



# CITY OF MORRO BAY CITY COUNCIL AGENDA

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

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## NOTICE OF SPECIAL MEETING

**Tuesday, September 22, 2020 – 3:00 P.M.  
Held Via Teleconference**

### ESTABLISH QUORUM AND CALL TO ORDER

### PUBLIC COMMENT FOR ITEMS ON THE AGENDA

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 Clerk's office at [cityclerk@morrobayca.gov](mailto:cityclerk@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 on a specific agenda item by logging in to the Zoom webinar at the **beginning** of the meeting 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=aWZpTzcwTHlRTk9xaTlmWVNWRFWFUQT09>  
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

SPECIAL MEETING AGENDA ITEM:

- I. UPDATE ON CITY OF MORRO BAY'S ROCK SOLID TOGETHER FINANCIAL AND ECONOMIC RECOVERY PLAN; (CITY MANAGER/FINANCE)

**RECOMMENDATION: Council receive report on Morro Bay's Rock Solid Together Financial and Economic Recovery Plan, and provide direction as deemed appropriate by Council.**

- II. WATER AND SEWER RATE REVIEW; CONSIDER INCREASING THE UTILITY DISCOUNT PROGRAM RATE FROM 10% TO 25% AND EXTENDING THE COVID-19 UTILITY DISCOUNT, FOR QUALIFYING MORRO BAY RESIDENTS, THROUGH JUNE 30, 2021, THROUGH RESOLUTION NO 83-20; CONSIDER INCREASING UTILITY DISCOUNT PROGRAM ANNUAL REBATE TO \$180.00 FOR QUALIFYING MORRO BAY MOBILE HOME PARK AND APARTMENT RESIDENTS, THROUGH JUNE 30, 2021, THROUGH RESOLUTION NO. 84-20; (CITY MANAGER/FINANCE)

**RECOMMENDATION: Council adopt:**

1. Resolution No. 83-20 Extending the Temporary Morro Bay Cares COVID-19 Utility Discount Program through the June 2021 billing cycle and increasing the discount rate for all enrolled Utility Discount Program customers to 25% of the approved rates for FY 2020/21; and
2. Resolution No. 84-20 Increasing the Utility Rebate Program to \$15 per month (\$180 per year) through the June 2021 billing cycle to eligible members of Mobile Home Parks and Apartments

ADJOURNMENT

DATED: September 19, 2020

  
\_\_\_\_\_  
John Headding, Mayor

**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.**



AGENDA NO: I

MEETING DATE: September 22, 2020

# Staff Report

**TO:** Honorable Mayor and City Council                      **DATE:** September 18, 2020

**FROM:** Scott Collins, City Manager  
Jennifer Callaway, Finance Director/Acting Public Works Director

**SUBJECT:** Update on City of Morro Bay's Rock Solid Together Financial and Economic Recovery Plan

## RECOMMENDATION

Receive report on Morro Bay's Rock Solid Together Financial and Economic Recovery Plan, and provide direction as deemed appropriate by Council.

## BACKGROUND/DISCUSSION

In order to protect the lives of our residents, President Donald Trump, California Governor Gavin Newsom, and SLO County Public Health Officer each declared public health emergencies related to the deadly COVID-19 pandemic in March 2020. Since March 14, all California residents and businesses were required to adhere to Shelter at Home orders and associated restrictions. Those orders have been responsible for a precipitous flattening of the COVID-19 virus spread curve in SLO County, meaning our local health care system can continue to treat all patients. In terms of public health, the response to date can be considered a success both in SLO County and the City of Morro Bay, which has one of the lowest rates of COVID per capita in SLO County. Those important social distancing measures will be maintained as the County and State progress along the road to recovery and various business sectors continue to reopen and/or expand services.

At a special City Council meeting on March 19, 2020, Council ratified the City Manager's administrative action to declare a local emergency and activate the City's short-term fiscal emergency plan in the wake of the COVID-19 pandemic. The short-term fiscal emergency plan was developed and approved by Council in 2018 to create a transparent process and formula for short term action when fiscal first aid may be needed. Having this clear strategy in place for fiscal emergencies, like the pandemic, that reflects the City of Morro Bay's values, helps to serve as the foundation for decision-making in tough fiscal times and aid in preserving the City's long-term fiscal health and vitality. On April 28, 2020, staff presented Council with the City's Rock Solid Together Financial and Economic Recovery Plan, outlining the City's four-pillar response to address the projected \$2 million General Fund revenue loss for FY 2019/20 due to COVID-19.

At the time the Rock Solid Plan was developed, staff was projecting a \$2M loss of General Fund revenue for the 4<sup>th</sup> Quarter of FY2019/20 and up to \$4M in FY2020/21, equating to nearly a 30% loss of overall General Fund revenues.

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

With these dismal projections in mind, the City developed a two-pronged approach, bridging and supporting the natural ecosystems that exists between our business community, general community and City Government. The first prong of the Rock Solid Together addressed business and community assistance – what the City could do to support our local business and community members, while understanding the City has also been severely impacted by this pandemic, and the second prong addressed City Government operations. As a reminder, the City’s responsive actions to COVID-19 under this two-prong approach are outlined below:

### **Rock Solid Together – Business and Community Assistance**

With regard to the business community and general community, the City Council has previously approved the following measures:

- 1) Deferral of TOT payments to the City for the months of February and March 2020, until August of this year
- 2) Waiving penalties for late payments for business license tax fees, water and sewer bills
- 3) The City is not disconnecting water service due to failure to pay at this time and until further notice
- 4) City Council action affirming State COVID-19 emergency orders, rules and regulations concerning eviction relief, an eviction moratorium, mortgage relief, price gouging and profiteering
- 5) City Council adopted an emergency purchasing policy to provide for prioritization of local purchasing when available.
- 6) Deferral of Tideland Trust lease payments to the City
- 7) Providing free transit services (waiving transit fares) so passengers that rely on the City’s public transit system for lifeline service can do so without worry of cost.
- 8) Postponing assessments for collection of delinquent garbage accounts until next year.
- 9) Utility Discount Program was expanded to include customers who could demonstrate being impacted by COVID-19 with evidence from the utility customers. To qualify, customers must apply and provide documentation from the Employment Development Department (EDD) they are receiving unemployment benefits.
- 10) With adoption of the FY 2020/21 Master Fee Schedule, the City Council deferred phase in of the fee increases until July 2021.
- 11) Approved a contract modification with the Chamber of Commerce to provide additional funds for business outreach and assistance efforts.

### **Rock Solid Together – City Government and Services**

Recognizing the gravity of the financial impact on City finances, the City Government and Services prong of Rock Solid Together was developed around four main pillars:

- 1) Employee compensation
- 2) Review and prioritization of operations
- 3) Responsible use of emergency reserves
- 4) Pursue State and Federal assistance and community support

Each of the four pillars are outlined below with those action items identified thus far.

#### **Pillar One – Employee Compensation**

Recognizing the gravity of the financial impact of COVID-19 and the need to immediate reduce expenditures, effective April 4, 2020 the City Council and Mayor waived their monthly stipends for

the remainder of FY19/20 and the City Manager, Department Heads, Management and Confidential employees, members of the Service Employees International Union (SEIU) and Morro Bay Police Officers Association have taken pay cuts between 5 and 8 percent through December 31, 2020. The City is in the process of negotiating a contract with the Fire Union along similar lines. Effective with the new Fiscal Year, most Council members have continued to waive their stipends through December 31, 2020 to align with employee salary concessions. Lastly, effective May 3, 2020 the City's Planning Commissioners voluntarily waived their monthly stipends.

### Pillar Two – Review and Prioritization of Operations

The City Manager instituted a hiring chill, whereby all vacant position requests to be filled had to be reviewed by him. Only core safety positions were approved to be filled at this time, which included filling two out of three vacant Police Officer positions and one vacant Utilities Worker position. Those requests were approved by the City Manager as they were deemed essential to continue to provide front line response to the COVID-19 pandemic and clean, safe drinking water to the residents of the City. The City Manager left one vacancy in Police and one vacant position in Consolidated Maintenance to aid the City in its recovery efforts. These vacancies continue to place a strain on existing Police and Public Works staff and resources.

In addition, an Associate Planner separated from the City in June leaving a vacant position that has not been filled or budgeted for in FY 2020/21. The plan is to hold that position vacant and use third party services to assist the City in reviewing plans. That effort will be cost neutral as applicants pay a fee for that service, full cost recovery. It should also be noted that the City's Public Works Director position is remains vacant and unfunded in the FY 2020/21 budget.

No City related travel is allowed outside the SLO region, without the written consent of the City Manager and only if the travel is essential. No travel requests have been made since the fiscal emergency was declared.

Early in the pandemic, the City laid off over 70 temporary and part time employees, primarily in Recreation services. While difficult to do, these tough decisions were made based upon the services they provide being suspended due to the Shelter at Home order. Those services include, but are not limited to, recreation classes and tourism support services. The City's Recreation Division is currently providing childcare services during the day for 50 children in our community, and they also held Junior Guard and swimming programming over the summer. Some part-time staffing were added to assist with these efforts and the related personnel costs are being covered through fees and also supplemented by the SLO Coastal School District.

The City also conducted layoffs of full-time positions in several departments: two full-time positions in Finance, one full-time position in Recreation, two full-time positions in Public Works and one full-time position in the Tourism Division. One other full-time position had their hours reduced as well. The layoffs combined with the frozen vacant positions resulted in a total loss of 11.6 FTE positions since 2018/19, or almost 12% of the City's staff. On a service level basis, this equals a total annual loss of 24,128 labor hours that must be absorbed by remaining employees so as not to impact service levels. To date the City has been able to minimize the impacts to public safety services, a core priority for our community as identified in the survey conducted in late 2019.

Table: City Full-Time Equivalents (FTEs) from FY18/19 to FY20/21

	<b>2018/19 Funded</b>	<b>2019/20 Funded</b>	<b>2020/21 Funded</b>
<b>Total City FTEs</b>	<b>99.7</b>	<b>97.4</b>	<b>88.1</b>

As a result of the salary concessions, freezing vacant positions, and layoffs, the City achieved approximately \$200,000 in salary and benefit savings for FY 2019/20, helping to mitigate lost revenue.

**Review every non-salary expense**

By enacting the City’s Short-Term Fiscal Emergency plan, the City placed a chill on non-essential expenditure items that could feasibly be placed on hold. For instance, Mental Marketing modified their contract (contract for Tourism marketing) by waiving the monthly retainer charge and retaining their services on a as needed basis (hourly rate) and the City also cancelled the Visitor Center contract as the Center closed after the Shelter at Home order went into place.

Direction was provided to Department Heads and Division Managers to review closely all expenses for the remainder of the FY19/20 and apply same mindset in developing their FY20/21 budgets.

The City Attorney’s Office also assisted with savings by both reducing their hourly rates as well as by providing substantial write-offs on their legal service fees resulting in significant savings for the City.

Overall, as a result of these actions the City achieved approximately \$400,000 in operating cost reductions, again helping to offset revenue loss.

The City is currently in the process of completing the FY19/20 year-end closure, therefore all expenditure and revenues figures provided are unaudited estimates that may change as staff continues with year-end review. Keeping that in mind, below is a summary of total preliminary year-end expenditures for the General Fund compared to budget:

	<b>FY 2019/20 Budget</b>	<b>FY 2019/20 Actuals</b>	<b>Difference</b>
<b>Salaries &amp; Benefits</b>	\$ 11,238,624.00	\$ 11,041,997.15	\$ (196,626.85)
<b>Operating</b>	\$ 1,147,146.00	\$ 1,062,300.60	\$ (84,845.40)
<b>Consulting</b>	\$ 25,229.00	\$ 17,789.10	\$ (7,439.90)
<b>Contract</b>	\$ 1,626,491.00	\$ 1,322,788.08	\$ (303,702.92)
<b>Debt</b>	\$ 35,190.00	\$ 35,277.34	\$ 87.34
<b>Insurance</b>	\$ 167,351.00	\$ 401,404.09	\$ 234,053.09
<b>Other</b>	\$ 483,161.00	\$ 525,573.89	\$ 42,412.89
<b>Payment to Other</b>	\$ 30,250.00	\$ 25,639.76	\$ (4,610.24)
<b>Transfers</b>	\$ 480,970.00	\$ 480,970.00	\$ -
<b>Utility</b>	\$ 419,569.00	\$ 410,704.46	\$ (8,864.54)
<b>Total</b>	<b>\$ 15,653,981.00</b>	<b>\$ 15,324,444.47</b>	<b>\$ (329,536.53)</b>

### Pillar Three – Responsible Use of Emergency Reserves

Over the past several years, the City built up a reserve equating to one quarter of the City's General Fund annual revenues, a best practice for local governments. This provides the City with flexibility during an emergency like COVID-19. However, staff recommended that these be considered a multi-year measure as we continue to anticipate several years of recovery from COVID-19. Therefore, staff expects to allocate at least \$1 million in reserves for both FY19/20 and FY20/21 to help mitigate the impacts of COVID-19 on City revenues. Given the timing of the pandemic, staff had little time to financially react to the pandemic, given there were only three months remaining in the year. Fortunately, even despite the limited reaction time, with the efforts of the City Team and leadership of the City Council, the City will be using approximately \$900,000 in emergency reserves in FY 2019/20 to offset COVID-19 revenues losses and other expenditures. Emergency reserve usage would have been much higher without those actions. This includes use of reserves that had previously been approved pre-pandemic to pay-off the City's Tier II and Tier III CalPERS unfunded accrued liabilities. This is less than the originally estimated \$1 million helping to maintain health reserve levels that may be needed for future years.

### Pillar Four – Pursue State and Federal Assistance and Community Support

The CARES Act provided assistance to cities and counties with populations over 500,000. The remainder of the funds went directly to states and provided them the discretion to use those funds to aid their recovery as well as their cities. Late in FY19/20, smaller communities were allocated CARES funding, based on population, and the City of Morro Bay was notified we would be eligible to receive approximately \$125,000 in CARES funds. The funds can be used for a variety of qualifying purposes, generally all related to COVID-19 response (for example: public safety response, messaging, and personal protective equipment). The funds may not be used to offset revenue loss due to COVID-19. CARES funding is dispersed in six equal installments with quarterly reporting on qualifying expenses required. The City received the first two disbursements of CARES funds in FY20/21, totaling approximately \$40,000 and has completed the first quarterly report thus far.

In addition, the City has submitted funding requests to FEMA to offset COVID-19 response expenditures (separate from those submitted for CARES reimbursement). City staff continues to work with FEMA representatives to provide answers to questions and additional information requested. The City has not yet been awarded FEMA reimbursement.

### **FY 2019/20 and Beyond Revenue Update**

Preliminary, unaudited figures indicate that FY19/20 revenues total approximately \$1.1 million less than budgeted revenues. This is less than the \$2 million staff originally projected early on in the pandemic and helps to reduce the use of emergency reserves. The largest revenue category impacts were in the categories of transient occupancy tax (TOT) and fees and charges. TOT is recorded at \$675,000 less than budgeted for FY19/20, with the most significant impact during the pandemic months of March, April, May and June. Fees and Charges include items such as the City's planning permit fees, recreation service fees, etc. and are recorded to come in at \$336,000 less than budgeted. On a positive note, the City's sales tax and property tax remained consistent with budgeted numbers for FY19/20, also helping to reduce the overall utilization of emergency reserves.

Below is a summary of preliminary year-end revenue figures as compared to budget:

	<b>FY 2019/20 Budget</b>	<b>FY 2019/20 Actuals</b>	<b>Difference</b>
<b>Sales Tax</b>	\$ 2,165,680.00	\$ 2,186,073.86	\$ 20,393.86
<b>Property Tax</b>	\$ 4,472,840.00	\$ 4,544,965.26	\$ 72,125.26
<b>TOT</b>	\$ 3,566,811.00	\$ 2,892,129.88	\$ (674,681.12)
<b>Business Licenses</b>	\$ 380,265.00	\$ 353,412.60	\$ (26,852.40)
<b>Fees &amp; Charges</b>	\$ 1,879,997.35	\$ 1,543,960.29	\$ (336,037.06)
<b>Intergovernmental</b>	\$ 18,725.00	\$ 33,088.72	\$ 14,363.72
<b>Fines &amp; Forfeitures</b>	\$ 6,500.00	\$ 5,855.95	\$ (644.05)
<b>Licesnses &amp; Permits</b>	\$ 128,899.00	\$ 139,344.79	\$ 10,445.79
<b>Other Revenue</b>	\$ 633,104.00	\$ 669,882.12	\$ 36,778.12
<b>Use of Money &amp; Property</b>	\$ 340,341.00	\$ 274,133.66	\$ (66,207.34)
<b>Transfers</b>	\$ 1,675,231.00	\$ 1,552,151.16	\$ (123,079.84)
<b>Total</b>	<b>\$ 15,268,393.35</b>	<b>\$ 14,194,998.29</b>	<b>\$ (1,073,395.06)</b>

Revenues for FY20/21 are starting to come in and still appear behind previous years' levels. For example, TOT for July 2020 was approximately \$80,000 less than July 2019, pre-pandemic times. In addition, the City's sales tax consultant is expecting a decrease in sales tax for FY20/21 of approximately 2.5%. Staff continues to very mindful of the pandemic and overall fiscal response and condition of the City. There are still many unknown factors, such as the duration of the pandemic and if cases will surge again in the Fall/Winter as predicted by many epidemiologists, which may spur another economic shutdown. As such, staff remains very conservative in spending and has not lifted the fiscal emergency measures currently in place.

Overall, the City is projected to use nearly \$2 million of its \$3.8 million in General Fund reserves by the end of FY20/21. That number would be significantly worse without the action taken by the City to reduce expenditures, particularly through personnel reductions (employee pay cuts, layoffs, and vacant positions freeze). As noted above, those personnel reductions equate to a total annual loss of 24,128 staff hours, with minimal impact to public safety services. However, the necessary draw down of reserves leaves only approximately \$1.8 million in emergency reserve fund balance for the General Fund beginning in FY21/22 (July 2021). Without additional revenues, the City will need to make further cuts and potential layoffs. This would include reductions in public safety service levels, as all other areas of the City organization – recreation, finance, administration, tourism, maintenance, engineering, planning, and code enforcement – have already been cut significantly.

### **Performance of Enterprise and Other Funds**

Preliminary estimates of the enterprise funds (Water, Sewer and Harbor) as well as the special revenue funds of Measure Q and TBID, indicate similar results as those discussed above with the General Fund. A high-level summary of each is provided below and will be refined as staff continues with the year-end closing process:

**Measure Q** – Revenues recorded at \$110,000 less than budgeted amounts. In response to COVID-19, the City elected to freeze the pavement management plan work that had previously been approved to begin in Spring 2020. As a result of placing a chill on this work and deferring until FY20/21, Measure Q expenditures were reduced by \$500,000. Therefore, the City will roll forward

approximately \$300,000 of year-end revenues over expenditures into the Measure Q fund balance to be allocated for pavement management maintenance in FY 2020/21.

**Tourism Business Improvement District (TBID)** – Revenues recorded at \$142,000 less than budgeted amounts and the fund achieved \$95,000 in expenditure savings. Approximately \$45,000 of TBID accumulation funds will be used to offset revenue shortfalls.

**Water** – Revenues recorded at \$422,000 less than budgeted. Staff believes this is trifold. First, water usage overall was down prior to COVID-19, resulting in less revenues. Secondly, when the pandemic started, many commercial businesses were shuttered, including hotels and restaurants which generally use significant amounts of water. Overall, staff believes this had a major impact on revenues on this fund. Lastly, in compliance with State laws, water service is not being shut-off for non-compliance (nor are penalties for late payments being assessed). This has caused delinquent accounts to increase and an overall loss or delay in revenues. There are no impacts to expenditures from COVID-19 and the funds revenues over expenditures will be allocated to the water accumulation fund to ultimately fund the debt service for the Water Reclamation Facility (WRF).

**Sewer** – Revenues recorded at \$70,000 less than budgeted. As with the Water fund, there are no impacts to expenditures from COVID-19 and the funds revenues over expenditures will be allocated to the sewer accumulation fund to ultimately fund the debt service for the Water Reclamation Facility (WRF).

**Harbor** – Revenues recorded at \$220,000 less than budgeted as rents were allowed to be deferred while staff continues conversations with lease holders on payment options and assistance. The Harbor fund was able to reduce expenditures by \$110,000 thereby requiring use of \$70,000 in accumulation funds to offset loss revenues.

### **CONCLUSION**

Overall, the City's proactive and timely response to the pandemic has resulted in significant expenditure reductions, helping to mitigate the revenue losses experienced due to COVID-19, resulting in use of General Fund Emergency Reserves of approximately \$900,000, less than the originally forecasted \$1 million. The City has continued to provide a high level of front-line services, including additional service levels to meet the demand of an unprecedented number of visitors in our community. However, staff remains cognizant and prudent in planning for many possible unknowns with the pandemic in the fall and winter months ahead.

Overall, the City is projected to use nearly 2 million of its \$3.8 million in reserves by the end of FY20/21. That number would be significantly worse without the action taken to reduce expenditures, particularly through personnel savings (employee pay cuts, layoffs and vacant positions freeze). That leaves approximately \$1.8 million in emergency reserve fund balance projected for the start of FY21/22.

Without additional revenues, the City will need to make further cuts and potential layoffs. This would include reductions in public safety service levels, as all other areas of the City organization – recreation, finance, administration, tourism, maintenance, engineering, planning, and code enforcement – have already been cut significantly.

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AGENDA NO: II

MEETING DATE: September 22, 2020

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** September 18, 2020

**FROM:** Scott Collins, City Manager  
Jennifer Callaway, Finance Director

**SUBJECT:** Water and Sewer Rate Review; Consider Increasing the Utility Discount Program Rate from 10% to 25% and Extending the COVID-19 Utility Discount, for Qualifying Morro Bay Residents, through June 30, 2021, through Resolution No 83-20; Consider Increasing Utility Discount Program Annual Rebate to \$180.00 for Qualifying Morro Bay Mobile Home Park and Apartment Residents, through June 30, 2021, through Resolution No. 84-20

## RECOMMENDATION

Staff recommends the Council adopt:

1. Resolution No. 83-20 Extending the Temporary Morro Bay Cares COVID-19 Utility Discount Program through the June 2021 billing cycle and increasing the discount rate for all enrolled Utility Discount Program customers to 25% of the approved rates for FY 2020/21; and
2. Resolution No. 84-20 Increasing the Utility Rebate Program to \$15 per month (\$180 per year) through the June 2021 billing cycle to eligible members of Mobile Home Parks and Apartments

## ALTERNATIVE

1. Council could choose not to enhance the Utility Discount Program or Utility Rebate Program

## FISCAL IMPACT

There is sufficient fund balance within the Utility Discount Program to fund the temporary expansion of these programs. Staff estimates the total discount amount to be \$160,000 for the FY 2020/21.

## BACKGROUND/DISCUSSION

The City adopted the Water Reclamation Facility (WRF) surcharge of \$41/month for residential customers in September 2018 to support the WRF project following completion of the Proposition 218 process. The new combined water and sewer rate of \$191/month for average single-family homes went into effect in July 2019. Shortly after the surcharge was approved, the City Council adopted the WRF Rate Surcharge Adjustment policy (Attachment 1). That policy requires an annual review of water and sewer rates for the purpose of determining if there is an ability to collect less than the Prop 218 authorized water and sewer rate amounts. The thinking at that time was the City adopted the WRF surcharge with a set of assumptions (project costs, interest rates and durations of loans, use of cash reserves, revenue generation, etc.) that may change to the benefit of the water and sewer customers as the project progresses. As the project proceeds, new factors may come to light that differ from assumptions that were made when the WRF surcharge structure was developed. This affords City Council the opportunity to compare the current situation with the

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

previous assumptions through a financial analysis, and then potentially adjust rate collections down accordingly.

With the aforementioned in mind, City Council at their August 25, 2020 meeting, directed staff to return soon with an analysis of rates in accordance with the rate review policy. Staff has reviewed existing information to help Council and the community understand our current situation and rate projections moving forward.

**WRF Surcharge Collections:**

The WRF surcharge is collected monthly on all utility accounts. There is a water component to the surcharge and a sewer component, thus, collections are recorded under a WRF Surcharge account in both the Water and Sewer Funds. In FY 2019/20, WRF Surcharge collections totaled \$3.7 million as outlined below:

WRF Surcharge	FY 2019/20 Budget	FY 2019/20 Collections	Difference
<b>Water</b>	\$ 1,654,000.00	\$ 1,553,557.81	\$ (100,442.19)
<b>Sewer</b>	\$ 2,173,000.00	\$ 2,172,277.22	\$ (722.78)
<b>Total</b>	\$ <b>3,827,000.00</b>	\$ <b>3,725,835.03</b>	\$ <b>(101,164.97)</b>

The collection amount is less than budgeted, by approximately \$100,000, and staff believes this is due to lower than expected water usage in the commercial sector resulting from businesses closing their doors for portions of the year related to COVID-19. The WRF surcharge for commercial accounts varies depending on usage as opposed to the flat rate that was established for residential accounts.

With the close of FY19/20, staff will transfer the WRF collection amounts to newly established WIFIA Water Reserve Fund (Fund 314) and the WIFIA Sewer Reserve Fund (Fund 324). These funds serve as a holding spot for collections and will be utilized for future debt payments on the WIFIA loan. Interest will be allocated to these funds at year-end as well.

**Project Status in Relation to Rates**

How much cash reserves will be used and the interest rate to be secured for a significant portion of the project have not been precisely determined yet. The City is in the process of completing the State Revolving Fund application review to secure agreements for a \$5 million grant and a low interest loan for a significant portion of the project. While staff is confident the City will secure the SRF grant and loan, we don't know precisely when the agreement will be ready for execution nor the amount and interest rate of the loan. In addition, several components on the cost side are unknown at this time, including the contract amount for construction of the pipeline/conveyance component of the WRF project. City staff is still working through the pipeline/conveyance construction bidding process review.

Without knowing those key pieces of information staff cannot complete the analysis to provide City Council with a recommendation regarding rate collection. However, staff is highly confident that even with recent WRF project challenges related to permitting, land acquisition and contracting (for pipeline) that water and sewer rates will not increase. This confidence is based upon analysis of the rate elasticity created by the City securing a near historic low interest rate of 0.83% from WIFIA for up to \$62 million dollars. The City assumed it would secure the WIFIA loan at 3.25% when the WRF surcharge structure was developed. That interest rate difference saves the City and rate payers approximately \$800,000 to \$900,000 a year in debt payments over the life of the WIFIA loan, a substantial savings.

While we are unable to complete the entire analysis at this time, we do understand that the community is sacrificing significantly to make it through the COVID-19 pandemic, with many of our residents having felt the financial impact stemming from COVID.

**Utility Discount Program and Utility Rebate Program**

The City currently has over 280 customers enrolled in the Utility Discount Program (Attachment 4) and 17 residents enrolled in the Utility Rebate Program for mobile home and apartment residents that do not have separate meters (Attachment 5). The fund balance within the Utility Discount Program is approximately \$580,000 as of June 30, 2020.

Those customers enrolled in the Utility Discount Program receive a 10% rate reduction on their total monthly water and sewer bill. To qualify, customers must be able to demonstrate that they qualify for the PG&E Cares program.

Currently, qualifying residents who reside in mobile home parks or apartments without individual meters may enroll in a Utility Rebate Program of \$12.50 per month or \$150 per year. These residents are eligible for the Utility Rebate Program if they demonstrate they qualify for the PG&E Cares program.

Shortly after the City of Morro Bay declared a local emergency due to COVID-19, City Council approved Resolution 42-20 (Attachment 6), an expansion of the Utility Discount Program to those that have been laid off or had to shutter their businesses due to COVID-19. This extension was through the June 2020 billing cycle. Staff is recommending Council authorize staff to extend this COVID-19 discount through the June 2021 billing cycle and affirm the discount applies since the program was established.

Staff is recommending that the City Council institute a limited duration increase to the rate reduction provided by the Utility Discount Program in the amount of 25%, providing extra relief to qualifying customers during these difficult pandemic times. The 25% reduction in rates would be in place through June 30, 2021 at which point the reduction would roll back to 10% unless authorized by Council to continue with the higher reduction amount beyond June 30, 2021. Staff also recommends increasing the Utility Rebate amount to \$180 per year or \$15 per month through the June 2021 billing cycle. There is sufficient fund balance within the Utility Discount program to cover this increased reduction amount for both programs. Staff will also continue to do outreach to enroll as many qualifying customers and residents into the programs as possible. Proposed rates compared to current rates are provided below for reference.

<b>Water Rates/Effective Dates</b>						
		<u>Current Rate</u>	<u>Current Utility Discount Rate (10% Discount)</u>	<u>Current Utility Rebate Amt</u>	<u>Proposed Utility Discount Rate (25% Discount) Through June 2021</u>	<u>Proposed Utility Rebate Amt Through June 2021</u>
<b>Fixed Monthly Charge</b>		\$ 32.00	\$ 28.80	\$150/ yr	\$ 24.00	\$180/yr
<b>Water Quantity Charges</b>				\$12.50/month		\$15.00/month
(Billed in 100 cubic feet of metered water use (\$/hcf)						
<u>Tier</u>	<u>Use in Tier</u>					
Tier 1	1-3 hcf	\$ 6.00	\$ 5.40		\$ 4.50	
Tier 2	4-10 hcf	\$ 8.50	\$ 7.65		\$ 6.38	
Tier 3	11-50 hcf	\$ 11.00	\$ 9.90		\$ 8.25	
Tier 4	>50 hcf	\$ 14.00	\$ 12.60		\$ 10.50	
<b>Sewer Rates/ Effective Dates</b>						
<u>Current Rate</u>						
<b>Residential Sewer Rates</b>						
(Fixed monthly charge per residential dwelling unit)						
Single Family		\$ 83.00	\$ 74.70		\$ 62.25	
Multiple Family/Condo		\$ 66.40	\$ 59.76		\$ 49.80	

Staff remains hopeful that once we secure the SRF funding, we can revisit the financial analysis and potentially offer longer term water and sewer rate savings to all our community members. Securing SRF funding will help further reduce debt payments compared to assumptions that were made in

developing the water and sewer rates. Staff will complete the rate review once the SRF funding is secured and provide recommendations to Council at that time (likely in spring 2021).

### **CONCLUSION**

Staff recommends that the City Council approve Resolution No. 83-20, extending the temporary Morro Bay Cares COVID-19 Utility Discount Program through the June 2021 billing cycle and affirming the discount since established, and increasing the discount rate for all enrolled Utility Discount Program customers to 25% of the approved utility rates for FY 2020/21. Staff also recommends that the City Council approve Resolution No. 84-20 Increasing the Utility Rebate to \$180 per year (\$15 per month) through the June 2021 billing cycle to eligible members of Mobile Home Parks and Apartments.

### **ATTACHMENTS**

1. WRF Rate Surcharge Adjustment Policy (Resolution 84-18, Exhibit F)
2. Proposed Resolution No. 83-20
3. Proposed Resolution No. 84-20
4. Resolution No. 64-19 Utility Discount Program
5. Resolution No. 79-19 Utility Rebate Program
6. Resolution No. 42-20 Morro Bay Cares COVID-19 Utility Discount Program



## **COUNCIL POLICY**

### **WRF RATE SURCHARGE ADJUSTMENT POLICY**

#### **Policy Statement**

The City of Morro Bay (City) is a full-service City, providing essential services to over 10,000 residents related to public safety, planning, building, harbor, public works and recreation. In addition, the City has a vibrant tourism industry, attracting thousands of visitors annually, all of whom utilize city services in some fashion.

As such, it is the City's intent to establish a policy to ensure community members, elected officials, committee and commission members, volunteers and employees are aware of the following:

The water and wastewater utilities provide drinking water along with wastewater collection and treatment services to its residential, commercial and industrial customers. To cover the costs associated with providing services to its customers, the utility derives revenue from a variety of sources, including water and sewer user rates, reconnection charges, connection fees, and the newly adopted Water Reclamation Facility (WRF) rate surcharges. Those new WRF surcharges are intended to provide revenue needed to design and construct the WRF and ancillary facilities.

The level of future revenue generated in the currently adopted water and sewer rate study is projected through a combination of analyses of historical and future system growth in terms of number of connections and consumption. With revenue derived from the various sources, the utilities meet the cash requirements of operation and maintenance; water supply costs; debt service and reserve payments on bond indebtedness; and recurring annual capital expenditures for replacements, system betterments, and extensions not debt financed.

Operating and Maintenance (O&M) expenses are those expenditures necessary to maintain the system in good working order. Water supply costs are those associated with the purchase and treatment of State water, pumping and treating groundwater. Sewer charges are necessary to provide collection and treatment of the community's wastewater. Routine annual capital expenditures, which include equipment replacements, consist of recurring annual replacements, minor extensions, and betterments which are normally revenue financed. The 2018 Proposition 218 WRF surcharge is intended to provide the amount of rate revenue necessary to retire the debt that will be used to finance the construction of the WRF and ancillary facilities.

#### **Purpose**

To establish the City of Morro Bay's commitment to providing the most cost-effective water and wastewater services for the community; the purpose of this policy is to establish procedures for clarifying how and when the WRF Rate Surcharge will be adjusted and what components of the Water and Sewer Utilities may utilize the WRF Rate Surcharge.

## **Policy**

Water and sewer services are operated as an enterprise fund, which means revenues to support operations and capital improvements must be borne by the rate payers. Water and sewer funds are reviewed annually by the City Council at a public hearing as part of the City's annual fee schedule update (approximately March of each year). Upon completion of the review, Council then determines the appropriate rate for service. If rate adjustments are needed, then they are to be implemented at the beginning of the new fiscal year. At no time may Council adjust rates beyond maximum approved rates under Resolution No. 71-18, unless and until another Proposition 218 process is successfully completed. The intent of this rate adjustment policy is to provide for rates to be lower than the maximum approved rates under Resolution No 71-18, conditions permitting.

## **Procedures**

During the annual budget development process, the City's Finance Director, in cooperation with the Public Works Director/City Engineer, will analyze expenditures and revenues associated with the WRF project and report to Council the minimum Rate Surcharge, up to the maximum approved by City Council in Resolution 71-18, required to satisfy the debt repayment for the WRF program.

Along with any rate recommendations, this Policy will be reviewed during the City's annual budget process, and updated, if needed, as a result of material changes in the risk exposures or new conditions that required changes in this Policy.

**RESOLUTION NO. 83-20**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
EXTENDING THE TEMPORARY MORRO BAY CARES COVID-19 UTILITY DISCOUNT  
PROGRAM THROUGH JUNE 2021 BILLING CYCLE AND INCREASING THE DISCOUNT  
RATE FOR ALL ENROLLED UTILITY DISCOUNT PROGRAM CUSTOMERS FROM 10% TO  
25% OF THE APPROVED RATES FOR FY 2020/21**

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

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

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

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

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

**WHEREAS**, on July 9, 2019 the Morro Bay City Council adopted Resolution No. 64-19 which permanently expanded the utility discount program to include on-going enrollment and established a maximum discount rate of 10 percent; and

**WHEREAS**, the City Council desires to increase the maximum discount rate of that utility discount program from 10% to 25%, through the June, 2021 billing cycle; and;

**WHEREAS**, on May 12, 2020 the Morro Bay City Council adopted Resolution No. 42-20 which established a temporary Morro Bay Cares COVID-19 Utility Discount Program to those customers that could demonstrate that they were laid off or had to shutter businesses due to the COVID-19 pandemic; and

**WHEREAS**, the City Council desires to extend the Morro Bay Cares COVID-19 Utility Discount Program through the June 2021 billing cycle and to affirm that discount throughout the time period since the discount was established.

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

1. Customers enrolled in the Morro Bay Cares COVID-19 Utility Discount Program established by Resolution No. 42-20 shall receive the discount through the June 2021 billing cycle, inclusive of the time period since the original discount program was established by Resolution No. 42-20, after which the customer will be removed from the program unless the Morro Bay Cares COVID-19 Utility Discount Program is extended by Council action.

2. The Utility Discount provided to qualifying customers by both Resolution No. 64-19 (general discount for qualifying customers) and Resolution 42-20 (COVID-19) will be increased from a 10% discount to a 25% discount, effective on the next billing cycle after adoption of this Resolution No 83-20, for all customers who otherwise qualified for participation in these Utility Discount Programs, through June 30, 2021 billing cycle, at which point the reduction will roll back to 10% unless authorized by Council to continue with the higher reduction amount beyond the June 30, 2021 billing cycle.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay, at a special meeting thereof held on the 22<sup>nd</sup> day of September 2020, by the following vote:

AYES:  
NOES:  
ABSENT:

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

ATTEST:

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

**RESOLUTION NO. 84-20**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
INCREASING THE UTILITY REBATE FOR QUALIFYING RESIDENTS OF MOBILE HOME  
PARKS AND APARTMENTS TO \$180 PER YEAR (\$15 PER MONTH)  
THROUGH JUNE 2021 BILLING CYCLE**

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

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

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

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

**WHEREAS**, on August 14, 2018, the Morro Bay City Council adopted Resolution No. 62-18, which piloted a one-year rolling enrollment period for the Utility Discount Program and eligible customers; and

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

**WHEREAS**, on September 24, 2019, the Morro Bay City Council adopted Resolution No. 79-19, establishing the Utility Discount Rebate Program for eligible residents of Mobile Home and Apartment complexes that are within the City limits; and

**WHEREAS**, the Morro Bay City Council now wishes to increase the Utility Rebate to \$15 per month (or \$180 annually) through the June 2021 billing cycle under the Utility Discount Rebate program for eligible residents of Mobile Home and Apartment complexes that are within the City limits.

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

1. The utility discount rebate amount established by Resolution No. 79-19 for eligible residents of Mobile Home and Apartment complexes that are within the City limits is \$15 per month (or \$180 per year) as of the next billing cycle after the adoption date of this resolution, through the through June 30, 2021 billing cycle, at which point the increased monthly rebate ceases, unless authorized by Council to continue beyond the June 30, 2021 billing cycle.

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**PASSED AND ADOPTED** by the City Council of the City of Morro Bay, at a special meeting thereof held on the 22nd day of September 2020, by the following vote:

AYES:

NOES:

ABSENT:

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

ATTEST:

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

**RESOLUTION NO. 64-19**

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

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

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

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

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

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

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

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

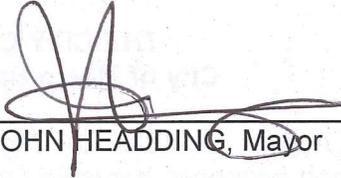
**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, as follows:

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

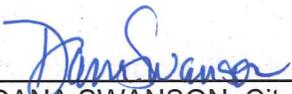
9. Staff is directed to make changes to the Utility Discount Program application material and policy reflecting the aforementioned criteria, as appropriate.

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

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

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

ATTEST:

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

**RESOLUTION NO. 79-19**

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

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

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

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

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

**WHEREAS**, on August 14, 2018, the Morro Bay City Council adopted Resolution No. 62-18, which piloted a one-year rolling enrollment period for the Utility Discount Program and eligible customers; and

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

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

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

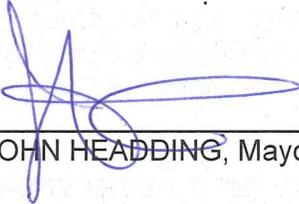
1. The Utility Discount Rebate Program is established for residents (otherwise eligible for the previously established Program), of Mobile Home Parks and Apartment complexes that are within the City limits, who are not direct utility customers of the City, as these residents do not reside on individually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

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

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

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

AYES: Heading, Addis, Davis, Heller, McPherson  
NOES: None  
ABSENT: Absent

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

ATTEST:

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



## CITY OF MORRO BAY UTILITY REBATE PROGRAM CUSTOMER APPLICATION

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

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

**PLEASE PRINT:**

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

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

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

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

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

**PLEASE INITIAL:**

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

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

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

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

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

-----  
STAFF USE ONLY

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

\_\_\_\_\_  
Date

**RESOLUTION NO. 42-20**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
ESTABLISHING A TEMPORARY MORRO BAY CARES COVID-19  
UTILITY DISCOUNT PROGRAM**

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

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

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

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

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

**WHEREAS**, on July 9, 2019 the Morro Bay City Council adopted Resolution No. 64-19 which permanently expanded the utility discount program to include on-going enrollment; and

**WHEREAS**, the continuing COVID-19 pandemic has resulted in, and continues to generate, temporary loss of employment, either due to layoff or, if self-employed, due to business closures; and

**WHEREAS**, the City Council wishes to establish a temporary Morro Bay Cares COVID-19 Utility Discount Program.

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

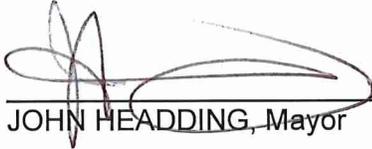
1. The City wishes to establish a temporary Morro Bay Cares COVID-19 Utility Discount Program, whereby a Water/Sewer customer that has been impacted by COVID-19, meaning laid off or for those that are self-employed have had to close their businesses, may enroll in the Utility Discount Program; and
2. Customers who wish to enroll in the Morro Bay Cares COVID-19 Utility Discount Program must submit a completed Utility Discount Program application and submit evidence, satisfactory to City staff, of being laid off due to COVID-19, such as documentation from Employment Development Department (EDD) and/or similar documentation for those that are self-employed and have had to close their business due to impact of COVID-19 pandemic and Shelter at Home orders.
3. The funding for this Program will come from the prior fiscal year's actual water and sewer penalties, voluntary donations, fund balance and other non-rate revenue Council deems appropriate.
4. The maximum discount is 10-percent of the customer's Water/Sewer bill per month through the June billing cycle, after which the customer will be removed from the

program (if added to the program pursuant to the COVID-19 Utility Discount Program) unless the Morro Bay Cares COVID-19 Utility Discount Program is extended by Council action.

5. The required unemployment documentation must match the customers utility address to qualify.
6. Staff is directed to make changes to the Utility Discount Program application material reflecting the aforementioned criteria, as appropriate.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 12<sup>th</sup> day of May 2020, by the following vote:

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



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JOHN HEADDING, Mayor

ATTEST:



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DANA SWANSON, City Clerk