SWANSON, City Clerk

EXHIBIT A
RESOLUTION NO. 13-19

CITY OF MORRO BAY

LIST OF DESIGNATED POSITIONS
CONFLICT OF INTEREST CODE

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

Public Works

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

Community Development

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

Recreation

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

Consultants

1,2

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

EXHIBIT B
RESOLUTION NO. 13-19

CITY OF MORRO BAY

DISCLOSURE CATEGORIES

General Provisions

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

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

Disclosure Categories

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

RESOLUTION NO. 74-20

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
ADOPTING A REVISED CONFLICT OF INTEREST CODE
AND RESCINDING RESOLUTION NO. 13-19 AND
EACH OTHER RESOLUTION IN CONFLICT HEREWITH**

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

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

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

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

WHEREAS, the City of Morro Bay incorporated Commission Regulations 18730 and 18720 into its Conflict of Interest Code with the adoption of Resolution No. 13-19 adopted February 13, 2019, and its Conflict of Interest Code is in further need of updating; and

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

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

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

SECTION 1. Resolution No. 13-19 and any parts or sections of any other resolutions in conflict with this Resolution are hereby rescinded and/or repealed as necessary to resolve such conflict.

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

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

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

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

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

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

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 11th day of August 2020 on the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

EXHIBIT A
RESOLUTION NO. 74-20

CITY OF MORRO BAY

LIST OF DESIGNATED POSITIONS
CONFLICT OF INTEREST CODE

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

Public Works

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

Community Development

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

Recreation

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

Consultants

1,2

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

EXHIBIT B
RESOLUTION NO. 74-20

CITY OF MORRO BAY

DISCLOSURE CATEGORIES

General Provisions

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

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

Disclosure Categories

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

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AGENDA NO: A-4

MEETING DATE: August 11, 2020

Staff Report

TO: Honorable Mayor and City Council **DATE:** August 5, 2020
FROM: Scot Graham, Community Development Director
SUBJECT: Adoption of Resolution 75-20 rescinding Resolution No. 48-20 and approving revisions to the City's Temporary use Permit and Blanket Encroachment Permit programs for Outdoor Dining/Sales to include other outdoor uses (e.g. outdoor fitness and personal care services)

RECOMMENDATION

Staff recommends the Council adopt Resolution No. 75-20 revising the City's recently adopted Blanket Encroachment Permit and Temporary Use Permit ("TUP") programs for outdoor dining/sales to include other outdoor uses.

ALTERNATIVES

1. Council may choose not to revise the programs
2. Council may choose to add, delete, or revise program requirements

FISCAL IMPACT

Cost to the City would be based on the staff time spent processing and issuing permits.

BACKGROUND/DISCUSSION

The City Council adopted Resolution No. 48-20 on June 9, 2020 approving the Temporary Use Permit and revised Blanket Encroachment programs to promote use of outdoor space, both public and private, for dining and sales purposes (See Attachment 2). On July 16, 2020, the Governor ordered gyms, personal care services and several other businesses to close indoor operations. These businesses are allowed to operate outdoors, and this item is being brought forward to revise the outdoor permitting processes to accommodate outdoor uses other than just for dining and sales.

Staff has issued one Temporary Use Permit (TUP) and one Blanket Encroachment Permit (BEP) for use of a private outdoor area for a hair salon and for use of a portion of Del Mar Park, and portion of Tideland Park for fitness classes. While staff concludes issuing TUP's and BEP's for these types of uses is consistent with the intent of the program authorized by Council on June 9th, we also believe it important it make the permit process explicit to these uses. The resolution and program requirements for both the TUP and BEP have been revised to allow other outdoor uses beyond dining and sales (See Attachment 1 including Exhibits A & B)

Proposed edits are shown in redline text in the resolution, including Exhibits A & B.

CONCLUSION

The economic impact from COVID-19 is unprecedented and the City needs to work quickly and decisively to support our business community in economic recovery. To this end, Council adopted

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

Resolution No. 48-20 on June 9, 2020 to establish the TUP and BEP programs promoting outdoor sales and dining. The Governor has ordered several business sectors to cease indoor activities and it is necessary once again to move quickly to support our business community to facilitate business operations in the outdoors. The update and expansion of the TUP and BEP programs is necessary to support our business community and to give our businesses the best chance to survive the economic impacts of COVID-19. Staff recommends Council adopt Resolution No. 75-20 revising and expanding Blanket Encroachment Permit program and Temporary Use Permit program to further accommodate the outdoor operation of businesses.

ATTACHMENTS

1. Proposed Resolution No. 75-20
2. Resolution No. 48-20, adopted June 9, 2020
3. Link to June 9, 2020 CC meeting agenda (item C2): <http://ca-morrobay2.civicplus.com/ArchiveCenter/ViewFile/Item/5361>

RESOLUTION NO. 75-20

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
RESCINDING RESOLUTION 48-20 AND APPROVING REVISIONS TO THE
CITY'S BLANKET ENCROACHMENT PERMIT PROGRAM AND TEMPORARY
USE PERMIT PROGRAM FOR OUTDOOR DINING/SALES TO INCLUDE
OTHER OUTDOOR USES TO FACILITATE ECONOMIC RECOVERY IN
SUPPORT OF LOCAL BUSINESSES RELATED TO COVID-19 ECONOMIC
IMPACTS**

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

WHEREAS, The president of the United States has declared a State of National Emergency; the Governor of the State of California has proclaimed a State of Emergency for the State of California and issued Executive Orders regarding measures to mitigate the spread of COVID-19 within the State of California; the San Luis Obispo Public Health Director has proclaimed a public health emergency; and

WHEREAS, on March 19, 2020 the San Luis Obispo County Emergency Services Director issued a Local Emergency Order and Regulation No. 4 providing for mandatory shelter at home regulations: and

WHEREAS, on March 19, 2020, the Governor issued Executive Order N-33-20, including the Order of the State Public Health Officer mandating all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors; and

WHEREAS, on March 14, 2020 the Morro Bay Director of Emergency Services (i.e., the City Manager) proclaimed a declaration of the existence of a local emergency within the City of Morro Bay due to threat posed to the City from COVID-19, and

WHEREAS, on March 19, 2020, the Morro Bay City Council proclaimed and affirmed the existence of a local emergency, and confirmed and ratified the proclamation of the Director of the existence of a local emergency in response to COVID-19, and

WHEREAS, The Governor has issued Orders requiring the closure of indoor business operation for several business sectors: and

WHEREAS, on May 2, 2020, the Governor issued Executive Order N-60-20, directing all residents of California to continue to obey State public health directives; and

WHEREAS, the pandemic COVID-19 continues to present an imminent threat to public health worldwide and in the U.S., and

WHEREAS, the pandemic and necessary federal, state, and local public health orders requiring social distancing to prevent spread of COVID-19 have had and will continue to have devastating economic impacts on the local community, including residents, businesses, employees and City operations; and

WHEREAS, the City has instituted its fiscal emergency plan in order to mitigate against economic impacts of emergency response costs and significant revenue reductions and has made drastic reduction to current and projected city cost through limits on hiring, layoff of both temporary and full time employees, and freeze on travel and reductions in purchasing; and

WHEREAS, due to the sever economic impacts of COVID-19 and its economic impacts on the community and the City organization, the Council deems is necessary to implement temporary measures waiving parking requirements for implementation of the Temporary Use Permit program to support social distancing requirements, related to rapidly transitional business re-opening status, and economic viability of businesses in adhering to opening and social distancing requirements; and

WHEREAS, the below measures are intended to provide economic relief to businesses that are experiencing economic uncertainty while complying with State and County Orders. Accordingly, the City will facilitate programs, which will include the development and implementation of a plan to use the right- of-way, sidewalks, ~~and~~ streets and other outdoor areas to help maintain social distancing during the first few phases (stages) of reopening consistent with the State' s Resilience Roadmap and continued economic support of businesses for uses such as walking space, outdoor dining, ~~and~~ pick- up/delivery areas, and businesses that are required to close indoor operations. The program would provide for residents to receive the health and wellness benefits of being outdoors and support businesses with enough space to safely physically distance; and

WHEREAS, the programs are established for the purpose of supporting and facilitating the recovery of business and economic activity in the City by expanding the spaces available for the safe conduct of such activities for City businesses and their customers and patrons to create more physical distance for pedestrians and business patrons to maintain physical distancing; and nothing herein is intended to nor shall be deemed to create open gathering places or public forums unrelated to the intended business support and recovery purpose; and

WHEREAS, time is of the essence to quickly implement a program to allow for safe physical distancing consistent with the State' s Resilience Roadmap and County Guidelines in order to address both public health and economic impacts of COVID- 19, as residents have been primarily indoors since the initiation of the State and County Orders, this will be a dynamic temporary program, receiving input from the City Council, and shall be subject to administrative modification by the City, as authorized herein, as necessary in response to emerging issues or concerns of public, health, safety or convenience.

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

Section 1. All recitals set forth above, and all recitals included in support of Federal, State, and County actions referenced herein, are adopted as though fully set forth herein as findings in support of this Resolution and after considering all such findings and current local circumstances the Council hereby declares the continuing existence of a local emergency related to the continued threat of COVID-19 as it relates to the public health and economic impacts.

Section 2. City of Morro Bay Blanket Encroachment Permit Program.

In order to support re-opening of restaurants and other businesses in accordance with State Executive Order N-60-20, the City Council hereby directs and authorizes the Public Works

Director and Community Development Director to implement the revised and expanded Blanket Encroachment Permit program as identified in Exhibit A of the Resolution.

Section 3. City of Morro Bay Temporary Use Permit Program for Outdoor Dining/~~and Retail Sales~~ and Other Commercial Uses.

In order to support economic recovery for re-opening of restaurants and other businesses in accordance with State Executive Order N-60-20, the City Council hereby directs and authorizes the Community Development Director to implement a Temporary Use Permit (TUP) program for establishment of temporary outdoor ~~commercial uses sales and dining areas~~ on private property within the City of Morro Bay. The TUP program will be administered consistent with the revised TUP program requirements attached as Exhibit B to this Resolution.

Section 4. California Environmental Quality Act (CEQA) Finding

As a result of the COVID-19 public health emergency, the City of Morro Bay proposes a temporary program to use the right-of-way, sidewalks and streets to help maintain social distancing during the first few phases (stages) of reopening consistent with the State's Resilience Roadmap and provide for residents to receive the health and wellness benefits of being outdoors and support businesses with enough space to safely physically distance. The proposed project is exempt from environmental review pursuant to the California Environmental Quality Act (CEQA) as followed:

A. The project is statutorily exempt under State CEQA Guidelines Section 15269 (Emergency Projects), because the temporary program includes specific actions that would allow for safe physical distancing consistent with the State's Resilience Roadmap and County and State Guidelines in order to mitigate the COVID-19 public health emergency.

B. The project is categorically exempt under State CEQA Guidelines Section 15301 (Existing Facilities) because the actions identified in the program are limited to the permitting, use, and minor alteration of existing public facilities, including existing streets, and sidewalks, and other public space, which would not result in the creation of permanent improvements, and the temporary use of existing private property without installation of permanent improvements. The programs would result in a negligible expansion of existing commercial uses and a negligible expansion of the public's use of City right of way, parks and public spaces, as the uses included in the programs would not vary from the current uses of commercial businesses, residential areas, or public access within the City's public spaces~~right-of-way~~.

Section 5. Continuing Enforcement of Conditions or Activities Posing a Threat to Public Health, Safety or Welfare; Continued Enforcement of Building Permit Requirements and Encroachments into the Public Right of way.

Nothing herein is intended to, or shall be deemed to, relieve any person from the obligation to obtain, or prohibit the exercise of code enforcement for failure to obtain, any permits that would otherwise be required under state law, Morro Bay Municipal Code, or building and safety codes. Furthermore, nothing herein is intended to, or shall allow the erection or placement of any permanent or temporary structure or improvement, on public or private property in violation of any state or federal accessibility law, including American With Disabilities Act, or prohibit or suspend code enforcement action deemed necessary by the Community Development Director, the Public Works Director or any authorized enforcement official of the City, to remedy or abate: any dangerous condition or activity; any activity presenting an imminent threat of harm to the health, safety or welfare of the community; any violation of state of federal accessibility law; or, any unauthorized activity on private property or in the public right of way.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 11th day of August 2020 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JOHN HEADDING, Mayor

ATTEST

DANA SWANSON, City Clerk

EXHIBIT A

GUIDELINES FOR BLANKET ENCROACHMENT PERMIT ISSUANCE FOR LIMITED USE OF THE PUBLIC RIGHT OF WAY, ~~AND SIDEWALKS AND OTHER~~ PUBLIC PROPERTY WITHIN THE CITY'S ~~FOUR COMMERCIAL DISTRICTS~~

Permitted Items

The following items/uses are allowed on public rights-of-way and other public property subject to the requirements herein:

1. Tables and chairs
2. Benches
3. Planters
4. Retail sales Items
5. Trash receptacles
6. Outdoor fitness programs
- 6.7. Other outdoor uses deemed acceptable by the Public Works Director

Fee

There is no fee associated with the Blanket Encroachment Permit Process

Site Plan and Indemnification Required Prior to Placement of Items

1. A site plan shall be prepared prior to locating any items or establishing any use on public sidewalks or within a public right of way, or other public space. The plan shall be submitted to the Public Works Department for review and approval. The site plan shall include the following:
 - a. Dimensions of the building frontage
 - b. Locate and dimension all items to be placed as part of the permit
 - c. The location of all existing frontage improvement, including any existing planters, utility poles, planter areas, bike racks, fire hydrants, benches, trash receptacles and existing chairs and tables located along the building frontage of the applicants business and adjacent businesses.
 - d. Location of all doorways, and driveways
 - d.e. Location of any outdoor use area
2. The applicant shall enter into an agreement with the City to indemnify, defend and hold harmless the City of Morro Bay, and its officers, agents and employees. The applicant shall also be required to obtain liability insurance, naming the City as additional insured in the following amounts: \$1,000,000 per occurrence and \$2,000,000 in aggregate. The form of this agreement shall, as reasonably determined by the City, meet the City's need to provide for full indemnification to the City for the authorized activity.

General Location Criteria (applies to all permits)

1. Minimum 4-foot wide, unobstructed aisle shall be maintained along sidewalks at all times.
2. Nothing shall be placed that will block access to or interfere with entering and existing any business.

3. Nothing shall be placed that will interfere with parked vehicles or access to parked vehicles

3.4. No outdoor use shall be conducted in a manner that blocks access to public parks or other public spaces

Planter Location Criteria

1. Planters may be placed either against the front of the building or at, or near the curb

Tables and Chairs

1. May be placed only adjacent to the building or along the right of way edge
2. Placement of tables and chairs may extend beyond the width of the building frontage for the applicant business with written authorization of the adjoining business/property owner.
3. Permitted items placed in the right of way shall be clearly visible to pedestrians at all times including after dark. If permitted items are difficult to see after dark they shall be removed at or before dusk each night.
4. Shall be placed to provide a minimum of 6 feet of separation to maintain social distancing for as long as the required by State, County, or City Order related to COVID-19.
5. Businesses placing tables and chairs in the right of way shall also provide outdoor trash receptacles.

Retail Sale Items

1. May be placed only adjacent to the building
2. Permitted retail merchandise placed in the right of way shall be clearly visible to pedestrians and shall be removed from the right of way at the close of business each day.

Outdoor Uses

1. Outdoor fitness classes and other uses may be allowed in public parks, public parking lots or other public places subject to obtaining a blanket encroachment permit

Benches

1. May be placed against the building frontage, adjacent to tree wells or at or near the curb and may not exceed eight feet in length
2. If multiple benches are placed, they must be a minimum of six feet apart from other benches and other tables and chairs

General Use Criteria

1. Businesses placing benches, tables and/or chairs may designate them for customer use only.
2. Permitted items remaining in the right of way after dark shall be readily visible to pedestrians.

General Maintenance Criteria

1. Any permitted item placed in the public right of way shall be maintained for appearance and safety.
2. The owner, or other responsible party in charge of the business shall ensure prompt removal of all debris, refuse or trash.
3. Planters shall be maintained with live plants at all times. Dead or dying plants shall be removed and replaced as necessary to maintain an attractive appearance.
4. Furniture to be used by the general public shall be maintained for safety at all times.

Exhibit B

Temporary Use Permit Program for Establishment of Outdoor Sales, ~~and Dining~~ and Other Uses on Private Property

General Requirement

The TUP program will be administered consistent with the following requirements:

1. All permits issued under this program shall comply with Section 17.30.050 of the Morro Bay Municipal Code (Temporary Use Permits).
2. To encourage temporary use of private outdoor spaces for dining, ~~or~~ retail sales or other commercial uses. All associated off street parking requirements shall be temporarily waived for the effective period of the permit.
3. Applicant shall be authorized to utilize up to 50% of existing parking lot space for outdoor seating, ~~and~~ sales or other commercial uses, with all associated parking requirements waived for the effective period of the permit.
4. TUP's shall be valid for an initial period of 6-months with the ability for the Community Development Director to extend the TUP for an additional 6-months upon application by the applicant
5. The \$292 administrative TUP fee is waived for the TUP program

Site Plan Requirements

Site Plan (may be hand-drawn or a satellite image with information overlaid)

1. Clear dimensioned site plan showing north arrow and scale
2. Label all street names and abutting streets on site plan
3. Identify Specified Public Areas for the temporary use, such as patios, entryways, sidewalks, parking lots, etc.

Locations and dimensions of all:

1. Outdoor dining tables that comply with 6-foot social distancing requirements,
2. Outdoor Sales/use areas,
3. Pedestrian walkways (maintaining a minimum of 4' of sidewalk access),
4. Vehicle entry and exit paths, etc.
5. Distance from existing structures
6. ADA parking areas or access paths cannot be blocked by temporary outdoor uses seating

Other Required Information

1. Written narrative of business operation and proposed concept for social distancing
2. Plan for collection and disposal of all trash and recycling generated from business operations. Businesses placing tables and chairs outside shall be required to provide outdoor trash receptacles. Disposal shall not be in public trash or public recycle facilities.
3. Proposed signage, including size of each sign, proposed location, and method of attachment or display.
4. City of Morro Bay business license.
5. The applicant shall enter into an agreement with the City to indemnify, defend and hold harmless the City of Morro Bay, and its officers, agents and employees.

RESOLUTION NO. 48-20

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
APPROVING EXPANSION OF THE CITY'S BLANKET
ENCROACHMENT PERMIT PROGRAM FOR USE OF PUBLIC RIGHT
OF WAY AND APPROVING THE TEMPORARY USE PERMIT
PROGRAM FOR OUTDOOR DININGS AND SALES ON PRIVATE
PROPERTY TO FACILITATE ECONOMIC RECOVERY IN SUPPORT
OF LOCAL BUSINESSES RELATED TO COVID-19 ECONOMIC
IMPACTS**

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

WHEREAS, The president of the United States has declared a State of National Emergency; the Governor of the State of California has proclaimed a State of Emergency for the State of California and issued Executive Orders regarding measures to mitigate the spread of COVID-19 within the State of California; the San Luis Obispo Public Health Director has proclaimed a public health emergency; and

WHEREAS, on March 19, 2020 the San Luis Obispo County Emergency Services Director issued a Local Emergency Order and Regulation No. 4 providing for mandatory shelter at home regulations: and

WHEREAS, on March 19, 2020, the Governor issued Executive Order N-33-20, including the Order of the State Public Health Officer mandating all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors; and

WHEREAS, on March 14, 2020 the Morro Bay Director of Emergency Services (i.e., the City Manager) proclaimed a declaration of the existence of a local emergency within the City of Morro Bay due to threat posed to the City from COVID-19, and

WHEREAS, on March 19, 2020, the Morro Bay City Council proclaimed and affirmed the existence of a local emergency, and confirmed and ratified the proclamation of the Director of the existence of a local emergency in response to COVID-19, and

WHEREAS, on May 2, 2020, the Governor issued Executive Order N-60-20, directing all residents of California to continue to obey State public health directives; and

WHEREAS, the pandemic COVID-19 continues to present an imminent threat to public health worldwide and in the U.S., and

WHEREAS, the pandemic and necessary federal, state, and local public health orders requiring social distancing to prevent spread of COVID-19 have had and will

continue to have devastating economic impacts on the local community, including residents, businesses, employees and City operations; and

WHEREAS, the City has instituted its fiscal emergency plan in order to mitigate against economic impacts of emergency response costs and significant revenue reductions and has made drastic reduction to current and projected city cost through limits on hiring, layoff of both temporary and full time employees, and freeze on travel and reductions in purchasing; and

WHEREAS, due to the sever economic impacts of COVID-19 and its economic impacts on the community and the City organization, the Council deems is necessary to implement temporary measures waiving parking requirements for implementation of the Temporary Use Permit program to support social distancing requirements, related to rapidly transitional business re-opening status, and economic viability of businesses in adhering to opening and social distancing requirements; and

WHEREAS, the below measures are intended to provide economic relief to businesses that are experiencing economic uncertainty while complying with State and County Orders. Accordingly, the City will facilitate programs, which will include the development and implementation of a plan to use the right- of-way, sidewalks and streets to help maintain social distancing during the first few phases (stages) of reopening consistent with the State' s Resilience Roadmap and continued economic support of businesses for uses such as walking space, outdoor dining, and pick- up/delivery areas. The program would provide for residents to receive the health and wellness benefits of being outdoors and support businesses with enough space to safely physically distance; and

WHEREAS, the programs are established for the purpose of supporting and facilitating the recovery of business and economic activity in the City by expanding the spaces available for the safe conduct of such activities for City businesses and their customers and patrons to create more physical distance for pedestrians and business patrons to maintain physical distancing; and nothing herein is intended to nor shall be deemed to create open gathering places or public forums unrelated to the intended business support and recovery purpose; and

WHEREAS, time is of the essence to quickly implement a program to allow for safe physical distancing consistent with the State' s Resilience Roadmap and County Guidelines in order to address both public health and economic impacts of COVID- 19, as residents have been primarily indoors since the initiation of the State and County Orders, this will be a dynamic temporary program, receiving input from the City Council, and shall be subject to administrative modification by the City, as authorized herein, as necessary in response to emerging issues or concerns of public, health, safety or convenience.

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

Section 1. All recitals set forth above, and all recitals included in support of Federal, State, and County actions referenced herein, are adopted as though fully set forth herein as findings in support of this Resolution and after considering all such findings and current local circumstances the Council hereby declares the continuing existence of a local emergency related to the continued threat of COVID-19 as it relates to the public health and economic impacts.

Section 2. City of Morro Bay Blanket Encroachment Permit Program.

In order to support re-opening of restaurants and other businesses in accordance with State Executive Order N-60-20, the City Council hereby directs and authorizes the Public Works Director and Community Development Director to implement the revised and expanded Blanket Encroachment Permit program as identified in Exhibit A of the Resolution.

Section 3. City of Morro Bay Temporary Use Permit Program for Outdoor Dining and Retail Sales.

In order to support economic recovery for re-opening of restaurants and other businesses in accordance with State Executive Order N-60-20, the City Council hereby directs and authorizes the Community Development Director to implement a Temporary Use Permit (TUP) program for establishment of temporary outdoor sales and dining areas on private property within the City of Morro Bay. The TUP program will be administered consistent with the TUP program requirements attached as Exhibit B to this Resolution.

Section 4. California Environmental Quality Act (CEQA) Finding

As a result of the COVID-19 public health emergency, the City of Morro Bay proposes a temporary program to use the right-of-way, sidewalks and streets to help maintain social distancing during the first few phases (stages) of reopening consistent with the State's Resilience Roadmap and provide for residents to receive the health and wellness benefits of being outdoors and support businesses with enough space to safely physically distance. The proposed project is exempt from environmental review pursuant to the California Environmental Quality Act (CEQA) as followed:

A. The project is statutorily exempt under State CEQA Guidelines Section 15269 (Emergency Projects), because the temporary program includes specific actions that would allow for safe physical distancing consistent with the State's Resilience Roadmap and County and State Guidelines in order to mitigate the COVID-19 public health emergency.

B. The project is categorically exempt under State CEQA Guidelines Section 15301 (Existing Facilities) because the actions identified in the program are limited to the permitting, use, and minor alteration of existing public facilities, including existing streets, and sidewalks, and other public space, which would not result in the creation of permanent improvements, and the temporary use of existing private property without installation of permanent improvements. The programs would result in a negligible expansion of existing commercial uses and a negligible

expansion of the public's use of City right of way, as the uses included in the programs would not vary from the current uses of commercial businesses, residential areas, or public access within the City' s right- of-way.

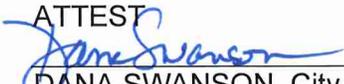
Section 5. Continuing Enforcement of Conditions or Activities Posing a Threat to Public Health, Safety or Welfare; Continued Enforcement of Building Permit Requirements and Encroachments into the Public Right of way. Nothing herein is intended to, or shall be deemed to, relieve any person from the obligation to obtain, or prohibit the exercise of code enforcement for failure to obtain, any permits that would otherwise be required under state law, Morro Bay Municipal Code, or building and safety codes. Furthermore, nothing herein is intended to, or shall ,allow the erection or placement of any permanent or temporary structure or improvement, on public or private property in violation or any state or federal accessibility law, including American With Disabilities Act, or prohibit or suspend code enforcement action deemed necessary by the Community Development Director, the Public Works Director or any authorized enforcement official of the City, to remedy or abate: any dangerous condition or activity; any activity presenting an imminent threat of harm to the health, safety or welfare of the community; any violation of state of federal accessibility law; or, any unauthorized activity on private property or in the public right of way.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9th day of June 2020 by the following vote:

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



JOHN HEADDING, Mayor

ATTEST


DANA SWANSON, City Clerk

EXHIBIT A

GUIDELINES FOR BLANKET ENCROACHMENT PERMIT ISSUANCE FOR LIMITED USE OF THE PUBLIC RIGHT OF WAY AND SIDEWALKS WITHIN THE CITY'S FOUR COMMERCIAL DISTRICTS

Permitted Items

The following items are allowed on public rights-of-way subject to the requirements herein:

1. Tables and chairs
2. Benches
3. Planters
4. Retail sales items
5. Trash receptacles

Fee

There is no fee associated with the Blanket Encroachment Permit Process

Site Plan and Indemnification Required Prior to Placement of Items

1. A site plan shall be prepared prior to locating any items on public sidewalks or within a public right of way, or other public space. The plan shall be submitted to the Public Works Department for review and approval. The site plan shall include the following:
 - a. Dimensions of the building frontage
 - b. Locate and dimension all items to be placed as part of the permit
 - c. The location of all existing frontage improvement, including any existing planters, utility poles, planter areas, bike racks, fire hydrants, benches; trash receptacles and existing chairs and tables located along the building frontage of the applicants business and adjacent businesses.
 - d. Location of all doorways, and driveways
2. The applicant shall enter into an agreement with the City to indemnify, defend and hold harmless the City of Morro Bay, and its officers, agents and employees. The applicant shall also be required to obtain liability insurance, naming the City as additional insured in the following amounts: \$1,000,000 per occurrence and \$2,000,000 in aggregate. The form of this agreement shall, as reasonably determined by the City, meet the City's need to provide for full indemnification to the City for the authorized activity.

General Location Criteria (applies to all permits)

1. Minimum 4-foot wide, unobstructed aisle shall be maintained along sidewalks at all times.

2. Nothing shall be placed that will block access to or interfere with entering and existing any business.
3. Nothing shall be placed that will interfere with parked vehicles or access to parked vehicles

Planter Location Criteria

1. Planters may be placed either against the front of the building or at, or near the curb

Tables and Chairs

1. May be placed only adjacent to the building or along the right of way edge
2. Placement of tables and chairs may extend beyond the width of the building frontage for the applicant business with written authorization of the adjoining business/property owner.
3. Permitted items placed in the right of way shall be clearly visible to pedestrians at all times including after dark. If permitted items are difficult to see after dark they shall be removed at or before dusk each night.
4. Shall be placed to provide a minimum of 6 feet of separation to maintain social distancing for as long as the required by State, County, or City Order related to COVID-19.
5. Businesses placing tables and chairs in the right of way shall also provide outdoor trash receptacles.

Retail Sale Items

1. May be placed only adjacent to the building
2. Permitted retail merchandise placed in the right of way shall be clearly visible to pedestrians and shall be removed from the right of way at the close of business each day.

Benches

1. May be placed against the building frontage, adjacent to tree wells or at or near the curb and may not exceed eight feet in length
2. If multiple benches are placed they must be a minimum of six feet apart from other benches and other tables and chairs

General Use Criteria

1. Businesses placing benches, tables and/or chairs may designate them for customer use only.
2. Permitted items remaining in the right of way after dark shall be readily visible to pedestrians.

General Maintenance Criteria

1. Any permitted item placed in the public right of way shall be maintained for appearance and safety.
2. The owner, or other responsible party in charge of the business shall ensure prompt removal of all debris, refuse or trash.
3. Planters shall be maintained with live plants at all times. Dead or dying plants shall be removed and replaced as necessary to maintain an attractive appearance.
4. Furniture to be used by the general public shall be maintained for safety at all times.

Exhibit B

Temporary Use Permit Program for Establishment of Outdoor Sales and Dining on Private Property

General Requirement

The TUP program will be administered consistent with the following requirements:

1. All permits issued under this program shall comply with Section 17.30.050 of the Morro Bay Municipal Code (Temporary Use Permits).
2. To encourage temporary use of private outdoor spaces for dining or retail sales all associated off street parking requirements shall be temporarily waived for the effective period of the permit.
3. Applicant shall be authorized to utilize up to 50% of existing parking lot space for outdoor seating and sales, with all associated parking requirements waived for the effective period of the permit.
4. TUP's shall be valid for an initial period of 6-months with the ability for the Community Development Director to extend the TUP for an additional 6-months upon application by the applicant
5. The \$292 administrative TUP fee is waived for the TUP program

Site Plan Requirements

Site Plan (may be hand-drawn or a satellite image with information overlaid)

1. Clear dimensioned site plan showing north arrow and scale
2. Label all street names and abutting streets on site plan
3. Specified Public Areas for the temporary use, such as patios, entryways, sidewalks, parking lots, etc.

Locations and dimensions of all:

1. Outdoor dining tables that comply with 6-foot social distancing requirements,
2. Sales areas,
3. Pedestrian walkways (maintaining a minimum of 4' of sidewalk access),
4. Vehicle entry and exit paths, etc.
5. Distance from existing structures
6. ADA parking areas or access paths cannot be blocked by temporary outdoor seating

Other Required Information

1. Written narrative of business operation and proposed concept for social distancing
2. Plan for collection and disposal of all trash and recycling generated from business operations. Businesses placing tables and chairs outside shall be required to provide outdoor trash receptacles. Disposal shall not be in public trash or public recycle facilities.

3. Proposed signage, including size of each sign, proposed location, and method of attachment or display.
4. City of Morro Bay business license.
5. The applicant shall enter into an agreement with the City to indemnify, defend and hold harmless the City of Morro Bay, and its officers, agents and employees.

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AGENDA NO: A-5

MEETING DATE: August 11, 2020

Staff Report

TO: Honorable Mayor and City Council

DATE: August 5, 2020

FROM: Jennifer Callaway, Finance Director

SUBJECT: Third Quarter Investment Report (period ending March 31, 2020) for Fiscal Year 2019/20

RECOMMENDATION

Receive the attached Third Quarter Investment Report (period ending March 31, 2020) for Fiscal Year 2019/20.

FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

DISCUSSION

Attached for your consideration is the Third Quarter Investment Report for FY 2019/20.

As of March 31, 2020, the City's weighted portfolio yield of 1.96% was below the Local Agency Investment Fund (LAIF) yield of 2.03%.

Staff has consciously decided to keep significant cash in the City's LAIF account in order to ensure cash flow for 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 CD purchases should be made. At this point, staff has submitted all reimbursement requests to the State for State Revolving Fund (SRF) planning loan reimbursements. Reimbursements for these requests have not yet been received. Staff has also submitted four reimbursement requests for the WIFIA loan, three requests have been reimbursed thus far and the fourth request approved for disbursement by August 15, 2020.

During the quarter, yields have generally been declining, potentially symbolizing a slowing of the economy. As of March 31, 2020, the City recorded \$319,230.74 in interest earnings.

This report was reviewed by the Citizens Finance Advisory Committee on July 21, 2020 and approved for presentation to the City Council.

CONCLUSION

Staff recommends that the Council receive the Third Quarter Investment Report (period ending March 31, 2020) for Fiscal Year 2019/20.

ATTACHMENT

1. Third Quarter Investment Report for FY 2019/20 (period ending March 31, 2020)

Prepared By: JC

Dept Review: _____

City Manager Review: SC

City Attorney Review: CFN

**CITY OF MORRO BAY
 QUARTERLY PORTFOLIO PERFORMANCE
 3/31/2020**

INVESTMENT OR CUSIP NUMBER	INSTITUTION	PURCHASE PRICE	COUPON INTEREST RATE	PURCHASE DATE	MATURITY DATE	DAYS TO MATURITY
LAIF	LOCAL AGENCY INVESTMENT FUND	\$ 17,483,154	\$ 2.03%	DAILY	DAILY	1
MONEY MARKET ACCOUNT:						
MM	MECHANICS BANK - MONEY MARKET	1,517,129	0.20%	DAILY	DAILY	1
SWEEP	MECHANICS BANK - SWEEP	752,394	0.05%	DAILY	DAILY	1
MM	OPUS BANK	5,269,930	2.22%	DAILY	DAILY	1
CERTIFICATES OF DEPOSIT:						
1404202A7	ZION BANK - CAPITAL ONE BANK	250,005	2.400%	4/12/2017	4/12/2022	742
949763XU5	Wells Fargo	249,000	2.800%	2/27/2019	2/28/2022	699
38148PGK7	ZION BANK - GOLDMAN SACHS BANK	250,003	1.550%	8/3/2016	8/3/2021	490
3090683803	STATE FARM BANK	250,435	3.050%	10/21/2013	10/24/2023	1,302
1731202F5	Citibank	246,000	3.200%	1/25/2019	1/25/2024	1,395
61690UDL1	Morgan Stanley N/A	246,000	3.100%	1/24/2019	1/24/2024	1,394
61760AUU1	Morgan Stanley Private Bank	246,000	3.000%	1/24/2019	1/24/2023	1,029
02007GHD8	Ally Bank UT	246,000	2.900%	1/24/2019	1/24/2022	664
		<u>\$ 27,006,049</u>				
			RECORDED INTEREST AS OF 3/31/2020	% OF LIQUID PORTFOLIO HOLDINGS	WEIGHTED AVERAGE RATE OF EARNINGS	WEIGHTED AVERAGE MATURITY
			<u>\$ 319,230.74</u>	<u>92.656%</u>	<u>1.962%</u>	<u>72</u>

Portfolio holdings as of the third quarter ended March 31, 2020, are in compliance with the current Investment Policy. With 92.656% 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.



AGENDA NO: A-6

MEETING DATE: August 11, 2020

Staff Report

TO: Honorable Mayor and City Council

DATE: July 30, 2020

FROM: Eric Endersby, Harbor Director

SUBJECT: Adoption of Resolution No. 76-20 Approving the Assignment and Assumption and Conditionally Authorizing the Mayor to Execute Documents Necessary for the Assignment and Assumption at Lease Site 91-92/91W-92W and Accepting Deeds of Trust Related Thereto (Anderson Inn, 897 Embarcadero)

RECOMMENDATION

Staff recommend the City Council adopt Resolution No. 76-20 allowing the Mayor to authorize the assignment and assumption, and authorizing the Mayor to execute necessary documents, and accepting deeds of trust related thereto regarding the leasehold interest at Lease Site 91-92/91W-92W, with documents subject to approval of the City Attorney.

ALTERNATIVES

Do not approve Resolution No. 76-20.

FISCAL IMPACT

There is no fiscal impact to this action.

BACKGROUND

The Anderson Inn lease site has been under the ownership of the Anderson family for nearly 50 years, and has historically been one of the City's most productive and well-run lease sites. The site was completely redeveloped in 2004-2005, in conjunction with execution of a new 50-year master lease that expires in 2055.

This assignment and assumption is subject to the normal assignment and assumption approval process as outlined in the lease. The Anderson Family Partnership is a tenant in excellent standing.

DISCUSSION

The Anderson Family Partnership has applied to have this lease agreement assigned to and assumed by Oceanic Harbor LP, whose general partner is Oceanic Harbor LLC, which is wholly-owned by Mr. Manoj Chawla of San Diego. Through other Oceanic-based corporations and partnerships, Mr. Chawla also owns the Ascot Inn in Morro Bay, the Sands Inn and Suites in San Luis Obispo, and several other hotels and inns in the San Diego and other areas.

As with all of our waterfront leases, this lease agreement stipules such an assignment and assumption approval cannot be unreasonably withheld by the City, provided the proposed new master

Prepared By: EE

Dept Review: EE

City Manager Review: SC

City Attorney Review: JWP

tenant "is financially reliable and qualified to conduct the business" for which the lease was granted. The application fee and documents necessary for the assignment are submitted and financial and other reviews of Oceanic are complete, and staff see no reason the assignment and assumption should not be conditionally approved.

In addition, Oceanic is requesting City Council approval of a new Deed of Trust with Pacific Premier Bank against the leasehold interest in the amount of \$1,850,000, in addition to approval of a second deed of trust of approximately \$1,275,000 being carried by the Andersons, for the purchase of the lease site. The Harbor Department Lease Management Policy stipulates the City will not approve financing related to a lease site, unless such financing is for sole investment upon the lease site or for City requested public improvements. Resolution No. 76-20 will allow Oceanic to record the necessary deeds of trust, as long as those deeds of trust and all relevant documents to be signed by the Mayor are reviewed and approved by the City Attorney.

CONCLUSION

Staff recommends the City Council adopt Resolution No. 76-20 approving the assignment and assumption and authorizing the Mayor to execute all necessary documents for the assumed and new debt to Oceanic Harbor Limited Partnership, as approved by the City Attorney.

ATTACHMENT

1. Resolution No. 76-20

RESOLUTION NO. 76-20

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
ASSIGNING LEASE SITE 91-92/91W-92W TO OCEANIC HARBOR LP AND
CONDITIONALLY AUTHORIZING THE MAYOR TO EXECUTE DOCUMENTS
NECESSARY FOR THE ASIGNMENT AND ASSUMPTION, AND ACCEPTING NEW
DEEDS OF TRUST FOR FINANCING ON THE PROPERTY RELATED THERETO
AT LEASE SITE 91-92/91W-92W,
LOCATED AT 897 EMBARCADERO ROAD, MORRO BAY**

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

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

WHEREAS, for nearly 50 years, the Anderson Family and the Anderson Family Partnership have been the lessees of Lease Site 91-92/91W-92W, located at 897 Embarcadero Road; and

WHEREAS, the Anderson Family Partnership is selling the leasehold interest and improvements to Oceanic Harbor LP; and

WHEREAS, Anderson Family Partnership and Oceanic Enterprises have satisfactorily submitted the necessary documents for the assignment and assumption, and the Anderson Family Partnership is a tenant in excellent standing; and

WHEREAS, Oceanic Harbor LP is financing the purchase of the leasehold and improvements with a loan from Pacific Premier Bank, as well as a loan from the Anderson's for part of the purchase price, using the lease agreement and improvements as security; and

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

1. The City Council approves assignment and assumption of the leasehold interest to Oceanic Harbor LP, provided all standard stipulations for assignment are met per the City's assignment application form.
2. The Mayor is hereby authorized to execute said assignment and assumption, as approved by the City Attorney.

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3. The Mayor is hereby directed to execute, as necessary, any and all documents, as approved by the City Attorney, necessary to consummate the lending deeds of trust desired by Oceanic Harbor LP.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 11th day of August, 2020 on the following vote:

AYES:
NOES:
ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk



AGENDA NO: A-7

MEETING DATE: August 11, 2020

Staff Report

TO: Honorable Mayor and City Council

DATE: August 6, 2020

FROM: Jennifer Callaway, Finance Director

SUBJECT: Adoption of Resolution No. 77-20 Approving the City's Amended Salary Schedule for FY 2020/21

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 77-20, rescinding Resolution No. 62-20 and approving the City's amended FY 2020/21 Salary Schedule.

FISCAL IMPACT

There is no fiscal impact.

BACKGROUND/DISCUSSION

On June 23, 2020, the City Council, in conjunction with adoption of the City's FY 2020/21 budget, adopted the FY 2020/21 salary schedule in accordance with California Code of Regulations (CCR), section 570.5. The salary schedule included salary concessions through December 31, 2020 from all employees except those employees who are members of the Morro Bay Firefighters Association, and the salary schedule also provides for reinstatement of salaries for all affected employees effective January 1, 2021. The salary schedule adopted on June 23, 2020 inadvertently did not include the 8% salary concession of the City Manager and has been amended to reflect this through December 31, 2020. It should be noted that the City Manager has been receiving 8% less pay despite this not accurately being reflected on the salary schedule.

CONCLUSION

Staff recommends that the City Council adopt Resolution No. 77-20 approving the amended FY 2020/21 Salary Schedule reflecting all agreed upon salary concessions through December 31, 2020 and reinstatement of those concessions effective January 1, 2021.

ATTACHMENT

1. Resolution No. 77-20 Adopting the FY 20/21 Salary Schedule
 - a. Combined Salary Schedule for 7/1/2020 – 12/31/2020
 - b. Combined Salary Schedule for 1/1/2021 – 6/30/2021

Prepared By: JC

Dept Review: _____

City Manager Review: _____

City Attorney Review: CFN

RESOLUTION NO. 77-20

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING RESOLUTION NO. 62-20 AND
APPROVING THE AMENDED FISCAL YEAR 2020-2021 SALARY SCHEDULE**

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

WHEREAS, the California Public Employees' Retirement System (CalPERS), has requested all CalPERS employers list their compensation levels on one document, approved and adopted by the governing body, in accordance with 2 California Code of Regulations (CCR), section 570.5, and meeting all of the following requirements thereof:

1. Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
2. Identifies the position title for every employee position;
3. Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
4. Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
5. Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
6. Indicates an effective date and date of any revisions;
7. Is retained by the employer and available for public inspection for not less than five years; and
8. Does not reference another document in lieu of disclosing the pay rate; and

WHEREAS, the salary schedule adopted by Council on June 23, 2020 did not reflect the 8% salary concession for the City Manager through December 31, 2020 and therefore has been amended to reflect the salary concession as agreed upon, and

WHEREAS, the formal approval of the pay schedules requires that they are duly approved and adopted by the City Council, and the 2 CCR 570.5 regulation requires the adoption of the Salary Schedule for Fiscal Year 2020-21, attached as Exhibit A and incorporated herein by reference.

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NOW, THEREFORE, BE IT RESOLVED the City Council of the City of Morro Bay does hereby rescind Resolution No. 62-20 and approve the Salary Schedules attached hereto as Exhibit A.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 11th day of August, 2020, by the following vote:

AYES:
NOES:
ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

**CITY OF MORRO BAY
 COMBINED SALARY SCHEDULE
 FISCAL YEAR 2020-21: 7/1/20 - 12/31/20**

TITLE	GROUP	STEP 1 Annual	STEP 2 Annual	STEP 3 Annual	STEP 4 Annual	STEP 5 Annual	STEP 6 Annual
ACCOUNT CLERK IN-TRAINING	S	30,837	32,460	34,084	35,788	37,577	
ACCOUNT CLERK I	S	37,281	39,243	41,206	43,266	45,429	
CONSOLIDATED MAINTENANCE WRK I	S	37,281	39,243	41,206	43,266	45,429	
OFFICE ASST. III	S	37,281	39,243	41,206	43,266	45,429	
OFFICE ASST. IV	S	40,307	42,428	44,550	46,777	49,116	
ACCOUNT CLERK II	S	41,875	44,079	46,283	48,598	51,029	
CONSOLIDATED MAINTENANCE WRK II	S	41,875	44,079	46,283	48,598	51,029	
PERMIT TECHNICIAN	S	42,886	45,143	47,400	49,770	52,258	
ACCOUNT CLERK III	S	44,850	47,210	49,570	52,049	54,651	
CONSOLIDATED MAINTENANCE WRK III	S	44,850	47,210	49,570	52,049	54,651	
ADMINISTRATIVE TECHNICIAN	S	45,642	48,044	50,446	52,969	55,617	
PERMIT TECHNICIAN - CERTIFIED	S	45,642	48,044	50,446	52,969	55,617	
SUPPORT SERVICES TECHNICIAN	S	45,642	48,044	50,446	52,969	55,617	
PROPERTY EVIDENCE CLERK	S	45,642	48,044	50,446	52,969	55,617	
MECHANIC	S	47,102	49,581	52,060	54,663	57,396	
RECREATION COORDINATOR	S	47,102	49,581	52,060	54,663	57,396	
HUMAN RESOURCES ANALYST I	C	51,956	54,553	57,281	60,145	63,152	
SUPPORT SERVICES COORDINATOR	C	51,956	54,553	57,281	60,145	63,152	
HARBOR PATROL OFFICER	S	52,038	54,777	57,516	60,392	63,412	
ENGINEERING TECHNICIAN III	S	53,350	56,158	58,966	61,914	65,010	
RECREATION SUPERVISOR	S	53,350	56,158	58,966	61,914	65,010	
UTILITY OPERATOR	S	53,433	56,245	59,057	62,010	65,110	
ASSISTANT PLANNER	S	53,683	56,508	59,334	62,300	65,415	
BUILDING INSPECTOR	S	55,827	58,765	61,704	64,789	68,028	
EXECUTIVE ASSISTANT/DEPUTY CLERK	C	55,827	58,765	61,704	64,789	68,028	
FIREFIGHTER	F	59,065	62,018	65,119	68,375	71,794	

UTILITY OPERATOR MC (MULTIPLE CERT)	S	57,173	60,182	63,191	66,351	69,668	
SENIOR ACCOUNTING TECHNICIAN	C	58,033	61,087	64,142	67,346	70,716	
POLICE SUPPORT SERVICES MANAGER	M	58,033	61,087	64,142	67,349	70,716	
HARBOR BUSINESS COORD	S	58,111	61,169	64,228	67,439	70,811	
POLICE OFFICER	P	61,894	65,152	68,410	71,830	75,422	79,193
HARBOR PATROL SUPERVISOR	S	61,297	64,523	67,749	71,136	74,693	
FIRE ENGINEER	F	64,573	67,802	71,192	74,751	78,489	
ENGINEERING TECHNICIAN IV	S	62,477	65,765	69,053	72,506	76,131	
ASSISTANT ENGINEER	S	62,477	65,765	69,053	72,506	76,131	
ASSOCIATE PLANNER	S	62,477	65,765	69,053	72,506	76,131	
BUILDING INSPECTOR/PLANS EXAMINER	S	62,477	65,765	69,053	72,506	76,131	
CONSOLIDATED MAINT FIELD SUPV	S	62,477	65,765	69,053	72,506	76,131	
HUMAN RESOURCES ANALYST II	C	62,477	65,765	69,053	72,506	76,131	
LEAD UTILITY OPERATOR	S	63,726	67,080	70,434	73,955	77,653	
MANAGEMENT ANALYST	M	63,795	67,153	70,510	74,036	77,738	
POLICE DETECTIVE	P	64,989	68,410	71,831	75,422	79,194	83,153
POLICE SCHOOL RESOURCE OFFICER	P	64,989	68,410	71,831	75,422	79,194	83,153
POLICE SENIOR OFFICER	P	64,989	68,410	71,831	75,422	79,194	83,153
FIRE CAPTAIN	F	74,227	77,938	81,835	85,927	90,223	
ASSOCIATE CIVIL ENGINEER	S	71,848	75,629	79,411	83,381	87,550	
WASTEWATER SYSTEMS SUPV	S	71,848	75,629	79,411	83,381	87,550	
BUDGET/ACCOUNTING MANAGER	M	74,605	78,532	82,458	86,581	90,910	
CONSOLIDATED MAINTENANCE SUPT	M	74,605	78,532	82,458	86,581	90,910	
ENVIRONMENTAL PROGRAMS MANAGER	M	74,605	78,532	82,458	86,581	90,910	
INFORMATION SYSTEMS TECHNICIAN	M	74,605	78,532	82,458	86,581	90,910	
RECREATION SERVICES MANAGER	M	74,605	78,532	82,458	86,581	90,910	
SENIOR PLANNER	M	74,605	78,532	82,458	86,581	90,910	
TOURISM MANAGER	M	74,605	78,532	82,458	86,581	90,910	
POLICE SERGEANT	P	77,188	81,251	85,314	89,580	94,059	98,762
PLANNING MANAGER	M	82,068	86,171	90,480	95,004	99,754	
SENIOR CIVIL ENGINEER	M	82,068	86,171	90,480	95,004	99,754	
FIRE MARSHAL	F	88,114	92,520	97,146	102,003	107,103	
CITY CLERK/HR MANAGER	M	95,573	100,603	105,633	110,914	116,460	

CITY ENGINEER	M	96,718	101,808	106,898	112,243	117,856	
COMMUNITY DEVELOPMENT MANAGER	M	96,718	101,808	106,898	112,243	117,856	
UTILITY DIVISION MANAGER	M	96,718	101,808	106,898	112,243	117,856	
POLICE COMMANDER	M	108,585	114,300	120,015	126,015	132,316	
DEPUTY CITY MANAGER	E	114,802	120,542	126,569	132,898	139,543	
COMMUNITY DEVELOPMENT DIRECTOR	E	114,802	120,542	126,569	132,898	139,543	
FINANCE DIRECTOR	E	114,802	120,542	126,569	132,898	139,543	
PUBLIC WORKS DIRECTOR	E	119,084	125,038	131,290	137,854	144,747	
HARBOR DIRECTOR	E	121,305	127,370	133,738	140,425	147,447	sworn
FIRE CHIEF	E	125,260	131,523	138,100	145,005	152,255	sworn
POLICE CHIEF	E	121,305	127,370	133,738	140,425	147,447	sworn
CITY MANAGER	E	160,508	164,520	168,634	172,849	177,171	

**CITY OF MORRO BAY
 COMBINED SALARY SCHEDULE
 FISCAL YEAR 2020-21: 1/1/21-06/30/21**

TITLE	GROUP	STEP 1 Annual	STEP 2 Annual	STEP 3 Annual	STEP 4 Annual	STEP 5 Annual	STEP 6 Annual
ACCOUNT CLERK IN-TRAINING	S	32,460	34,083	35,787	37,577	39,455	
ACCOUNT CLERK I	S	39,243	41,205	43,265	45,429	47,700	
CONSOLIDATED MAINTENANCE WRK I	S	39,243	41,205	43,265	45,429	47,700	
OFFICE ASST. III	S	39,243	41,205	43,265	45,429	47,700	
OFFICE ASST. IV	S	42,428	44,549	46,777	49,116	51,571	
ACCOUNT CLERK II	S	44,079	46,283	48,597	51,027	53,578	
CONSOLIDATED MAINTENANCE WRK II	S	44,079	46,283	48,597	51,027	53,578	
PERMIT TECHNICIAN	S	45,143	47,400	49,770	52,259	54,872	
ACCOUNT CLERK III	S	47,210	49,571	52,049	54,651	57,384	
CONSOLIDATED MAINTENANCE WRK III	S	47,210	49,571	52,049	54,651	57,384	
ADMINISTRATIVE TECHNICIAN	S	48,044	50,446	52,969	55,617	58,398	
PERMIT TECHNICIAN - CERTIFIED	S	48,044	50,446	52,969	55,617	58,398	
SUPPORT SERVICES TECHNICIAN	S	48,044	50,446	52,969	55,617	58,398	
PROPERTY EVIDENCE CLERK	S	48,044	50,446	52,969	55,617	58,398	
MECHANIC	S	49,581	52,060	54,663	57,396	60,266	
RECREATION COORDINATOR	S	49,581	52,060	54,663	57,396	60,266	
HUMAN RESOURCES ANALYST I	C	54,690	57,425	60,296	63,311	66,476	
SUPPORT SERVICES COORDINATOR	C	54,690	57,425	60,296	63,311	66,476	
HARBOR PATROL OFFICER	S	54,777	57,516	60,392	63,411	66,582	
ENGINEERING TECHNICIAN III	S	56,158	58,966	61,914	65,010	68,260	
RECREATION SUPERVISOR	S	56,158	58,966	61,914	65,010	68,260	
UTILITY OPERATOR	S	56,245	59,057	62,010	65,111	68,366	
ASSISTANT PLANNER	S	56,508	59,333	62,300	65,415	68,686	
BUILDING INSPECTOR	S	58,765	61,703	64,788	68,028	71,429	
EXECUTIVE ASSISTANT/DEPUTY CLERK	C	58,765	61,703	64,788	68,028	71,429	
FIREFIGHTER	F	59,065	62,018	65,119	68,375	71,794	

UTILITY OPERATOR MC (MULTIPLE CERT)	S	60,182	63,191	66,351	69,668	73,152	
SENIOR ACCOUNTING TECHNICIAN	C	61,087	64,141	67,348	70,716	74,252	
POLICE SUPPORT SERVICES MANAGER	M	61,087	64,141	67,348	70,716	74,252	
HARBOR BUSINESS COORD	S	61,169	64,227	67,439	70,811	74,351	
POLICE OFFICER	P	65,152	68,410	71,830	75,422	79,193	83,152
HARBOR PATROL SUPERVISOR	S	64,523	67,749	71,137	74,693	78,428	
FIRE ENGINEER	F	64,573	67,802	71,192	74,751	78,489	
ENGINEERING TECHNICIAN IV	S	65,765	69,053	72,506	76,131	79,938	
ASSISTANT ENGINEER	S	65,765	69,053	72,506	76,131	79,938	
ASSOCIATE PLANNER	S	65,765	69,053	72,506	76,131	79,938	
BUILDING INSPECTOR/PLANS EXAMINER	S	65,765	69,053	72,506	76,131	79,938	
CONSOLIDATED MAINT FIELD SUPV	S	65,765	69,053	72,506	76,131	79,938	
HUMAN RESOURCES ANALYST II	C	65,765	69,053	72,506	76,131	79,938	
LEAD UTILITY OPERATOR	S	67,080	70,434	73,956	77,653	81,536	
MANAGEMENT ANALYST	M	67,153	70,511	74,036	77,738	81,625	
POLICE DETECTIVE	P	68,410	71,831	75,422	79,193	83,153	87,310
POLICE SCHOOL RESOURCE OFFICER	P	68,410	71,831	75,422	79,193	83,153	87,310
POLICE SENIOR OFFICER	P	68,410	71,831	75,422	79,193	83,153	87,310
FIRE CAPTAIN	F	74,227	77,938	81,835	85,927	90,223	
ASSOCIATE CIVIL ENGINEER	S	75,629	79,410	83,381	87,550	91,928	
WASTEWATER SYSTEMS SUPV	S	75,629	79,410	83,381	87,550	91,928	
BUDGET/ACCOUNTING MANAGER	M	78,532	82,459	86,582	90,911	95,456	
CONSOLIDATED MAINTENANCE SUPT	M	78,532	82,459	86,582	90,911	95,456	
ENVIRONMENTAL PROGRAMS MANAGER	M	78,532	82,459	86,582	90,911	95,456	
INFORMATION SYSTEMS TECHNICIAN	M	78,532	82,459	86,582	90,911	95,456	
RECREATION SERVICES MANAGER	M	78,532	82,459	86,582	90,911	95,456	
SENIOR PLANNER	M	78,532	82,459	86,582	90,911	95,456	
TOURISM MANAGER	M	78,532	82,459	86,582	90,911	95,456	
POLICE SERGEANT	P	81,251	85,314	89,579	94,058	98,761	103,699
PLANNING MANAGER	M	86,387	90,706	95,242	100,004	105,004	
SENIOR CIVIL ENGINEER	M	86,387	90,706	95,242	100,004	105,004	
FIRE MARSHAL	F	88,114	92,520	97,146	102,003	107,103	
CITY CLERK/HR MANAGER	M	100,603	105,633	110,915	116,461	122,284	

CITY ENGINEER	M	101,808	106,898	112,243	117,855	123,748	
COMMUNITY DEVELOPMENT MANAGER	M	101,808	106,898	112,243	117,855	123,748	
UTILITY DIVISION MANAGER	M	101,808	106,898	112,243	117,855	123,748	
POLICE COMMANDER	M	114,300	120,015	126,016	132,317	138,932	
DEPUTY CITY MANAGER	E	124,785	131,024	137,575	144,454	151,677	
COMMUNITY DEVELOPMENT DIRECTOR	E	124,785	131,024	137,575	144,454	151,677	
FINANCE DIRECTOR	E	124,785	131,024	137,575	144,454	151,677	
PUBLIC WORKS DIRECTOR	E	129,439	135,911	142,706	149,842	157,334	
HARBOR DIRECTOR	E	131,853	138,446	145,368	152,636	160,268	sworn
FIRE CHIEF	E	131,853	138,446	145,368	152,636	160,268	sworn
POLICE CHIEF	E	131,853	138,446	145,368	152,636	160,268	sworn
CITY MANAGER	E	174,465	178,827	183,297	187,880	192,577	

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AGENDA NO: C-1

MEETING DATE: August 11, 2020

Staff Report

TO: Honorable Mayor and Council Members **DATE:** August 6, 2020

FROM: Eric Casares, PE – WRF Program Manager
Rob Livick, PE/PLS – City Engineer
Jennifer Callaway - Finance Director/Acting Public Works Director

SUBJECT: Review WRF Quarterly Update Report and Discuss the Citizen's Finance Advisory Committee (CFAC) Role in Water Reclamation Facility (WRF) Review with Additional Responsibilities as Directed by Council on January 28, 2020

RECOMMENDATION

Receive WRF Quarterly Update Report and discuss CFAC role in WRF Report review and additional responsibilities.

DISCUSSION

Provided as Attachment 1 is the Quarterly WRF Project Report.

This report was shared with the Citizen Finance Advisory Committee (CFAC) on July 21, 2020. Committee member questions and staff responses are provided as Attachment 2 for reference. In addition to the attached quarterly report, CFAC discussed the debt service, funding and cash drawdowns are outlined below. The figures below have been updated to reflect actuals through August 5, 2020. **Debt Service, Cash Flow and Funding Drawdown**

The remaining three objectives assigned to CFAC deal with debt service for financing the WRF project, correlation with utility rates, cash flow and monitoring of reimbursements.

Staff has provided a summary chart of each loan and grant funding source currently committed, i.e. signed agreements in place, for the WRF project. The City has yet to finalize funding agreements for SRF financing for the construction phase of the project. Once these agreements are finalized, they will be added to the summary charts for CFAC and Council review.

A summary of funding sources, disbursements requested and received are provided as Table 1 for review.

Prepared By: JC

Dept Review: _____

City Manager Review: _____

City Attorney Review: JWP

Table 1: Summary of Funding Sources and Reimbursements Received

Loan	Amt	Requested	Received	Total outstanding
SRF Planning Loan	\$ 10,300,000.00	\$ 10,524,433.88	\$ 217,441.00	\$ 10,082,559.00
SRF Grant	\$ 75,000.00	\$ -	\$ -	\$ 75,000.00
WIFIA (water portion)	\$ 25,183,810.80	\$ 2,065,032.25	\$ 681,416.73	\$ 24,502,394.07
WIFIA (wastewater portion)	\$ 36,516,525.66	\$ 1,424,376.72	\$ 470,014.10	\$ 36,046,511.56
Total	\$ 72,075,336.46	\$ 14,013,842.85	\$ 1,368,871.83	\$ 70,706,464.63

*As of August 5, 2020

Itemized disbursement requests for the SRF Planning loan and WIFIA are included in Tables 2 and 3 below.

Table 2: Summary of SRF Planning Loan Reimbursement Requests and Receipts

City of Morro Bay SRF Planning Loan Schedule of Planning Reimbursements - SRF Planning Loan				
Reimbursement Number	Date	Amount Requested	Amount Received	Notes
1	12/6/2018	\$ 289,595.00	\$ 217,441.00	
2	11/4/2019	\$ 6,431,295.00	\$ -	Approved \$5,530,189, expected receipt anytime
3	12/20/2019	\$ 3,803,544.00	\$ -	
Total		\$ 10,524,434.00	\$ 217,441.00	

*As of August 5, 2020

Staff has been notified that SRF planning loan Reimbursement #2 has been approved in the amount of \$5,530,189 and reimbursement is imminent. The State waterboard is allowing staff to provide additional document to support the reimbursement of the remaining outstanding loan balance. Staff will be gathering this information within the coming weeks to resubmit to the State Waterboard for consideration.

Table 3: Summary of WIFIA Reimbursement Requests and Receipts

City of Morro Bay WIFIA Credit Agreement Schedule of Construction Reimbursements - WRF Project								
Reimbursement Number	Date	Amount Requested	N17150CA		N17108CA		311-2276	321-2276
			Water Portion 59.18%	Wastewater Portion 40.82%	Water portion Not Reimbursed	Wastewater Portion Not Reimbursed	Water Portion Received	Wastewater Portion Received
1	5/29/2020	\$ 1,100,944.32	651,538.85	449,405.47			651,538.90	449,405.47
2	6/1/2020	\$ 61,014.34	36,108.29	24,906.05	(6,230.46)	(4,297.51)	29,877.83	20,608.54
3	6/30/2020	\$ 3,489,408.97	2,065,032.25	1,424,376.72	0.00	0.00	2,065,032.25	1,424,376.72
4	7/27/2020	\$ 2,461,121.32	1,456,491.60	1,004,629.72			0.00	0.00
Total		\$ 7,112,488.95	\$ 4,209,170.99	\$ 2,903,317.96	\$ (6,230.46)	\$ (4,297.51)	\$ 2,746,448.98	\$ 1,894,390.73

Approved for Reimbursement on 8/5/2020

*As of August 5, 2020

Reimbursement under the WIFIA loan is fairly simple, with staff completing a Form of Requisition and providing all supporting documentation. Forms submitted by the first of the month are reviewed and amount approved are processed by the 15th of the month. Thus far, staff has submitted four reimbursement requests, and the City has been reimbursed for three requests totaling \$4.6 million

and approved for the fourth reimbursement with expected receipt on August 15, 2020.

There are still a number of project unknowns, such as cost of the conveyance infrastructure and SRF construction loan funding amounts, as well as the SRF construction loan reimbursement process and length of time for receipt of those requests. These factors would be important to know in making any determination regarding rate adjustments. Furthermore, staff continues to hold liquid cash available by heavily investing in the City's LAIF and Opus bank accounts to ensure adequate cash flow for the WRF project and City as a whole given the COVID-19 financial impacts and delayed revenue receipts. However, staff is submitting for WIFIA reimbursements, as quickly as possible, and plans to fully fund the WRF project with WIFIA and SRF funding this fiscal year to maintain City cash.

CONCLUSION

Staff recommends the Council receive the WRF Quarterly report.

ATTACHMENTS

1. WRF Quarterly Report
2. 7/21/20 CFAC Questions & Staff Response

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MORRO BAY
OUR WATER
RELIABLE. CLEAN. FOR LIFE.

City of Morro Bay
Water Reclamation Facility Project

QUARTERLY REPORT JUNE 2020

FINAL | July 2020

The logo for Carollo, featuring a stylized blue wave icon to the left of the word "carollo" in a bold, lowercase, sans-serif font, with a registered trademark symbol (®) to the right.



City of Morro Bay
Water Reclamation Facility Project

QUARTERLY REPORT JUNE 2020

FINAL | July 2020

This document is released for the
purpose of information exchange review
and planning only under the authority of
Eric T. Casares,
July 2020,
State of California, P.E. 73351

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Abbreviations

BOD	Biochemical Oxygen Demand
CCC	California Coastal Commission
CDFW	California Department of Fish and Wildlife
CPT	Cone Penetration Test
CPUC	California Public Utilities Commission
CSWRF	Clean Water State Revolving Fund
DBEs	disadvantage business enterprises
DDW	Division of Drinking Water
EACs	estimates and completion
EPA	Environmental Protection Agency
ESCP	Enhanced Source Control Program
GFEs	good faith efforts
GMP	Guaranteed Maximum Price
GSI	GSI Water Solutions
IFC	issued for construction
IPR	Indirect Potable Reuse
KPI	Key Performance Indicator
MBMWC	Morro Bay Mutual Water Company
MBR	Membrane Bioreactor
Narrows	Eastern
NPDES	National Pollution Discharge Elimination System
NTP	notice to proceed
PCO	Potential Change Order
PPP	Pollution Prevention Plan
Project	Water Reclamation Facility Project
PWAB	Public Works Advisory Board
RWQCB	Regional Water Quality Control Board
SAA	Stream Bed Alteration Agreement
SPI	Schedule Performance Index
TM	Technical Memorandum
TSO	Time Schedule Order
TSS	Total Suspended Solids
UVAOP	Ultraviolet Advanced Oxidation Process
WIFIA	Water Infrastructure Finance and Innovation 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.

1.1.1 Water Reclamation Facility

1.1.1.1 Design

The design for the Water Reclamation Facility (WRF) was completed with the delivery of the Issued for Construction (IFC) drawings and specifications for the WRF on May 22, 2020.

1.1.1.2 Construction

Construction at the WRF site began shortly after the construction notice to proceed (NTP) was issued on March 20, 2020 by the City. Earthwork on the site continued since that time. The City and Program Manager have also continued to work with the California Department of Fish and Wildlife (CDFW) to obtain a Stream Bed Alteration Agreement (SAA) for an erosional feature on the site. The notification was submitted to CDFW in late March 2020. CDFW delivered the Draft SAA on Monday, July 13, 2020 and the SAA was fully-executed by CDFW and City staff on Tuesday, July 14, 2020. The contractor can now access the erosional feature area and commence with filling this area and advancing mass earthwork without any restrictions. The inability for the contractor to access the erosional feature area was unanticipated and has delayed earthwork and created inefficiencies (i.e., moving material multiple times). These delays and inefficiencies will result in the need for a potential change order (PCO) to extend the schedule and increase the guaranteed maximum price (GMP). Now that the SAA has been finalized, the contractor is preparing the PCO. Once the draft PCO is submitted, the City and Program Manager will review it, and begin negotiations before it is presented to Public Works Advisory Board for recommendations and to City Council for review and actions.

The City reported on the crack or separation on the southern tip of the slope being excavated that occurred on May 05, 2020 in the April 2020 Monthly Report. Since that time, the design-build team has completed the revised grading design. The revised grading design is currently being reviewed by the Program Manager, and once the design is finalized, it will be sent to the California Coastal Commission (CCC). The design-build team is currently developing a cost estimate for the impacts of the soil slip. The construction cost to remove the soil slip material and stockpile it alone has been estimated at \$300,000. The cost for the work done by the design-build team's geotechnical engineer and the re-design costs are currently being estimated by the design-build team. It is anticipated that the overall cost of the soil slip will be in the \$500,000 range. However, who bears the responsibility for the costs (i.e., City vs. design-build team) has not yet been determined. The City maintains that the design-build team is responsible for these costs and is still awaiting a memorandum outlining the design-build team's position.

1.1.2 Conveyance Facilities

1.1.2.1 Design

The design was completed in late May 2020 with the delivery of the final drawings and technical specifications to the City.

1.1.2.2 Construction

The Conveyance Facilities component of the Project was advertised for bidding on June 16, 2020. The pre-bid meeting was held virtually on July 07, 2020. Originally, bids were to be opened on July 28, 2020. However, following the pre-bid meeting, the decision was made to extend the bidding period to ensure all contractors have ample time to complete the good faith efforts (GFEs) for disadvantaged business enterprises (DBEs). This requirement is one of the Federal cross-cutters and failing to meet this requirement could make a bid non-responsive. The City still anticipates awarding this component of the Project on September 22, 2020.

1.1.3 Recycled Water Facilities

1.1.3.1 Design

The Project's hydrogeologist (GSI Water Solutions [GSI]) delivered the Draft Phase 2 (Characterization) Technical Memorandum (TM) in March 2020. The City received the Final TM on June 17, 2020. The City and Program Manager will present the results to PWAB at their regularly-scheduled August meeting.

Following delivery of the Final TM, GSI began developing alternative modeling scenarios focused on reducing the amount of water initially injected and extracted to maximize groundwater travel times and make initial permitting of the Project with the Division of Drinking Water (DDW) easier. GSI should have the results of these additional modeling scenarios for presentation to PWAB in August 2020.

Table 1 summarizes some of the key accomplishments and critical challenges identified for the Project through July 15, 2020.

Table 1 Project Accomplishments and Challenges

Project Component	Key Accomplishments	Critical Challenges	Actions to Overcome Challenges	Likely Outcomes
General Project	Continued to support the review of the City's construction loan application by the Clean Water State Revolving Fund (CWSRF) staff.			
	Continued advancing construction on the South Bay Boulevard site.			
Water Reclamation Facility		A soil slip on the site occurred with a volume of approximately 15,000 cubic yards that has resulted in additional work for the design-build team	Negotiate with the design-build team to determine responsibility and minimize the financial impacts from dealing with the soil slip.	Pending the result of the negotiations with the design-build team, the soil slip could result in a future PCO.
Conveyance Facilities	Held the pre-bid meeting on July 07, 2020.			
		Receipt of easements necessary to construct the pipelines in the City's existing bike path.	Work closely with Vistra (Vistra Energy), PG&E, and California Public Utilities Commission (CPUC) to obtain the easements.	Delayed receipt of the easements could complicate or delay construction of the Conveyance Facilities.
Recycled Water Facilities	Received the Final TM (Characterization) from GSI confirming selection of the West injection area.	Receipt of property necessary to construct the injection wells.	Work with Vistra to obtain the property for the injection wells.	Without expediting the schedule, the completion of the injection wells will be delayed (does not impact compliance with the Time Schedule Order (TSO)).

1.2 Quarterly Budget Revision

The original \$126 million baseline budget was developed in June 2018 (Q4 Fiscal Year 2017/2018). 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 2020/2021 (September 30, 2020). A summary of the baseline, reconciled quarterly, and fiscal year budgets are summarized in Table 2. Subsequent budget reconciliations (quarterly) and fiscal year budgets (annual) will also be presented in this table for reference.

Table 2 Budget Revision Summary

Project Component	Baseline (Q4 FY 17/18)	Quarterly Reconciliation (Q3 FY 18/19)	Past Fiscal Year (Q4 FY 18/19)	Quarterly Reconciliation (Q1 FY 19/20)	Quarterly Reconciliation (Q2 FY 19/20)	Quarterly Reconciliation (Q3 FY 19/20)	Current Fiscal Year (Q4 FY 19/20)
Water Reclamation Facility ⁽¹⁾	\$62,414,000	\$74,059,000	\$72,891,000	\$72,598,000	\$72,231,000	\$71,856,000	\$77,828,000
Conveyance Facilities	\$21,087,000	\$27,108,000	\$28,864,000	\$28,524,000	\$29,224,000	\$29,989,000	\$29,840,000
Recycled Water Facilities	\$8,593,000	\$5,366,000	\$5,250,000	\$5,212,000	\$5,353,000	\$5,526,000	\$5,526,000
General Program	\$24,403,000	\$11,614,000	\$11,801,000	\$11,625,000	\$11,701,000	\$12,964,000	\$13,260,000
Construction Contingency ⁽²⁾	\$9,444,000	\$6,450,000	\$7,132,000	\$7,131,000	\$7,364,000	\$10,264,000	\$4,207,000
Total	\$125,941,000	124,597,000	\$125,938,000	\$125,090,000	\$125,873,000	\$130,599,000	\$130,661,000

Notes:

(1) Costs include the design-build agreement with Filanc/Black & Veatch, Carollo, and other consultants.

(2) Breakdown of the current contingency (\$10,264,000) is as follows: WRF = \$1,449,000; Conveyance Facilities = \$2,458,000; and Recycled Water Facilities = \$300,000

Table 3 summarizes the positions and estimates at completion (EACs) for the major elements of the Project through the end of Q4 FY 19/20 when the last budget reconciliation was completed.

Table 3 Estimates at Completion

Project Component	Original Estimates	Initial Contract Value	Current Contract Value	Expenditures to Date	Estimate at Completion
City and Program Management	\$24,403,000			\$4,775,967	\$13,855,000
City Costs ⁽²⁾				\$1,912,770	\$3,845,000
Program Management ⁽³⁾ (Carollo Engineers)		\$293,000	\$6,360,378	\$2,863,196	\$10,010,000
Design/Build WRF	\$62,414,000			\$11,255,345	\$74,927,000
Design/Build (Filanc/Black & Veatch)		\$67,234,512	\$74,926,725	\$11,255,345	\$74,927,000
Conveyance Facilities	\$21,087,000			\$1,807,054	\$26,386,000
Design (Water Works Engineers)		\$1,360,565	\$2,052,387	\$1,807,054	\$2,152,000
Construction				-	\$24,234,000
Recycled Water Facilities	\$8,593,000			-	\$3,575,000
Design				-	\$450,000
Construction				-	\$3,125,000
Contingency	\$9,444,000				\$4,207,000
Water Reclamation Facility					\$1,449,000
Conveyance Facilities					\$2,458,000
Recycled Water Facilities					\$300,000
Other Contracts⁽⁴⁾				\$5,857,849	\$7,711,000
Total	\$125,941,000			\$23,696,215	\$130,661,000

Notes:

- (1) Total expenditures and EAC are based on the budget reconciliation completed for Q3 FY 19/20.
- (2) City costs include staff salaries and benefits, legal services, land acquisition, supplies and equipment, etc.
- (3) Includes total program management costs including public outreach and construction oversight/management.
- (4) Other Contracts includes previous consultants including MKN and Black & Veatch and current consultants including Far Western, ESA, Kestrel, GSI, Bartle Wells Associates, etc.

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 4. The Project's performance is also illustrated graphically in Figures 1 and Figure 2.

Table 4 WRF Project Performance Measures

Performance Measure	Data	Baseline (Q4FY 19/20)	Current (Q4 FY 19/20)	Delta	Status	G	Y	R
1: Total Project Costs	Total Project Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$130.7 M	\$130.7 M	0.0%	G	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.1: WRF Costs	On Site WRF Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$79.3 M	\$79.3 M	0.0%	G	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.2: Conveyance Facilities Costs	Conveyance Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$32.3 M	\$32.3 M	0.0%	G	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.3: Recycled Water Facilities Costs	Off Site Injection Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$5.8 M	\$5.8 M	0.0%	G	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.4: General Project Costs	General Project Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$13.3 M	\$13.3 M	0.0%	G	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
2: Program Manager Earned Value	Ratio of Program Manager Earned Value to Actual Invoiced Cost-to-Date (as of 06/30/20)	1.00	0.99	-0.01	Y	>= 1.00	0.99 to 0.90	< 0.90
3: Schedule Performance Index ⁽¹⁾	Ratio of Planned Percent Complete to Actual Percent Complete (as of 06/30/20)	1.00	1.15	0.15	G	>=1.00	0.99 to 0.80	<0.80
4: Conveyance Pipeline Installed	Feet of conveyance pipeline installed (thru 06/30/20)	18,500 LF	0.0 LF	0.0%	G	<= 5%	> 5% and <=7.5%	> 7.5%
5: Compliance Date Countdown	Days Remaining to Compliance Date (as of 06/30/20)	973 days	794 days	180 days	Y	<= 365 days	364 days and 180 days	> 179 days

Section 3

PROJECT COSTS

3.1 Project Budget

The overall budget status for the Project is summarized in Table 5. 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 5 shows the total amount of work currently under contract and provides a summary of total charges.

Table 5 WRF Project Overall Budget Status (thru June 2020)

Summary of Total WRF Project Cost	
Original Baseline WRF Project Budget ⁽¹⁾	\$125,941,000
Current Fiscal Year WRF Project Budget (as of 6/30/20) ⁽²⁾	\$130,661,000
Current WRF Project Budget (as of 06/30/20) ⁽³⁾	\$130,661,000
Budget Percent Change (Current versus Fiscal Year)	0.0%
Total Expenditures for June 2020	\$1,205,000
Total Expenditures to Date (thru 06/30/20 invoices)	\$23,696,000
Percent of Current WRF Project Budget Expended	18.1%
Summary of Contracted Work	
Total Contracted Amount	\$88,448,000
Percent of Current WRF Project Budget Contracted	67.7%
Total Contracted Amount Expended	\$20,649,000
Percent of Contracted Amount Expended	23.3%
Remaining WRF Project Contracted Amount	\$67,799,000

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

Figure 1 presents the projected and actual expenditures for the Project through June 2020 compared to the Fiscal Year 2020/2021 budget developed at the end of Q4 Fiscal Year 2019/2020. The line graph shows the cumulative values for the Project and the bars show the discrete monthly values. Actual and budgeted expenditures from 2013 to the end of Fiscal Year 2018/2019 have been combined to improve readability. Milestones have been added to the cumulative fiscal year budget and cumulative forecasted expenditures to show changes in the Project schedule that have occurred between development of the fiscal year budget from June 2019 and the current, reconciled budget developed at the end of June 2020. The 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. While the compliance with the TSO has been delayed several months due to consultation with the USFWS, completion of construction of the injection wells has been impacted more significantly due to property acquisition.

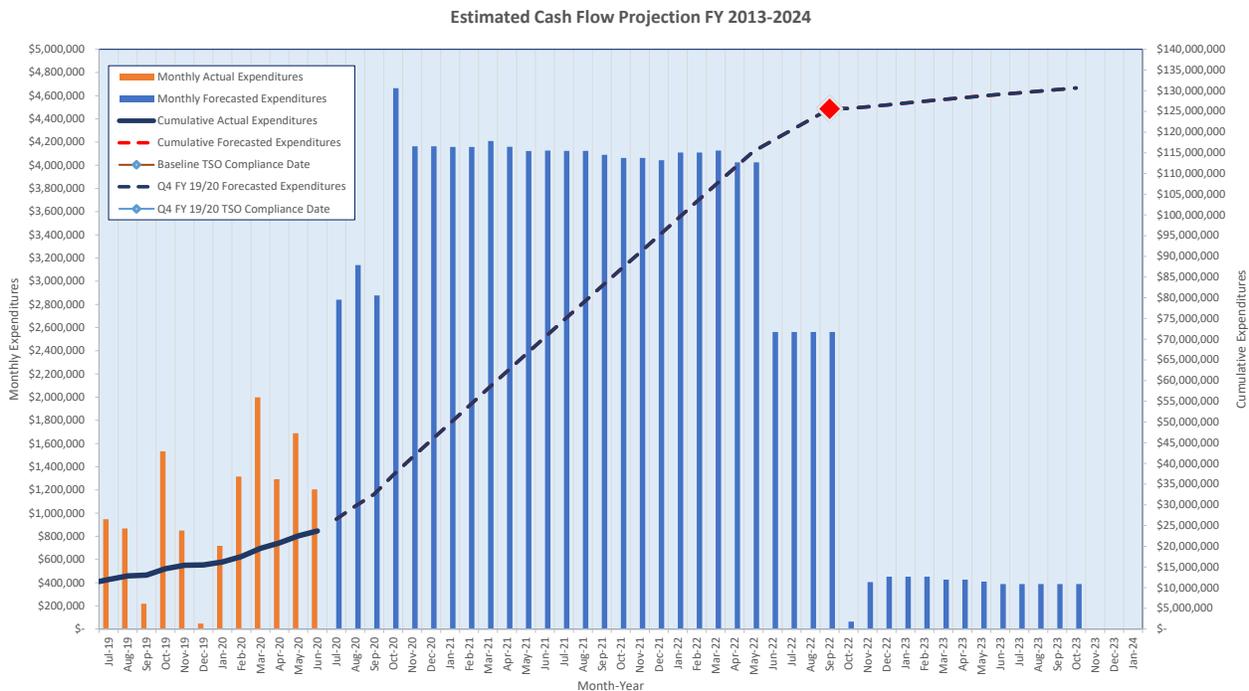


Figure 1 Project Cash Flow Projections and Actual Expenditures

A breakdown of the current Q4 Fiscal Year 2019/2020 budget by fiscal year is included in Table 6.

Table 6 WRF Project Cost Fiscal Year Projections

Project	Actual Expenditures to Date	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Total Project
WRF	\$11,255,000	\$30,074,040	\$29,233,127	\$7,265,107	\$-	\$77,828,000
Conveyance Facilities	\$1,807,000	\$12,881,447	\$15,150,893	\$-	\$-	\$29,840,000
Recycled Water Facilities	\$420,000	\$820,995	\$318,750	\$2,765,625	\$1,200,000	\$5,526,000
General Project	\$10,214,000	\$1,256,338	\$766,874	\$766,874	\$255,625	\$13,260,000
Contingency	\$-	\$1,750,098	\$1,995,885	\$361,013	\$100,000	\$4,207,000
Total	\$23,696,000	\$46,782,918	\$47,465,530	\$11,158,619	\$1,555,625	\$130,661,000

Notes:

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

3.3 Project Cost Summary

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

Table 7 WRF Project Cost Summary (through June 2020)

Project	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)	Total Project Cost (Est.) ⁽¹⁾	Cost Expended to Date (%)
General PM	\$6,986,000	\$10,849,000	64.4	\$13,260,000	52.7
WRF	\$11,255,000	\$74,927,000	15.0	\$79,278,000	14.2
Conveyance Facilities	\$1,807,000	\$2,052,000	88.1	\$32,298,000	5.6
RW Facilities	\$601,000	\$621,000	96.8	\$5,825,000	10.3
Total	20,649,000	\$88,449,000	23.3	\$130,661,000	15.8

Notes:

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

(2) Actual total expenditures are equal to \$23,696,000 (Table 6), but includes \$3,047,000 of uncontracted costs including City costs (i.e., labor, expenses, etc.)

3.4 Detailed Project Costs

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

Table 8 General Project Activities Cost Summary (through June 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
ESA	\$412,080	\$412,320	99.9
Far Western	\$214,783	\$282,014	76.2
Bartle Wells Associates	\$65,580	\$100,800	65.1
JoAnn Head Land Surveying	\$97,693	\$102,644	95.2
JSP Automation	\$21,778	\$63,500	34.3
Carollo Engineers, Inc. ⁽¹⁾	\$2,863,196	\$6,360,378	45.0
Total	\$3,675,110	\$7,321,656⁽²⁾	50.2

Notes:

(1) Total estimate at completion for Program Management/Construction Management is projected at \$10.0 million.

(2) Table only includes contracts that are currently active. The total contracted amount for General Project is \$10,849,000 and includes consultants including MKN, etc.

Table 9 WRF Cost Summary (through June 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
Overland Contracting	\$11,255,345	\$74,926,725 ⁽¹⁾	15.0
Total	\$11,255,345	\$74,926,725	15.0

Notes:

(1) Cost includes final value for Amendment No. 1, Amendment No. 2, and Amendment No. 3 of \$1,636,060, \$63,937, and \$5,992,217, respectively and the original contract value of \$67,234,512.

Table 10 Conveyance Facilities Cost Summary (through June 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
Water Works Engineers (WWE)	\$1,807,054	\$2,052,387	88.0
Total	\$1,807,054	\$2,052,387	88.0

Table 11 Recycled Water Facilities Cost Summary (through June 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
GSI	\$489,864	\$508,947	96.3
Middle Earth	\$6,570	\$6,810	96.5
Total	\$496,434	\$515,757⁽²⁾	96.3

Notes:

(1) Cost includes final value for Amendment No. 1, Amendment No. 2, and Amendment No. 3 of \$1,636,060, \$63,937, and \$5,992,217, respectively and the original contract value of \$67,234,512.

(2) Table only includes contracts that are currently active. The total contracted amount for General Project is \$621,000 and includes consultants including V&A.

3.5 Change Orders

In May 2019, City staff and the Program Manager presented seventeen (17) PCOs with a total value of \$1.9 million for the WRF to the Water Reclamation Facility Citizens Advisory Committee (WRFCAC) and the City Council. The City Council approved these PCOs and authorized City staff to update the design-build team's contract and associated GMP. Since that time, the City and Program Manager have worked with the design-build team to value engineer Change Order No. 10 and reduce the cost by more than \$200,000. The City therefore amended the value for Amendment No. 1 to \$1,636,060 that was executed by the City in January 2020.

During Q3 FY 2019/2020 the City Manager authorized PCO No. 65, which was required to bring the design-build agreement in compliance with the appropriate prevailing wage rates (i.e., Davis-Bacon) required by the WIFIA and CSWRF programs.

In May 2020, the City staff and Program Manager presented an additional twenty six (26) PCOs to the Public Works Advisory Board (PWAB) and the City Council with a total cost of \$5,992,217.

These PCOs were also approved by City Council. The forty four (44) approved change orders are summarized in Tables 12, 13, and 14.

Table 12 Summary of Approved Change Orders (Amendment No. 1)

Contract	Change Order No.	Description	Value
WRF	01	New Sodium Hypochlorite Feed for Plant Water	\$78,576
WRF	02	Change Architecture of Operations Building	\$(21,623)
WRF	03	Headworks Odor Control	\$18,422
WRF	04	Remove Canopy and Monorail at membrane bioreactor (MBR)	\$(185,434)
WRF	05	Consolidate Chemical Facilities	\$218,978
WRF	06	Modify Chemical Piping	\$(15,856)
WRF	07	Remove Solids Dumpster Lid	\$14,543
WRF	08	Add SAFE Equalization Tank	\$504,116
WRF	09	Instrumentation and Control Changes	\$75,266
WRF	10	Revise Maintenance Building Layout and Size	\$516,583
WRF	11	Influent Piping and Metering	\$411,766
WRF	12	Install Outdoor-Rated Positive Displacement Blowers at BNR Facility	\$(58,210)
WRF	13	Remove Bypass of Coarse Screens	\$(37,137)
WRF	14	SAFE Diversion Box Additions	\$58,304
WRF	15	Size Dewatering as a Building in the Future	\$30,983
WRF	16	Stairs for the Coarse Screens and Grit Basins (total of 4)	\$52,870
WRF	17	Indirect Potable Reuse (IPR) Product Water Tank Bypass	\$(26,087)
Total			\$1,636,060

Table 13 Summary of Approved Change Orders (Amendment No. 2)

Contract	Change Order No.	Description	Value
WRF	65	Davis-Bacon Wage Increases	\$63,937
Total			\$63,937

Table 14 Summary of Approved Change Orders (Amendment No. 3)

Contract	Change Order No.	Description	Value
WRF	16	Modify Outfall Pump Station	\$367,632
WRF	19	Reduce Size of the Product Water Tank	\$(129,681)
WRF	32	Sulfuric Acid System	\$315,652
WRF	37	PLC/SCADA Software Uniformity (MBR, RO, and Headworks Only)	\$201,577
WRF	39	NTP Delay	\$1,220,532
WRF	40	Headworks Valve Automation	\$249,946
WRF	41	Perimeter Barbed Wire Fence	\$79,935
WRF	42	UV/AOP System Modifications	\$(33,481)
WRF	44	Tank Access Improvements	\$210,327
WRF	45	Maintenance Ceiling Revisions and Automated Roll-Up Door	\$21,009
WRF	46	Curbed Washdown Areas	\$76,250
WRF	47	Changes to Furnishings and Residential Equipment	\$85,194
WRF	50	Revisions to Water/Sewer Supply Storage Sheds	\$13,142
WRF	52	Analyzer Relocation and Enclosures	\$76,555
WRF	55	Notice of Dispute - PG&E Temporary Power	\$13,163
WRF	56	Impacts of Water Quality Changes	\$282,420
WRF	57	Soil Lateral Earth Pressure	\$116,329
WRF	58	Permanent Exclusion Fencing	\$855,991
WRF	59	Increased Escalation Costs	\$1,232,677
WRF	61	PCO Design Impacts	\$158,172
WRF	62	Conduit Alternative Design	\$(268,400)
WRF	64	Reduce Performance Period	\$(35,450)
WRF	66	Caltrans Intersection Improvements	\$(21,893)
WRF	67	BNR System Modifications	\$742,405
WRF	68	SAFE Equalization Settle Tank Drain Piping	\$62,215
WRF	69	Third Party Inspection and Testing	\$100,000
Total			\$5,992,217

3.6 Reimbursement from Funding Agencies

In 2017, the City was awarded a \$10.3 million planning loan from the Clean Water State Revolving Fund (CWSRF) program. To date, the City has made three reimbursement requests for the planning loan. An additional reimbursement request is anticipated to fully exhaust the entire loan amount. In February 2020, the City executed a \$61.7 loan with the Environmental Protection Agency’s (EPA’s) Water Infrastructure and Innovation Act (WIFIA) program. To date, a total of two reimbursement requests have been made. A summary of these requests is presented in Table 15.

Table 15 Summary of Reimbursement Requests

Agency	Description	Type	Number	Date	Requested Amount	Approved Amount
State Water Board	CWSRF Planning Loan	Loan	01	December 2018	\$289,595	\$217,441
State Water Board	CWSRF Planning Loan	Loan	02	November 2019	\$6,431,925	\$5,312,748
State Water Board	CWSRF Planning Loan	Loan	03	December 2019	\$3,803,501	TBD
EPA	WIFIA	Loan	01	May 2020	\$1,100,944	\$1,100,944
EPA	WIFIA	Loan	02	June 2020	\$61,014	\$61,014
Total					\$11,686,979	\$6,692,147

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. The dark blue bars represent the current actual progress through June 2020. 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 planned percent complete versus the current actual 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

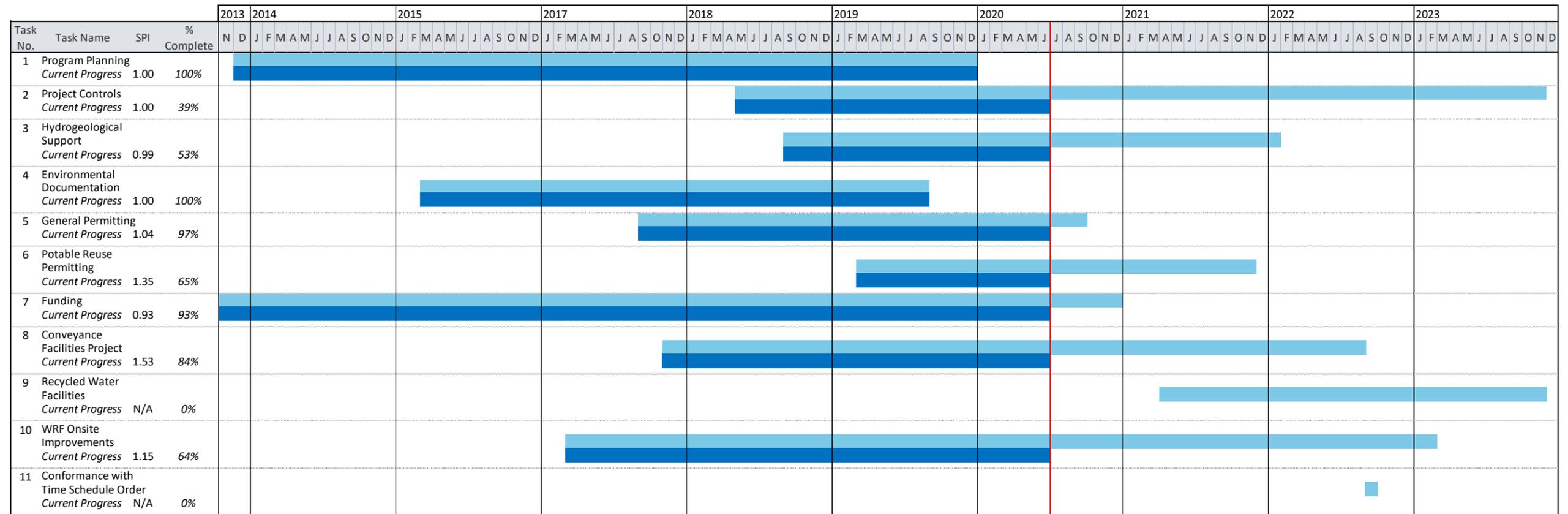
In June 2018, the City received a TSO from the RWQCB. The TSO requires the City to comply with a time schedule that will, within five years of adoption, allow the City to achieve full compliance with biochemical oxygen demand (BOD) and total suspended solids (TSS) final effluent limitations established in Order No. R3-2017-0050. In addition to the final compliance date, a number of intermediate milestones are provided in Table 3 (Compliance Schedule) of the TSO. Presented in Table 16 are the milestones in the TSO.

Table 16 Time Schedule Order Milestone Summary

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 ⁽¹⁾	-
Award of Contract for Construction of Conveyance Facilities	November 30, 2019	September 22, 2020	-
Completion of WRF Improvements with Completion Report	December 30, 2022	September 02, 2022	-
Full compliance with final effluent limitations	February 29, 2023	September 02, 2022	-

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 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: 1.15
 Program % Complete: 76%

Baseline Schedule
 Actual Progress-To-Date

Figure 2 Project Summary Schedule

An expanded milestone schedule has also been developed for outstanding Project activities.

Table 17 Expanded Milestone Schedule

Milestone	Baseline Schedule due Date	Planned Completion Date
<u>General Project</u>		
Compliance with the TSO ⁽¹⁾	November 11, 2021	September 02, 2022
<u>Water Reclamation Facility</u>		
Begin Construction	August 08, 2019	March 20, 2020 (Actual)
Deliver 90 Percent Design	October 24, 2019	March 31, 2020 (Actual)
Substantial Completion	November 11, 2021	September 02, 2022
Final Completion	June 09, 2022	October 31, 2022
<u>Conveyance Facilities</u>		
Deliver 90 Percent Design	October 15, 2019	February 10, 2020 (Actual)
Deliver 100 Percent Design	December 17, 2019	June 15, 2020 (Actual)
Bid Advertisement	February 21, 2020	June 16, 2020 (Actual)
Award Construction Contract	May 08, 2020	September 22, 2020
Substantial Completion	September 17, 2021	March 30, 2022
Final Completion	November 19, 2021	June 01, 2022
<u>Recycled Water Facilities</u>		
Select Preferred Injection Area	May 28, 2019	June 17, 2020 (Actual)
Deliver 30 Percent Design	August 04, 2020	December 01, 2021
Deliver 60 Percent Design	November 10, 2020	March 09, 2022
Deliver 90 Percent Design	February 16, 2021	June 15, 2022
Deliver 100 Percent Design	April 27, 2021	August 24, 2022
Award Construction Contract	July 21, 2021	November 16, 2022
Substantial Completion	April 21, 2022	September 20, 2023
Final Completion	June 21, 2022	November 15, 2023

Notes:

(1) The TSO requires compliance with full secondary treatment by February 28, 2023.

Section 5

DESIGN AND PROCUREMENT

5.1 Design Status

No new design contracts for the Project were executed in Q4 Fiscal Year 2019/2020. A summary of the existing design contracts is included in Table 18 below.

Table 18 Procurement Status (through June 2020)

Project Name	Current Contract Amount	Amount Expended	30%	60%	90%	100%	Final
WRF	\$74,926,725	\$11,255,345	✓	✓	✓	✓	NA
Conveyance Facilities	\$1,869,707 ⁽¹⁾	\$1,807,054	✓	✓	✓	✓	✓
Recycled Water Facilities	\$0	\$0					

Notes:

(1) The total value of the Water Works Engineers is \$2,052,387, but includes \$182,680 for engineering services during construction.

5.2 Procurement

No design or design-build contract procurements were performed in Q4 FY 2019/2020. Table 19 presents a summary of the procurement activity for the Project.

Table 19 Procurement Status (through June 2020)

Project Name	Circulate Request for Proposals	Proposal Opening Date	Council Award Date	Notice to Proceed Date	Consultant
WRF	January 24, 2018	May 8, 2018	October 23, 2018	November 01, 2018	Overland Contracting (Filanc-Black & Veatch)
Conveyance Facilities	January 31, 2017	March 8, 2017	November 14, 2017	November 15, 2017	Water Works Engineers
Recycled Water Facilities	Design Engineer to be Selected in 2020				

Section 6

CONSTRUCTION STATUS

6.1 Construction Summary

During Q4 Fiscal Year 2019/2020, construction began for the WRF. Table 20 presents a summary of project construction progress and costs through June 2020.

Table 20 Project Construction Costs

Project Name	Amount Expended	Initial Contract Amount	Current Contract Amount	% Change in Contract Amount
WRF	\$11,255,345	\$67,234,512	\$74,926,725	11.4
Conveyance Facilities	\$0	\$0	\$0	0
Recycled Water Facilities	\$0	\$0	\$0	0
Construction Total	\$11,255,345	\$67,234,512	\$74,926,725	11.4

6.2 Upcoming Traffic Control

6.2.1 Planned Impacted Areas

As the Conveyance Facilities component of the Project has not yet started construction, no traffic control activities are planned at this time.

6.2.2 Hours of Planned Lane/Road Closures

As the Conveyance Facilities component of the Project has not yet started construction, no lane or road closures are planned at this time.

6.3 Construction Safety

The Project safety goal is zero reportable incidents. There has been a total of zero reported incidents through June 2020.

Section 7

OTHER PROGRAM ACTIVITIES

7.1 Public Outreach

In April 2020, the City launched a new website as the online hub of Project documents, informational materials, and construction information. Since this time, the City and Program Manager have worked to make sure that the information on the website is kept as up to date as possible. The City is also currently developing new content targeted at addressing the safety of potable reuse and the City's new enhanced source control program (ESCP). This new content will be uploaded to the website sometime in Q1 Fiscal Year 2020/2021.

7.2 Permitting Activities

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

- DDW:
 - The Program Manager delivered an initial Draft of the Title 22 Engineering Report to the City for review in June 2020. The revised draft, including comments from City staff, will be submitted to DDW in July 2020.
- Caltrans:
 - Continued working with Caltrans to obtain the encroachment permit necessary to construct the Conveyance Facilities pipelines.
- CDFW:
 - Obtained the Final SAA from CDFW on July 14, 2020.

7.3 Funding Status

- Continued to support CWSRF's technical, legal, and financial reviews. The City anticipates signing a loan agreement with CWSRF by the end of 2020.

7.4 City Operations Activity

The current City Operations activities include:

- Significant City Operations activities are not anticipated until start-up of the WRF begins in early 2022.

Section 8

PROJECT DETAILS

8.1 Water Reclamation Facility

8.1.1 Design/Build

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

8.1.2 Project Scope

The scope of this element of the Project includes a preliminary, secondary, and advanced treatment facilities. The secondary treatment processes will consist of a MBR and have the ability to exceed the anticipated discharge requirements for the City's new National Pollution Discharge Elimination System (NPDES) permit. The advanced treatment facilities include RO and Ultraviolet Advanced Oxidation Process (UVAOP). Purified water from the advanced treatment facilities will be injected into the Lower Morro Groundwater Basin.

8.1.3 Current Progress

The design-build team delivered the IFC drawings and specifications in May 2020 and began construction at the South Bay Boulevard site began in late March 2020.

8.1.4 Project Challenges

The City will be working with the design-build team over the next quarter to negotiate the costs associated with the schedule issues caused by the CDFW SAA process and determining responsibility for the cost of additional work associated with the soil slip.

Table 21 WRF Performance Measures

Performance Measures	Target	Current	Status
Construction Cost ^{(1),(2)}	\$67.2M	\$74.9M	
Construction Contingency ^{(3),(4)}	\$9.2M	\$1.5M	

Notes:

- (1) Project budget and current contract amount ($\leq 5\%$ over target = Green, between 5% and 10% over target = Yellow, $> 10\%$ over target = Red).
- (2) The GMP includes costs for both design and construction of the WRF.
- (3) Project budget and current amount ($\leq 50\%$ of target = Green, between 0% and 50% of target = Yellow, $\leq 0\%$ of target = Red).
- (4) The Program Manager initially allocated \$6.2 million for contingency for the WRF component of the project. During Q3 Fiscal Year 2019/2020, and additional \$2.9 million in contingency was added to the budget to cover Amendment No. 3. With execution of Amendment No. 1, 2, and 3, \$7.7 million has been moved from contingency to the GMP leaving \$1.5 million in contingency.

Table 22 WRF Construction Summary

Schedule			
Request for Bid / Bid Advertisement	January 24, 2018		
Bid Opening Date	May 08, 2018		
Contract Award / Council Award Date	October 23, 2018		
Notice to Proceed (Design)	November 05, 2018		
Notice to Proceed (Construction)	March 20, 2020		
Original Final Completion Date	October 01, 2021		
Original Duration (Non-Working Days)	1,061		
Days Changed by Change Order	336		
Actual Final Completion Date (including Non-Working Days)	October 31, 2022		
Schedule Percent Complete	41.4%		
Budget			
Engineer's Estimate (Construction Cost + 10% Construction Contingency)	\$73,475,845		
Award Amount (including Design Cost)	\$67,234,512		
Change Order Total	\$7,692,213		
Current Contract Value	\$74,926,725		
Percent Change	11.4%		
Work Completed			
Actual Cost -to-Date	\$11,255,345		
Percent Complete (Percent Expended)	15.0%		
Construction Oversight Statistics			
	PCOs	COs	NOPCs
Total Received	74	N/A	5
Total Approved	N/A	44 ⁽¹⁾	2 ⁽²⁾
Total Pending	24	N/A	3 ⁽³⁾
Average Turnaround (calendar days)	N/A	N/A	N/A

Acronym List:

PCO – Proposed Change Order; CO – Change Order; NOPC – Notice of Potential Claim

Notes:

- (1) 44 PCOs have been approved and are reflected in Amendment No. 1, 2, and 3 to the design-build agreement.
- (2) Two (2) notice of potential claims are addressed with the PCOs.
- (3) The City has received a letter from the contractor regarding their right to claim for the schedule issues created by CDFW, COVID-19 impacts, and the soil slip that occurred during grading activities.

8.2 Conveyance Facilities

8.2.1 Designer

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

8.2.2 Contractor

This element of the Project is being delivered via a conventional design-bid-build procurement process. The Conveyance Facilities design has been completed and this component of the

Project is currently being advertised for bidding. The City anticipates opening bids on August 12, 2020.

8.2.3 Project Scope

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

8.2.4 Current Progress

In May 2020, WWE delivered the 100 percent design submittal and this component of the Project is currently in the bidding phase.

8.2.5 Upcoming Activities

The City intends to open bids for this component of the Project in August 2020 and award in September 2020.

8.2.6 Project Challenges

The City continues to work with PG&E and Vistra to secure the easements necessary to construct the pipelines in the City’s existing bike path and replace the force main from Lift Station 2. The City is also working closely with CDFW and Caltrans to secure the necessary SAA and encroachment permit, respectively.

Table 23 Conveyance Facilities Performance Measures

Performance Measures	Target	Current	Status
Construction Cost ⁽¹⁾	\$0.0M	\$0.0M	
Construction Contingency ⁽²⁾	\$2.5M	\$0.0M	
Number of Feet of Pipelines Constructed ⁽²⁾	18,500 LF	0 LF	
Number of Days of Full Road Closures ⁽¹⁾	0 Days	0 Days	
Number of Hours of Night Work	0 Hours	0 Hours	

Notes:

- (1) Project budget and current contract amount (≤5% over target = Green, between 5% and 10% over target = Yellow, >10% over target = Red).
- (2) Project budget and current amount (≤50% of target = Green, between 0% and 50% of target = Yellow, ≤0% of target = Red).

Table 24 Conveyance Facilities Summary

Schedule					
Request for Bid / Bid Advertisement	NA				
Bid Opening Date	NA				
Contract Award / Council Award Date	NA				
Notice to Proceed for Construction	NA				
Original Final Completion Date	NA				
Original Duration (Non-Working Days)	NA				
Days Changed by Change Order	0				
Actual Final Completion Date (including Non-Working Days)	NA				
Schedule Percent Complete	0%				
Budget					
Engineer's Estimate (Construction Cost + 10% Construction Contingency)	\$26,657,000				
Award Amount	\$0				
Change Order Total	\$0				
Current Contract Value	\$0				
Percent Change	0%				
Work Completed					
Actual Cost -to-Date	\$0				
Percent Complete (Percent Expended)	0%				
Length of Pipe Installed (actual to date / planned total)	0 LF / 18,500 LF				
Construction Management Statistics					
	RFIs	Submittals	PCOs	COs	NOPCs
Total Received	0	0	0	0	0
Total Responded To	0	0	0	0	0
Total Pending	0	0	0	0	0
Average Turnaround (calendar days)	0	0	N/A	N/A	N/A

Notes:

Acronym List:

RFI – Request for Information; PCO – Proposed Change Order; CO – Change Order; NOPC – Notice of Potential Claim

8.3 Recycled Water Facilities

8.3.1 Designer

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

8.3.2 Contractor

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

8.3.3 Project Scope

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

8.3.4 Current Progress

Since beginning work in November 2018, GSI has completed several of the tasks necessary to inject purified water with a series of injection wells in the Lower Morro Groundwater Basin. To this end, GSI has:

- Installed groundwater monitoring devices in all of the City's active production wells and seawater wells.
- Utilized the numerical groundwater model of the Lower Morro Groundwater Basin for particle tracking and solute transport modeling.
- Characterized the Eastern (Narrows) area of the basin with cone penetration testing (CPT), characterized the hydrogeological characteristics of the Narrows area with installation of a monitoring well and conducting aquifer testing.
- Began coordination with Vistra for the evaluation of the western injection site through use of an injection well.
- Developed a draft report that recommends the Western injection area as the preferred injection location.
- Determined that the Morro Bay Mutual Water Company (MBMWC) well is not sufficient for use as a pilot injection well.

In June 2020, GSI delivered the Final TM summarizing the characterization of the Eastern and Western injection areas and confirming a preferred injection location. GSI's analysis indicates that the Western injection area is preferred for the following reasons:

- Higher transmissivity exists in the Western area compared to the Narrows area.
- Retention times are longer from the Western area than from the Narrows area.
- Injection wells located in the Western project area would provide greater mitigation against seawater intrusion during dry periods.
- Western area is undeveloped, potentially resulting in fewer constructability issues.
- The potable reuse pipeline alignment is immediately adjacent to the Western area.

The City is moving forward with pursuing the Western injection area exclusively.

8.3.5 Upcoming Activities

Following delivery of the Final TM, GSI began modeling a number of alternative scenarios aimed at maximizing the groundwater retention time by varying the volume of purified water injected and later extracted. Groundwater retention time is critical for permitting with DDW. While all the work done by GSI has shown that the total flow to the WRF can be injected into the aquifer (i.e., 825c acre-feet per year [AFY]), the ability to initially show longer retention times to DDW will aid the permitting process.

Following the additional modeling effort, GSI recommends a longer-term pumping test using City wells, pilot injection testing, and geophysical characterization of a bedrock ridge, and careful site-selection of potential injection well.

8.3.6 Project Challenges

The City is currently using the eminent domain process to acquire the land from Vistra necessary to construct the injection wells. The pre-possession hearing will occur on July 3rd, 2020.

Table 25 Recycled Water Facilities Performance Measures

Performance Measures	Target	Current	Status
Construction Cost ⁽¹⁾	\$0.0M	\$0.0M	
Construction Contingency ⁽²⁾	\$0.3M	\$0.0M	

Notes:

- (1) Project budget and current contract amount (≤5% over target = Green, between 5% and 10% over target = Yellow, >10% over target = Red).
- (2) Project budget and current amount (≤50% of target = Green, between 0% and 50% of target = Yellow, ≤0% of target = Red).

Table 26 Recycled Water Facilities Summary

Schedule					
Selection of the Injection Site					NA
Request for Bid / Bid Advertisement					NA
Bid Opening Date					NA
Contract Award / Council Award Date					NA
Notice to Proceed for Construction					NA
Original Final Completion Date					NA
Original Duration (Non-Working Days)					NA
Days Changed by Change Order					0
Actual Final Completion Date (including Non-Working Days)					NA
Schedule Percent Complete					0%
Budget					
Engineer's Estimate (Construction Cost + 10% Construction Contingency)					\$3,300,000
Award Amount					\$0
Change Order Total					\$0
Current Contract Value					\$0
Percent Change					0%
Work Completed					
Actual Cost -to-Date					\$0
Percent Complete (Percent Expended)					0%
Work Completed					
	RFIs	Submittals	PCOs	COs	NOPCs
Total Received	0	0	0	0	0
Total Responded To	0	0	0	0	0
Total Pending	0	0	0	0	0
Average Turnaround (calendar days)	0	0	N/A	N/A	N/A

Acronym List:

RFI – Request for Information; PCO – Proposed Change Order; CO – Change Order; NOPC - Notice of Potential Claim

No.	Question	City/Program Manager Responses
1	<p>Cash Flow Questions More than \$23 M have been recorded on the Project. \$10.5 M has been requested from the SRF Planning loan dating back to 2019. \$4.6 M has been requested from WIFIA loan. We have received only \$1.4 M to date from loan requests.</p> <p>We have known for over a year that cash flow is an issue; in fact, the Blue-Ribbon Committee specifically addressed this concern.</p> <p>I understand there is a “hope” that we will soon receive some of these requested funds, but we still are behind at making requests to the tune of almost \$10 M and our expenditures will now be increasing per Figure 1 of the Quarterly Report to the tune of \$3 – 4 M/month.</p> <p>What steps have been or are going to be taken to address this significant concern? Do any of the furloughed workers have the skills to support this weakness in the current system?</p>	<p>Pages 7 and 8 of the staff report summarize the reimbursement request process for both the SRF planning loan and WIFIA.</p> <p>The City’s Management Analyst has been assigned to process WIFIA reimbursements which has been working out very well. It is envisioned this would continue once SRF funding is finalized.</p>
2	<p>Budget/Estimate/Forecast Questions A normal best practice when creating a new forecast is to explain the differences between the prior and the new. Since this has not been done, I am left with the following questions:</p>	
2a	<p>Understanding that the funds for the operations and capital improvements for the water treatment both are from the same source that is not the case for funds available for the new WRF which can be funded by low interest loans. Why then is the City reducing the costs to be allocated to the WRF when those could be funded by these low interest loans?</p>	<p>I am not sure I am understanding the question, perhaps you could rephrase?</p>
2b	<p>The budget line item for electricity was reduced by exactly \$200,000? What is this line item for? I had been led to believe it was for the line extension at the WRF, but have since been advised that scope is part of the Overland contract.</p>	<p>The estimate being carried for providing new electrical service to four (4) locations including the WRF, PS-A, PS-B, and the injection wells was revised based on discussions with PG&E and the design-build team.</p>
2c	<p>What is the forecast from Carollo for their support through the end of the Project? This forecast would logically include all costs associated with managing all 3 aspects of the Project including the slipped schedule for Water Injection and any and all construction management for all 3 phases.</p>	<p>For the Q3 FY 19/20 budget reconciliation the estimate was \$9.8 million. It is now \$10 million.</p>
2d	<p>The Conveyance Bid Package stated, “The Engineer’s estimate for the project is approximately \$27,000,000.” Waterworks was contractually obligated to produce an estimate based on their final design. Is the \$27 M estimate the estimate based on their final design and the construction requirements document with somewhat onerous conditions to minimize the Quintana impact. Logic would suggest that Waterworks and Carollo believe there were no engineering changes suggesting increased costs and alternatively there were no changes to decrease the cost. Likewise, for the Quintana restrictions, it can be logically deducted that neither Carollo nor Waterworks believe this would cause any increase in their estimate. In summary, does Carollo believe that any variances in bid costs would NOT be attributed to either issue?</p>	<p>Need some clarification here, but the final engineer’s estimate is based on a detailed estimate provided with the final design developed by Water Works that corresponds to the final bid form and includes an additional 10 percent construction contingency (i.e., reserve for change orders). We therefore anticipate bids to come in around \$24.5 million. Water Works fulfilled their contractual obligation. The estimate is based on the final design and takes into account the anticipated production by the contractor in light of all of the construction constraints outlined in the bid documents.</p>

No.	Question	City/Program Manager Responses
2e	Typically, the contingency applied to a Conceptual Estimate is 40% and to an Order of Magnitude Estimate as much as 100%. Given the tremendous uncertainty associated with the Water Injection component of this Project, why is the contingency less than 10%?	The \$3 million construction estimate for the Recycled Water Facilities is based on an estimate of approximately \$2.2 million (including escalation to mid-point of construction in June 2023) from the Master Reclamation Plan for the various components for this part of the Project. This represents a design contingency of approximately 35 percent. An additional 10 percent construction contingency has also been included.
2f	Given some significant increases in Soft costs, why is there NO contingency for this issue? Obviously there have been increases in the “non-construction” aspects of this Project such as the \$300,000 increase in legal fees and the \$850 K increase in Land Acquisition – neither of which has been explained in any monthly report.	This was originally discussed with the Blue Ribbon Commission and the estimates for various soft costs included contingencies. However, no specific contingency fund was identified.
2g	At the last CFAC meeting, Eric was asked by the Chair, “what the land acquisition costs were?” he replied about \$300,000. The recorded costs at that time were far in excess of the “about” \$300 K. The budget which would have been known at that time suggested over \$1.2 M. Some of this is now known to be a decision to buy instead of lease some site access. What is the \$1.2 M for? What changed (what do you now know that you reasonably would have not known previously) to cause such a significant increase? Note that it was not clear how to understand what the recorded costs were for in the “transparent” OpenGov.	The Program Manager apologizes if he misinterpreted the question. The cost for purchase of the South Bay Boulevard (Tri-W) property was approximately \$325,000. To date, a total of approximate \$750,000 has been spent on property acquisition. The previous estimate of \$1.2 million has been increased to approximately \$1.5 million based on the additional costs associated with the Shepherd property. These costs include the following: WRF site (Tri W), easements WRF access (Shepherd), pipeline easements (Vistra and PG&E), real property for injection wells (Vistra), and real property for a laydown area near the Embarcadero. Various appraisal costs are also included.
2h	Accounting Principles indicate that Startup costs are part of the Capital costs of a Project. It appears that no allowance has been included for the training of WRF personnel and their support of the startup. What are the estimated costs for chemicals, electricity, labor, etc. for the support of startup?	The design-build team is responsible for start-up costs through the 14-day acceptance testing. Following successful completion of this testing, the existing WWTP is no longer operating and the increased cost for operation of the new WRF is included in the O&M estimates used in the rate study and updated by Bartle Wells in 2019 and 2020. There is no time when the City is responsible for the costs of operating two treatment facilities.
2i	For some reason the Training activity was removed from the schedule. Does that imply that some costs associated with this activity have also been removed or not included? And can we assume that training materials and training by Overland IS included in their contract?	Training has been inadvertently omitted from the schedule and can be added back in. The responsibility and costs for training is on the design-build team.
2j	Why are the WRF Litigation costs not included in the totals? I would assume they will be paid from WRF funding rather than the General Fund or some other liability account. I understand the request from Council to highlight the burden placed on this Project by “interested” citizens.	WRF litigation costs are represented in the increased budget for the City Attorney for the Project. This is primarily associated with the eminent domain with Vistra.
2k	Specific Contracts: Unfortunately, OpenGov is not particularly user-friendly, but in trying to get a handle on some of the issues, I looked at Government Relations by Ferguson. It appears that they are fairly routinely charging about \$4,500/month. Will their efforts effectively be complete by year-end?	Ferguson has been paid a monthly retainer of \$4,500, but their services will no longer be used after FY 19/20.
2l	Given the great uncertainties associated with the Vistra & PG&E issues, what forecast allowances have been included to resolve this problem?	As stated previously, the additional costs for eminent domain for Vistra have been reflected in the increased estimate for City Attorney costs for the project. The budget also includes \$500,000 for the purchase of easements (PG&E and Vistra) and real property (Vistra) for the pipelines and injection wells.
3	Quarterly Report Questions As has been stated frequently by my colleague, Bill Bowes, this Report could be significantly streamlined – reduced work. Given we are paying Carollo for this, it would seemingly make sense	

City of Morro Bay

Water Reclamation Facility Project

Citizen’s Finance Advisory Committee

Responses to Questions Received for the July 21, 2020 Meeting



No.	Question	City/Program Manager Responses
	to give this more thought. Most of these comments/questions would be moot if Bill’s insight were heeded.	
3a	Please provide consistency in the naming conventions of the Quarterly Reports – last was Quarterly Report March 2020/Final – May 2020. This one on is Quarterly Report June 2020/Final – July 2020.	The report title have stayed consistent. Starting in March 2020, the Program Manager worked with City staff to change the schedule doe delivery of the monthly and quarterly reports and they now lag by two months. This change was made at the start of construction to accommodate the tight time period between the close of the quarter, review and approval of construction payment applications/invoices, and the timing for completion of the report (typically the second week of the month). This month is an exception as City staff requested the Program Manager fast track the quarterly report for CFAC in July since a meeting had been scheduled. The next quarterly report (September 2020) would be delivered in November 2020.
3b	Suggest all of the acronyms be placed at the end of the report.	Noted.
3c	While small, please explain the variance between the 1st Q forecast of \$130,599,000 and the 2nd Q forecast of \$130,661,000. Since there are 6 different tables which include this amount in various ways, it makes it difficult to review.	The small increase is a result of additional budget for construction management for the Conveyance Facilities and permitting assistance (Carollo) and additional property acquisition costs (Shepherd property), but was offset by a reduction in the cost being carried for establishment of the various electrical services after discussions with PG&E and design-build team. Hence, only a minor change from the Q3 FY 19/20 budget reconciliation.
3d	Note that in addition to 6 different tables which reference the total forecast, there are 9 different tables which refer to the WRF component forecast. I question that this provides clarity, and in my opinion, it adds complexity to the creator and the reader of this information.	Noted.
3e	Given the significance of the recently executed agreement with CDFW, if not already done, please add to the WRF on-line library.	Noted. The agreement was finalized on June 14, 2020 and will be placed on the Project website.
3f	Table 1: Is there a schedule impact to the soil slip issue?	Yes. It is reflected in the shift in the substantial and final completion dates for the WRF in the Program Schedule.
3g	Table 1: Due to the continued significance of the easement issues with Vistra and PG&E, why are these issues seemingly not found on the integrated schedule? Please add these as that is how you determine the critical path – these issues are likely on the critical path.	PG&E is no longer an issue as they have confirmed they will not challenge the City’s request for pre-judgment possession for the easements. For Vistra, construction can start before the City has possession of the easements. The pre-judgement possession hearing is on July 31, 2020. If the finding is not favorable to the City, this issue will be updated in the construction constraints and provided to the bidders via addenda.
3h	Table 2: Note 2 on Table 2 is incorrect; this is but one example of the need for better attention to detail on these reports.	Noted. This has been corrected for the version that will be provided to City Council.
3i	Table 3: What is the basis for the increase of almost \$200,000 for Carollo? And in general, changes in these basic values should always be explained.	Please see the response to Question 3c above.
3j	Table 3: The Recycled Design is indicated at \$450,000, but the supporting detail on Table 11 suggests it is \$515,757 or per note (2), \$621,000. Again, in general detailed supporting table should always tie to the summary number – a basic project control principle.	Table 3 was created at the request of CFAC. Contracts for the design of the various project components and program management were asked to be shown while other consultants would be included under “Other Contracts.” The estimate for design is \$450,000, but design has not yet started. To date a total of \$621,000 has been expended for this portion of the Project. Of that, \$515,757 is attributed to active contracts (per the table title).
3k	Table 3: Please always indicate the “Date” for Expenditures to Date. And please define – again best practices would be for the latest cost information available, but if you choose another definition, please identify in the notes,	Please see footnote 2 that indicates expenditures are through Q4 FY 19/20.
3l	Table 3: I don’t understand the value of the contracted amounts in this table as that information is available in other supporting tables.	Please see the response to Question 3j. The table was created at the request of CFAC.

No.	Question	City/Program Manager Responses
3m	Table 3: Having line items for contingency does not make sense as this value is used wherever needed – refer to my comments under budget. You have omitted any contingency for Soft Costs which you are using such as for the land acquisition and continued increases to the Carollo contract. Example, where did the \$200 K increase to Carollo in this report come from if not from Contingency?	Noted regarding contingency. We believe it is important to attribute contingency to different components of the Project as evidenced by the Q3 FY 19/20 budget re-conciliation and large amount of change orders for the WRF. Please see the response to Question 3j and 2f.
3n	Section 2.1 Performance Measures – will refrain from commenting on this.	Noted.
3o	Table 5: Note 1 is a lie as I have pointed out before – I just didn’t use the term lie, but now I am. The rate surcharge was based on a value of \$122,807,000. Please refer to the BWA Rate Study.	The rate study was done for a Project with a budget of \$126 million. The surcharge was based on \$123 million and the rate study assumed if the additional \$3 million in contingency was needed it would be covered with cash on hand.
3p	Table 8: Please expand to tie to summary Table 3. Notes are very misleading. The total should be \$17,721,000. You can roll up the previous contracts that are completed such as for MKN, etc.	Noted. Table 8 denotes active contracts.
3q	Change Orders: While these were mentioned in the CFAC Meeting, CFAC has been explicitly excluded from engaging in the discussion of ANY Change Orders, so the suggestion that we did is misleading.	Please provide clarification. The section makes no reference to CFAC. The PCOs were previously reviewed by WRFCAC and now they are reviewed by PWAB.
3r	Table 18 – Suggest the value in the Table be \$2,052,387 and if a note, it should be a note indicating that this value includes \$182,680 for engineering services during construction.	Noted. This change has been made in the version that will be sent to the City Council.
4	Schedule Best Practice suggests that key issues, key enough to be highlighted, would also be reflected in the simplified Integrated Project Schedule. This has not been the case.	
4a	Are all schedule items in the Quarterly Report included in the Integrated Schedule? If not, why not? Is that data consistent with the Integrated Schedule?	Yes. All items in the report are included in the Integrated Schedule and are consistent.
4b	Is the nomenclature for all items in the Quarterly Report consistent with that on the Schedule?	Some nomenclature may differ slightly due to the presence of summary tasks (i.e., subtask nomenclature may be shortened).
4c	The baselined schedule should have been available on July 1 per the contract. When should we expect to see this? I will assume all items will be on schedule and the key items addressed previously such as the efforts with Vistra and PG&E will be included. Note the S curve has been updated – again logically this could only have been done with a new baselined schedule.	Delivery of the re-baselined schedule on July 1 st is unrealistic. For example, updated construction schedules are provided with payment application, which are not provided until the second week of the month. The interpretation is that the re-baselined scheduled and reconciled budgets are due with the quarterly reports.
4d	Are the key activity relationships identified such as when the Conveyance system needs to be operational?	Yes. “Substantial Completion” for the Conveyance Facilities must be achieved prior to “Seeding the Plant” for the WRF.
5	Capital Budget	
5a	Why did city costs for WRF project get reduced from the FY19/20 capital budget to the FY20/21 budget by \$250,000 (\$1,282,566 to \$982,278)	City costs were forecasted for the Project based on trends from FY 19/20.
5b	Why were city salaries and benefits reduced by \$350,000, especially with low rate loan money availability for work on WRF?	Please see the response to Question 5a above.



No.	Question	City/Program Manager Responses
5c	Account 7107: Why was Program Management and DB procure reduced from \$11,848,350 to \$10,811,589? (Carollo previously stated their EAC was \$9.8 million despite schedule growth in last quarterly report, but in this report Carollo EAC is \$10,101,000).	As discussed and modified at the request of CFAC, the budget re-conciliations done by the Program Manager is now in line with the same accounting codes used by the City. In review of last year’s budget, I believe you are referring to 6196 (Program Management). The difference is likely due to MKN’s costs and their presence in both 6105 (Consulting Services) and 6196.
5d	Land acquisition went from \$430,500 to \$1,286,352, why?	To date \$761,352.44 has been spent in the land acquisition line item. Land acquisition includes the WRF site along with easements necessary for the conveyance facilities and site access. When the project was originally planned, it was anticipated the conveyance facilities could be located within existing easements/rights of way, but as the project design developed, it was determined that additional property was required. The City has not completed all the acquisitions, and some are subject to court action, therefor there could be additional adjustments to the land acquisition costs in the future.
5e	Account 7107 Phase went from \$64,914,000 to \$60,711,873; a reduction of \$4.2 Million despite the WRF costs increasing by over \$8 million from PCOs.	In reviewing the design-build, you need to look at 7103 (Design) and 7107 (Construction) together. The budget increased from \$73.5 million to \$76.4 million.
Quarterly Report June 2020		
6a	Table 3: Why are not GSI and Middle Earth contract information listed under Recycled Water Facilities similar to how Water Works Engineering is listed under Conveyance Facilities?	The format for Table 3 (included the information identified for specific line items) was provided to the City/Program Manager by members of CFAC. GSI and Middle Earth are included under “Other Contracts.”
6b	Other contracts. Why is this not the same total as in Table 8, which is a list of supposedly all other contracts, but incorrectly contains Carollo which is already contained in Table 3. In addition table 8 does not include Ferguson; are other contracts also not included?	Table 3 includes the total for “Other Contracts.” Table 8 includes “active” contracts that are being managed by the City/Program Manager. In this category are Black & Veatch (Facility Master Plan contract), Ferguson, MKN, etc.
6c	Table 3: Footnote 1 states EACs based on budget reconciliation completed for Q3 FY 19/20. Carollo’s responsibility, as Eric has stated previously, is to have a budget reconciliation completed for Q4 19/20 quarterly report- which is NOW. Why is the reconciliation not completed for the beginning of the FY20/21? Waiting for Conveyance Facilities bids to come in is not an excuse, as there are always future costs that are not yet known.	This is a typo and will be corrected for City Council. It should state Q4 FY 19/20 (June 30, 2020).
6d	Table 3: Confirm that Program Management, Carollo’s new EAC is \$10,101,000.	Carollo’s new EAC is now \$10.01 million and not \$10.1 million.
6e	Table 3: Other contracts’ footnote 4 states amount “includes previous consultants including MKN and Black & Veatch”. Why not list the actual costs for “previous consultants including MKN and Black & Veatch rather than obfuscating costs to preclude verification?	The format for Table 3 (included the information identified for specific line items) was provided to the City/Program Manager by members of CFAC. Direction was previously given that this table was not to include information for “minor” contract (i.e., Middle Earth) and contracts that are not “active (i.e., MKN).
6f	Table 3: Earned Value and Schedule Performance Index. The way these are calculated yields numbers that make no sense since the project is clearly over budget and behind schedule, yet the earned value number is 0.99 and schedule performance index is 1.15. A number 1 means on cost or on schedule and greater than one means below cost or ahead of schedule. Carollo has a T&M contract and gets paid for all time spent on the project- showing an earned value of 1 for the Carollo contract is a given. The only value for reporting earned value is for that of the entire project which is over budget and behind schedule. Recommend deleting both earned value and schedule performance from all future reports if they remain only for the Carollo contract.	While the Carollo contract is T&M, our not to exceed amount is tied to a defined scope of work. The metric is included to show how Carollo is performing relative to their scope of work. The SPI is for the entire Project (not just Carollo). However, the SPI is based on the re-baselined schedule, which is why it is greater than 1.0.

No.	Question	City/Program Manager Responses
6g	Table 3 footnotes: Section 1.1.1.2 states that “the overall cost of the soil slip will be about \$500,000, but who bears responsibility for this cost has not been determined.” This statement should be included in one of the footnotes if Table 3 is to be a complete summary of the project’s costs.	Noted. This footnote can be added. If the City were responsible for the cost, it would impacts the remaining \$1.5 million contingency for the WRF.
6h	Table 4: This remains almost a useless chart since it compares Q3 19/20 with Q4 19/20 costs, that is the changes in the past 3 months. If the purpose of this chart is to show with colored stop lights how the project is performing it should compare costs to baseline, not to the last quarter’s budget reconciliation.	Noted. This change can be discussed and a recommendation can be made to Council regarding changing the purpose of the table.
6i	Cash Flow Projection (Figure 1). Why is the comparison to the previously forecasted expenditures and compliance date curve not included as was in previous reports?	This figure (like Table 4) is intended to compare the reconciled budget (Q4 FY19/20) with current performance on a quarterly basis. This has been discussed at CFAC previously and the desire was to eliminate the original 2018 baseline to minimize confusion.
6j	Table 8: This is titled General Project Activities, and in general contains contracts not specifically delineated previously, but it does contain Carollo which is in Table 3. This Table 8 should be a compilation of the contracts whose total EAC is shown as Other Contracts in Table 3.	Noted. Please see the response to Question 6b. The “Other Contracts” in Table 3 includes all contracts not specifically noted in other line items (i.e., Water Works, Carollo, and Filanc-Black & Veatch). Table 8 only shows the “active” contracts and omits closed contracts such as MKN, Black & Veatch, etc.
6k	Tables 9, 10 and 11: Should be deleted when the missing elements in Table 3 are entered, because Tables 9, 10 and 11 will become redundant.	Please see the responses to previous questions regarding the origins of Table 3.
6l	Figure 2: The Gantt chart baseline schedules for: Project Controls, Potable Reuse Planning, Conveyance Facilities Project, Recycled Water Facilities, and WRF onsite improvements have moved out considerably, some into 2023 with no explanations, nor showing that the schedules have been extended.	The roll-up schedule in the quarterly report matches the details in the new Project Schedule. The detailed, re-baselined Project Schedule is being finalized and will be available for review soon.
6m	Table 21: The report shows colored bullets, red and yellow, showing over budget status. This is good reporting.	Noted.
6n	Tables 23 and 25: All green bullets with no data. There are targets, why are they not shown?	Noted. These tables are meant for someone to assess the status of construction for each individual element of the Project at a glance. Adding the target dates would make the information in the tables redundant with other tables.
7	Microsoft Project Management Schedule	
7a	Amendment 3 of Carollo’s contract cites PMIS (program management information system) which is required, for example for the WRF Carollo construction manager to SharePoint PMIS, for files including correspondence, reports, Contract Documents, Change Documents, clarifications, and interpretations of the Contract Documents, progress. Please make the PMIS available to CFAC.	The PMIS is the internal site used by members of the City and Program Team to manage the project. Access to the PMIS by individuals outside of City staff, the Program Manager, and technical team members (i.e., Filanc-Black & Veatch, Water Works, GSI, etc.) should be discussed with City staff.
7b	At the May CFAC meeting a motion was approved to request that the Microsoft program management schedule be updated with additional milestones between now and the end of the project. The last schedule that was made available to the CFAC is the June 17, 2020 schedule, and no additional milestones have been added. However, these milestones were needed by the city in order to release the conveyance facilities bid package, since these milestones have required dates that the conveyance facilities must meet.	Final changes to the re-baselined schedule are currently being completed. Members of CFAC will be provided with the full re-baselined schedule in the coming weeks.
8	CFAC Roles	

No.	Question	City/Program Manager Responses
8a	<p>Review of Global WRF Expenditures vs Budget. At CC January 8, 2019 meeting a motion was approved to revise the Citizens Finance Advisory Committee (CFAC) roles and responsibilities to include review of the financial aspects of the Water Reclamation Facility program.</p> <p>The financial aspects of a program are: budgeting, accounting, financial reporting, internal controls, auditing, procurement, disbursement and the physical performance of the project with the aim of ensuring the project is managing its resources properly and achieving the project's objectives.</p> <p>The CFAC additional role includes the word “global” to mean all costs, not just those shown in the quarterly report as was confirmed during the zoom call with Mayor Heading on April 15, 2020.</p>	Noted.
9	SRF Planning Loan	
9a	SRF Planning Loan. Why was only 75% of the 12/6/2018 submission approved? The total expected receipts for the three submissions are 55.5% of the total submitted. Is that the full amount we should expect to receive?	The City will exhaust the entire \$10.3 million planning loan. The reasons for not approving the entire amount in Disbursement Request No. 2 include 1) exceeding individual line items in the planning loan (changes can be made to the planning loan to align the spend with the budget; and 2) several of the invoices submitted for reimbursement did not qualify (expenses occurred prior to the effective date of the agreement).
10	Page 7 refers to State Water Board. How is the State Water Board involved with the SRF funding? Also, requested SRF reimbursement is greater than loan amount (based on Table 1 vs Table 2). Why?	The State Water Board administers the SRF funding. It is anticipated that some charges will be denied for reimbursement (i.e., some reimbursable travel costs, etc.). Therefore, to cover the entire amount, the City has made the request for slightly more. Costs in excess of the agreement amount can be reimbursed by either WIFIA or SRF construction loan.
11	Page 8 refers to rate adjustments. What rate adjustments are being referred to that could be impacted by unknown project costs, SRF loan funding, and Project cash flow? Please explain process and timing for rate adjustments.	In October 2018 the Council passed resolution 84-18 which included a WRF Rate Surcharge Adjustment Policy. I have attached this for reference. The Surcharge went into effect on July 1, 2019 so the first review of the WRF surcharge should have aligned with the budget process as outlined in the policy. We will be bringing a review back to Council in August. We would like to have more of the unknowns in place before recommending any adjustments, such as the SRF loan and grant signed for, the cost of the conveyance facility, etc.
12	Page 57 refers to reimbursement Request from EPA. Expect this would trigger a single audit requirement. Remind me if the City already receives a single audit, and if not, what is additional audit cost?	We will be required to have a single audit for FY 2019/20 due to the reimbursements. This will be the first single audit with the City of Morro Bay since my tenure with the city – I am not sure about prior to that. I am unsure of the additional cost at this but have requested a price from our auditor’s.
13	What was the purchase price of the WRF property?	The purchase was approximately \$325,000.
14	What was the total property acquisition cost?	Please see the response to Question 2g.
15	What is the cost (roughly) for Carollo to produce the quarterly report?	Approximately \$10,000.
16	What value was the basis for the Rate Study? Was it \$122,807,000 as I believe it was or \$126,000,000 as Eric continues to contend?	Please see the response to question 3o above.
17	P.7/68 Table 1: I was under the impression that the City received a \$5M grant from the Water Board. Was there is reason it was not included on the chart? Is it still the plan to roll the SRF planning loan into the overall SRF loan when it is finalized at the end of the year?	The \$5 million grant is part of the construction loan and not the planning loan. The City is in the process of securing the construction loan. The plan is still to roll the planning loan into the construction loan.
18	P.7 Table 2: In the second to last sentence at the bottom of the page indicated that the Water Board is letting the City resubmit additional reimbursement request. Was this for the	The City will be able to fully utilize the \$10.3 million planning loan. There were several issues with Disbursement Request No. 2 including invoices being too old (costs incurred prior to the agreement start date) and requests for specific items that exceeded

City of Morro Bay

Water Reclamation Facility Project

Citizen’s Finance Advisory Committee

Responses to Questions Received for the July 21, 2020 Meeting



No.	Question	City/Program Manager Responses
	approximately 15% amount they rejected from request #2 or were you referring to request #3? If it is only for the 15% rejected amount when do you anticipate receiving request #3? (a slightly different question for the same subject has already asked).	the approved budget amounts. The budget amount can be modified to allow for use of the entire \$10.3 million. Disbursement Request No. 3 is on hold pending the City submitting the planning grant (\$75,000) disbursement request.
19	Once the SRF loan is finalized and you start to draw against the credit facility to you think their reimbursement process will be as slow as the reimbursement for the planning loan?	We hope this is not the case. SRF is typically slow (60 days), but they have also been impacted by COVID-19. This is also the only planning loan of its type done by SRF, which adds additional complexity.
20	Why was the \$10.5K rejected? Can you resubmit?	Please see the response to Question 18 above.
21	Would it be possible for Eric as part of his verbal presentation give the Committee a very brief summary of the construction activity (besides the land slide and the CDF&W) that took place at the site in the last three months and the anticipated activity for the next three months.	An update will be provided at the meeting.
22	During the verbal presentation would it be possible to provide the number of local subcontractors who were successful bidders for work on the site and the combined estimated total dollar values of those contracts. My definition of local is SLO County + Santa Maria.	An update will be provided at the meeting.
23	How many firms came to the Conveyance System pre-bid conference on July 7th? How many were local (defined as above)?	A total of six (6) general contractors attended the mandatory pre-bid meeting.
24	p.25 Table 2—Program Costs. Based on the legal issues that have arisen over the last year it might make sense to add a footnote showing the Aleshire and Wynder costs to date and update it every quarter.	Noted. This can be added to denote the A&W portion of City costs.
25	P.33 Figure 1—the blue vertical lines that compared budget next to the orange actual lines were dropped...why?	The orange shows the actuals up to July 2020. The blue shows the monthly projections from July 2020 to the end of the Project. As the year progresses, the orange bars will be added adjacent to the blue bars.
26	P.57-Eminent Domain--Vistra---Does the City have an estimated date when the court will issue a ruling after the July 30th Pre-Possession hearing?	The ruling will likely be rendered that day, but decisions can be taken “under submission” and the ruling could come a few days later.



AGENDA NO: C-2

MEETING DATE: August 11, 2020

Staff Report

TO: Honorable Mayor and City Council

DATE: August 6, 2020

FROM: Scott Collins, City Manager
Steven Knuckles, Fire Chief

SUBJECT: Approval of Contract with Digital West to Provide Broadband/Internet Services to the City for Regular Operations and Continuity of Operations Needs During Emergencies and Power Shutdowns

RECOMMENDATION

Staff recommends the City Council authorize the City Manager to execute a contractor agreement with Digital West to provide broadband/internet services to support regular City operations as well as continuity of operations during prolonged power shutdowns and other emergencies, subject to approval as to form by the City Attorney.

FISCAL IMPACT

The contract includes two financial components:

- 1) Construction costs to build fiberoptic line to the Fire Department, City Hall, Community Center (Recreation), Police Department, Public Works/Community Development building, and wireless connectivity to the Harbor Department, Wastewater Treatment Plant and Corporation Yard. The total amount for this component is \$50,000.
- 2) On-going internet connectivity services provided to all City facilities listed above. The monthly cost for this service is \$2,150. The contract is for five years (60 months), which brings this total to \$129,000.

Thus, the total proposed contract with Digital West is for \$179,000. However, there is no impact to the current budget. The City Council approved a budget amendment in FY 2019/20 to cover the full cost of construction (\$50,000), which was carried forward into FY 2020/21 as a capital project. The City budgeted the on-going internet connectivity costs for year 1 of the contract (\$25,800) into the FY 2020/21 Budget, so no budget increase is required. Moving forward, the City would need to budget \$25,800 each year for fiscal years FY 2021/22 through FY 2024/25 to meet the agreement terms.

BACKGROUND/DISCUSSION

Public safety power shut-off summary

On October 15, 2019, the City Council was presented a Public Safety Power Shutoff (PSPS) and continuation of City operations to secure essential services and communications during long-term PG&E power shutdowns or other major emergencies. At that time, Council approved a budget amendment to support efforts to prepare the City and community for a prolonged power shutoff. As was discussed at that meeting, climate change impacts over the last several years have led to the increased number and intensity of wildland fires in the State. The risk of a wildfire is a moderate to high vulnerability in San Luis Obispo County, particularly in the areas in far northeastern and southeastern portion of the county, where there are areas with moderate to high fire hazards. The risk of wildfire

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

increases when several factors combine, such as high temperatures, high sustained and peak winds, as well as critically low humidity (typically in the fall). During these conditions, electrical transmission and distribution lines may ignite fires if they are downed by winds and/or trees.

To reduce the chance of accidental fire ignition in certain areas of the state, the California Public Utilities Commission (CPUC) has developed plans to require de-energization of electrical grids or blocks of an area(s) in advance of or during periods of heightened fire risk conditions. Pacific Gas and Electric (PG&E) Company implemented additional precautionary measures to help to reduce the risk of wildfires due to electricity. Since the energy system relies on many power lines working together to provide electricity across the County, the City of Morro Bay may be affected by these power outages, even if the city is not experiencing high winds or other extreme weather conditions.

De-energization of electrical systems in affected areas may pose a life-safety risk to our residents and impact our infrastructure systems. De-energization may also impact the capabilities of local agencies to respond to wildfire due to loss of alert & warning and public information communications systems including internet, City phone system, and cellular towers, inability to monitor or maintain water supplies and wastewater operations, and the inability to fuel critical vehicles and emergency apparatus.

PG&E will monitor and assess various conditions that may affect the de-energization of an area. Factors considered by PG&E when determining whether to shut down power include:

- A Red Flag Warning declared by the National Weather Service.
- Low humidity levels, generally 20 percent and below.
- Forecasted sustained winds above approximately 25 mph and wind gusts in excess of approximately 45 mph.
- Site-specific conditions such as temperature, terrain and local climate.
- Condition of dry fuel on the ground and live vegetation (moisture content).
- On-the-ground, real-time wildfire related information from PG&E Wildfire Safety Operations Center and field observations from PG&E field crews.

Within the City of Morro Bay, a major PG&E switch yard is located behind the retired power plant on the Embarcadero. This switch yard controls the electrical power to the majority of San Luis Obispo, large portions of Avila Beach, Pismo Beach, Arroyo Grande, Grover Beach and the Los Padres Forest in southern San Luis Obispo County. Even though the City is not located in a High Fire Risk area, any high wind and red flag fire weather conditions from Cuesta College through the northeast side of San Luis Obispo, Lopez Lake area, and the Los Padres Forest will require the Morro Bay's switch yard to be turned off. In short, we are either 100% with electrical power or 100% with no electrical power. While most hazards in our City may cause pockets in our community without power, a scheduled PSPS to protect San Luis Obispo County south of Morro Bay will result in %100 electrical power shut-off in Morro Bay. This PSPS will affect all the City's public infrastructures and buildings.

Though our area has not experienced a prolonged shutdown to date, the City has been preparing for the PSPS potential for the past year. At the October 15, 2019 City Council meeting, Council approved modifications to the Emergency Management Plan, to include a new annex for power shutdowns. An important component of the EMP is maintaining continuity of operations within the City so that we can continue to serve our community during a power shutoff or other emergency.

Digital West Service

A key component for maintaining continuity of operations during a prolonged power shutoff is City phones and IT/internet service. The City's phone and IT server is currently located at City Hall which

does not have backup generator capabilities. We will need to provide backup power to City Hall or move the phone and IT server to the Fire Station, which has several days' worth of backup power. City Council approved budget support for the City to move the phone and IT system backup to the Fire Station, as opposed to purchasing an expensive generator to site at City Hall. City Council approved a budget amendment during the FY2019/20 mid-year budget review to cover the costs of this move and to provide connectivity between the Fire Station and other City facilities to support phone and IT systems during regular operations as well as during power shutdowns and other emergencies.

Following the budget approvals, City staff contacted different vendors to provide the connectivity construction work and on-going service. Digital West was the only responsive vendor. City staff worked with Digital West on an agreement to construct the connectivity to and from the Fire Station to other City facilities and provide on-going interconnectivity between City facilities for phone and IT/internet services.

Under the Digital West proposal, Digital West discovered a new delivery route to provide a fiberoptic line to the Harbor Street Fire Station that represents a reduction from the original cost estimate provided to the City several years ago for a similar project. With the new rerouting of the fiberoptic line to the Fire Station this will allow for the City server and phone system to be moved into the Fire Department's climate-controlled computer room. In addition, Digital West will be able to provide broadband internet service to our City government at a reduced monthly expense and provide cloud storage capabilities in the future. City Hall, the Police Station, and the Fire Station will be connected with fiberoptic while the current location of the Wastewater Treatment Plant, Corporation Yard, and Harbor Department will be connected by high speed direct microwave off the roof of the Fire Station. The future Wastewater Treatment Plant can be connected by fiberoptic line during the sewer line construction and staff recommends running a fiberoptic switch to the corner of Quintana to support connection for the lift stations once the pipelines are installed for the Water Reclamation Facility (WRF). Digital West's data hub in San Luis Obispo is secure with multi-day backup generation power. The Fire Station currently has (9) days of backup generation power already established.

CONCLUSION

Given the importance of being prepared for a prolonged power shutoff and other emergencies, staff recommends City Council authorize the City Manager to move forward with the agreement with Digital West. The proposed services will move phone and IT backup services to the Fire Station via fiber optics and support the City's operations and continuity of operations through interconnectivity between all major City facilities at a reduced cost.

ATTACHMENTS

1. Proposed Contractor Agreement with Digital West
2. Proposed Project Map

CITY OF MORRO BAY

AGREEMENT FOR CONTRACTOR SERVICES

THIS AGREEMENT is made and entered into this ____ day of August, 2020 (“Effective Date”), by and between, the CITY OF MORRO BAY, a municipal corporation (“City”) and DIGITAL WEST NETWORKS, INC, a California corporation (DBA DIGITAL WEST) (“Contractor”). City and Contractor are sometimes hereinafter individually referred to as “party” and hereinafter collectively referred to as the “parties.” In consideration of the mutual covenants and conditions set forth herein the parties agree as follows:

1. TERM

This Agreement shall commence on the Effective Date and shall remain and continue in effect for five (5) years following the Activation Notice Date (as defined in Exhibit A), unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

Contractor shall perform the tasks described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full. Contractor shall complete the tasks according to the schedule of performance which is also set forth in Exhibit A. Time is of the essence in the performance of this Agreement.

3. PERFORMANCE

Contractor shall at all times faithfully, competently and to the best of their ability, experience, and talent, perform all tasks described herein. Contractor shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing similar services as are required of Contractor hereunder in meeting its obligations under this Agreement.

4. CITY MANAGEMENT

City’s City Engineer (or his designee) shall represent City in all matters pertaining to the administration of this Agreement, including, but not limited to, review and approval of all work product submitted by Contractor, but not including the authority to enlarge the Tasks to Be Performed or change the compensation due to Contractor. City’s City Manager shall be authorized to act on City’s behalf and to execute all necessary documents which enlarge the Tasks to Be Performed or change Contractor’s compensation, subject to Section 5 hereof and the City’s City Manager signing authority as provided by City Council.

5. PAYMENT

(a) City agrees to pay Contractor in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit A, attached hereto and incorporated herein by this reference as though set forth in full. That amount shall not exceed **One Hundred and Seventy-**

Nine Thousand Dollars and No Cents (\$179,000.00) for the total term of the Agreement unless additional payment is approved as provided in this Agreement.

(b) Contractor shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City Manager. Contractor shall be compensated for any additional services in the amounts and in the manner as agreed to by City Manager and Contractor at the time City's written authorization is given to Contractor for the performance of said services. The City Manager may approve additional installation work (Item 4 in Exhibit A) not to exceed Five Thousand eDollars and No Cents (\$5,000.00) unless pursuant to a written amendment to this Agreement executed by both parties. Any additional work in excess of this amount shall be approved per the City's purchasing procedures.

(c) Contractor will submit invoices annually as described in Exhibit A. Invoices shall be submitted on or about the first business day of each month, or as soon thereafter as practical, for services provided in the previous month. Payment shall be made within thirty (30) days after receipt of each invoice as to all non-disputed fees. If City disputes any of Contractor's fees, then it shall give written notice to Contractor within fifteen (15) days of receipt of an invoice of any disputed fees set forth on the invoice.

(d) Each invoice submitted to City shall be in a form approved by City's Finance Director and shall include:

- i. Line items for all the work performed, and at request of City the number of hours worked.
- ii. Line items for all materials and equipment properly charged to City.
- iii. Line items for all other approved reimbursable expenses claimed, with supporting documentation.
- iv. Line items for all approved subcontractor labor, supplies, equipment, materials, and travel properly charged to City.

6. PREVAILING WAGES

If the Scope of Services (Exhibit A) includes any "public work" or "maintenance work," as those terms are defined in California Labor Code section 1720 *et seq.* and California Code of Regulations, Title 8, Section 16000 *et seq.*, and if the total compensation is \$1,000 or more, Contractor shall pay prevailing wages for such work and comply with the requirements in California Labor Code section 1770 *et seq.* and 1810 *et seq.*, and all other applicable laws, including the following requirements:

(a) The Parties acknowledge that the work to be performed under this Agreement is a "public work" as defined in Labor Code Section 1720 and that this Agreement is therefore subject to the requirements of Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code relating to public works contracts and the rules and regulations

established by the Department of Industrial Relations (“DIR”) implementing such statutes. The work performed under this Agreement is subject to compliance monitoring and enforcement by the DIR. Contractor shall post job site notices, as prescribed by regulation.

(b) Registration with DIR. Pursuant to Labor Code section 1771.1, Contractor and all subcontractors must be registered with, and pay an annual fee to, the DIR prior to and during the performance of any work under this Agreement.

(c) Prevailing Wages. Contractor shall pay prevailing wages to the extent required by Labor Code Section 1771. Pursuant to Labor Code Section 1773.2, copies of the prevailing rate of per diem wages are on file at City Hall and will be made available to any interested party on request. By initiating any work under this Agreement, Contractor acknowledges receipt of a copy of the DIR determination of the prevailing rate of per diem wages, and Contractor shall post a copy of the same at each job site where work is performed under this Agreement. Contractor assumes responsibility for the payment of prevailing wages and shall indemnify City and hold City harmless from any and all claims made by the State of California, the DIR, any subcontractor, any worker, or any other third party with respect thereto.

(d) Penalty for Failure to Pay Prevailing Wages. Contractor shall comply with and be bound by the provisions of Labor Code Sections 1774 and 1775 concerning the payment of prevailing rates of wages to workers and the penalties for failure to pay prevailing wages. The Contractor shall, as a penalty to the City, forfeit two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing rates as determined by the DIR for the work or craft in which the worker is employed for any public work done pursuant to this Agreement by Contractor or by any subcontractor.

(e) Payroll Records. Contractor shall comply with and be bound by the provisions of Labor Code Section 1776, which requires Contractor and each subcontractor to: keep accurate payroll records and verify such records in writing under penalty of perjury, as specified in Section 1776; certify and make such payroll records available for inspection as provided by Section 1776; and inform the City of the location of the records.

(f) Apprentices. Contractor shall comply with and be bound by the provisions of Labor Code Sections 1777.5, 1777.6, and 1777.7 and California Code of Regulations Title 8, Section 200 et seq. concerning the employment of apprentices on public works projects. Contractor shall be responsible for compliance with these aforementioned Sections for all apprenticeable occupations. Prior to commencing work under this Agreement, Contractor shall provide City with a copy of the information submitted to any applicable apprenticeship program. Within sixty (60) days after concluding work pursuant to this Agreement, Contractor and each of its subcontractors shall submit to the City a verified statement of the journeyman and apprentice hours performed under this Agreement.

(g) Eight-Hour Work Day. Contractor acknowledges that eight (8) hours labor constitutes a legal day’s work. Contractor shall comply with and be bound by Labor Code Section 1810.

(h) Penalties for Excess Hours. Contractor shall comply with and be bound by the provisions of Labor Code Section 1813 concerning penalties for workers who work excess hours. The Contractor shall, as a penalty to the City, forfeit twenty-five dollars (\$25) for each worker

employed in the performance of this Agreement by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of Division 2, Part 7, Chapter 1, Article 3 of the Labor Code. Pursuant to Labor Code section 1815, work performed by employees of Contractor in excess of eight (8) hours per day, and forty (40) hours during any one week shall be permitted upon public work upon compensation for all hours worked in excess of 8 hours per day at not less than one and one-half (1½) times the basic rate of pay.

(i) Contractor's Responsibility for Subcontractors. For every subcontractor who will perform work under this Agreement, Contractor shall be responsible for such subcontractor's compliance with Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code, and shall make such compliance a requirement in any contract with any subcontractor for work under this Agreement. Contractor shall be required to take all actions necessary to enforce such contractual provisions and ensure subcontractor's compliance, including without limitation, conducting a review of the certified payroll records of the subcontractor on a periodic basis or upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages. Contractor shall diligently take corrective action to halt or rectify any such failure by any subcontractor.

7. SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE

(a) City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon Contractor at least ten-days' (10-days') prior written notice. Upon receipt of said notice, Contractor shall immediately cease all work under this Agreement, unless the notice provides otherwise. If City suspends or terminates a portion of this Agreement, then such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, City shall pay to Contractor the actual value of the work performed up to the time of termination, at the reasonable determination of the City. Upon termination of the Agreement pursuant to this Section, Contractor will submit an invoice to City pursuant to Section 5.

8. DEFAULT OF CONTRACTOR

(a) Contractor's failure to comply with the provisions of this Agreement shall constitute a default. In the event Contractor is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Contractor for any work performed after the date Contractor is notified of default and can terminate this Agreement immediately by written notice to Contractor. If such failure by Contractor to make progress in the performance for work hereunder arises out of causes beyond Contractor's control, and without fault or negligence of Contractor, then it shall not be considered a default.

(b) If the City Manager of his/her delegate determines that Contractor is in default in the performance of any of the terms or conditions of this Agreement, then he/she shall cause to be served upon Contractor a written notice of the default. Contractor shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory

performance. In the event that Contractor fails to cure its default within such period of time, City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

9. OWNERSHIP OF DOCUMENTS

(a) Contractor shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement. Contractor shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Contractor shall provide free access to the representatives of City or its designees at reasonable times to such books and records; shall give City the right to examine and audit said books and records; shall permit City to make transcripts therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, and full payment by City for services performed pursuant to, this Agreement, all final work product such as documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of City and may be used, reused, or otherwise disposed of by City without the permission of Contractor. With respect to computer files, Contractor shall make available to City, as a service in addition to those set forth herein, at Contractor's office and upon reasonable written request by City, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

10. INDEMNIFICATION

(a) Indemnification for Professional Liability. When the law establishes a professional standard of care for Contractor's Services, to the fullest extent permitted by law, Contractor shall indemnify, protect, defend and hold harmless City and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including reasonable attorney's fees and costs to the extent same are caused by any negligent act, error or omission of Contractor, its officers, agents, employees or sub-contractors (or any entity or individual that Contractor shall bear the legal liability thereof) in the performance of professional services under this agreement.

(b) Indemnification for Other Than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Contractor shall indemnify, defend and hold harmless City, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Contractor

or by any individual or entity for which Contractor is legally liable, including but not limited to officers, agents, employees or Subcontractors of Contractor.

(c) General Indemnification Provisions. Contractor agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this section from each and every Subcontractor or any other person or entity involved by, for, with or on behalf of Contractor in the performance of this agreement. In the event Contractor fails to obtain such indemnity obligations from others as required here, Contractor agrees to be fully responsible according to the terms of this section. Failure of City to monitor compliance with these requirements imposes no additional obligations on City and will in no way act as a waiver of any rights hereunder. This obligation to indemnify and defend City as set forth here is binding on the successors, assigns or heirs of Contractor and shall survive the termination of this agreement or this section.

11. INSURANCE

Contractor shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit B attached to and part of this agreement.

12. INDEPENDENT CONTRACTOR

(a) Contractor's services are being provided to the City as that of an independent contractor. Contractor represents and warrants that the personnel used to provide services to the City pursuant to this Agreement are classified by Contractor as employees. In the event that Contractor or any employee, agent, or subcontractor of Contractor providing services under this Agreement claims or is determined by a federal or state agency, a court of competent jurisdiction, or the California Public Employees' Retirement System ("CalPERS") to be classified as other than an independent contractor for the City, then Contractor shall indemnify, defend, and hold harmless the City for the payment of any and all assessed fines, penalties, judgments, employee and/or employer contributions, and any other damages and costs assessed to the City as a consequence of, or in any way attributable to, the assertion that Contractor or any staff Contractor used to provide services under this Agreement are employees of the City.

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

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

13. LEGAL RESPONSIBILITIES

Contractor shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. Contractor shall at all times observe and comply with applicable legal requirements in effect at the time the services are provided to the City. City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of Contractor to comply with this Section.

14. UNDUE INFLUENCE

Contractor declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of City in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of City will receive compensation, directly or indirectly, from Contractor, or from any officer, employee or agent of Contractor, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling City to any and all remedies at law or in equity.

15. NO BENEFIT TO ARISE TO LOCAL EMPLOYEES

No member, officer, or employee of City, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

16. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

(a) All information gained by Contractor in performance of this Agreement shall be considered confidential and shall not be released by Contractor without City's prior written authorization. Contractor, its officers, employees, agents, or Subcontractors, shall not without written authorization from the City Manager or unless requested by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within City. Response to a subpoena or court order shall not be considered "voluntary" provided Contractor gives City notice of such court order or subpoena.

(b) Contractor shall promptly notify City if Contractor, or any of its officers, employees, agents, or Subcontractors are served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed thereunder or with respect to any project or property located within City. City retains the right, but has no obligation, to represent Contractor or be present at any deposition, hearing, or similar proceeding. Contractor agrees to cooperate with City by providing the opportunity to review any response to discovery requests provided by Contractor. However,

Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

22. CONTENTS OF PROPOSAL

Contractor is bound by the contents of the proposal submitted by Contractor, included in Exhibit A hereto; provided, in the event of any conflict between the terms of the proposal and the other terms of this Agreement, the other terms of the Agreement shall prevail.

23. AUTHORITY TO EXECUTE THIS AGREEMENT

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

24. NON-LIABILITY OF CITY OFFICERS AND EMPLOYEES

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

25. SEVERABILITY

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

26. WAIVER

No delay or omission in the exercise of any right or remedy by non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

27. INTERPRETATION

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

28. COUNTERPARTS

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

[Signatures on the following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF MORRO BAY

CONTRACTOR (2 signatures required)

By: _____
Scott Collins, City Manager

By: _____
(Signature)

Attest:

Dana Swanson, City Clerk

(Typed Name)

Its: _____
(Title)

By: _____
(Signature)

(Typed Name)

Its: _____
(Title)

Approved as to Form:

Christopher Neumeyer, City Attorney

EXHIBIT A

TASKS TO BE PERFORMED PAYMENT SCHEDULE

Contractor will provide fiber internet connectivity to multiple City facilities, as further described below. The installation of the fiber is expected to take approximately ten (10) weeks. Service will become active after the installation is completed, the circuit is tested for 24-48 hours, and Contractor emails an activation notice to the City. The date that service becomes active is referred to in Section 1 of this Agreement as the "Activation Notice Date."

The Scope of Work and Payment Schedule are included in Quote 3597, provided by Contractor to City on November 18, 2019, which copied below and incorporated herein.

Item#	Quantity	Item	Unit Price	Adjusted Unit Price	Extended Price
Monthly Items					
1)	1	MetroFiber Internet Access 200/200Mbps Fiber Internet Connectivity	\$550.00	\$550.00	\$550.00
2)	4	MetroFiber Dark Fiber Includes dark fiber connectivity from Fire Department to: City Hall, Recreation and Parks, Police Department, and Community Development. Point to point fiber cable. Use of fiber dedicated, not shared. No equipment included. Terminated and and handed off as a fiber connection. Per Strand.	\$250.00	\$250.00	\$1,000.00
3)	3	MetroAir Internet 100/100Mbps MetroAir 100/100Mbps Wireless Internet Connection. Onnet service from Digital West. Does not include Static IP. Requires One time setup. Wireless Connectivity included for: Harbor, Waste Water, and Corporation Yard.	\$200.00	\$200.00	\$600.00
Monthly Total					\$2,150.00
One-Time Items					
4)	1	Professional Services Construction to build fiber to Fire Department, City Hall, Recreation and Parks, Police Department, Public Works, and Community Development. Also includes equipment for wireless connectivity at: Harbor, Waste Water, and Corporation Yard	\$50,000.00	\$50,000.00	\$50,000.00
One-Time Total					\$50,000.00
Subtotal					\$52,150.00

Item#	Quantity	Item	Unit Price	Adjusted Unit Price	Extended Price
			Total Taxes		\$0.00
			Total		\$52,150.00

- Service Term: 60 Months

- This quote is subject to: 1. The City offering Fire Station Roof/Tower mounting for Wireless equipment. Digital West will own and service, and need servicing access from time to time. 2. 1/2 rack of equipment space dedicated to Digital West in the Fire Station Utility Room to operate our fiber network. Digital West will install, own and maintain the equipment and need 24/7 access.

- Professional Services and first year of service to be paid in advance. Remaining years of contract to be paid annually.

- Payment Terms:

1. Setup includes all installation, equipment and programming to deliver service on an Ethernet port into the service address building MPOE (Minimum Point of Entry).
2. Digital West installs to the MPOE and this quote does not cover premises wiring. This is an option available from Digital West.
3. This quote is based on a site survey completed for your service address. After processing this order and during provisioning, although unlikely, new information can emerge. This quote may need to be revised to include new costs. However, in this event, your order may be cancelled if the new terms are not acceptable, with no cost or obligation to you.
4. The fiber build and service installation is typically 10 weeks, but can last longer. Some items are unpredictable including permit approval, directional boring, trench work, and network maintenance windows.
5. Service is active and billing commences after the installation is completed, the circuit tested for 24-48 hours and an activation notice is emailed to you.
6. Digital West Metro Fiber is a 100% fiber optic build to customer site, providing symmetrical bandwidth on all connections.

EXHIBIT B
INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Agreement, Contractor will maintain insurance in conformance with the requirements set forth below. Contractor will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Contractor agrees to amend, supplement or endorse the existing coverage to do so. Contractor acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to City in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to City.

Contractor shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office “Commercial General Liability” policy from CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage from CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If Contractor owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Contractor or Contractor’s employees will use personal autos in any way to perform the Scope of Services, then Contractor shall provide evidence of personal auto liability coverage for each such person.

Property Damage Insurance in an amount of not less than \$1,000,000 for damage to the property of each person on account of any one occurrence.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer’s liability limits.

Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a maximum \$25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a “pay on behalf” basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured’s liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against another. Coverage shall be applicable to City for injury to employees of Contractor, subcontractors or others involved in the Work. The scope of coverage provided is subject to approval of City following receipt of proof of insurance as required herein. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designated to protect against acts, errors or omissions of Contractor and "Covered Professional Services" as designated in the policy must specifically include work performed under this agreement. The policy limit shall be no less than \$2,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.

Insurance procured pursuant to these requirements shall be written by insurer that are admitted carriers in the state California and with an A.M. Best's rating of A- or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Contractor. Contractor and City agree to the following with respect to insurance provided by Contractor:

1. Contractor agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds the City of Morro Bay, its officials, employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992. Contractor also agrees to require all Contractors, and subcontractors to do likewise.
2. No liability insurance coverage provided to comply with this Agreement shall prohibit Contractor, or Contractor's employees, or agents, from waiving the right of subrogation prior to a loss. Contractor agrees to waive subrogation rights against City regardless of the applicability of any insurance proceeds, and to require all Contractors and subcontractors to do likewise.
3. All insurance coverage and limits provided by Contractor and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to City or its operations limits the application of such insurance coverage.
4. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.
5. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any Contractor or subcontractor.
6. All coverage types and limits required are subject to approval, modification and additional requirements by City, as the need arises. Contractor shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect City's protection without City's prior written consent.

7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Contractor's general liability policy, shall be delivered to City at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, City has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by City shall be charged to and promptly paid by Contractor or deducted from sums due Contractor, at City's option.
8. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Contractor or any subcontractor, is intended to apply first and on a primary, noncontributing basis in relation to any other insurance or self-insurance available to City.
9. Contractor agrees to ensure that subcontractors, and any other party involved with the Scope of Services who is brought onto or involved in the Scope of Services by Contractor, provide the same minimum insurance coverage required of Contractor. Contractor agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Contractor agrees that upon request, all agreements with subcontractors and others engaged in the Scope of Services will be submitted to City for review.
10. Contractor agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any Contractor, Subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of the Scope of Services to self-insure its obligations to City. If Contractor's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to City. At the time City shall review options with Contractor, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.
11. City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving Contractor ninety (90) days advance written notice of such change. If such change results in substantial additional cost to Contractor, the City will negotiate additional compensation proportional to the increase benefit to City.
12. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.
13. Contractor acknowledges and agrees that any actual or alleged failure on the part of City to inform Contractor of non-compliance with any insurance requirements in no way imposes any additional obligations on City nor does it waive any rights hereunder in this or any other regard.

14. Contractor will renew the required coverage annually as long as City, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until City executes a written statement to that effect.
15. Contractor shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Contractor's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to City within five days of the expiration of the coverages.
16. The provisions of any workers' compensation or similar act will not limit the obligations of Contractor under this agreement. Contractor expressly agrees not to use any statutory immunity defenses under such laws with respect to City, its employees, officials and agents.
17. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.
18. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.
19. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.
20. Contractor agrees to be responsible for ensuring that no contract used by any party involved in any way with the Scope of Services reserves the right to charge City or Contractor for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to City. It is not the intent of City to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against City for payment of premiums or other amounts with respect thereto.
21. Contractor agrees to provide immediate notice to City of any claim or loss against Contractor arising out of the work performed under this agreement. City assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City.

ATTACHMENT 2

