



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, November 10, 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

- Service Pin Presentation

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 SEPTEMBER 22, 2020, CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-2 APPROVAL OF MINUTES FOR THE OCTOBER 13, 2020, CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-3 ADOPTION OF RESOLUTION NO. 93-20 APPROVING A 1-YEAR LEASE AGREEMENT WITH TRAVIS FORD (ROCK HARBOR MARKETING) FOR PROPERTY LOCATED AT 781 MARKET STREET; (COMMUNITY DEVELOPMENT DIRECTOR)

RECOMMENDATION: Staff recommends the Council adopt Resolution No. 93-20, approving a 1-year Lease Agreement for the City property located at 781 Market Street (APN: 066-321-027).

- A-4 MEMORANDUM OF UNDERSTANDING WITH THE CITIES OF SAN LUIS OBISPO AND PASO ROBLES FOR SHARING POLICY BOARD, OPERATIONS BOARD, AND COMMUNITY ADVISORY COMMITTEE SEATS ON CENTRAL COAST COMMUNITY ENERGY (FORMERLY KNOWN AS MONTEREY BAY COMMUNITY POWER); (CITY MANAGER)

RECOMMENDATION: Staff recommends the City Council:

1) Approve Memorandum of Understanding (MOU) with the Cities of San Luis Obispo and Paso Robles for sharing Policy Board, Operations Board, and Community Advisory Committee seats on Central Coast Community Energy (Attachment A) in a form substantially similar to Attachment A; and 2) Authorize the City Manager to execute the MOU in a form substantially similar to the form presented in Attachment A and subject to approval as to form by the City Attorney's Office.

- A-5 APPROVAL OF LICENSE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND PG&E FOR CONTINUED ACCESS AND USE OF PG&E PROPERTY FOR THE MORRO BAY BIKE PARK; (CITY MANAGER)

RECOMMENDATION: Staff recommends the City Council approve the License Agreement with PG&E related to continued access and use of PG&E property for the existing Morro Bay Bike Park located on Little Morro Creek Road.

- A-6 ADOPTION OF RESOLUTION NO. 97-20 AUTHORIZING THE CITY OF MORRO BAY TO ENTER INTO A 2020/2021 SURRENDERED AND ABANDONED VESSEL EXCHANGE GRANT CONTRACT WITH THE STATE OF CALIFORNIA DIVISION OF BOATING AND WATERWAYS IN THE AMOUNT OF \$18,200.00 FOR REMOVAL OF ABANDONED/SURRENDERED VESSELS AND HAZARDS TO NAVIGATION; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommend the City Council adopt Resolution No. 97-20 authorizing the Harbor Director to execute the attached 2020/2021 Surrendered and Abandoned Vessel Exchange (SAVE) Grant Contract Agreement #C20S0604 with the California Division of Boating and Waterways (DBW) for \$18,200.00 for the funding of removal of abandoned/surrendered vessels and hazards to navigation.

- A-7 REVIEW AND ADOPT RESOLUTION NO. 98-20 ACCEPTING THE MULTI-JURISDICTIONAL HAZARD MITIGATION PLAN AND APPROVING MORRO BAY LOCAL HAZARD MITIGATION PLAN ANNEX D; (FIRE DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution 98-20 approving the San Luis Obispo County Multi-Jurisdictional Hazard Mitigation Plan update and City of Morro Bay Local Hazard Mitigation Plan Annex D.

B. PUBLIC HEARINGS

- B-1 ADOPTION OF RESOLUTION NO. 96-20, WHICH RESCINDS RESOLUTION NO. 60-20 AND AMENDS THE FY 2020/21 MASTER FEE SCHEDULE REVISING BUILDING PERMIT AND FIRE PLAN REVIEW FEES AND ADDS A NEW FEE FOR COMMERCIAL CANNABIS BACKGROUND INVESTIGATIONS; (COMMUNITY DEVELOPMENT DEPARTMENT)

RECOMMENDATION: Staff recommends that the City Council conduct the formally noticed public hearing, review the proposed modifications to the Master Fee schedule, and adopt Resolution No. 96-20, which rescinds Resolution No. 60-20 and amends the City's Master Fee Schedule for Fiscal Year (FY) 2020/21 to include revised Building Permit and Fire Plan Review fees and adds a new fee for the Police Department to cover commercial cannabis business employee background investigations.

C. BUSINESS ITEMS

- C-1 WATER RECLAMATION FACILITY (WRF) PROJECT CONVEYANCE FACILITIES CONSTRUCTION CONTRACT AWARD IN THE AMOUNT OF \$31,493,675, HYDROGEOLOGICAL WORK CONTRACT AMENDMENT IN THE AMOUNT OF \$530,000 FOR THE NEXT PHASE OF HYDROGEOLOGICAL WORK (PHASE 3), REJECTING A BID PROTEST AND REVIEW OF THE WRF QUARTERLY REPORT AND RECOMMENDED SCHEDULE OF REPORTING; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council consider the following: 1) Reject the bid protest filed by W.A. Rasic and authorize the City Manager to execute a contract with Anvil Builders, Inc. (Anvil) in the amount of \$31,493,675 for construction of the Conveyance Facilities component of the Water Reclamation Facility (WRF) Project (Project); 2) Authorize the City Manager to execute a contract amendment with GSI Water Solutions Inc. (GSI) in the amount of \$530,000 to provide Phase 3 hydrogeological services for the Project; and 3) Review and receive the WRF Quarterly Report; and 4) Approve the proposed modified schedule for WRF Monthly and Quarterly reporting.

C-2 INTRODUCTION AND FIRST READING OF ORDINANCE NO. 641; AMENDING TITLE 14 (BUILDING AND CONSTRUCTION) OF THE MORRO BAY MUNICIPAL CODE ADDING CHAPTER 14.43 (ELECTRIC VEHICLE CHARGING SYSTEMS), PROVIDING A STREAMLINED PERMITTING PROCESS FOR ELECTRIC VEHICLE CHARGING SYSTEMS AND FINDING THE ORDINANCE EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Staff recommends the City Council introduce, by title only, and waive further reading of Ordinance No. 641 amending Title 14 (Building and Construction) of the Morro Bay Municipal Code by addition of Chapter 14.43 (Electric Vehicle Charging Systems) providing a streamlined permitting process for electric vehicle charging systems and finding the project exempt from the California Environmental Quality Act (CEQA).

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The Regular Meeting for **Tuesday, November 24, 2020** has been canceled per adopted Resolution No. 01-20

The next Regular Meeting will be held on **Tuesday, December 8, 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.

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
 Dana Swanson City Clerk
 Jennifer Callaway Finance Director/Acting Public Works Director
 Scot Graham Community Development Director
 Steve Knuckles Fire Chief
 Jody Cox Police Chief
 Eric Endersby Harbor Director
 Rob Livick City Engineer
 Eric Casares WRF Program Manager

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 5:30 p.m., with all but Council Member Addis present. Council Member Addis joined the meeting at 5:31 p.m.

MOMENT OF SILENCE
PLEDGE OF ALLEGIANCE
RECOGNITION – None

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

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/-9FyvSbq7Kg?t=154>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/-9FyvSbq7Kg?t=786>

PRESENTATIONS - None

PUBLIC COMMENT

<https://youtu.be/-9FyvSbq7Kg?t=1171>

Carol Swain, Morro Bay, spoke regarding Item B-2, expressing appreciation for the efforts made to find balance and a common ground.

John Weiss, Morro Bay, commented on the passing of long-time Morro Bay resident and former Planning Commissioner, Bill Olson, and thanked the Police Department for its quick response to a recent call for service.

Carole Truesdale, Morro Bay resident and President of Neighborhood Watch, complimented the Police Department for launching the Neighborhood Cop program and asked what contingencies were in place to ensure adequate funding for the Police and Fire Departments should the sales tax measure fail.

Erica Crawford, Morro Bay Chamber of Commerce, announced upcoming candidate forums, and thanked the community for its vigilance to keep COVID-19 transmission rates low, adding meeting the State's reopening guidelines has been a costly endeavor for businesses.

Dan Sedley, Morro Bay, complimented the Police Department on its new computer program and thanked the Chamber of Commerce for sponsoring upcoming candidate forums.

Toni spoke regarding Item B-1, questioning the use of an urgency ordinance and requesting data to support the claim of a current and immediate threat to public health, safety, and welfare. She urged the Council to not extend the urgency ordinance but continue to work toward viable regulations with operational standards.

Betty Winholtz spoke as a Council candidate expressing concern campaign signs had been removed from private property.

Melanie Williams, Morro Bay, asked what was being done to address garbage left behind by visitors, questioned a fee being charged to attend a candidate forum, and commented on the Mayor's social media site.

Harry Wiese commented on the recent decrease in TOT and that reducing the number of vacation rentals would exacerbate the City's shortfall. Rather than limit the number of vacation rentals, he suggested increasing the transient occupancy tax rate, stronger enforcement of unlicensed rentals, and allowing the urgency ordinance to expire in 45 days.

Kristen Headland, Morro Bay, spoke regarding Item B-2, stating her preference would be to allow only hosted vacation rentals; alternatively, allow 175 in the R-1 zone with at least 250' circumference around each, with a shorter period of time to address non-compliant owners.

Bob Swain, Morro Bay, spoke in favor of hosted rentals vs. un-hosted rentals and expressed appreciation for the process used to come to a point where most are pleased.

Glenn Silloway, Morro Bay, appreciated the comments of support for the Morro Bay Police Department and urged residents to vote in support of Measure E-20.

Mayor Headling closed public comment.

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

A. CONSENT AGENDA
<https://youtu.be/-9FyvSbq7Kg?t=3232>

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

A-1 APPROVAL OF MINUTES FOR THE AUGUST 25, 2020, CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 PROCLAMATION RECOGNIZING PEOPLES' SELF-HELP HOUSING'S 50TH
ANNIVERSARY; (ADMINISTRATION)

RECOMMENDATION: Approved as submitted

A-3 ADOPTION OF RESOLUTION NO. 80-20 APPROVING AN INTERIM MASTER LEASE
AGREEMENT BETWEEN THE CITY OF MORRO BAY AND LIBERTINE BREWING
COMPANY FOR LEASE SITE 86/86W, LOCATED AT 801 EMBARCADERO, AND
COMMONLY KNOWN AS "THE LIBERTINE PUB"; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommend the City Council adopt Resolution No. 80-20, approving an Interim Master Lease Agreement for Lease Site 86/86W, as proposed.

A-4 ADOPTION OF RESOLUTION NO. 81-20 APPROVING AMENDMENT #2 TO THE
COMMERCIAL BUILDING LEASE AGREEMENT WITH THREE STACKS AND A ROCK
BREWING COMPANY AT LEASE SITE 69-70/69W-70W, LOCATED AT 595
EMBARCADERO ROAD; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 81-20 approving Amendment #2 to the Commercial Building Lease Agreement with Three Stacks and a Rock Brewing Company, LLC for portions of the building at Lease Site 69-70/69W-70W, to extend the tenant's building remodel construction deadline.

A-5 REVIEW AND RECEIVE WATER RECLAMATION FACILITY (WRF) CAPITAL PROJECT
MONTHLY UPDATE REPORT FOR JULY 2020 AND PROVIDE DIRECTION, IF ANY,
DEEMED APPROPRIATE; (PUBLIC WORKS DEPARTMENT)

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

A-6 ISSUANCE OF REPORT ON THE MEASURES TAKEN TO ALLEVIATE CONDITIONS
PREVIOUSLY IDENTIFIED AND LEADING TO THE ADOPTION OF URGENCY
ORDINANCE NO. 637 APPROVING A 45-DAY MORATORIUM ON THE ISSUANCE OF
SHORT-TERM VACATION RENTAL PERMITS; (COMMUNITY DEVELOPMENT
DEPARTMENT/CITY ATTORNEY)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 82-20 issuing a Report of the City Council of the City of Morro Bay on measures taken to alleviate the conditions previously identified and leading to the adoption of a moratorium on the issuance of any new permit, license, approval, or entitlement for new short-term vacation rental (STR) operation within the City.

A-7 PROCLAMATION DECLARING "SEPTEMBER 20-26, 2020 AS THE 18TH ANNUAL SEA
OTTER AWARENESS WEEK"; (ADMINISTRATION)

RECOMMENDATION: Approved as submitted

A-8 PROCLAMATION DECLARING "OCTOBER 4-10, 2020 AS NATIONAL FIRE
PREVENTION WEEK"; (ADMINISTRATION)

RECOMMENDATION: Approved as submitted

Mayor Headding opened public comment for the Consent Agenda.

Betty Winholtz, Morro Bay, addressed Item A-5, requesting clarification on the performance measures shown on page 84 of the agenda packet.

John Weiss, Morro Bay, expressed concern Item A-5 was placed on the Consent Agenda.

Dan Sedley, Morro Bay, addressed Item A-5, stating his belief the report is normally a business item.

The public comment period was closed.

Mayor Headding responded to questions raised during Public Comment.

Mayor Headding pulled Item A-5 and asked for Council concurrence to hear Item A-5 after Public Hearing Items B-1 and B-2. There was concurrence to do so.

MOTION: Council Member Addis moved approval of all items on Consent except Item A-5. The motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

B. PUBLIC HEARINGS

B-1 ADOPTION OF INTERIM URGENCY ORDINANCE NO. 639 EXTENDING A MORATORIUM ON THE ISSUANCE OF SHORT-TERM VACATION RENTAL PERMITS WITHIN THE CITY OF MORRO BAY FOR TEN MONTHS AND FIFTEEN DAYS; (COMMUNITY DEVELOPMENT/CITY ATTORNEY)
<https://youtu.be/-9FyvSbq7Kg?t=3588>

Community Development Director Graham and City Attorney Neumeyer provided the report and responded to Council inquires.

Mayor Headding opened the Public Hearing.

Mayor Headding opened Public Comment.

Maggie Juren questioned the justification for an urgency ordinance based on a threat to public health and safety, stating there was no proven link between vacation rentals and COVID transmission.

Taylor Eisemann, Morro Bay, opposed the urgency ordinance stating the bigger issue of illegal vacation rentals had not been addressed.

Betty Winholtz, Morro Bay, spoke in support of the emergency ordinance to protect the health, safety, and welfare of the community.

Melissa agreed with Ms. Juren's comments, adding vacation rentals offer a safer alternative for families visiting Morro Bay.

Dan Sedley, Morro Bay, supported the moratorium, noting un-hosted vacation rentals negatively impact residents' welfare and wellbeing.

Rhoda Gonzalez expressed concern regarding the proposed moratorium and asked for data linking health and safety concerns to vacation rentals.

Ian Starkie opposed the vacation rental moratorium and stated the City had not put forward evidence linking vacation rentals to health and safety issues.

Melly spoke in support of the moratorium.

The Public Hearing was closed.

City Attorney Neumeyer responded to questions raised during public comment.

MOTION: Council Member Davis moved to adopt Interim Urgency Ordinance No. 639, extending a moratorium on the issuance of short-term vacation rental permits within the City of Morro Bay for ten months and fifteen days. The motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

B-2 INTRODUCTION AND FIRST READING OF ORDINANCE 640; AMENDMENTS TO MORRO BAY MUNICIPAL CODE, REPEALING CHAPTER 5.47 (SHORT-TERM VACATION RENTAL PERMIT) AND ADDING CHAPTER 17.41 (SHORT-TERM VACATION RENTALS) SO AS TO PROVIDE REGULATIONS TO PROTECT THE QUALITY AND CHARACTER OF OUR RESIDENTIAL NEIGHBORHOODS THROUGH APPLICATION OF DENSITY LIMITATIONS, EXPANDED PERMIT REQUIREMENTS AND OPERATIONAL REQUIREMENTS; (COMMUNITY DEVELOPMENT / CITY ATTORNEY)
<https://youtu.be/-9FyvSbg7Kq?t=5401>

Community Development Director Graham and City Attorney Neumeyer provided the report and responded to Council inquires.

Mayor Headding opened the Public Hearing.

Mayor Headding opened Public Comment.

John Weiss, Morro Bay, supported an unlimited number of hosted short-term rentals, steeper fines for non-compliance, and cease and desist of all unlicensed rentals.

Ian Starkie, Rock Star Properties, stated the proposed ordinance would reduce transient occupancy tax paid to the City and result in an increased number of illegal short-term rentals. He added the parking requirements would not be enforceable unless parking permits were issued to every property.

Wally Auerbach, short-term vacation rental owner, expressed concern his legally operated vacation rental would become non-conforming under the proposed ordinance and suggested the number of those renting properties illegally would increase.

Sean Green, Morro Bay resident and Ad Hoc Committee member, stated the committee worked hard to develop useful and enforceable restrictions that will improve the STR landscape, and shared his perspective as a resident who researched policies and purchased his home with the expectation it could be used as a vacation rental 1/3 of the year. He stated many have made significant financial decisions based on guidelines provided by the City and expressed concern about retroactive enforcement of a lottery system.

David Zepp, Morro Bay, commented on the value of vacation rentals as an alternative to hotel stays and the importance of differentiating home share from full-home rentals,

suggesting home shares be excluded from the cap. He also suggested increased fines to discourage bad actors, and to allow the number to be reduced by attrition.

Harry Wiese spoke regarding the economic implications of the proposed lottery system that would remove 24 vacation rentals from the Beach Tract and 70 citywide.

Penni Daugherty, Morro Bay, questioned the need for density limitations if everyone follows the rules.

Robert Elzer, URelax Vacation Rentals, opposed a lottery process to reduce the number of permitted vacation rentals; urged the Council to consider many vacation rental owners hope to retire in Morro Bay; and to keep in mind the maintenance workers, housekeepers, property managers and others who work in the vacation rental community.

Dr. Morro stated his concern regarding lack of enforcement and quality of life impacts for residents.

Melissa, Morro Bay, stated she lives next to a vacation rental and has observed more issues with nearby full-time rentals. She questioned reducing the cap to 175 and suggested increasing transient occupancy tax to help fund code enforcement to deal with problematic properties.

Dan Sedley, Morro Bay, supported vacation rentals in the commercial district and an unlimited number of hosted rentals; he opposed them in mixed districts with single family dwellings and residential neighborhoods. He also commented on the importance of enforcement and suggested fines be significantly increased.

Erica Crawford, Morro Bay Chamber of Commerce, following review of various drafts over the past year by 30 different Chamber members, offered the following position statement: decline to permit vacation rentals in multi-family units, small attached family units and ADU's as they constitute an important source of workforce housing; consider the concentration of vacation rentals in the Beach Tract separately; eliminate the proposed lottery system, instead allow normal turnover to remedy density issues; and create a fee structure to cover the cost of adequate and effective enforcement of permitted vacation rentals.

Patrick Vaughan, Morro Bay, suggested lowering the cap to 150, and using 175' radius buffer with no more than one vacation rental abutting next to, or behind, a property.

Rhoda Gonzales, vacation rental property owner, shared her perspective regarding responsible management of a vacation rental and support for workers who rely on visitors and vacation rental businesses for income.

The Public Hearing was closed.

The Mayor and Council provided individual comments and arrived at a consensus on the following clarifications and revisions:

- *Transferability* - prohibit transfer of short-term vacation rental ("STR") permit to a new owner.
- *ADU's/apartments* –
 - phase out permitted STR's in accessory dwelling units after three years, and
 - prohibit short-term rentals in apartments in residential zones, with existing permitted STR's phased out as recommended by the Planning Commission.

- *Density buffer* - establish density buffer at 175 linear feet or 3-lot separation, whichever is greater.
- *Cap* – reduce cap for full-home STR’s to 175 in residential neighborhoods, remove those not actively using their permit.
- *Use of Guesthouse for home-share* - home share rentals to be allowed and excluded from the cap and density requirements.
- *Non-conformance* - allow permitted non-conforming units to be grandfathered in and decrease by attrition.
- *Fines for Violations* -
 - Operating without a permit: cease and desist letter with penalties of \$1,000 each time thereafter found to be operating as an STR; removed from waiting list; and wait two years before reapplying.
 - Rule violation: warning for 1st violation, 2nd violation \$250 fine, 3rd violation \$750 fine, and 4th violation \$1,000 fine.
 - Staff may use discretion based on the seriousness of the offense to determine when a permit should be revoked.
- *Other areas of consensus and minor changes*
 - Accept Planning Commission proposed revision to the Whereas statement to add “quality”
 - WHEREAS, while the City Council recognizes that short-term vacation rentals can be conducted in harmony with surrounding uses, those activities must be regulated to ensure that these activities do not threaten the residential quality and character of the neighborhoods where they are operating, or otherwise harm the public health, safety, or general welfare.
 - Accept Planning Commission to revise Section 17.41.090(K) to include language that signs be clearly visible and legible from the street or right of way.
 - Establish maximum occupancy restriction at 10 people over age 3 in addition to current policy limit of two individuals per bedroom, plus two.
 - Require STR primary renter be 21 or older
 - Do not prohibit the use of outdoor fire pits as those rules should apply equally to STR’s and homeowners

MOTION: Council Member Addis moved the meeting go past 9:30 p.m. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote

MOTION: Council Member McPherson moved to continue the hearing to the next meeting on October 13, 2020 and bring back the ordinance with the changes that have achieved consensus, including recommendation by Council Member Davis with regard to grandfathering. The motion was seconded by Mayor Heading and carried 5-0 by roll call vote.

C. BUSINESS ITEMS - None

- A-5 REVIEW AND RECEIVE WATER RECLAMATION FACILITY (WRF) CAPITAL PROJECT MONTHLY UPDATE REPORT FOR JULY 2020 AND PROVIDE DIRECTION, IF ANY, DEEMED APPROPRIATE; (PUBLIC WORKS DEPARTMENT)
<https://youtu.be/-9fyvsbq7kg?t=15446>

WRF Program Manager Casares responded to questions raised during public comment and provided an update on the SRF loan process, which has been significantly impacted by the COVID-19 pandemic. He anticipated the City will have a signed loan agreement early 2021.

MOTION: Mayor Headding moved approval of Item A-5. The motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/-9FyvSbg7Kg?t=16627>

Council Member McPherson requested the Council consider creating a utility discount program for commercial businesses. Following brief comments, the Council supported discussion of a comprehensive grant program for Morro Bay businesses affected by the COVID-19 pandemic.

E. ADJOURNMENT

The meeting adjourned at 10:10 p.m.

Recorded by:

Dana Swanson
City Clerk

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
 Dana Swanson City Clerk
 Jennifer Callaway Finance Director/Acting Public Works Director
 Scot Graham Community Development Director
 Steve Knuckles Fire Chief
 Jody Cox Police Chief
 Eric Endersby Harbor Director

ESTABLISH QUORUM AND CALL TO ORDER

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

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION – None

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

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/1sMPpeG7NJA?t=239>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

PRESENTATIONS

- Domestic Violence Awareness Month Proclamation presented to Sandra Gresham from Stand Strong.
<https://youtu.be/1sMPpeG7NJA?t=1148>
- Presentation of Business Heroes Awards to the following Morro Bay businesses:
 - Dutchman Restaurant
 - Dealers Choice
 - Pizza Port
 - Albertsons<https://youtu.be/1sMPpeG7NJA?t=1698>

PUBLIC COMMENT

<https://youtu.be/1sMPpeG7NJA?t=2525>

John Weiss, Morro Bay, asked for clarification regarding the vacation rental ordinance, expressing concern about grandfathering of vacation rentals in residential areas. He supported an unlimited number of hosted vacation rentals.

Dan Sedley, Morro Bay, suggested the Council may have violated the Brown Act by attending an event at the Water Reclamation Facility.

David Wiseman, Morro Bay, was dismayed to receive an election mailer from the City that seemed to support the sales tax measure and asked what degree of due diligence was done to ensure this would not run afoul of the FPPC.

Betty Winholtz, Morro Bay, raised questions regarding statements during a recent interview regarding the water reclamation facility capacity and use of recycled water.

Mayor Heading closed public comment.

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

A. CONSENT AGENDA
<https://youtu.be/1sMPpeG7NJA?t=3496>

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 SEPTEMBER 8, 2020, CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE SEPTEMBER 17, 2020, CITY COUNCIL SPECIAL
CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE SEPTEMBER 24, 2020, CITY COUNCIL SPECIAL
MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 APPROVAL OF MINUTES FOR THE SEPTEMBER 30, 2020, CITY COUNCIL SPECIAL
CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-5 ADOPT RESOLUTION NO. 87-20 APPROVING FISCAL YEAR 2019/20 FOURTH
QUARTER YEAR-END BUDGET ADJUSTMENTS; (FINANCE DEPARTMENT)

RECOMMENDATION: Staff recommends that the City Council adopt Resolution No. 87-20 approving Fiscal Year 2019/20 Fourth Quarter Year-End Budget Adjustments.

- A-6 CONSIDERATION OF APPROVAL OF CONDITIONAL CONSENT OF LANDOWNER PERTAINING TO LEASE SITE REDEVELOPMENT PROPOSAL FOR LEASE SITE 78-81/78W-81W, LOCATED AT 701 EMBARCADERO (DUTCHMAN'S SEAFOOD HOUSE) TO VAN BEURDEN INVESTMENTS; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommend the City Council grant Conditional Consent of Landowner (COL) approval to Van Beurden Investments for their proposal to redevelop a portion of Lease Site 78-81/78W-81W as described in this staff report.

- A-7 ADOPTION OF RESOLUTION NO. 88-20 APPROVING REVISIONS TO THE SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY JOINT POWERS AGREEMENT (JPA) TO CONSOLIDATE WITH SOUTH COUNTY TRANSIT JPA AND PROVIDE CLARIFYING OPERATIONAL AMENDMENTS; (CITY MANAGER)

RECOMMENDATION: Staff recommends approval of Resolution No. 88-20 authorizing execution of the amended and restated Joint Powers Agreement (JPA) for the San Luis Obispo Regional Transit Authority (RTA) allowing consolidation of South County Transit into the San Luis Obispo Regional Transit Authority and approving clarifying operational amendments to the RTA JPA.

- A-8 APPROVAL OF RESOLUTION NO. 89-20 AUTHORIZING THE CITY OF MORRO BAY TO ENTER INTO A \$85,000 2020/2021 BOATING SAFETY AND ENFORCEMENT EQUIPMENT GRANT CONTRACT WITH THE STATE OF CALIFORNIA DEPARTMENT OF PARKS AND RECREATION, DIVISION OF BOATING AND WATERWAYS FOR PURCHASE OF PORT SAN LUIS' SURPLUS 26-FOOT HARBOR PATROL VESSEL; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 89-20, authorizing the Harbor Director to execute and act as the City's agent for the attached Boating Safety and Enforcement Equipment Grant Agreement No. C20L0605 with the State of California Department of Parks and Recreation, Division of Boating and Waterways in the amount of \$85,000 to purchase Port San Luis Harbor District's surplus 26-foot Radon patrol vessel.

- A-9 HARBOR ADVISORY BOARD MEETING SCHEDULE AMENDMENT REQUEST; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 90-20 approving a request from the Harbor Advisory Board (HAB) to establish January, April and July as three months per each calendar year the HAB would not have a regularly scheduled monthly meeting.

- A-10 PROCLAMATION DECLARING OCTOBER 2020 DOMESTIC VIOLENCE AWARENESS MONTH; (ADMINISTRATION)

RECOMMENDATION: Approved as submitted

Mayor Headding opened public comment for the Consent Agenda.

Dan Sedley, Morro Bay, spoke regarding Item A-8, questioning the proposed expenditure of \$85,000 to purchase a replacement vessel for boating safety and enforcement.

The public comment period was closed.

Mayor Headding pulled Item A-8 and Council Member Heller pulled Item A-5.

MOTION: Council Member Davis moved approval of all items on Consent except Items A-5 and A-8. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

A-5 ADOPT RESOLUTION NO. 87-20 APPROVING FISCAL YEAR 2019/20 FOURTH QUARTER YEAR-END BUDGET ADJUSTMENTS; (FINANCE DEPARTMENT)
<https://youtu.be/1sMPpeG7NJA?t=3736>

Finance Director Callaway responded to questions regarding transfers from the General Fund Emergency Reserve and parking receipts for the launch ramp.

MOTION: Council Member Heller moved approval of Item A-5. The motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

A-8 APPROVAL OF RESOLUTION NO. 89-20 AUTHORIZING THE CITY OF MORRO BAY TO ENTER INTO A \$85,000 2020/2021 BOATING SAFETY AND ENFORCEMENT EQUIPMENT GRANT CONTRACT WITH THE STATE OF CALIFORNIA DEPARTMENT OF PARKS AND RECREATION, DIVISION OF BOATING AND WATERWAYS FOR PURCHASE OF PORT SAN LUIS' SURPLUS 26-FOOT HARBOR PATROL VESSEL; (HARBOR DEPARTMENT)
<https://youtu.be/1sMPpeG7NJA?t=4014>

Harbor Director Endersby responded to questions raised during public comment. Council Member Davis thanked the Friends of Morro Bay Harbor Department for their fundraising efforts to repair and fit out the boat.

MOTION: Mayor Headding moved approval of Item A-8. The motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

B. PUBLIC HEARINGS

B-1 INTRODUCTION AND FIRST READING OF ORDINANCE 640; AMENDMENTS TO MORRO BAY MUNICIPAL CODE, REPEALING CHAPTER 5.47 (SHORT-TERM VACATION RENTAL PERMIT) AND ADDING CHAPTER 17.41 (SHORT-TERM VACATION RENTALS) SO AS TO PROVIDE REGULATIONS TO PROTECT THE QUALITY AND CHARACTER OF OUR RESIDENTIAL NEIGHBORHOODS THROUGH APPLICATION OF DENSITY LIMITATIONS, EXPANDED PERMIT REQUIREMENTS AND OPERATIONAL REQUIREMENTS; (CITY MANAGER/COMMUNITY DEVELOPMENT)
<https://youtu.be/1sMPpeG7NJA?t=4302>

Community Development Director Graham provided the report and, along with City Manager Collins and City Attorney Neumeyer, responded to Council inquires.

Mayor Headding opened the Public Hearing.

Dan Sedley, Morro Bay, spoke in support of unlimited hosted vacation rentals and vacation rentals in commercially zoned areas. He suggested giving un-hosted vacation rentals one year to discontinue operations.

Karen questioned the number of complaints received by the City and noted she had not observed problems in her neighborhood.

Cynthia, owner of a short-term rental property, requested clarification regarding the transfer of permits and appreciated the City allowing the grandfathering of existing permitted rentals.

Sean Green, Morro Bay, appreciated there was a clear path forward and encouraged the City to enforce the new regulations.

Nicholas Juren, co-owner of Beach-N-Bay Getaways and URelax Vacation Rentals, supported the noise ordinance being included by reference, asked the Council to consider raising the maximum occupancy to 12 and, if not, to allow operators to honor contracts already signed and under deposit for occupancies more than 10. Regarding transfer and sale, he suggested allowing continued operation to honor contracts made for 60-120 days after the sale.

Belin asked for clarification regarding apartments being excluded and grandfathering of existing permits.

David Zepp, Morro Bay, supported the ordinance as drafted and appreciated the compromise made by all stakeholders.

Maggie Juren, Vacation Rental Ad Hoc Committee Member, requested the Council allow grandfathering for existing permitted accessory dwelling units, urged caution regarding unlimited home shares as being more difficult to validate and also in direct competition with hotels, and believed the discussion had been 175' linear buffer rather three lots or a 175' radius.

Kristen Headland, Morro Bay, supported hosted vacation rentals and was concerned the proposed ordinance did not adequately protect neighborhoods.

The Public Hearing was closed.

After Council discussion, City Attorney Neumeyer confirmed there was consensus on the following changes:

- Accessory Dwelling Units ("ADU's") - Grandfather existing permitted STR ADU's, prospectively prohibit new ADU's as STRs, and confirm ADU's are included in cap of 175.
 - On Page 5, definition of "Short-term vacation rental" to be corrected accordingly.
 - On Page 7, Item N, replace with the following language, "Notwithstanding any other provision herein, short-term vacation rentals shall not be operated out of accessory dwelling units or junior accessory dwelling units, as provided in state law, except as provided for in Section 17.41.050(A)."
 - On page 7, delete Section 17.41.050(B).
 - On Page 7, affirm the cap in Section 17.41.040(A) applies to ADU's.
- Space limitation between single family full-home short-term vacation rentals in residential zones - 175' radius
 - On page 8, Section D(1) was modified to establish a 175' radius buffer between full-home short-term vacation rentals (as measured from exterior property line) in residential zones. This applies to full-home single family rentals and all ADU's.
- Noise regulations
 - On page 15, Section H, delete all except the final sentence, to read "Guests must comply with all local noise restrictions."

- 10-person limit
 - Number of guests limited to 10 persons, except that City will honor existing contracts for stays booked prior to effective date of ordinance, consistent with federal Contract Clause. (Note: this clarification does not affect language of the ordinance).
- No short-term vacation rentals in multi-family developments in residential zones, including apartments; multi-family short-term vacation rentals allowed in commercial and mixed use zones subject to 12.5% (1/8th) density limitation; with existing non-conforming multi-family short-term vacation rentals grandfathered in.
 - On Page 7, delete Section O.
 - On Page 8, modify Sections C and E accordingly.

MOTION: Council Member McPherson moved to introduce for first reading Ordinance No. 640, amendments to Morro Bay Municipal Code repealing Chapter 5.47 (Short-Term Vacation Rental Permit) and adding Chapter 17.41 (Short-Term Vacation Rentals) so as to provide regulations to protect the quality and character of our residential neighborhoods through application of density limitations, expanded permit requirements and operational requirements, along with the recommended additional changes made this evening. The motion was seconded by Council Member Davis and carried 4-1 by roll call vote with Council Member Heller opposed.

C. BUSINESS ITEMS

- C-1 CONSIDERATION OF PROPOSED MORRO BAY SMALL BUSINESS GRANT PROGRAM, TO BE FUNDED BY CALIFORNIA SENATE BILL 1090 FUNDS; (CITY MANAGER/FINANCE DIRECTOR/ACTING PUBLIC WORKS DIRECTOR)
<https://youtu.be/1sMPpeG7NJA?t=13263>

City Manager Collins and Finance Director/Acting Public Works Director Callaway provided the report and responded to Council inquires.

MOTION: Council Member McPherson moved the meeting go past 9:30 p.m. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

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

Erica Crawford, Morro Bay Chamber of Commerce, expressed appreciation on behalf of the business community.

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

MOTION: Council Member Davis moved to adopt Resolution No. 91-20, approving the Morro Bay Small Business Grant Program to support local businesses impacted by COVID-19 and to be funded entirely through California Senate Bill (SB) 1090 funds. The motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

- #### D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS <https://youtu.be/1sMPpeG7NJA?t=14141>

Council Member Heller requested discussion of the process to appoint a replacement when someone leaves the Council. Mr. Neumeyer explained the process defined in the

City's municipal code, which requires a special election to be held and that Council has authority to appoint a replacement for the interim. Council Member Heller withdrew the request.

Council Member Heller requested the Council review the current noise ordinance to ensure it has specific metrics and can effectively be used to enforce complaints, particularly with regard to vacation rentals. Council Member Davis and Mayor Heading supported the request.

Council Member Heller wished to discuss ideas on how to transmit information regarding SB 1383 requirements and agreed to discuss this with the City Manager to before bringing forward to Council.

E. ADJOURNMENT

The meeting adjourned at 9:29 p.m.

Recorded by:

Dana Swanson
City Clerk

This Page Intentionally Left Blank



AGENDA NO: A-3

MEETING DATE: November 10, 2020

Staff Report

TO: Honorable Mayor and City Council **DATE:** October 26, 2020

FROM: Scot Graham, Community Development Director

SUBJECT: Adoption of Resolution No. 93-20 Approving a 1-Year Lease Agreement with Travis Ford (Rock Harbor Marketing) for property located at 781 Market Street

RECOMMENDATION

Staff recommends the Council adopt Resolution No. 93-20, approving a 1-year Lease Agreement for the City property located at 781 Market Street (APN: 066-321-027).

ALTERNATIVES

The City Council could choose not to approve the lease agreement and direct staff to either alter the agreement in a manner agreed upon by a majority of Council or the Council may choose to not lease the space to Rock Harbor Marketing.

FISCAL IMPACT

With approval of the Lease Agreement the City would receive \$1,100.00 a month rent for the twelve-month term of the lease, with no payments for the first two months of the lease term for a total of \$11,000.00.

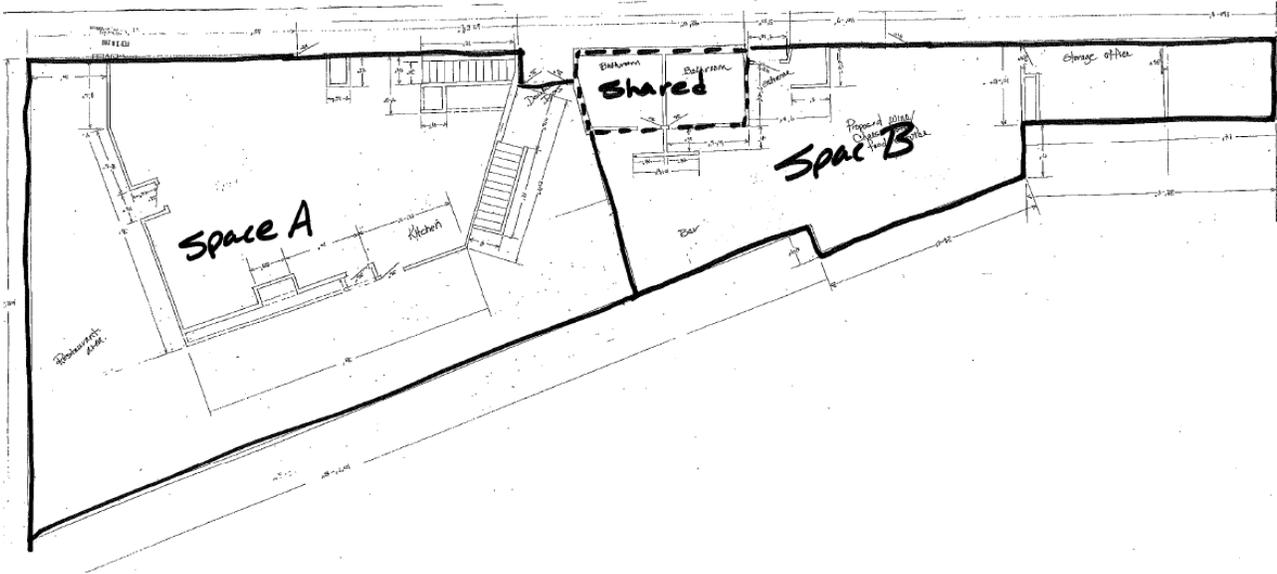
BACKGROUND/DISCUSSION

The 781 Market Street property is owned by the City and contains two lease spaces, one currently occupied by Ciano Real Estate and the other formerly housed the Morro Bay Skateboard Museum.

As the Council is aware, the City is working on redevelopment of the 781 Market Street property, with the process likely to take 2 to 3 years for sale/lease and permitting. Given the 2- to 3-year timeline, it makes sense for City to pursue lease of the building on a limited term basis. Leasing the property provides the following benefits: income generation, and property is occupied and maintained by lessees.

The building has two floors, but given the lower floor is inaccessible from an Americans with Disabilities Act (ADA) standpoint (no elevator or ramp), staff does not propose to lease the lower floor. The upper floor currently contains two lease spaces (A & B), totaling approximately 5,220 square feet with approximately 1,413 square feet allocated Space B and 3,807 square feet allocated to Ciano Real Estate (Space A). See Figure below depicting upper floor building layout.

01181.0001/678707.1	
Prepared By: <u>SG</u>	Dept Review: <u>SG</u>
City Manager Review: <u>SC</u>	City Attorney Review: <u>JWP</u>



Travis Ford of Rock Harbor Marketing approached the City in August 2020 and expressed interest in leasing Space B. Rock Harbor Marketing is proposing investment of \$25,000 for tenant improvements in the space and they have requested they not be charged rent for the first two months of the lease. Lease term in the attached lease agreement is for 12 months, at \$1,100 per month with no lease payments for the first two months of the lease term. See Lease agreement provided as Attachment 2 to the Staff report.

CONCLUSION

Having tenants occupy the building while the City pursues sale/lease and redevelopment of the property will serve to generate income for the City and will ensure the property is maintained and not left to deteriorate while the City pursues redevelopment opportunities. Staff, therefore, recommends Council adopt Resolution No. 93-20, approving a new 1-year Lease Agreement with the Rock Harbor Marketing for lease of Space B within the 781 Market Street building for a lease rate of \$1,100.00 per month, with no lease payments due for the first two months of the lease term.

ATTACHMENTS

1. Resolution No. 93-20
2. Rock Harbor Marketing Lease Agreement

RESOLUTION NO. 93-20

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
APPROVING A 1-YEAR LEASE AGREEMENT FOR
LEASE SPACE B AT 781 MARKET STREET BETWEEN THE CITY OF
MORRO BAY AND TRAVIS FORD, DBA ROCK HARBOR MARKETING**

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

WHEREAS, the City of Morro Bay (City) is the lessor of the property at 781 Market Street, in the City of Morro; and

WHEREAS, Travis Ford, dba Rock Harbor Marketing, (Lessee) is proposing to lease Space B of the 781 Market Street Building; and

WHEREAS, City and Lessee have agreed to a new 1-year lease agreement, for a portion of the building located at 781 Market Street identified as Space B.

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

1. The attached new Lease Agreement for of Space B in the 781 Market Street Building Lease is hereby approved.
2. The Mayor is hereby authorized to execute said Lease Agreement.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 10th day of November 2020 on the following vote:

AYES:
NOES:
ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

COMMERCIAL LEASE AGREEMENT

By and Between

**CITY OF MORRO BAY,
a municipal corporation**

“Landlord”

and

**Travis Ford, dba Rock Harbor Marketing,
a Sole Proprietorship**

“Tenant”

TABLE OF CONTENTS

Section	Title	Page
1.	Lease of Premises; Condition of Premises	3
2.	Effective Date; Term	4
3.	Rent and Performance Standard	5
4.	Uses	5
5.	Real Estate Taxes	7
6.	Personal Property Taxes	8
7.	Maintenance & Repairs	8
8.	Alterations	10
9.	Compliance with Laws	10
10.	Insurance	10
11.	Indemnification	12
12.	No Liens	12
13.	Signs	13
14.	Utilities	13
15.	Entry and Inspection	13
16.	Damage and Destruction	14
17.	Assignment and Subletting	15
18.	Default and Remedies; Termination	16
19.	Surrender of Premises	18
20.	Force Majeure	18
21.	Estoppel Certificate	19
22.	Subordination	19
23.	Condemnation	19
24.	Use of Landlord's Name	19
25.	Trade Fixtures	19
26.	Quiet Enjoyment	20
27.	Recording Memorandum	20

28.	Holdover	20
29.	Notice and Waiver Regarding Relocation, Goodwill, Property Interest and Condemnation	20
30.	Miscellaneous	21

Exhibit A Description and Depiction of Premises

COMMERCIAL LEASE AGREEMENT

THIS COMMERCIAL LEASE AGREEMENT (“**Lease**”) is made effective this 11th day of November, 2020, by and between the CITY OF MORRO BAY, a municipal corporation (“**Landlord**”), and Travis Ford, dba Rock Harbor Marketing, a sole proprietorship (“**Tenant**”). Landlord and Tenant are sometimes individually referred to as a “**Party**” and jointly as the “**Parties.**”

RECITALS:

A. Landlord owns, certain real property located in the City of Morro Bay, County of San Luis Obispo, as follows: (i) that certain real property, commonly identified as 781 Market Street, Morro Bay (APN 066-321-027), improved as a commercial building containing two separate lease space areas and shared bathroom facilities identified as “Space A” and “Space B” on the Attached Exhibit A, with adjacent landscape areas.

The portion of the building identified as Space B, along with shared use of the bathrooms, as described and depicted on the attached Exhibit A, is the subject of this Commercial Lease Agreement, and is also referred to as the “**Premises.**”

B. The Premises are located in Landlord’s downtown (“**Downtown Area**”).

C. Tenant is a sole proprietor, currently operating a marketing business.

D. The Parties desire to enter into a written lease agreement and to confirm the rights and obligations of both Parties therein. Pursuant to the terms of this Lease, Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord, the Premises, for Tenant’s sole exclusive use.

NOW, THEREFORE, in consideration of the above Recitals and the mutual promises of the Parties set forth in this Lease, Landlord and Tenant hereby agree as follows:

1. LEASE OF PREMISES; CONDITION OF PREMISES.

1.1. Lease. Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the Premises (as defined in the Recitals incorporated herein) solely for the uses specified in Section 4.

1.2. Condition of Premises. Tenant acknowledges it has and shall accept the Premises from Landlord in its “AS IS” condition without representation or warranty. Tenant has inspected the premises and is aware of its condition. Pursuant to California Civil Code Section 1938, Tenant is advised the Premises have not undergone an inspection by a Certified Access Specialist; and, therefore, Landlord is not aware if the Premises comply with the applicable construction-related accessibility standards pursuant to Civil Code Section 55.53.

2. EFFECTIVE DATE; TERM.

- 2.1. **Effective Date.** This Lease shall be deemed effective as of November 11, 2020 (“**Effective Date**”). All other Tenant’s rights and obligations under this Lease shall commence as of the Effective Date.
- 2.2. **Term.** The term of this Lease shall commence on the Effective Date for a fixed term of one year, and terminate without notice on November 10, 2021 (“**Term**”), unless otherwise amended by the Parties pursuant to Sections 2.4 and 29.14.
- 2.3. **Right to Terminate.** Tenant shall have the right to terminate this Lease at any time within the Term upon providing Landlord at least sixty days’ written notice to Landlord.
- 2.4. **Exclusive Right to Negotiate Extension.** If Tenant has not been in default of any of its obligations under this Lease during the previous six months of the original Term (as defined in Section 2.2), then Tenant shall have the right (but not the obligation) to enter into a ninety-day period of exclusive negotiation with Landlord to extend this Lease upon mutually acceptable terms (including, but not limited to, rent payments) for an additional period up to one year (“**ENA Right**”). Tenant must exercise the ENA Right by sending a written notice to Landlord specifying its exercise of the ENA Right, which notice must be delivered to Landlord not less than ninety days prior to the expiration of the original Term (“**ENA Notice**”). Within fifteen business days after receipt of the ENA Notice, Tenant and Landlord will meet to begin negotiations for an amendment to this Lease to extend the Term. If prior to the end of the Term the Parties agree to an extension and other modifications, then such terms shall be effective only if this Lease is amended in accordance with Section 29.14. If the Parties do not agree to that amendment, then this Lease shall terminate without further notice at the end of the Term.

3. RENT & PERFORMANCE STANDARD.

- 3.1. **Monthly Rent.** Tenant agrees to pay One Thousand One Hundred Dollars (\$1,100) on a 30-day basis, in advance, due no later than the 10th day of first calendar month of each the ten calendar months for the 30-day period for which rent is being paid (“**Rent**”); with the first payment being due on January 10, 2021.
- 3.2. **Performance Standards.** As material consideration for this Lease, Tenant covenants to comply with the following requirement (the “**Performance Standard**”): diligently maintain and repair the Premises, in compliance with Section 7.1.
- 3.3. **Payment of Rent.** All Rent and all other monetary obligations to be paid by Tenant to Landlord shall be in lawful money of the United States of America at the address specified in Section 29.12, or such other address as Landlord shall notify Tenant in writing.
- 3.4. **Late Payment.** Any payment of any sum to be paid by Tenant, not paid within ten days after its due date, shall be subject to a ten percent late charge.

3.5. **Security Deposit.** Tenant is not required to provide, and has not provided, a security deposit to Landlord.

4. USES.

4.1. **Authorized Uses; Minimum Program Requirements.**

4.1.1. **Authorized Uses.** Tenant shall use the Premises solely as a Commercial office. As material consideration for this Lease, Tenant agrees to use the Premises and conduct all its business operations on the Premises under the designation of a commercial marketing business, currently named “Rock Harbor Marketing.” No other name shall be used with respect to the Premises without the prior written consent of Landlord, which may be granted or withheld in its sole discretion.

4.2. **Prohibited Uses.** Tenant shall not use, or permit the Premises, or any part thereof, to be used for any purpose or purposes other than those express uses specified in Section 4.1.1.

Tenant shall not sell or permit to be displayed, performed, sold, kept, or used in or about the Premises any conduct which may be prohibited by standard forms of fire insurance policies.

Tenant shall not violate any and all requirements, pertaining to the use of the Premises, of any insurance organization or company necessary for the maintenance of reasonable fire and public liability insurance, covering the buildings within the Premises and appurtenances.

Tenant shall not permit smoking or vaping on any portion of the Premises.

Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any nuisance or other act or thing which may disturb the quiet enjoyment of any other tenant or occupant of the Premises or any adjacent Premises. Tenant shall not conduct or permit to be conducted any sale by auction in, upon or from the Premises, whether said auction be voluntary, involuntary, pursuant to any assignment for the payment of creditors, or pursuant to any bankruptcy or other solvency proceeding nor display any “going out of business” or similar sign.

Tenant shall not engage in any activity in, on or about the Premises that violates any Environmental Law, and shall promptly, at Tenant’s sole cost and expense, take all investigatory and/or remedial action required or ordered by any governmental agency or Environmental Law for clean-up and removal of any contamination involving any Hazardous Material created or caused directly or indirectly, by Tenant. The term “Environmental Law” shall mean any federal, state or local law, statute, ordinance or regulation pertaining to health, industrial hygiene or the environmental conditions on, under or about the Premises, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”), 42 U.S.C. Sections 9601, et seq.; (ii) the Resource Conservation and Recovery Act of

1976 (“RCRA”), 42 U.S.C. Sections 6901, et seq.; (iii) California Health and Safety Code Sections 25100, et seq.; (iv) the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Section 25249.5, et seq.; (v) California Health and Safety Code Section 25359.7; (vi) California Health and Safety Code Section 25915; (vii) the Federal Water Pollution Control Act, 33 U.S.C. Sections 1317, et seq.; (viii) California Water Code Section 13000, et seq.; and (ix) California Civil Code Section 3479, et seq., as such laws are amended and the regulations and administrative codes applicable thereto. The term “Hazardous Material” includes, without limitation, any material or substance which is (i) defined or listed as a “hazardous waste”, “extremely hazardous waste”, “restrictive hazardous waste”, “or “hazardous substance” or considered a waste, condition of pollution or nuisance under the Environmental Laws; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos; and/or (iv) substances known by the State of California to cause cancer and/or reproductive toxicity. It is the intent of the Parties hereto to construe the terms “Hazardous Materials” and “Environmental Laws” in their broadest sense. Tenant shall provide all notices required pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Section 25249.5, et seq. Tenant shall provide prompt written notice to Landlord of the existence of Hazardous Materials on the Premises and all notices of violation of the Environmental Laws received by Tenant. Notwithstanding the foregoing, Tenant is not responsible for the remediation or removal of any Hazardous Materials which Tenant did not directly or indirectly cause to be placed at the Premises.

4.3. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the Term of this Lease. Upon termination of this Lease for any reason, any personal property belonging to Tenant and left on the Premises shall be deemed to be abandoned, at the option of Landlord, shall become the property of Landlord.

5. REAL ESTATE TAXES. Tenant shall pay any and all real property taxes applicable to Tenant’s possessory interest in the Premises. All such payments shall be made at least ten days prior to the due date of the applicable installment. Tenant shall promptly (at least five days prior to the due date) furnish Landlord with satisfactory evidence such taxes have been paid. If any such taxes to be paid by Tenant shall cover any period of time after the expiration or earlier termination of the Term hereof, then Tenant’s share of such taxes shall be equitably prorated to cover only the period of time within the tax fiscal year that this Lease is in effect; and Tenant may apply to the County of San Luis Obispo (the “**County**”) for reimbursement of any overpayments after such proration. Notwithstanding anything above to the contrary, to the extent any assessment is levied against the Premises payable in installments, Tenant shall pay all installments coming due and payable during the Term of this Lease.

Tenant acknowledges, although Landlord is a municipal entity exempt from real property taxes, Tenant’s possessory interest under this Lease may be subject to real property taxation.

Upon request, Landlord agrees to work with Tenant to assist in providing information to the County Tax Assessor to reduce the valuation of Tenant’s possessory interest in the Premises.

Landlord provides no assurance to Tenant that it will be successful in such efforts and that Tenant may be required to pay real property taxes.

6. PERSONAL PROPERTY TAXES. During the Term, Tenant shall pay prior to delinquency all taxes assessed against the levied upon fixtures, furnishings, equipment and all other personal property owned by Tenant (excluding Landlord's personal property) located in the Premises, and when possible Tenant shall cause said fixtures, furnishings, equipment and other personal property to be assessed and billed separately from Landlord's personal property. In the event any or all of Tenant's fixtures, furnishings, equipment and other personal property shall be assessed and taxed with Premises, Tenant shall pay its share of such taxes within ten days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property.

7. MAINTENANCE AND REPAIRS.

7.1. Maintenance and Repair by Tenant. Except the specific maintenance obligations of Landlord as set forth in Section 7.2, Tenant shall at all times during the Term, and at Tenant's sole cost and expense, keep, maintain and repair the Premises in good and sanitary order, condition, and repair. Such maintenance obligations shall include, but not be limited to, any equipment installed by Tenant, furnishings (such as seating, carpeting and drapes, mirrors, and interior repainting) and landscaping.

Tenant shall also hire a cleaning service/custodian, who shall keep the Premises in good and sanitary order on a daily basis.

Tenant shall maintain a written record to evidence the regular performance of maintenance and upkeep of the facility consistent with the maintenance standards.

Upon termination of this Lease, the Premises shall be surrendered in a good, clean and sanitary condition except for reasonable use and wear. Tenant agrees to surrender the Premises in its original condition, together with all additional improvements or alternations, which have been approved by Landlord and installed by Tenant pursuant to Section 8.1. If Landlord wants to reserve the right to require Tenant to remove any such additional improvements upon the expiration or earlier termination of this Lease, then Landlord must reserve such right in its notice of approval. If Tenant is required to remove any improvements from the Premises upon termination of this Lease, then Tenant shall do so at Tenant's sole cost and expense, and Tenant will repair any damage to the Premises caused by such removal. Tenant shall promptly notify Landlord in writing of any condition in the Premises that require repairs by Landlord ("**Repair Notice**"), which shall be made by Landlord as set forth in Section 7.2.

Tenant acknowledges Tenant's maintenance obligations under this Section are material considerations to Landlord for this Lease and, therefore, this Section shall be construed liberally for the protection and preservation of the Premises.

7.2. Limited Maintenance and Repair by Landlord. Landlord shall be responsible to maintain in good repair and in compliance with all applicable laws, ordinances and regulations, at Landlord's sole cost and expense, **only** (i) the physical structure of the

Premises, such as the structural elements, roof, plumbing, water heating system, electrical systems, HVAC equipment and exterior painting, and (ii) subject to the financial limitations set forth below.

Notwithstanding the foregoing, Landlord shall not be required to make repairs necessitated by reason of (i) the negligence or willful misconduct of Tenant, or any of Tenant's staff, volunteers, students, contractors, invitees, subtenants, patrons or customers, (ii) the failure of Tenant to perform or observe and promptly report to Landlord any conditions the repair of which are Landlord's responsibility or (iii) the failure of Tenant to perform or observe the conditions or agreements in this Lease, or caused by unauthorized alterations, additions or improvements made by Tenant or anyone claiming under Tenant (collectively the "**Tenant Caused Damages**"). Tenant shall be solely responsible, at its sole cost and expense, to repair any Tenant Caused Damages.

Upon receipt of a Repair Notice, Landlord shall have a reasonable period of time (not to exceed five business days) to commence said repairs. Upon commencement of repairs, Landlord shall use reasonable efforts to diligently complete same. Tenant and Landlord shall jointly conduct an annual inspection of the Premises every April to aid Landlord in determining if any repairs by Landlord may be necessary.

Any renovation work performed by Landlord to the Premises shall not unreasonably interfere with Tenant's operations.

Notwithstanding the foregoing, Landlord's repair obligations are **specifically limited** in that Landlord shall not be required to make repairs the cost of which exceeds the Rent actually received by Landlord from Tenant as set forth below. During the Term, Landlord shall maintain a cumulative on-going record of all Rent received by Landlord ("**Landlord Repair Fund**"). Any repairs and maintenance costs incurred by Landlord under this Section shall reduce the Landlord Repair Fund. If at any time when a repair or maintenance item, which is Landlord's responsibility under this Section, then Landlord shall only be obligated to make such repair to the extent the current balance of the Landlord Repair Fund is sufficient to pay the cost of such repair. However, if the repair item is critical for Tenant's operation of the Premises, then Landlord shall promptly make such repair, but the cost of such shall reduce the Landlord Repair Fund. If Landlord elects, in its sole discretion, to make repairs notwithstanding the foregoing limitations, then such election shall not be deemed a waiver of this limitation with respect to future repairs and the cost of such repairs shall reduce the Landlord Repair Fund.

8. ALTERATIONS

8.1 To Premises. Tenant shall not make any alterations to the Premises, or any part thereof, without the prior written consent of Landlord. If Tenant wishes to make additional improvements to the Premises, then Tenant shall notify Landlord in writing specifying in reasonable detail the proposed alterations and the cost thereof. Within fifteen days after receiving such notice from Tenant, Landlord shall send written notice to Tenant indicating whether Landlord approves or disapproves of the contemplated improvements. The City Manager may act on behalf of Landlord for approvals or disapprovals under this Section. Landlord's approval shall not be unreasonably withheld and any disapproval shall be in writing and shall explain the reasons for the denial. However, as a condition to granting its approval to any of the improvements, Landlord may require Tenant to provide Landlord with reasonably satisfactory evidence of Tenant's financial ability to pay for the costs of the improvements and may require a completion bond be provided to Landlord or other security reasonably acceptable to Landlord. Any such alterations shall comply with all applicable laws and regulations. All improvements (excluding minor improvements as determined by Landlord) shall be under the supervision of a licensed architect or structural engineer (at Tenant's cost) and made in accordance with plans and specifications approved in writing by Landlord, in its governmental and landlord capacities, prior to the commencement of such work. All work shall be done in a good and workmanlike manner, diligently prosecuted to completion and completed in compliance with Section 12. All such improvements shall immediately be deemed a part of the Premises and may not be removed by Tenant. Prior to commencing any work of improvement hereunder, Tenant shall notify Landlord so that Landlord can post and record an appropriate Notice of Non-Responsibility.

9. COMPLIANCE WITH LAWS. Except as to the specific obligations of Landlord under Section 7.2, Tenant shall, at its sole cost and expense, comply with all of the requirements of all municipal, state and federal authorities now in force or which may hereafter be in force pertaining to the use of the Premises, and shall faithfully observe in said use all municipal ordinances, including, but not limited to, the General Plan and zoning ordinances, state and federal statutes, or other governmental regulations now in force or which shall hereinafter be in force. The judgment of any court of competent jurisdiction, or the admission of Tenant in any action or proceeding against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any such order or statute in said use, shall be conclusive of that fact as between Landlord and Tenant.

10. INSURANCE.

10.1. Landlord to Provide Property Insurance. Landlord shall maintain, at Landlord's sole cost and expense, fire, and excess coverage insurance throughout the term of this Lease, on all buildings and improvements located on the Premises (and fixtures thereto), in an amount equal to one hundred percent of the replacement value of the Premises, together with such other insurance, coverages and endorsements as Landlord may determine in its sole discretion. Tenant hereby waives any right of recovery from Landlord, its officers and employees, and Landlord hereby waives any

right of loss or damage (including consequential loss) resulting from any of the perils insured against as a result of said insurance.

10.2. Tenant's Insurance Obligations.

10.2.1. Liability Insurance. During the entire term of this Lease, Tenant shall, at Tenant's sole cost and expense, for the mutual benefit of Landlord and Tenant, maintain comprehensive general liability insurance insuring against claims for bodily injury, death or property damage occurring in, upon or about the Premises, written on a per occurrence basis in an amount not less than either (i) a combined single limit of Five Million Dollars (\$5,000,000) for bodily injury, death, and property damage or (ii) bodily injury limits of Five Hundred Thousand Dollars (\$500,000) per person, One Million Dollars (\$1,000,000) per occurrence and One Million Dollars (\$1,000,000) products and completed operations and property damage limits of Two Hundred Fifty Thousand Dollars (\$250,000) per occurrence and One Million Dollars (\$1,000,000) in the aggregate.

10.2.2. Worker's Compensation Insurance. Tenant shall, at Tenant's sole cost and expense, maintain a policy of worker's compensation insurance in an amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for both Tenant and Landlord against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by Tenant in the course of conducting Tenant's business in the Premises.

10.2.3. Business Automobile Coverage Insurance. Tenant shall, at Tenant's sole cost and expense, for the mutual benefit of Landlord and Tenant, maintain Business Auto Coverage on ISO Business Auto Coverage from CA 00 01 including symbol 1 (Any Auto) or the exact equivalent, with combined single limits of liability not less than One Million Dollars (\$1,000,000) per accident. If Tenant owns no vehicles, then this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Tenant or Tenant's employees will use personal autos in any way for the operation of any business on the Premises, then Tenant shall provide evidence of personal auto liability coverage for each such person.

10.2.4. General Provisions. All of the policies of insurance required to be procured by Tenant pursuant to this Section 10.2 shall be primary insurance and pursuant to Subsections 10.2.1 and .3 shall name Landlord, its employees and agents as additional insureds. All policies shall waive all rights of subrogation and provide that said insurance may not be amended or canceled without providing thirty-days' prior written notice by registered mail to Landlord, unless the cancellation is for non-payment of a premium and then such written notice shall be no less than ten days.

Within ten business days after execution of this Lease by the last Party to sign, and at least thirty days prior to the expiration of any insurance policy, Tenant shall provide Landlord with certificates of insurance and full copies of the insurance policies evidencing the mandatory insurance coverages written by insurance companies acceptable to Landlord, licensed to do business in California and rated A:VII or better by Best's Insurance Guide. Landlord may require an increase in the coverage and/or the types of coverage from time to time upon written notice to Tenant. Each of the Parties, on behalf of their respective insurance companies insuring such property of either Landlord or Tenant against such loss, waive any right of subrogation that it may have against the other.

11. INDEMNIFICATION. Tenant shall indemnify, protect, defend and hold harmless the Premises, Landlord and its managers, officers, directors, members, employees, agents, contractors, partners and lenders, from and against any and all claims, and/or damages, costs, liens, judgments, penalties, permits, reasonable attorneys' and consultant's fees, expenses and/or liabilities arising out of, involving, or in dealing with, the occupancy of the Premises by Tenant, the conduct of Tenant's business, any act, omission or neglect of Tenant, its officers, directors, members, employees, agents or contractors, and out of any breach by Tenant in the performance in a timely manner of any obligation on Tenant's part to be performed under this Lease, except for matters which are the result of Landlord's gross negligence, intentional wrongful acts, or in default of this Lease. The foregoing shall include, but not be limited to, all costs of the defense or pursuit of any claim or any action or proceeding involved therein, and whether or not (in the case of claims made against Landlord) litigated and/or reduced to judgment. In case any action or proceeding is brought against Landlord by reason of any of the foregoing matters, Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord and Landlord shall cooperate with Tenant in such defense. Landlord need not have first paid any such claim in order to be so indemnified. In addition, Landlord may require Tenant to pay Landlord's reasonable attorneys' fees and costs in defending against or participating in such claim, action or proceeding if Landlord shall decide, in its exercise of reasonable judgment, it is unsatisfied with the representation of its interest by Tenant or its counsel.

Landlord shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Tenant, Tenant's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, earthquake, flood, terrorism, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other any other cause, whether the said injury or damage results from conditions arising upon the Premises or from other source or places except if such injury or damage is the result of the gross negligence or willful misconduct of Landlord or Landlord's employees, contractors or agents.

12. NO LIENS. Tenant shall keep the Premises, free from any liens arising out of any work performed, material furnished, or obligation incurred by Tenant or alleged to have been incurred by Tenant. If Tenant shall fail to pay any charge for which a mechanic's lien claim and suit to foreclose the lien have been filed, and shall not have obtained the release of said

lien from the property subject to such lien, then Landlord may (but shall not be so required to) pay said claim and any costs, and the amount so paid, together with reasonable attorneys' fees incurred in connection therewith, shall be immediately due and owing from Tenant to Landlord, together with interest at the rate prescribed in Section 29.5, on the amount of the mechanic's lien claim.

13. SIGNS. Tenant shall not place or permit to be placed any signs upon the exterior or in the windows of the Premises without Landlord's prior written consent. Any sign installed without such approval shall be immediately removed by Tenant and, if said sign is not removed by Tenant within three days of written notice from Landlord to Tenant, then Landlord may remove and destroy said sign without Tenant's approval and without any liability to Tenant. Tenant shall not modify or alter any of the signs without the prior written approval of the City Manager for Landlord, which approval shall not be unreasonably withheld or delayed. Landlord shall reply to any proposed alteration within fourteen days from submission. Any revision shall comply with the Morro Bay Municipal Code requirements related to signage prior to any revisions actually being made to the signs. Tenant shall maintain the signs in good condition and repair at all times during the entire term at its sole cost and expense.

14. UTILITIES.

14.1. Tenant's Responsibilities. Tenant shall pay, before delinquency, all charges for water, gas, heat, electricity, power, sewer, telephone service, solid waste collection and all other services and utilities used in, upon, or about the Premises by Tenant or any of its subtenants, licensees, or concessionaires during the entire term of this Lease. Tenant shall pay such fees, assessments or charges as may be levied for the operation, maintenance and service of such facilities and shall comply with reasonable rules and regulations established from time to time for use thereof. Tenant shall insure that trash and debris produced by the activities on Premises do not accumulate on the Premises.

15. ENTRY AND INSPECTION. Tenant shall permit Landlord and its employees and agents to enter into and upon the Premises at all reasonable times for the purpose of inspecting the same, or for the purpose of making repairs, alterations or additions or performing the improvements to any portion of said building(s), including the erection and maintenance of such scaffolding, canopy, and fences as may be required, or for the purpose of posting notices of non-responsibility for alterations, additions or repairs, or for the purpose of placing upon the Premises any usual or ordinary signs for public safety as determined by Landlord. Landlord shall be permitted to do any of the above without any rebate of Rent and without any liability to Tenant for any loss of occupation or quiet enjoyment of the Premises thereby occasioned. Landlord shall make reasonable efforts to coordinate times for any repairs deemed necessary with Tenant to reduce to the extent practicable any interference with Tenant's use of the Premises. Tenant shall permit Landlord, at any time within ninety days prior to the expiration of the Term, to place upon the Premises any usual or ordinary "For Lease" or "For Sale" signs, and during such ninety-day period, Landlord or its agents may, during normal business hours, enter upon said Premises and exhibit the same to prospective tenants or purchasers.

16. DAMAGE AND DESTRUCTION.

- 16.1. Notice to Landlord.** Tenant shall give prompt notice to Landlord in case of any fire or other damage to the Premises.
- 16.2. Partial Casualty to Premises.** If the Premises shall be damaged by any casualty including, but not limited to, civil unrest, vandalism, a fire, flood or earthquake, such that (i) the cost of replacement or repair of the Premises is less than or equal to fifty percent of the total replacement cost thereof; or (ii) the cost of replacement or repair of damage to the Premises, and any structures comprising the Premises, when aggregated together is less than or equal to fifty percent of the total replacement cost thereof, then Landlord shall promptly repair and restore the same to substantially the condition thereof immediately prior to said damage or destruction. If insurance proceeds are forthcoming, then Landlord shall not be obligated to commence the restoration and/or repair until Landlord has received said insurance proceeds. Landlord shall take all reasonable steps necessary so as to obtain such insurance proceeds promptly so as to prevent delay in restoring and/or repairing the Premises to its prior condition.
- 16.3. Substantial Damage to Premises.** If the Premises shall be damaged or destroyed by any casualty (or the other matters described above), such that (i) the cost of replacement or repair of the Premises exceeds one-years' rent; or (ii) the cost of replacement or repair of damage to the Premises, and any of the other structures comprising the Premises, when aggregated together exceeds one-years' rent total, then Landlord may elect to either replace or repair the damage as aforesaid, cancel this Lease by written notice of cancellation given to Tenant within ninety days after the date of the casualty, or allow Tenant to cause repairs to be made to City standards. This Lease shall cease and terminate twenty days following Tenant's receipt of Landlord's cancellation notice; and Tenant shall vacate and surrender the Premises to Landlord in accordance with the terms of this Lease.
- 16.4. Reconstruction.** In the event of any reconstruction of the Premises under Section 16, Landlord shall be obligated to reconstruct the Premises only to the extent of the condition of the Premises prior to the damage.
- 16.5. Rent Abatement.** In the event any casualty to the Premises is such that operations are impossible or impractical during the reconstruction as determined by Tenant, Tenant shall be entitled to abatement of the Rent for actual number of business days closed based on a pro-rata ratio of the total days in the month.
- 16.6. Termination.** Upon any termination of this Lease under any of the provisions of Section 16, the Parties shall be released thereby without further obligations to the other Party coincident with the surrender of possession of the Premises to Landlord, except for obligations which have theretofore accrued and be then unpaid, and except for Tenant's obligations under Section 11.

16.7. Determination of Percentage of Damage or Destruction. If either Landlord or Tenant contends the percentage of the damage or destruction referred to above exceeds one-year's rent total and the other Party disagrees, then the determination of the percentage shall be made in writing by a senior officer of the insurance company that is to make insurance proceeds available for replacement or repair. If said insurance company elects not to render such a determination in a timely manner, or no determination is rendered for any other reason, then, in such event, upon fifteen-days' prior written notice to Tenant, then Landlord's determination shall be deemed the agreed upon determination of the damage or destruction.

17. ASSIGNMENT AND SUBLETTING.

17.1. Assignment and Subletting. Tenant shall not sublet the Premises or assign this Lease without the prior written consent of Landlord. Landlord shall not unreasonably withhold its consent to an assignment or sublease to a proposed assignee or subtenant. In no event shall Landlord be required to approve of any assignment or sublease, which would result in a violation of any other agreements to which Landlord is a party and/or for which all of the following criteria are not met:

- a. The proposed assignee or subtenant has submitted to Landlord financial statements showing the proposed assignee's or subtenant's financial condition, including net worth and liquidity, is equal to or greater than Tenant's financial condition;
- b. The proposed assignee or subtenant is morally and financially responsible; and
- c. Tenant is not in default in the payment of Rent or the performance of any obligations under this Lease.

Any such assignment shall be subject to all of the terms and conditions of this Lease, including, but not limited to, the use restrictions, and the proposed assignee or subtenant shall assume the obligations of Tenant under this Lease in writing in form satisfactory to Landlord. The proposed assignee or subtenant shall simultaneously provide to Landlord an estoppel certificate in the form described in Section 21. Consent by Landlord to one assignment or subletting shall not be deemed to be consent to any subsequent assignment or subletting. Any assignment or subletting without the prior written consent of Landlord shall be void, shall constitute a material breach of this Lease, and shall, at the option of Landlord, terminate this Lease. Neither this Lease nor any interest therein shall be assignable as to the interest of Tenant by operation of law.

Landlord shall be under no obligation to consider a request for its consent to an assignment or sublease until Tenant shall have submitted in writing to Landlord a request for Landlord's consent to such assignment or sublease, a history of the proposed assignee's or subtenant's business experience and financial viability and

such other information as required by Landlord to verify that the criteria set forth herein are met.

18. DEFAULT AND REMEDIES; TERMINATION.

18.1. Default by Tenant. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

- (i) Failure to pay any Rent or other monetary payment required hereunder to Landlord within five days after receiving notice from Landlord of Tenant's failure to pay any such obligation when due under this Lease.
- (ii) Failure to perform any provision of this Lease (other than the payment of money), if the failure to perform is not cured within thirty days after receiving written notice of the default from Landlord. If the default cannot be reasonably cured within thirty days, then Tenant shall not be in default of this Lease if Tenant commences to cure the default within the thirty-day period and diligently and in good faith continues to cure the default, but within no more than one hundred eighty days from commencement of the cure.
- (iii) Failure of Tenant to meet or comply with the Performance Standard.
- (iv) Vacation or abandonment of the Premises by Tenant.
- (v) Making a general assignment for the benefit of creditors.
- (vi) Filing of a voluntary petition in bankruptcy or the adjudication of Tenant as a bankrupt.
- (vii) Appointment of a receiver to take possession of all or substantially all the assets of Tenant located at the Premises or of Tenant's leasehold interest in the Premises.
- (viii) Filing by any creditor of Tenant of an involuntary petition in bankruptcy which is not dismissed within sixty days after filing.
- (ix) Attachment, execution or other judicial seizure of all or substantially all of the assets of Tenant or Tenant's leasehold where such an attachment, execution or seizure is not discharged within sixty days.

In the event of any such default or breach by Tenant, Landlord may at any time thereafter, without further notice or demand, rectify or cure such default, and any sums expended by Landlord for such purposes shall be paid by Tenant to Landlord upon demand and as additional Rent hereunder. In the event of any such default or breach by Tenant, Landlord shall have the right to continue the lease in full force and effect and enforce all of its rights and remedies under this Lease, including the right to recover the Rent as it becomes due under this Lease or Landlord shall have the

right at any time thereafter to elect to terminate the Lease and Tenant's right to possession thereunder. Upon such termination, Landlord shall have the right to recover from Tenant:

(a) The worth at the time of award of the unpaid Rent which had been earned at the time of termination;

(b) The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that Tenant proves could have been reasonably avoided; and

(c) The worth at the time of award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such Rent loss that Tenant proves could be reasonably avoided.

The "worth at the time of award" of the amounts referred to in subparagraphs (a), (b), and (c) above shall be computed by allowing interest (or by discounting in the case of subparagraph (c)) at three percent over the prime rate, but in no event greater than the maximum rate permitted by law.

"Rent" shall include all sums payable pursuant to this Lease on a regular basis; including reimbursement of real estate taxes and any similar amounts. The payment shall be computed on the basis of the average monthly amount thereof accruing during any preceding twelve-month period selected by Landlord, except that if it becomes necessary to compute such Rent before such a twelve-month period has occurred, then such Rent shall be computed on the basis of the average monthly amount hereof accruing during such shorter period.

Such efforts as Landlord may make to mitigate the damages caused by Tenant's breach of this Lease shall not constitute a waiver of Landlord's right to recover damages against Tenant hereunder.

Notwithstanding any of the foregoing, the breach of this Lease by Tenant, or an abandonment of the Premises by Tenant, shall not constitute a termination of this Lease, or of Tenant's right of possession hereunder, unless and until Landlord elects to do so, and until such time Landlord shall have the right to enforce all of its rights and remedies under this Lease, including the right to recover rent, and all other payments to be made by Tenant hereunder, as they become due. Failure of Landlord to terminate this Lease shall not prevent Landlord from later terminating this Lease or constitute a waiver of Landlord's right to do so.

18.2. No Waiver. Acceptance of any payment under this Lease shall not be deemed a waiver of any default or a waiver of any of Landlord's remedies.

18.3. Landlord's Default. Except as may be elsewhere expressly provided in this Lease, Landlord shall not be in default, unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty days after

written notice by Tenant to Landlord, specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty days are required for performance, then Landlord shall not be deemed in default if Landlord commences performance within that thirty-day period and thereafter diligently prosecutes the same to completion.

18.4. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity, except Tenant i) cannot seek money damages or pursue an action in law; and ii) is instead limited to bringing a proceeding in the nature of specific performance, injunctive relief or mandamus, or any other action in equity to enforce any applicable provision of this Lease.

18.5. Termination.

18.5.1. The Parties acknowledge this Lease shall be terminated immediately at the occurrence of any of the following events:

- a. By expiration of the Lease;
- b. By mutual agreement of both Parties; or
- c. In the case of casualty as provided for in Section 16.6.

18.5.2. The Parties acknowledge this Lease may be terminated by Landlord upon five-days' written notice if Tenant fails to meet the Performance Standard.

18.5.3. Except as set forth in Section 2.3, termination of this Lease shall not extinguish Tenant's obligations to pay Rent or its other obligations including indemnification of Landlord.

19. SURRENDER OF PREMISES. The voluntary or other surrender of the Premises by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subleases or licensees, or may, at the option of Landlord, operate as an assignment to it of any or all of such subleases or licenses.

20. FORCE MAJEURE. If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, labor troubles, inability to procure materials, restrictive governmental laws or regulations or other cause without fault and beyond the control of the Party obligated (financial inability excepted), then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, however, nothing in this Section shall excuse Tenant from the prompt payment of any Rent.

21. ESTOPPEL CERTIFICATE. Tenant shall, at any time and from time to time upon not less than twenty-days' prior notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing certifying this Lease is unmodified and is in full force and

effect, and the dates to which the Rent has been paid, and stating whether or not to the best knowledge Landlord is in default under this Lease, and, if in default, specifying in reasonable detail each such default, and such other matters as Landlord may reasonably request, it being intended that any such statement delivered by Tenant may be relied upon by Landlord or any prospective purchaser of the fee or any prospective mortgagee or encumbrancer thereof.

If Landlord desires to refinance or transfer the Premises, then Tenant agrees to deliver to Landlord or any lender or transferee designated by Landlord such financial information concerning Tenant as may be reasonably required by such lender or transferee and is reasonably available to Tenant. All such financial information shall be received by Landlord in confidence.

22. SUBORDINATION. The rights of Tenant shall be and are subject and subordinate at all times to the lien of any mortgage now or hereafter in force against the Premises, and Tenant shall promptly execute and deliver such further instruments subordinating this Lease to the lien of any such mortgage as shall be requested by Landlord.

23. CONDEMNATION. In the event a condemnation or transfer in lieu thereof results in a taking of any substantial and/or material portion of the Premises, Landlord or Tenant may, upon written notice given to the other Party within thirty days after such taking or transfer in lieu thereof, terminate this Lease. In connection therewith, Landlord and Tenant acknowledge that:

- a. Landlord (acting as the City of Morro Bay) possesses the power to take the Premises through eminent domain proceedings; and
- b. The business to be conducted by Tenant upon the Premises is not a viable business without financial assistance from Landlord, therefore if Tenant must vacate the Premises, it will be extremely impractical, if not impossible, for Tenant to operate its business elsewhere.

Therefore, upon such termination Tenant shall have the right to claim and recover from Landlord and/or the condemning authority only the amount equal to the value of any improvements installed by Tenant. Tenant shall **not** receive any value related to the leasehold value of the property which shall be paid solely to Landlord.

24. USE OF LANDLORD'S NAME. Tenant shall not use Landlord's name for advertising or promotion without Landlord's prior written consent, which may be granted or withheld in its sole discretion.

25. TRADE FIXTURES. Tenant has the right to use the Landlord's personal property located on the Premises, but Tenant shall, at its own cost and expense, install and equip the Premises with all furniture, fixtures, trade fixtures, equipment and personal property reasonably required for the operation of Tenant's business. Any and all fixtures and appurtenances installed by Tenant shall conform with the requirements of all applicable laws and regulations. All furniture, equipment, and trade fixtures installed by Tenant shall remain the property of Tenant during the Term of this Lease, but Tenant shall not remove any trade

fixtures during the Term hereof without Landlord's prior written consent, which may be provided by the City Manager on behalf of the Landlord, and which consent may be withheld or granted in Landlord's sole discretion. On termination of this Lease, Tenant may, provided Tenant is not in default of this Lease, remove at its own expense all trade fixtures, equipment and its personal property. At termination of this Lease, if Tenant has left any merchandise, furniture, equipment, signs, trade fixtures or other personal property in the Premises, then Landlord may give Tenant written notice to remove such property. In the event such property is not removed within fifteen days after the date of said notice, Landlord may dispose of said property in any manner whatsoever and Tenant hereby waives any claim or right to said property or any proceeds derived from the sale thereof. Any damage to the Premises resulting from the installation or removal of any of said trade fixtures or equipment shall be repaired by Tenant at Tenant's sole cost and expense.

26. QUIET ENJOYMENT. As long as Tenant is not in default under this Lease, Tenant shall have quiet enjoyment of the Premises during the Term.

27. HOLDOVER. Tenant has no right to retain possession of the Premises or any part thereof beyond the expiration or earlier termination of this Lease. Any holding over after the expiration of the term of this Lease, with the consent of Landlord, express or implied, shall be construed to be a tenancy from month to month, cancelable upon thirty-days' written notice, and at a monthly rent equal to two hundred percent of the rent set forth in Section 3.1 and upon terms and conditions as existed during the last month of the Term.

28. NOTICE AND WAIVER REGARDING RELOCATION, GOODWILL, PROPERTY INTEREST AND CONDEMNATION

28.1. Tenant knowingly and voluntarily acknowledges and agrees upon its vacation of the Premises at the end of the Lease term, upon the sooner termination thereof for any reason, or vacation, of the Premises under any circumstances, in no event shall Tenant be entitled or shall Landlord, including its employees, agents and assignees, be required to provide any relocation benefits, compensation for loss of goodwill, or assistance under any applicable federal, state, or local laws or regulations including without limitation, the Uniform Relocation Assistance Laws, California Government Code section 7260 *et seq.* Further, Tenant being fully informed of any and all of its rights and obligations and all laws and regulations (including without limitation, the Uniform Relocation Assistance Laws, California Government Code section 7260 *et seq.*) in connection therewith fully waives, releases and rejects any and all relocation assistance and benefits relating to or in any respect connected with Tenant vacating the Premises.

28.2. Tenant knowingly and voluntarily acknowledges and agrees upon its vacation of the Premises at the end of the Term, upon the sooner termination thereof for any reason, or vacation, of the Premises under any other circumstances, in no event shall Tenant be entitled or shall Landlord be required to provide any compensation or consideration to Tenant for the leasehold interest of Tenant, improvements pertaining to realty, personal property, fixtures and equipment, pre-condemnation damages, severance damages or interest and litigation expenses, whether based on

condemnation, inverse condemnation or any other reason. Upon vacation of the Premises or termination of the Lease, Tenant knowingly waives and surrenders any claims or rights to the leasehold interest, improvements pertaining to realty, personal property, fixtures and equipment, pre-condemnation damages, severance damages or interest and litigation expenses.

29. MISCELLANEOUS.

- 29.1. Binding Effect; Choice of Law.** This Lease shall be binding upon the Parties, their successors and assigns and be governed by the laws of the State of California. Any litigation between the Parties hereto concerning this Lease shall be initiated in the Superior Court of the State of California for the County.
- 29.2. Partial Invalidity.** If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, then the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereof.
- 29.3. Successors in Interest.** The covenants herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all the Parties hereto, and each and all, including the Party making the assignment, shall be jointly and severally liable hereunder.
- 29.4. No Oral Agreements.** This Lease covers in full each and every agreement of every kind or nature whatsoever between the Parties hereto concerning this Lease, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein, and there are no oral agreements. Tenant acknowledges no representations or warranties of any kind or nature not specifically set forth herein have been made by Landlord or its employees, agents or representatives.
- 29.5. Interest.** Any sum due to Landlord under this Lease shall bear simple interest from and after its due date at a rate equal to ten percent per month until paid to Landlord, but not in excess of the maximum rate permitted by law.
- 29.6. Authority.** Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant and that this Lease is binding upon Tenant in accordance with its terms.
- 29.7. Time.** Time is of the essence of this Lease.
- 29.8. Consistency.** Each provision herein shall be interpreted so as to be consistent with every other provision.
- 29.9. Relationship of Parties.** The relationship of the Parties is that of Landlord and Tenant, and it is expressly understood and agreed Landlord does not in any way or for any purpose become a partner of Tenant in the conduct of Tenant's business or otherwise, or a joint venture with Tenant.

29.10. Non-Discrimination. Tenant herein covenants by and for Tenant, Tenant's successors, heirs, executors, administrators and assigns, and all persons claiming under or through Tenant, and this Lease is made and accepted upon and subject to the following conditions: that there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, sexual preference or identity or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises, nor shall the Tenant, or any person claiming under or through Tenant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, Tenants, subtenants, subtenants or vendees of the Premises.

29.11. Non-Collusion. No official, officer, or employee of Landlord has any financial interest, direct or indirect, in this Lease, nor shall any official, officer, or employee of Landlord participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of "financial interest" shall be consistent with State law and shall not include interest found to be "remote" or non interest pursuant to California Government Code Sections 1091 and 1091.5. Tenant represents and warrants that (i) it has not paid or given, and will not pay or give, to any third party including, but not limited to, Tenant or any of its officials, officers, or employees, any money, consideration, or other thing of value as a result or consequence of obtaining this Lease; and (ii) it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any official, officer, or employee of Landlord, as a result or consequence of obtaining this Lease. Tenant is aware of and understands that any such act(s), omission(s) or other conduct resulting in the payment of money, consideration, or other thing of value will render this Lease void and of no force or effect.

29.12. Notices. Wherever in this Lease it shall be required or permitted that notice and demand be given or served by either Party to this Lease to or on the other, such notice or demand shall be given or served in writing and shall not be deemed to have been duly given or served unless in writing, and personally served or forwarded by certified mail, postage prepaid, addressed as specified below. Either Party may change the address set forth below by written notice by certified mail to the other. Any notice or demand given by certified mail shall be effective one (1) day subsequent to mailing.

Landlord: City of Morro Bay
Attn: City Manager
595 Harbor Street
Morro Bay, CA 94585

With a copy to: Aleshire & Wynder, LLP
Attn: Chris F. Neumeyer, City Attorney
18881 Von Karman Ave., Suite 1700, Irvine CA
92612

Tenant: Rock Harbor Marketing
Attn: Travis Ford
898 Napa Ave #267, Morro Bay CA, 93443

- 29.13. Not an Offer.** The submission of this Lease and any ancillary documents to Tenant shall not constitute an offer to lease, and Landlord shall have no obligation of any kind, express or implied, to lease the Premises to Tenant until Landlord has approved, executed and returned to Tenant a fully signed copy of this Lease.
- 29.14. Amendments.** This Lease may be modified or amended only in writing executed by both Parties and approved by Landlord in accordance with applicable law.
- 29.15. Exhibits.** Exhibit A is attached hereto and incorporated herein by reference.
- 29.16. Acknowledgement of Content.** Each Party acknowledges they have read and fully understand the contents of this Lease and have had an opportunity to consult with an attorney regarding the same. This Lease represents the entire and integrated agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, representations or agreements, either written or oral.

IN WITNESS WHEREOF, the Parties have duly executed this Lease on the day and year first above written in Morro Bay, California.

LANDLORD:

CITY OF MORRO BAY,
a municipal corporation

By: _____
Scott Collins, City Manager
_____, 2020

TENANT:

TRAVIS FORD, dba ROCK HARBOR
MARKETING, a Sole Proprietorship

_____, 2020

ATTEST:

Dana Swanson, City Clerk

_____, 2020

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

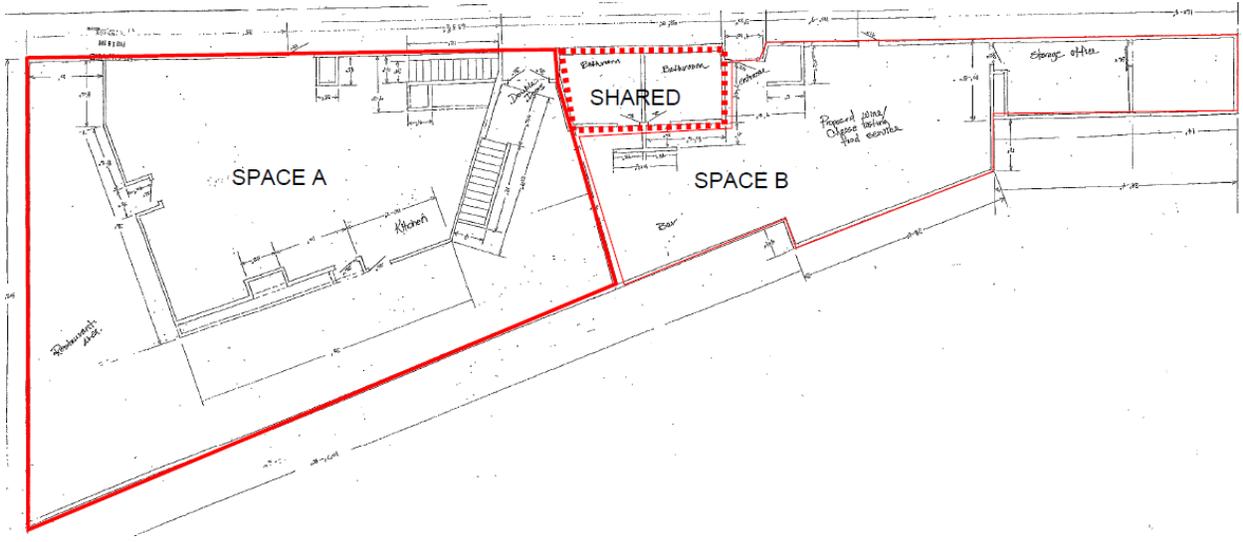
By: _____
Chris F. Neumeyer, City Attorney

EXHIBIT A

DESCRIPTION AND DEPICTION OF PREMISES

The Premises consist of Space B and shared use of the bathrooms as depicted on the figure below.

(APN: 066-321-027)





AGENDA NO: A-4

MEETING DATE: November 10, 2020

Staff Report

TO: Honorable Mayor and City Council

DATE: November 3, 2020

FROM: Scott Collins – City Manager

SUBJECT: Memorandum of Understanding with the Cities of San Luis Obispo and Paso Robles for Sharing Policy Board, Operations Board, and Community Advisory Committee Seats on Central Coast Community Energy (Formerly known as Monterey Bay Community Power)

RECOMMENDATIONS

Council:

1. Approve Memorandum of Understanding (MOU) with the Cities of San Luis Obispo and Paso Robles for sharing Policy Board, Operations Board, and Community Advisory Committee seats on Central Coast Community Energy (Attachment A) in a form substantially similar to Attachment A; and
2. Authorize the City Manager to execute the MOU in a form substantially similar to the form presented in Attachment A and subject to approval as to form by the City Attorney's Office.

ALTERNATIVES

The City Council could request amendments to the MOU. Should Council request amendments, they would be provided to the Cities of San Luis Obispo and Paso Robles for consideration and brought back to Council at a future date.

FISCAL IMPACT

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

BACKGROUND/DISCUSSION

Community Choice Energy (CCE), authorized by Assembly Bill 117, is a state law that allows cities, counties, and other authorized entities to aggregate electricity demand within their jurisdictions to purchase and/or generate electricity supplies for residents and businesses within their jurisdiction while maintaining the existing electricity provider for physical transmission and distribution services. CCEs are typically created to provide a higher percentage of renewable energy electricity, such as wind and solar, at competitive and potentially cheaper rates than existing investor owned utilities, while giving consumers local choices and promoting the development of renewable power sources and local economic development. The City Council has been supportive of the research and development of a viable regional CCE program for the City of Morro Bay for the last several years.

In November of 2018, the City of Morro Bay and the City of San Luis Obispo adopted ordinances and resolutions committing both cities to join Monterey Bay Community Power (MBCP). On December 5, the MBCP Policy Board unanimously voted to approve the two cities' membership. MBCP was changed to Central Coast Community Energy (CCCE) recently as several cities in San

Prepared By: SC

City Manager Review: SC

City Attorney Review: CFN

Luis Obispo County and in Santa Barbara County just joined the Joint Powers Authority (JPA). The JPA name was changed to incorporate the geographically diverse participation of its membership.

CCCE is governed by two Boards: 1) a Policy Board that meets quarterly and is comprised of elected officials, and 2) an Operations Board that meets at least eight times per year and is comprised of City Managers and County Administrative Officers. CCCE also has a Community Advisory Council comprised of local residents and business owners.

Benefits of CCCE

In its first calendar year of operations in the City of San Luis Obispo and the City of Morro Bay, approximately 97 percent of customers have stayed enrolled in CCCE's cleaner and more affordable electricity service. Each of these customers benefited from a 7% discount in electric generation charges from January to April 2020, a 50% reduction in electric generation charges in May & June 2020 in response to COVID-19, and a 2% discount for the rest of 2020. In addition, local housing developers have received incentives of approximately \$615,000 supporting the construction of 302 highly efficient multi-family and affordable housing units.

Current Memorandum of Understanding with City of SLO

In CCCE, counties and jurisdictions with 50,000 or more residents hold six permanent Board seats. An additional six Board seats are shared by multiple jurisdictions based on geography. As part of membership, the City of San Luis Obispo and the City of Morro Bay agreed to share a seat in each of the three bodies beginning in 2018. Upon approval of joining the CCCE, the City of San Luis Obispo and the City of Morro Bay each agreed to negotiate a formal agreement for sharing the Policy Board, Operations Board, and Community Advisory Council seat. In December of 2018, staff from the two cities drafted and negotiated a Memorandum of Understanding (MOU), with Morro Bay City Council approving the MOU in January 2019 with the following provisions:

1. Policy Board. The Policy Board representative shall serve for a term of two years and shall alternate between cities. The City of San Luis Obispo shall provide the initial representative and will serve from January 2019 to December 2020 and thereafter the Policy Board representative shall rotate every two years between the City of Morro Bay and San Luis Obispo.
 - a. The City with the currently serving Policy Board representative shall, after each Policy Board meeting, distribute via email to both City Councils and City Managers the meeting minutes and any additional narrative deemed necessary to stay informed of policy, business or other related matters.
 - b. The Policy Board Director alternative shall be identified by the city currently holding the seat.
2. Operations Board. The Operations Board representative shall serve for a term of two-years and may be one of two options:
 - a. The City Manager for the city of the Policy Board representative; or
 - b. Director or Deputy-Director level staff member as determined by the City Manager of the Policy Board representative.
3. Community Advisory Council. There shall be one Community Advisory Council (CAC) member that shall serve a two-year term and shall be selected by the city with the current Policy Board Member and the Alternate. Although MBCP is not an advisory body, and although the potential pool of CAC applicants includes registered voters living in Morro Bay and San Luis Obispo, the selection of the CAC member will mirror established City advisory

body protocol including staff requesting and reviewing applications. The process will conclude with the election of the CAC member by the current Policy Board Director and Alternate.

The MOU requires that in all cases, the elected officials, staff, or public representing the joint interests of the two cities shall consider the program purposes outlined in the Central Coast Community Energy Joint Exercise of Powers Agreement including reducing greenhouse gas emissions, providing electric power to customers at a competitive cost, carrying the programs to increase energy efficiency, stimulating and sustaining the local economy by developing local jobs in renewable energy and energy efficiency, and promoting long-term rate stability and energy security and reliability for residents through local control of electric generation resources.

The MOU also includes a provision that if a party fails to attend or otherwise comply with the Monterey Bay Community Power JPA and bylaws, and if the seat becomes vacated because of such conduct, the other party shall serve in that seat. Should the CAC member fail to regularly attend or otherwise comply with the JPA and bylaws, a new member will be selected through the established process.

Proposed Memorandum of Understanding with Cities of SLO and Paso Robles, and Deferral of CCCE Board Seats to City of SLO for 2021 - 2022

The City of San Luis Obispo has served the communities of SLO and Morro Bay well on the CCCE policy, operations and citizen advisory boards. With Paso Robles joining CCCE this year, the seat in each of the three boards is now to be shared between the cities of San Luis Obispo, Morro Bay and Paso Robles. In addition, City of Morro Bay staff are recommending that the City of SLO retain the board seats for the next two years for the following reasons:

- The City of SLO has the staff capacity and experience necessary to represent the cities of Morro Bay and Paso Robles on the Operations Board and Policy Board and has volunteered to retain Board representation through 2022.
- Current Operations Board Member, Derek Johnson, has expressed interest in Board leadership and will pursue consideration by the Governance Committee to be nominated for Operations Board chair or vice-chair.
- City of SLO staff has committed to working closely with Morro Bay and Paso Robles to ensure that as the board seats transition, all three communities are ready to represent the region.

Thus, Morro Bay City staff recommend, and have concurrence with City staff from Paso Robles and SLO to revise the current MOU to include Paso in the rotation of board seats and defer the board seats to SLO for 2021 and 2022. Morro Bay staff recommend revisiting this in 2022 to determine if Morro Bay should seek those board seats or defer once more.

Pursuant to the draft MOU, the City of SLO will serve as the Policy Board representative (and Operations Board and Community Advisor Council representative) for calendar year 2021 and 2022, then rotating to the City of Morro Bay for a two year term,, and thereafter to Paso Robles for a two year term, after which the rotation starts over.

The draft MOU is being finalized between the parties, and staff seeks Council approval of the draft MOU for execution by the City Manager in a form and substance similar to the draft presented. Any substantive changes to the draft MOU would be brought back to Council for further consideration,

01181.0001/679224.1

although staff does not anticipate the final MOU differing in substance from the presented draft MOU.

ATTACHMENT

1. Draft MOU with City of SLO, City of Paso Robles and City of Morro Bay

MEMORANDUM OF UNDERSTANDING BETWEEN
CITY OF SAN LUIS OBISPO, CITY OF EL PASO DE ROBLES, AND CITY OF MORRO BAY
REGARDING PARTICIPATION WITH
CENTRAL COAST COMMUNITY ENERGY

This MEMORANDUM OF UNDERSTANDING (MOU) is hereby made and entered into by and between the City of San Luis Obispo, a California municipal corporation and Charter City, hereinafter referred to as SAN LUIS OBISPO, the City of Morro Bay, a California municipal corporation, hereinafter referred to as MORRO BAY, and the City of El Paso de Robles, a California municipal corporation hereinafter referred to as PASO ROBLES (SAN LUIS OBISPO, MORRO BAY, and PASO ROBLES hereinafter individually referred to as “party” and hereinafter collectively referred to as the “parties.”).

A. INTRODUCTION

In November 2018, SAN LUIS OBISPO and MORRO BAY jointly pursued community choice energy programs for the purpose of providing choice in the electricity market, reducing greenhouse gas emissions, proving potential rate savings, supporting energy efficiency, promoting regional collaboration, and contributing to economic development. The two cities pursued participating in a community choice energy program by joining Monterey Bay Community Power, which has since changed its name to Central Coast Community Energy (CCCE). On December 5, 2018, SAN LUIS OBISPO and MORRO BAY became official members of CCCE. PASO ROBLES joined CCCE in 2020 and will begin receiving service on January 1, 2021.

As outlined in the CCCE Joint Powers Agreement, the agency is governed by two decision making bodies and one advisory body:

- The Policy Board is comprised of elected officials and meets quarterly to make high level policy decisions.
- The Operations Board is comprised of City Managers or their designees and meets approximately eight times per year to make operational decisions.
- The Community Advisory Council is comprised of community members and serves in an advisory role to the Policy Board and Operations Board.

CCCE is a large agency and to ensure manageable meetings, smaller jurisdictions share seats on the Policy Board and Operations Board. Jurisdictions with 50,000 or more residents have permanent seats, while smaller jurisdictions share seats based on geographic proximity. Since SAN LUIS OBISPO, PASO ROBLES, and MORRO BAY are smaller than 50,000 each, the three cities will share a Policy Board and Operations Board seat.

On November 13, 2018, SAN LUIS OBISPO and MORRO BAY City Councils voted unanimously to direct staff to negotiate a Memorandum of Understanding to provide a collaborative and fair strategy for CCCE representation and to return to their respective Councils for final approval. The MOU was executed by SAN LUIS OBISPO and MORRO BAY in December of 2018. That MOU is hereby replaced by this MOU to include PASO ROBLES and provide minor updates, as described below.

B. PURPOSE

The purpose of this Memorandum of Understanding is to identify a clear framework between SAN LUIS OBISPO, MORRO BAY, and PASO ROBLES to share governance seats on Monterey Bay Community

City of San Luis Obispo and City of Morro Bay
Monterey Bay Community Power Participation Memorandum of Understanding

Power's Policy Board, Operations Board, and Community Advisory Council. This MOU rescinds and replaces the previous MOU between SAN LUIS OBISPO and MORRO BAY.

It should also be noted that community collaboration and regionalism was a key value of the effort to create a local community choice energy program. This Memorandum of Understanding seeks to encourage further regional collaboration.

C. SHARED SEATS

1. Policy Board - The Policy Board representative shall serve for a term of two years and shall rotate between cities (with exception of the first two, two year terms, shall be held by SAN LUIS OBISPO). SAN LUIS OBISPO shall provide the initial representative and will serve from December 2018 to December 2022 and thereafter shall transition every two years between MORRO BAY, PASO ROBLES, and SAN LUIS OBISPO.

a. The City with the currently serving Policy Board representative shall distribute via email to all three City Councils and City Managers the meeting minutes and any additional narrative deemed necessary after each Policy Board meeting to stay informed of policy, business or other related matters.

b. The Policy Board Director alternative shall be identified by the City currently holding the seat.

2. Operations Board - The Operations Board representative shall serve for a term of two years and may be one of two options:

a. The City Manager for the City of the Policy Board representative; or

b. A director or deputy-director level staff member as determined by the City Manager of the Policy Board representative.

3. Community Advisory Council – There shall be one Community Advisory Council member who shall serve a two-year term and be selected by the current Policy Board Member and their alternative. The pool of Community Advisory Committee applicants shall include all registered voters residing in the cities of San Luis Obispo, Morro Bay, and Pos Robles. The City currently providing the Policy Board representative shall conduct the Community Advisory Council selection process. The Community Advisory Council member does not need to be from the same city as the Policy Board member and the parties agree that the seat should rotate informally among the three cities.

4. In all cases, the elected officials, staff, or public representing the joint interests of SAN LUIS OBISPO, PASO ROBLES, and MORRO BAY, for purposes of the CCCE, shall consider the program purposes outlined in the Central Coast Community Energy Joint Exercise of Powers Agreement:

a. Reducing greenhouse gas emissions;

b. Providing electric power to customers at a competitive cost;

c. Carrying our programs to increase energy efficiency;

d. Stimulating and sustaining the local economy by developing local jobs in renewable energy and energy efficiency; and

City of San Luis Obispo and City of Morro Bay
Monterey Bay Community Power Participation Memorandum of Understanding

e. Promoting long-term rate stability and energy security and reliability for residents through local control of electric generation resources.

5. If a party fails to attend or otherwise comply with the Monterey Bay Community Power JPA and bylaws, and if the seat becomes vacated because of such conduct, the next party shall serve in that seat.

D. PROCESS

SAN LUIS OBISPO City Council will appoint its respective Board Members for the two-year term by February 2019. Terms shall run for two-years starting in December and concluding in November of even-numbered years. Based on mutual agreement of the parties, SAN LUIS OBISPO will also appoint respective Board Members for the two year term running from January 2021 through December 2022.

Future term appointees shall be made by alternating City Councils in November of the year that the term concludes (e.g., SAN LUIS OBISPO in 2020, MORRO BAY in 2022, PASO ROBLES in 2024). Thereafter, the rotation shall continue in two year periods until this MOU is amended.

E. PRINCIPAL CONTACTS

The principal contacts for this MOU are:

SAN LUIS OBISPO:

Name	Role:
Derek Johnson,	City Manager
Bob Hill,	City Lead

MORRO BAY:

Name	Role:
Scott Collins,	City Manager, City Lead

PASO ROBLES:

Name	Role:
Tom Frutchey	City Manager, City Lead

F. COST OBLIGATION

Each party to this Memorandum of Understanding shall be financially responsible for absorbing costs incurred for their own participation on the Policy Board, Operations Board, and Community Advisory Council.

G. COMMENCEMENT/EXPIRATION DATE

This Memorandum of Understanding is executed as of the date of last signature and is effective until the CCCE governance model changes, or SAN LUIS OBISPO, PASO ROBLES, or MORRO BAY withdraw from CCCE, or either party fails in good faith to resolve with the other party a conflict over a substantial issue concerning the CCCE or the parties' performance of this MOU. As to SAN LUIS OBISPO and

City of San Luis Obispo and City of Morro Bay
Monterey Bay Community Power Participation Memorandum of Understanding

MORRO BAY, this MOU is effective as of December, 2018, in so far as this MOU replaces and rescinds a prior MOU similar in substance to this MOU, with the exception of PASO ROBLES not being a party to the earlier MOU. Prior to such termination, the party desiring to terminate this MOU shall provide the non-terminating party with written notice of its desire to terminate and the reasons therefore. Both parties agree to engage in a meet and confer process, and, in the case of termination based on a conflict over a substantial issue concerning the CCCE or the parties' performance of this MOU, the parties shall engage with one another in good faith to resolve the conflict. If a conflict still exists after such good faith negotiations, this MOU shall terminate upon thirty (30) days final written notice.

H. LIABILITIES

It is understood that none of the parties to this Memorandum of Understanding is the agent of any of the other parties and none of the parties is liable for the wrongful acts, omissions or negligence of any other party to this MOU. Each party shall be responsible for its wrongful or negligent acts or omissions and those of its officials, officers, employees, and agents, howsoever caused, to the extent allowed by law, and shall be responsible for their own Commercial General Liability, Auto, Worker's Compensation and Errors and Omissions insurance and adherence to their respective City's policies. Each party to this Memorandum of Understanding agrees to indemnify, defend and hold the other, and their officials, officers, employees, and agents, against any liability, claim, personal injury, including death, or property damage caused by that party's negligence or willful misconduct in their performance under this Memorandum of Understanding.

I. NO ASSIGNMENT

The rights and obligations of the parties to this Memorandum of Understanding may not be assigned or delegated.

J. AMENDMENT

This Memorandum of Understanding may not be amended or modified in any manner whatsoever except by written agreement between the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the last written date below.

FOR SAN LUIS OBISPO

Date: _____

Name, City Manager – City of San Luis Obispo

FOR MORRO BAY

Date: _____

Name, City Manager – City of Morro Bay

FOR PASO ROBES

Date: _____

Name, City Manager – City of Paso Robles



AGENDA NO: A-5

MEETING DATE: November 10, 2020

Staff Report

TO: Honorable Mayor and City Council **DATE:** November 3, 2020
FROM: Scott Collins, City Manager
SUBJECT: Approval of License Agreement between the City of Morro Bay and PG&E for Continued Access and Use of PG&E Property for the Morro Bay Bike Park

RECOMMENDATION

Staff recommends the City Council approve the License Agreement with PG&E related to continued access and use of PG&E property for the existing Morro Bay Bike Park located on Little Morro Creek Road.

ALTERNATIVES

The Council could decide not to approve the agreement, which would effectively end use of this public facility in its current location, and direct staff accordingly.

FISCAL IMPACT

There is no fiscal impact as a result of this action. The current Memorandum of Understanding with Central Coast Concerned Mountain Bikers, Inc. ("CCCMB") places the responsibility of direct costs on CCCMB; however, if that group defaults on its agreement, then the City would be responsible for a fee of \$500 annually for use of PG&E property.

BACKGROUND

As part of the effort to construct a new Bike Park in Morro Bay, the City Council approved a Memorandum of Understanding ("MOU") with CCCMB on January 13, 2015, for the construction, maintenance and repair of a Bike Park. That MOU was amended on October 10, 2015, to require CCCMB to provide proof of consent from PG&E, the owner of the property to be used for parking for the Park. CCCMB was unable to obtain consent due to its inability to meet PG&E's insurance requirements; however, the City of Morro Bay's insurance policy was and is fully compliant with PG&E's requirements. In the interest of moving the Bike Park forward, the City agreed to enter directly into the agreement with PG&E for a 5-year License Agreement which expired on August 31, 2020.

That agreement, provided as Attachment 2 to this report, outlined various responsibilities of the City, namely providing indemnification, insurance, paying a \$1,000 signing fee and a \$500 annual fee for use of the property and providing a work plan to PG&E related to use of the property. The MOU between the City and CCCMB (Attachment 3) requires that group be responsible for all aspects of the PG&E agreement except indemnification and insurance.

Prepared By: DS Dept Review: _____
City Manager Review: SC City Attorney Review: BWB

The continued operation of the Morro Bay Bike Park at its current location requires the City to approve the proposed License Agreement, effective September 1, 2020 – August 31, 2025. The proposed License Agreement does not require a \$1,000 signing fee but does still require a \$500 annual fee.

DISCUSSION

The ranks of those who partake in the sports of mountain biking and bike park riding have increased significantly over the past few years in the United States. It is no surprise then that the Morro Bay bike park has become an increasingly popular recreational opportunity for Morro Bay residents and visitors during its first five years. The CCCMB have been excellent stewards of the bike park, and have made numerous improvements to the track to coincide with the interests and desires of the biking community. PG&E have been a good partner in this agreement as well. Given the popularity of the park and lack of any significant problems related to its operation and agreement, staff recommend that City Council approve the recommendation in approving the License Agreement with PG&E.

CONCLUSION

The City is grateful for the volunteer efforts of CCCMB, a group that has worked tirelessly to construct and maintain the Morro Bay Bike Park for enjoyment by residents and visitors. Staff recommends the City Council approve the proposed License Agreement.

ATTACHMENTS

1. Proposed License Agreement for Parking Use – City & PG&E Agreement
2. Previous Executed License Agreement 2015 – 2020
3. Memorandum of Understanding between the City and Central Coast Concerned Mountain Bikers, Inc. for construction and operation of the Bike Park

LICENSE AGREEMENT
FOR PARKING USE

This License Agreement for Parking Use (this “**License Agreement**”) is made and entered into this 10th day of November, 2020 (the “**Effective Date**”) by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called “**PG&E**”, and **CITY OF MORRO BAY**, a public body of the State of California, hereinafter called “**Licensee**”.

R E C I T A L S:

A. PG&E owns the real property commonly known as Morro Bay Fee Strip, Assessor’s Parcel Number 068-183-022, State Board of Equalization No. 135-40-6A, Parcel 1 hereinafter called the “**Property**”, located in the City of Morro Bay, County of San Luis Obispo, State of California.

B. PG&E and Licensee previously entered into a license dated October 23, 2015 for the use of the Property, which license expired on August 31, 2020, and thereafter Licensee has been in possession on a holdover basis.

C. In conjunction with a Bike Park on the City of Morro Bay’s property adjacent to the Property, Licensee wishes to continue using a portion of the Property for parking on a portion of the Property as shown on **EXHIBIT “A”** attached hereto and by this reference made a part hereof (the “**License Area**”).

D. Licensee has requested permission for Licensee to enter the License Area for parking on the License Area as more fully described in this License Agreement, and PG&E is willing to grant such permission subject to the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, PG&E and Licensee hereby agree as follows:

1. Temporary Parking Use. Subject to the terms and conditions set forth in this License Agreement, PG&E grants to Licensee a temporary, personal, non-exclusive and non-possessory right and license to enter, and for Licensee to allow Licensee’s directors, officers, partners, members, managers, employees, contractors, subcontractors, consultants, representatives, agents, permittees, members of the public utilizing the Bike Park and invitees (“**Licensee’s Representatives**”) to enter, at reasonable times, the License Area for the sole purpose of the parking of up to Six (6) personal passenger automobiles, and for no other purpose whatsoever, hereinafter referred to as “**Licensee’s Activities**”. Licensee shall not use the License Area for parking of trucks of a load weight of more than ten thousand (10,000) pounds gross vehicle weight, construction vehicle parking, house trailers or vehicle maintenance of any kind, nor shall the Property be used to transport or store materials, including, without limitation, any Hazardous Substances, as defined in Section 4(b) below. Licensee shall not use or permit the use of the License Area in any manner that would tend to create waste or a nuisance. All of Licensee’s

Activities shall be performed at Licensee’s sole cost and expense. This License Agreement gives Licensee a license only and does not constitute a grant by PG&E of any ownership, leasehold, easement or other similar property interest or estate.

2. **Term; Termination; Surrender.** This License Agreement shall be for a term of five (5) years commencing on September 1, 2020 and expiring August 31, 2025, unless sooner terminated (the "Term"). **Provided, however, that PG&E may terminate this License Agreement, at any time, for any reason or no reason, including, without limitation, pursuant to the provisions of General Order No. 69-C of the California Public Utilities Commission (the “CPUC”), upon twenty-four (24) hours written notice to Licensee.** Upon the expiration or termination of this License Agreement, Licensee shall remove all vehicles and personal property of Licensee and Licensee’s Representatives, remove all debris and waste material resulting from Licensee’s Activities, and repair and restore the Property as nearly as possible to the condition that existed prior to Licensee's entry hereunder to PG&E's satisfaction. Licensee shall bear the entire cost of such removal, repair and restoration, and PG&E shall have no liability for any losses or damages caused by or related to any termination of this License Agreement. In the event Licensee fails to comply with the requirements of this Section, PG&E may elect, at Licensee’s expense, to remove such vehicles, personal property, debris and waste material and to perform such repair or restoration as necessary. Licensee shall pay such costs and expenses within ten (10) days after receipt of an invoice therefor. Licensee's obligations under this Section shall survive the expiration or termination of this License Agreement.

3. **Fees.** Licensee has previously paid to PG&E its standard administrative fee of \$1,000. Licensee shall pay to PG&E at the address set forth herein, or at such other place as PG&E shall designate, the sum of Five Hundred Dollars (\$500.00) annual fee, payable in advance, the first payment to be made concurrently with the execution of this License Agreement, and thereafter on or before the period date set forth below. This License Agreement shall not become effective until the license fee has been received.

Period				Annual Fee
From	09/01/20	to	08/31/21	\$500.00
From	09/01/21	to	08/31/22	\$500.00
From	09/01/22	to	08/31/23	\$500.00
From	09/01/23	to	08/31/24	\$500.00
From	09/01/24	to	08/31/25	\$500.00

4. **Work Plan.** Licensee shall discuss with PG&E any specific requirements for Licensee's Activities on the Property, and shall prepare a work plan that incorporates such requirements and that describes in detail and with specificity the nature, scope, location and purpose of all of Licensee’s Activities to be performed on the Property and shall also include a map of the parking layout, specifications and locations for temporary parking signs, and a description of the method of marking parking and no-parking areas (the “**Work Plan**”). The Work Plan will be submitted to the following person at PG&E for approval **John Ceja, 4325 South Higuera Street, San Luis Obispo, CA 93401, 805-458-5724.** PG&E reserves the right to request Licensee to provide additional information, reports, studies or other documents not included in the Work Plan. Licensee acknowledges and agrees that PG&E’s review of the Work Plan is solely for

the purpose of protecting PG&E's interests, and shall not be deemed to create any liability of any kind on the part of PG&E, or to constitute a representation on the part of PG&E or any person consulted by PG&E in connection with such review that the Work Plan is adequate or appropriate for any purpose, or complies with applicable Legal Requirements, as defined herein. Licensee and Licensee's Representatives shall not enter the Property nor commence any activity whatsoever on the Property without the prior written consent of PG&E to the Work Plan as set forth above, which consent shall be in PG&E's sole and absolute discretion. Licensee agrees and covenants that all of Licensee's Activities shall be performed solely within the License Area and in strict accordance with the approved Work Plan.

5. Condition of the Property. Licensee accepts the Property "as is", in its existing physical condition, without warranty by PG&E or any duty or obligation on the part of PG&E to maintain the Property. Licensee acknowledges that one or more of the following (collectively, "**Potential Environmental Hazards**") may be located in, on or underlying the Property:

(a) electric and magnetic fields, electromagnetic fields, power frequency fields and extremely low frequency fields, however designated, whether emitted by electric transmission lines, other electrical distribution equipment or by any other means ("**EMFs**");

(b) Hazardous Substances (as hereinafter defined). For purposes hereof, the term "**Hazardous Substances**" means any hazardous or toxic material or waste which is or becomes regulated by Legal Requirements, as defined herein, relating to the protection of human health or the environment, including, but not limited to, laws, requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of such substances into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of such substances. Without limiting the generality of the foregoing, the term Hazardous Substances includes any material or substance:

(1) now or hereafter defined as a "hazardous substance," "hazardous waste," "hazardous material," "extremely hazardous waste," "restricted hazardous waste" or "toxic substance" or words of similar import under any applicable local, state or federal law or under the regulations adopted or promulgated pursuant thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§9601 et seq. ("CERCLA"); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§6901 et seq.; the Clean Air Act, 42 U.S.C. §§7401 et seq.; the Clean Water Act, 33 U.S.C. §§1251 et seq.; the Toxic Substance Control Act, 15 U.S.C. §§2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§136 et seq.; the Atomic Energy Act of 1954, 42 U.S.C. §§2014 et seq.; the Nuclear Waste Policy Act of 1982, 42 U.S.C. §§10101 et seq.; the California Hazardous Waste Control Law, Cal. Health and Safety Code §§25100 et seq.; the Porter-Cologne Water Quality Control Act, Cal. Water Code §§13000 et seq.; the Carpenter-Presley-Tanner Hazardous Substance Account Act (Health and Safety Code §§25300 et seq.); and the Medical Waste Management Act (Health and Safety Code §§25015 et seq.); or

(2) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as a

Hazardous Substance by the United States, the State of California, any local governmental authority or any political subdivision thereof; or

(3) the presence of which on the Property poses or threatens to pose a hazard to the health or safety of persons on or about the Property or to the environment; or

(4) which contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(5) which contains lead-based paint or other lead contamination, polychlorinated biphenyls ("PCBs") or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or

(6) which contains radon gas;

(c) fuel or chemical storage tanks, energized electrical conductors or equipment, or natural gas transmission or distribution pipelines; and

(d) other potentially hazardous substances, materials, products or conditions.

Licensee shall take all necessary precautions to protect Licensee's Representatives from risks of harm from Potential Environmental Hazards, and Licensee shall be responsible for the health and safety of Licensee's Representatives. Licensee acknowledges that it has previously evaluated the condition of the Property and all matters affecting the suitability of the Property for the uses permitted by this License Agreement, including, but not limited to, the Potential Environmental Hazards listed herein.

6. Licensee's Covenants.

(a) Legal Compliance. Licensee agrees, at Licensee's sole cost and expense, promptly to comply, and cause all of Licensee's Representatives to comply, with (i) all laws, statutes, ordinances, rules, regulations, requirements or orders of municipal, state, and federal authorities now in force or that may later be in force, including, but not limited to, those laws which relate to Licensee's or any of Licensee's Representatives' the generation, use, storage, handling, treatment, transportation or disposal of Hazardous Substances or to health, safety, noise, environmental protection, air quality or water quality, (ii) the conditions of any permit, occupancy certificate, license or other approval issued by public officers relating to Licensee's Activities or Licensee's or Licensee's Representatives' use or occupancy of the Property; and (iii) any liens, encumbrances, easements, covenants, conditions, restrictions and servitudes (if any) of record, or of which Licensee has notice, which may be applicable to the Property (collectively, "**Legal Requirements**") regardless of when they become effective, insofar as they relate to Licensee's Activities or the use or occupancy of the Property by Licensee. The judgment of any court of competent jurisdiction, or the admission of Licensee in any action or proceeding against Licensee, whether or not PG&E is a party in such action or proceeding, that Licensee has violated any Legal Requirement relating to the use or occupancy of the Property, shall be conclusive of that fact as between PG&E and Licensee. Licensee shall furnish satisfactory evidence of such compliance upon request by PG&E.

(b) Notification of Investigations, Orders or Enforcement Proceedings.

Licensee agrees to notify PG&E in writing within three (3) business days after obtaining knowledge of any investigation, order or enforcement proceeding that in any way relates to the Property, or to the occurrence of any contamination or suspected contamination on, within or underlying the Property. Such notice shall include a complete copy of any order, complaint, agreement, or other document that may have been issued, executed or proposed, whether draft or final.

(c) Use of Property. Licensee agrees that Licensee shall not in any way

interfere or permit any interference with the use of the Property by PG&E. Interference shall include, but not be limited to, any activity by Licensee that places any of PG&E's gas or electric facilities in violation of any of the applicable provisions of General Order Nos. 95 (Overhead Electric), 112 (Gas), and 128 (Underground Electric) of the CPUC or of any other applicable provisions of the laws and regulations of the State of California or other governmental agencies under which the operations of utility facilities are controlled or regulated, including, without limitation, the CPUC or the Federal Energy Regulatory Commission ("**FERC**"). Licensee shall not erect, handle, or operate any tools, machinery, apparatus, equipment, or materials closer to any of PG&E's high-voltage electric conductors than the minimum clearances set forth in the High-Voltage Electrical Safety Orders of the California Division of Industrial Safety, which minimum clearances are incorporated herein by reference, but even if such orders allow it, under no circumstances closer than ten (10) feet from any energized electric conductors or appliances. Licensee shall not drill, bore, or excavate under any circumstances.

(d) Licensee's Activities. Licensee agrees that Licensee and Licensee's

Representatives shall notify PG&E, as part of the Work Plan, of any potential safety, environmental or other hazards to PG&E employees or property arising out of, or associated with, Licensee's Activities or stemming from conditions caused by Licensee, so that PG&E may take appropriate precautions. Licensee agrees that Licensee shall conduct Licensee's Activities in compliance with the Work Plan approved by PG&E and in such a manner so as to protect the Property, PG&E's utility facilities, the environment, and human health and safety. Licensee shall not make use of the Property in any way which will endanger human health or the environment, create a nuisance or otherwise be incompatible with the use of the Property by PG&E or others entitled to use the Property. Licensee shall post signs, as approved by PG&E as part of the Work Plan, at the entrance(s) to the License Area indicating that parking is temporary and limited to the types of vehicles authorized by this License Agreement and prohibiting trucks of a load weight of more than ten thousand (10,000) pounds gross vehicle weight. Licensee shall not cause or permit any Hazardous Substances, as defined herein, to be brought upon, produced, stored, used, discharged or disposed of on, or in the vicinity of, the Property, except for the fuel held within the tanks of vehicles parked on the License Area. Licensee agrees to be responsible for the clean up and remediation of any releases of Hazardous Substances resulting from Licensee's Activities, or any activity by Licensee or Licensee's Representatives, and shall immediately report the details of any such releases to PG&E and to the appropriate regulatory agencies as required by any and all applicable Legal Requirements. In the event PG&E determines that Licensee's Activities in any way endanger the Property, PG&E's utility facilities, the environment, or human health or safety, PG&E may, in PG&E's sole and absolute discretion, require that Licensee halt Licensee's Activities until appropriate protective measures may be taken to eliminate such endangerment to PG&E's satisfaction. Licensee waives any claims against PG&E resulting from any delay under

this Section. PG&E's right to halt activities under this Section shall not in any way affect or alter Licensee's insurance or indemnity obligations under this License Agreement, nor shall it relieve Licensee from any of Licensee's obligations hereunder that pertain to health, safety, or the protection of the environment.

(e) Non-Interference. Licensee agrees to coordinate Licensee's Activities to strictly avoid any interference with PG&E's use of the Property and any adjoining lands owned by PG&E.

(f) Site Security. Licensee agrees that Licensee and Licensee's Representatives shall comply with any and all of PG&E's on-site safety and security requirements and any other rules and regulations that may be applicable to Licensee's Activities at the Property. Licensee agrees to cooperate with PG&E and to abide by any and all orders or instructions issued by PG&E, its employees, agents or representatives. PG&E reserves the right to restrict access to the Property in the event of fire, earthquake, storm, riot, civil disturbance, or other casualty or emergency, or in connection with PG&E's response thereto, or if emergency repairs or maintenance are required to PG&E's facilities, wherever located, or otherwise when PG&E deems it advisable to do so, including in connection with events and emergencies occurring or affecting PG&E's business operations located elsewhere than in the immediate vicinity of the Property.

7. Indemnification; Release.

(a) Licensee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold harmless PG&E, its parent corporation, subsidiaries, affiliates, and their officers, managers, directors, representatives, agents, employees, transferees, successors and assigns (each, an "**Indemnitee**" and collectively, "**Indemnitees**") from and against all claims, losses (including, but not limited to, diminution in value), actions, demands, damages, costs, expenses (including, but not limited to, experts fees and reasonable attorneys' fees and costs) and liabilities of whatever kind or nature (collectively, "**Claims**"), including Claims arising from the passive or active negligence of the Indemnitees, which arise from or are in any way connected with Licensee's Activities, or the entry on, occupancy or use of, the Property by Licensee or Licensee's Representatives, or the exercise by Licensee of Licensee's rights hereunder, or the performance of, or failure to perform, Licensee's duties under this License Agreement, including, but not limited to, Claims arising out of: (i) injury to or death of persons, including, but not limited to, employees of PG&E or Licensee (and including, but not limited to, injury due to exposure to EMFs and other Potential Environmental Hazards in, on or about the Property); (ii) injury to property or other interest of PG&E, Licensee or any third party; (iii) violation of any applicable federal, state, or local laws, statutes, regulations, or ordinances, including all Legal Requirements relating to the environment and including any liability imposed by law or regulation without regard to fault. Without limiting the generality of the foregoing, Licensee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold Indemnitees harmless from and against Claims arising out of or in connection with any labor performed on the Property by, or at the request or for the benefit of, Licensee. In the event any action or proceeding is brought against any Indemnitee for any Claim against which Licensee is obligated to indemnify or provide a defense hereunder, upon written notice from PG&E, Licensee shall defend such action or proceeding at Licensee's sole expense by counsel approved by PG&E, which approval shall be in PG&E's sole and absolute discretion.

(b) Licensee acknowledges that all Claims arising out of or in any way connected with releases or discharges of a Hazardous Substance, or the exacerbation of a Potential Environmental Hazard, occurring as a result of or in connection with Licensee's use or occupancy of the Property, Licensee's Activities or the activities of any of Licensee's Representatives, and all costs, expenses and liabilities for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remediation and other response costs, including reasonable attorneys' fees and disbursements and any fines and penalties imposed for the violation of any Legal Requirements relating to the environment or human health, are expressly within the scope of the indemnity set forth above. The purpose of the foregoing indemnity is to protect PG&E and the Indemnitees from expenses and obligations related to Hazardous Substances on the Property to the fullest extent permitted by law. The Licensee's obligation to defend includes, but is not limited to, the obligation to defend claims and participate in administrative proceedings, even if they are false or fraudulent.

(c) Licensee's use of the Property shall be at Licensee's sole risk and expense, and Licensee accepts all risk relating to Licensee's occupancy and use of the Property. PG&E shall not be liable to Licensee for, and Licensee hereby waives and releases PG&E and the other Indemnitees from, any and all liability, whether in contract, tort or on any other basis, for any injury, damage, or loss resulting from or attributable to an occurrence on or about the Property.

(d) Licensee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold Indemnitees harmless against claims, losses, costs (including attorneys' fees and costs), liabilities and damages resulting from the failure of Licensee, or any of Licensee's consultants, contractors or subcontractors, to comply with the insurance requirements set forth in **EXHIBIT "B"**.

(e) The provisions of this Section 7 shall survive the expiration or termination of this License Agreement.

8. Additional Activities. Licensee shall not perform any grading, paving or install any alterations, facilities or improvements in, on, under or over the License Area. Licensee shall not deposit or remove soil or gravel from or on the License Area. Licensee shall not perform any activities beyond Licensee's Activities specifically authorized by this License Agreement without the prior written consent of PG&E, which consent shall be in PG&E's sole and absolute discretion, and the prior consent, to the extent required by applicable Legal Requirements, of any governmental authority having jurisdiction, including, but not limited to, the CPUC or the FERC.

9. Reserved Rights. PG&E reserves the right to use the Property for any and all purposes whatsoever, including, without limitation, the right to use the Property for such purposes as it may deem necessary or appropriate if, and whenever, in the interest of its service to its patrons or consumers or the public, it shall appear necessary or desirable to do so. Licensee shall not make use of the Property in any way which will endanger human health or the environment, create a nuisance or otherwise be incompatible with the use of the Property by PG&E or others entitled to use the Property.

10. Compliance; Safety; Insurance. Licensee shall obtain, at Licensee's sole cost and expense, any and all necessary permits, authorizations and approvals applicable to Licensee's Activities and to evidence compliance with all Legal Requirements. PG&E shall have a right to

observe Licensee's Activities at any time to confirm Licensee's compliance with the requirements of this License Agreement and applicable Legal Requirements. Licensee shall procure, carry and maintain in effect throughout the Term of this License Agreement, with respect to the License Area and the use, occupancy and activities of Licensee and Licensee's Representatives on or about the License Area, in a form and with deductibles acceptable to PG&E and with such insurance companies as are acceptable to PG&E, the insurance specified in **EXHIBIT "B"** and by this reference made a part hereof. All policies shall contain endorsements that the insurer shall give PG&E and its designees at least thirty (30) days advance written notice of any change, cancellation, termination, failure to renew or lapse of insurance. Upon Licensee's execution of this License Agreement, and thereafter at least thirty (30) days prior to the expiration date of any policy, Licensee shall provide PG&E with evidence of the insurance coverage, or continuing coverage, as applicable, required by this License Agreement as more specifically set forth in **EXHIBIT "B"**. This License Agreement shall not become effective, and Licensee and Licensee's Representatives shall not enter the Property nor commence or conduct any activity whatsoever on the Property unless and until the insurance coverage required by this License Agreement is in effect and current proof of insurance has been provided to PG&E. Licensee is also responsible for the compliance of Licensee's consultants, contractors and subcontractors with the insurance requirements, provided that Licensee may, with PG&E's written consent in PG&E's sole and absolute discretion, permit Licensee's consultants, contractors and subcontractors to maintain coverages and limits lower than those specified, so long as the coverages and limits required by Licensee are commercially reasonable in light of applicable circumstances. Licensee's consultants, contractors and subcontractors shall not enter the Property nor commence any activity whatsoever on the Property without the insurance coverage required by this License Agreement being in effect and current proof of insurance having been provided to PG&E from each such consultant, contractor and subcontractor, respectively. The requirements of this Section and **EXHIBIT "B"** shall in no event limit the liability of Licensee under this License Agreement. PG&E reserves the right to review and modify from time to time the coverages and limits of coverage required hereunder, as well as the deductibles and/or self-insurance retentions in effect from time to time. In the event that Licensee or any of Licensee's Representatives fail at any time during the Term to procure, carry or maintain, the insurance required under this Section and **EXHIBIT "B"**, or fail to deliver such policies or certificates as required, PG&E may, at its option, (i) procure such policies for the account of Licensee and Licensee's Representatives, and the cost thereof shall be paid by Licensee to PG&E within five (5) days after delivery to Licensee of an invoice therefor, and/or (ii) terminate this License Agreement, upon written notice to Licensee, in which event Licensee shall immediately vacate the Property and comply with the provisions concerning the condition of the Property on expiration or termination set forth in Section 2 above.

11. Mechanics' Liens. Licensee shall keep the Property free and clear of all mechanics' liens arising, or alleged to arise, in connection with any work performed, labor or materials supplied or delivered, or similar activities performed by Licensee or at Licensee's request or for Licensee's benefit. If any mechanics' liens are placed on the Property in connection with Licensee's use or activities, Licensee shall diligently pursue all necessary actions to remove such liens from title, either by payment or by recording a lien release bond in the manner specified in California Civil Code Section 8424 or any successor statute. Notwithstanding anything to the contrary set forth in this License Agreement, if any such lien is not released and removed within thirty (30) days, PG&E at its sole option, may immediately take all actions necessary to release and remove such lien, without any duty to investigate the validity thereof, and all sums,

costs and expenses, including attorneys' fees and costs, incurred by PG&E in connection with such lien shall be due and payable by Licensee within thirty (30) days after receipt of a written demand therefor, accompanied by reasonable supporting documentation.

12. Notices. Any notices hereunder shall be in writing and shall be personally delivered, or sent by first class mail, certified or registered, postage prepaid, or by national overnight courier, with charges prepaid for next business day delivery, addressed to the addressee party at the address or addresses listed below, or to such other address or addresses as such party may from time to time designate in writing. Notices shall be deemed received upon actual receipt or refusal of the notice by the party being sent the notice. Any communication hereunder shall be in writing and can be personally delivered as described above or by email transmission.

If to PG&E by standard U.S. mail or by registered or certified mail, return receipt requested:

Manager, Land Rights
PG&E Land Management
P.O. Box 770000, Mail Code N10A
San Francisco, CA 94177

With a copy to:

Law Department
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120
Attn: Managing Counsel, Commercial and Environmental

Land Agent
PG&E Land Management
4325 South Higuera Street
San Luis Obispo, CA 93401
Phone: (805) 546-3887

If to PG&E by personal delivery or overnight courier:

Manager, Land Rights
PG&E Land Management
245 Market Street, Mail Code N10A
San Francisco, CA 94105

With a copy to:

Law Department
Pacific Gas and Electric Company
77 Beale Street, Mail Code B30A
San Francisco, CA 94105

Attn: Managing Counsel, Commercial and Environmental

Land Agent
PG&E Land Management
4325 South Higuera Street
San Luis Obispo, CA 93401
Phone: (805) 546-3887

If to Licensee:

City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442
Phone: (805) 772-6290

13. Governing Law. This License Agreement shall in all respects be interpreted, enforced, and governed by and under the laws of the State of California.

14. Entire Agreement. This License Agreement supersedes all previous oral and written agreements between and representations by or on behalf of the parties and constitutes the entire agreement of the parties with respect to the subject matter hereof. This License Agreement may not be amended except by a written agreement executed by both parties.

15. Binding Effect. This License Agreement and the covenants and agreements herein contained shall be binding on, and inure to the benefit of, the parties hereto and their respective heirs, successors and assigns, subject to the limitations on assignment set forth in this License Agreement.

16. Assignment. This License Agreement is personal to Licensee, and Licensee shall not assign, transfer, convey or encumber the license and other rights herein granted or any portion thereof or interest herein.

17. Attorneys' Fees. Should either party bring an action against the other party, by reason of or alleging the failure of the other party with respect to any or all of its obligations hereunder, whether for declaratory or other relief, and including any appeal thereof, then the party which prevails in such action shall be entitled to its reasonable attorneys' fees (of both in-house and outside counsel) and expenses related to such action, in addition to all other recovery or relief. A party shall be deemed to have prevailed in any such action (without limiting the generality of the foregoing) if such action is dismissed upon the payment by the other party of the sums allegedly due or the performance of obligations allegedly not complied with, or if such party obtains substantially the relief sought by it in the action, irrespective of whether such action is prosecuted to judgment. Attorneys' fees shall include, without limitation, fees incurred in discovery, contempt proceedings, and bankruptcy litigation. The non-prevailing party shall also pay the attorney's fees and costs incurred by the prevailing party in any post-judgment proceedings to collect and enforce the judgment. The covenant in the preceding sentence is separate and several and shall survive the merger of this provision into any judgment on this License Agreement. For purposes hereof, the reasonable fees of PG&E's in-house attorneys who perform services in connection with any such

action shall be recoverable, and shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the relevant subject matter area of the law, in law firms in the City of San Francisco with approximately the same number of attorneys as are employed by PG&E's Law Department.

18. No Waiver. Any waiver with respect to any provision of this License Agreement shall not be effective unless in writing and signed by the party against whom it is asserted. The waiver of any provision of this License Agreement by a party shall not be construed as a waiver of a subsequent breach or failure of the same term or condition or as a waiver of any other provision of this License Agreement.

19. No Offsets. Licensee acknowledges that PG&E is executing this License Agreement in its capacity as the owner of real property, and not in its capacity as a public utility company or provider of electricity and natural gas. Notwithstanding anything to the contrary contained herein, no act or omission of PG&E or its employees, agents or contractors as a provider of electricity and natural gas shall abrogate, diminish, or otherwise affect the respective rights, obligations and liabilities of PG&E and Licensee under this License Agreement. Further, Licensee covenants not to raise as a defense to Licensee's obligations under this License Agreement, or assert as a counterclaim or cross-claim in any litigation or arbitration between PG&E and Licensee relating to this License Agreement, any claim, loss, damage, cause of action, liability, cost or expense (including, without limitation, attorneys' fees) arising from or in connection with PG&E's provision of (or failure to provide) electricity and natural gas.

20. No Dedication; No Third-Party Beneficiary. Nothing herein contained shall be deemed to be a gift or dedication of the Property or portion thereof to the general public, or for any public use or purpose whatsoever. The right of the public or any person, including Licensee and Licensee's Representatives, to make any use whatsoever of the License Area or any portion thereof, other than as expressly permitted herein or as expressly allowed by a recorded map, agreement, deed or dedication, is by permission and is subject to the control of PG&E in its sole and absolute discretion. The provisions of this License Agreement are for the exclusive benefit of the parties and their successors and assigns and shall not be deemed to confer any rights upon any person, except such parties and their successors and assigns, subject to the limitations on assignment set forth in this License Agreement. No obligation of a party under this License Agreement is enforceable by, or is for the benefit of, any other third parties.

21. Captions. The captions in this License Agreement are for reference only and shall in no way define or interpret any provision hereof.

22. Time. Except as otherwise expressly provided herein, the parties agree that as to any obligation or action to be performed hereunder, time is of the essence.

23. Severability. If any provision of this License Agreement shall be invalid or unenforceable, the remainder of this License Agreement shall not be affected thereby, and each provision of this License Agreement shall be valid and enforced to the full extent permitted by law, provided the material provisions of this License Agreement can be determined and effectuated.

24. Counterparts. This License Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which, when taken together,

shall constitute one and the same instrument. Each Party shall be entitled to rely upon executed copies of this License Agreement transmitted either by facsimile or a portable document format (“pdf”) version by email to the same and full extent as the originals.

25. Electronic Signatures. This License Agreement may be executed by electronic signature(s) and transmitted either by facsimile or in a pdf version by email and such electronic signature(s) shall be deemed as original for purposes of this License Agreement and shall have the same force and effect as a manually executed original

26. Joint and Several Liability. If two or more individuals, corporations, partnerships or other business associations (or any combination of two or more thereof) shall sign this License Agreement as Licensee, the liability of each such individual, corporation, partnership or other business association to perform Licensee's obligations hereunder shall be deemed to be joint and several, and all notices, payments and agreements given or made by, with or to any one of such individuals, corporations, partnerships or other business associations shall be deemed to have been given or made by, with or to all of them. In like manner, if Licensee shall be a partnership or other business association, the members of which are, by virtue of statute or federal law, subject to personal liability, then the liability of each such member shall be joint and several.

27. Survival. The waivers of claims or rights, the releases and the obligations of Licensee under this License Agreement to indemnify, protect, defend and hold harmless PG&E and other Indemnitees shall survive the expiration or earlier termination of this License Agreement, and so shall all other obligations or agreements of PG&E and Licensee hereunder which by their terms survive the expiration or earlier termination of this License Agreement.

28. Other Documents. Each party agrees to sign any additional documents or permit applications which may be reasonably required to effectuate the purpose of this License Agreement. Provided, however, that PG&E will not be required to take any action or execute any document that would result in any liability, cost or expense to PG&E.

29. Authority; Execution; Conditions to Effectiveness. The parties and the individuals executing this License Agreement on behalf of the parties, each represent, by executing this License Agreement, that he or she is duly authorized to do so and to bind the respective party to its terms. The submission of this License Agreement for examination or execution does not constitute an approval of the terms herein, or an offer to license the License Area in accordance with the terms and conditions contained herein, and this License Agreement shall not become effective unless and until it has been executed and delivered by both PG&E and Licensee, and Licensee delivers to PG&E the license fee as set forth in Section 1 above, and current proof of insurance for Licensee and its consultants, contractors and subcontractors as set forth in Section 9 above.

IN WITNESS WHEREOF, the parties have executed this License Agreement as of the date set forth below each signature, effective upon the Effective Date first written above.

“PG&E”

“Licensee”

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

CITY OF MORRO BAY,
a public body of the State of California

By: _____

By: _____

Name: Shannon Koontz-Monis

Name: _____

Its: Manager, Land Rights – South

Its: _____

Date: _____

Date: _____

EXHIBITS “A” and “B” attached

EXHIBIT A
THE LICENSE AREA

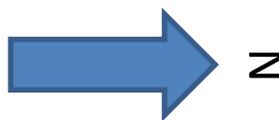


EXHIBIT B**INSURANCE REQUIREMENTS**

Licensee shall procure, carry and maintain the following insurance coverage, and Licensee is also responsible for the compliance of Licensee's consultants, contractors and subcontractors with the insurance requirements:

A. Commercial General Liability

1. Coverage shall be at least as broad as the Insurance Services Office (ISO) Commercial General Liability insurance "occurrence" form with no additional coverage alterations.
2. The limits shall not be less than Two Million Dollars (\$1,000,000) per occurrence and Four Million Dollars (\$2,000,000) aggregate for bodily injury, property damage and products and completed operations. Defense costs are to be provided outside the policy limits.
3. Coverage shall (a) by "Additional Insured" endorsement add as insureds PG&E, its directors, officers, agents and employees with respect to liability arising out of work performed by or for the Licensee or any other obligation or liability under the License Agreement, and (b) be endorsed to specify that the Licensee's insurance is primary and that any insurance or self-insurance maintained by PG&E shall not contribute to it.

B. Auto Liability

1. Coverage shall be at least as broad as the Insurance Services Office (ISO) Business Auto Coverage form covering Automobile Liability, code 1 "any auto".
2. The limit shall not be less than Two Million Dollars (\$2,000,000) each accident for bodily injury and property damage.

C. Workers' Compensation and Employers' Liability

1. Workers' Compensation insurance indicating compliance with any and all applicable labor codes, acts, laws or statutes, state or federal.
2. Employer's Liability insurance shall not be less than One Million Dollars (\$1,000,000) for injury or death, each accident.

D. Workers' Compensation and Employers' Liability

1. Workers' Compensation insurance indicating compliance with any and all applicable labor codes, acts, laws or statutes, state or federal.
2. Employer's Liability insurance shall not be less than One Million Dollars (\$1,000,000) for injury or death, each accident.

E. Additional Insurance Provisions

1. Upon execution of this Agreement, Licensee shall furnish PG&E with certificates of insurance and endorsements of all required insurance for Licensee.
2. The certificate shall state that coverage shall not be changed, cancelled, terminated, failed to be renewed or lapsed, except after thirty (30) days prior written notice has been given to PG&E.
3. The certificate must be signed by a person authorized by that insurer to bind coverage on its behalf and shall be submitted to PG&E's Land Agent as specified under Notices in the body of the License Agreement.
4. PG&E may inspect the original policies or require complete certified copies, at any time.
5. Licensee shall furnish PG&E the same evidence of insurance for Licensee's agents, consultants, contractors or subcontractors as PG&E requires of Licensee, prior to entry onto the Property by such parties.

Los Padres Division; Area 4
San Luis Obispo Land Services Office
Electric Transmission
MDM, T29S, R10E
Sec. 25, SW^¼ of NE^¼; NW^¼ of SW^¼
FERC: N/A
PG&E Dwg. #: Exhibit A (Satellite View)
Plat #: Not Applicable
Affected LD: N/A
Cross Ref LD: N/A
Interest: 02, 11, 42
SBE: 135-40-06a, Parcel 1
PM: N/A; OPN: N/A
JCN: N/A
County: San Luis Obispo
Utility Notice #: N/A
851 Approval Application # _____
851 Approval Decision # _____
Prepared: trp; Checked: mxk4
File: 96215.13; Lease ID: 755803

LICENSE AGREEMENT
FOR PARKING USE

This License Agreement for Parking Use (this “**License Agreement**”) is made and entered into this 23rd day of October, 2015 (the “**Effective Date**”) by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called “**PG&E**”, and **CITY OF MORRO BAY**, hereinafter called “**Licensee**.”

R E C I T A L S:

A. PG&E owns the real property commonly known as Morro Bay Fee Strip, Assessor’s Parcel Number 068-183-022, State Board of Equalization No. 135-40-6A, parcel 1, hereinafter called the “**Property**”, located in the City of Morro Bay, County of San Luis Obispo, State of California.

B. In conjunction with a Bike Park on the City of Morro Bay’s property adjacent to the Property, Licensee wishes to use a portion of the Property for parking on a portion of the Property as shown on **EXHIBIT “A”** attached hereto and by this reference made a part hereof (the “**License Area**”).

C. Licensee has requested permission for Licensee to enter the License Area for parking on the License Area as more fully described in this License Agreement, and PG&E is willing to grant such permission subject to the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, PG&E and Licensee hereby agree as follows:

1. Temporary Parking Use. Subject to the terms and conditions set forth in this License Agreement, PG&E grants to Licensee a temporary, personal, non-exclusive and non-possessory right and license to enter, and for Licensee to allow Licensee’s directors, officers, partners, members, managers, employees, contractors, subcontractors, consultants, representatives, agents, permittees and invitees (“**Licensee’s Representatives**”) to enter, at reasonable times, the License Area for the sole purpose of the parking of up to Six (6) personal passenger automobiles, and for no other purpose whatsoever, hereinafter referred to as “**Licensee’s Activities**”. Licensee shall not use the License Area for parking of trucks of a load weight of more than ten thousand (10,000) pounds gross vehicle weight, construction vehicle parking, house trailers or vehicle maintenance of any kind, nor shall the Property be used to transport or store materials, including, without limitation, any Hazardous Substances, as defined in Section 4(b) below. Licensee shall not use or permit the use of the License Area in any manner that would tend to create waste or a nuisance. All of Licensee’s Activities shall be performed at Licensee’s sole cost and expense. This License Agreement gives Licensee a license only and does not constitute a grant by PG&E of any ownership, leasehold, easement or other similar property interest or estate.

Fees. Licensee has previously paid to PG&E its standard administrative fee of \$1,000. Licensee shall pay to PG&E a license fee of Five Hundred Dollars (\$500.00) per year payable on the schedule below. This License Agreement shall not become effective until the first year's license fee has been received.

<u>Period</u>	<u>Annual Fee</u>
From 09/01/15 to 08/31/16	\$500.00
From 09/01/16 to 08/31/17	\$500.00
From 09/01/17 to 08/31/18	\$500.00
From 09/01/18 to 08/31/19	\$500.00
From 09/01/19 to 08/31/20	\$500.00

2. Work Plan. Licensee shall discuss with PG&E any specific requirements for Licensee's Activities on the Property, and shall prepare a work plan that incorporates such requirements and that describes in detail and with specificity the nature, scope, location and purpose of all of Licensee's Activities to be performed on the Property and shall also include a map of the parking layout, specifications and locations for temporary parking signs, and a description of the method of marking parking and no-parking areas (the "**Work Plan**"). The Work Plan will be submitted to the following person at PG&E for approval: **Pete Dominguez, 4325 So. Higuera St., San Luis Obispo, CA 93401, 805-459-6255.** PG&E reserves the right to request Licensee to provide additional information, reports, studies or other documents not included in the Work Plan. Licensee acknowledges and agrees that PG&E's review of the Work Plan is solely for the purpose of protecting PG&E's interests, and shall not be deemed to create any liability of any kind on the part of PG&E, or to constitute a representation on the part of PG&E or any person consulted by PG&E in connection with such review that the Work Plan is adequate or appropriate for any purpose, or complies with applicable Legal Requirements, as defined herein. Licensee and Licensee's Representatives shall not enter the Property nor commence any activity whatsoever on the Property without the prior written consent of PG&E to the Work Plan as set forth above, which consent shall be in PG&E's sole and absolute discretion. Licensee agrees and covenants that all of Licensee's Activities shall be performed solely within the License Area and in strict accordance with the approved Work Plan.

3. Term; Termination; Surrender. This License Agreement shall be for a term of five (5) years commencing on September 1, 2015 and expiring August 31, 2020, unless sooner terminated (the "**Term**"). **Provided, however, that PG&E may terminate this License Agreement, at any time, for any reason or no reason, including, without limitation, pursuant to the provisions of General Order No. 69-C of the California Public Utilities Commission (the "CPUC"), upon twenty-four (24) hours written notice to Licensee.** Upon the expiration or termination of this License Agreement, Licensee shall remove all vehicles and personal property of Licensee and Licensee's Representatives, remove all debris and waste material resulting from Licensee's Activities, and repair and restore the Property as nearly as possible to the condition that existed prior to Licensee's entry hereunder to PG&E's satisfaction. Licensee shall bear the entire cost of such removal, repair and restoration, and PG&E shall have no liability for any losses or damages caused by or related to any termination of this License Agreement. In the event Licensee fails to comply with the requirements of this Section, PG&E may elect, at Licensee's expense, to

remove such vehicles, personal property, debris and waste material and to perform such repair or restoration as necessary. Licensee shall pay such costs and expenses within ten (10) days after receipt of an invoice therefor. Licensee's obligations under this Section shall survive the expiration or termination of this License Agreement.

4. Condition of the Property. Licensee accepts the Property "as is", in its existing physical condition, without warranty by PG&E or any duty or obligation on the part of PG&E to maintain the Property. Licensee acknowledges that one or more of the following (collectively, "**Potential Environmental Hazards**") may be located in, on or underlying the Property:

(a) electric and magnetic fields, electromagnetic fields, power frequency fields and extremely low frequency fields, however designated, whether emitted by electric transmission lines, other electrical distribution equipment or by any other means ("**EMFs**");

(b) Hazardous Substances (as hereinafter defined). For purposes hereof, the term "**Hazardous Substances**" means any hazardous or toxic material or waste which is or becomes regulated by Legal Requirements, as defined herein, relating to the protection of human health or the environment, including, but not limited to, laws, requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of such substances into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of such substances. Without limiting the generality of the foregoing, the term Hazardous Substances includes any material or substance:

(1) now or hereafter defined as a "hazardous substance," "hazardous waste," "hazardous material," "extremely hazardous waste," "restricted hazardous waste" or "toxic substance" or words of similar import under any applicable local, state or federal law or under the regulations adopted or promulgated pursuant thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§9601 et seq. ("CERCLA"); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§6901 et seq.; the Clean Air Act, 42 U.S.C. §§7401 et seq.; the Clean Water Act, 33 U.S.C. §§1251 et seq.; the Toxic Substance Control Act, 15 U.S.C. §§2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§136 et seq.; the Atomic Energy Act of 1954, 42 U.S.C. §§2014 et seq.; the Nuclear Waste Policy Act of 1982, 42 U.S.C. §§10101 et seq.; the California Hazardous Waste Control Law, Cal. Health and Safety Code §§25100 et seq.; the Porter-Cologne Water Quality Control Act, Cal. Water Code §§13000 et seq.; the Carpenter-Presley-Tanner Hazardous Substance Account Act (Health and Safety Code §§25300 et seq.); and the Medical Waste Management Act (Health and Safety Code §§25015 et seq.); or

(2) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as a Hazardous Substance by the United States, the State of California, any local governmental authority or any political subdivision thereof; or

(3) the presence of which on the Property poses or threatens to pose a hazard to the health or safety of persons on or about the Property or to the environment; or

- (4) which contains gasoline, diesel fuel or other petroleum hydrocarbons; or
- (5) which contains lead-based paint or other lead contamination, polychlorinated biphenyls ("**PCBs**") or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or
- (6) which contains radon gas;
- (c) fuel or chemical storage tanks, energized electrical conductors or equipment, or natural gas transmission or distribution pipelines; and
- (d) other potentially hazardous substances, materials, products or conditions.

Licensee shall take all necessary precautions to protect Licensee's Representatives from risks of harm from Potential Environmental Hazards, and Licensee shall be responsible for the health and safety of Licensee's Representatives. Licensee acknowledges that it has previously evaluated the condition of the Property and all matters affecting the suitability of the Property for the uses permitted by this License Agreement, including, but not limited to, the Potential Environmental Hazards listed herein.

5. Licensee's Covenants.

(a) Legal Compliance. Licensee agrees, at Licensee's sole cost and expense, promptly to comply, and cause all of Licensee's Representatives to comply, with (i) all laws, statutes, ordinances, rules, regulations, requirements or orders of municipal, state, and federal authorities now in force or that may later be in force, including, but not limited to, those laws which relate to Licensee's or any of Licensee's Representatives' generation, use, storage, handling, treatment, transportation or disposal of Hazardous Substances or to health, safety, noise, environmental protection, air quality or water quality, (ii) the conditions of any permit, occupancy certificate, license or other approval issued by public officers relating to Licensee's Activities or Licensee's or Licensee's Representatives' use or occupancy of the Property; and (iii) any liens, encumbrances, easements, covenants, conditions, restrictions and servitudes (if any) of record, or of which Licensee has notice, which may be applicable to the Property (collectively, "**Legal Requirements**") regardless of when they become effective, insofar as they relate to Licensee's Activities or the use or occupancy of the Property by Licensee. The judgment of any court of competent jurisdiction, or the admission of Licensee in any action or proceeding against Licensee, whether or not PG&E is a party in such action or proceeding, that Licensee has violated any Legal Requirement relating to the use or occupancy of the Property, shall be conclusive of that fact as between PG&E and Licensee. Licensee shall furnish satisfactory evidence of such compliance upon request by PG&E.

(b) Notification of Investigations, Orders or Enforcement Proceedings. Licensee agrees to notify PG&E in writing within three (3) business days after obtaining knowledge of any investigation, order or enforcement proceeding that in any way relates to the Property, or to the occurrence of any contamination or suspected contamination on, within or underlying the Property. Such notice shall include a complete copy of any order, complaint,

agreement, or other document that may have been issued, executed or proposed, whether draft or final.

(c) Use of Property. Licensee agrees that Licensee shall not in any way interfere or permit any interference with the use of the Property by PG&E. Interference shall include, but not be limited to, any activity by Licensee that places any of PG&E's gas or electric facilities in violation of any of the applicable provisions of General Order Nos. 95 (Overhead Electric), 112 (Gas), and 128 (Underground Electric) of the CPUC or of any other applicable provisions of the laws and regulations of the State of California or other governmental agencies under which the operations of utility facilities are controlled or regulated, including, without limitation, the CPUC or the Federal Energy Regulatory Commission ("**FERC**"). Licensee shall not erect, handle, or operate any tools, machinery, apparatus, equipment, or materials closer to any of PG&E's high-voltage electric conductors than the minimum clearances set forth in the High-Voltage Electrical Safety Orders of the California Division of Industrial Safety, which minimum clearances are incorporated herein by reference, but even if such orders allow it, under no circumstances closer than ten (10) feet from any energized electric conductors or appliances. Licensee shall not drill, bore, or excavate under any circumstances.

(d) Procedure for Entry. Licensee agrees that at least ten (10) business days prior to any entry by Licensee or any Licensee Representative upon the Property, Licensee shall notify **Pete Dominguez, 4325 So. Higuera, San Luis Obispo, CA 93401, 805-459-6255** so that a representative of PG&E may be present to observe Licensee's Activities to ensure compliance with the terms and conditions of this License Agreement. At the time of each such notification, Licensee shall inform PG&E's Representative whether a representative of any governmental entity or agency will be present during the planned activities.

(e) Licensee's Activities. Licensee agrees that Licensee and Licensee's Representatives shall notify PG&E, as part of the Work Plan, of any potential safety, environmental or other hazards to PG&E employees or property arising out of, or associated with, Licensee's Activities or stemming from conditions caused by Licensee, so that PG&E may take appropriate precautions. Licensee agrees that Licensee shall conduct Licensee's Activities in compliance with the Work Plan approved by PG&E and in such a manner so as to protect the Property, PG&E's utility facilities, the environment, and human health and safety. Licensee shall not make use of the Property in any way which will endanger human health or the environment, create a nuisance or otherwise be incompatible with the use of the Property by PG&E or others entitled to use the Property. Licensee shall post signs, as approved by PG&E as part of the Work Plan, at the entrance(s) to the License Area indicating that parking is temporary and limited to the types of vehicles authorized by this License Agreement and prohibiting trucks of a load weight of more than ten thousand (10,000) pounds gross vehicle weight. Licensee shall not cause or permit any Hazardous Substances, as defined herein, to be brought upon, produced, stored, used, discharged or disposed of on, or in the vicinity of, the Property, except for the fuel held within the tanks of vehicles parked on the License Area. Licensee agrees to be responsible for the clean up and remediation of any releases of Hazardous Substances resulting from Licensee's Activities, or any activity by Licensee or Licensee's Representatives, and shall immediately report the details of any such releases to PG&E and to the appropriate regulatory agencies as required by any and all applicable Legal Requirements. In the event PG&E determines that Licensee's Activities in any way endanger the Property, PG&E's utility facilities, the environment, or human health or safety,

PG&E may, in PG&E's sole and absolute discretion, require that Licensee halt Licensee's Activities until appropriate protective measures may be taken to eliminate such endangerment to PG&E's satisfaction. Licensee waives any claims against PG&E resulting from any delay under this Section. PG&E's right to halt activities under this Section shall not in any way affect or alter Licensee's insurance or indemnity obligations under this License Agreement, nor shall it relieve Licensee from any of Licensee's obligations hereunder that pertain to health, safety, or the protection of the environment.

(f) Non-Interference. Licensee agrees to coordinate Licensee's Activities to strictly avoid any interference with PG&E's use of the Property and any adjoining lands owned by PG&E, and;

(g) Site Security. Licensee agrees that Licensee and Licensee's Representatives shall comply with any and all of PG&E's on-site safety and security requirements and any other rules and regulations that may be applicable to Licensee's Activities at the Property. Licensee agrees to cooperate with PG&E and to abide by any and all orders or instructions issued by PG&E, its employees, agents or representatives. PG&E reserves the right to restrict access to the Property in the event of fire, earthquake, storm, riot, civil disturbance, or other casualty or emergency, or in connection with PG&E's response thereto, or if emergency repairs or maintenance are required to PG&E's facilities, wherever located, or otherwise when PG&E deems it advisable to do so, including in connection with events and emergencies occurring or affecting PG&E's business operations located elsewhere than in the immediate vicinity of the Property.

6. Indemnification; Release.

(a) Licensee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold harmless PG&E, its parent corporation, subsidiaries, affiliates, and their officers, managers, directors, representatives, agents, employees, transferees, successors and assigns (each, an "Indemnitee" and collectively, "Indemnitees") from and against all claims, losses (including, but not limited to, diminution in value), actions, demands, damages, costs, expenses (including, but not limited to, experts fees and reasonable attorneys' fees and costs) and liabilities of whatever kind or nature (collectively, "Claims"), including Claims arising from the passive or active negligence of the Indemnitees, which arise from or are in any way connected with Licensee's Activities, or the entry on, occupancy or use of, the Property by Licensee or Licensee's Representatives, or the exercise by Licensee of Licensee's rights hereunder, or the performance of, or failure to perform, Licensee's duties under this License Agreement, including, but not limited to, Claims arising out of: (i) injury to or death of persons, including, but not limited to, employees of PG&E or Licensee (and including, but not limited to, injury due to exposure to EMFs and other Potential Environmental Hazards in, on or about the Property); (ii) injury to property or other interest of PG&E, Licensee or any third party; (iii) violation of any applicable federal, state, or local laws, statutes, regulations, or ordinances, including all Legal Requirements relating to the environment and including any liability imposed by law or regulation without regard to fault. Without limiting the generality of the foregoing, Licensee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold Indemnitees harmless from and against Claims arising out of or in connection with any labor performed on the Property by, or at the request or for the benefit of, Licensee. In the event any action or proceeding is brought against any Indemnitee for any Claim against which Licensee is obligated to indemnify or provide a defense hereunder, upon

written notice from PG&E, Licensee shall defend such action or proceeding at Licensee's sole expense by counsel approved by PG&E, which approval shall be in PG&E's sole and absolute discretion.

(b) Licensee acknowledges that all Claims arising out of or in any way connected with releases or discharges of a Hazardous Substance, or the exacerbation of a Potential Environmental Hazard, occurring as a result of or in connection with Licensee's use or occupancy of the Property, Licensee's Activities or the activities of any of Licensee's Representatives, and all costs, expenses and liabilities for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remediation and other response costs, including reasonable attorneys' fees and disbursements and any fines and penalties imposed for the violation of any Legal Requirements relating to the environment or human health, are expressly within the scope of the indemnity set forth above. The purpose of the foregoing indemnity is to protect PG&E and the Indemnitees from expenses and obligations related to Hazardous Substances on the Property to the fullest extent permitted by law. The Licensee's obligation to defend includes, but is not limited to, the obligation to defend claims and participate in administrative proceedings, even if they are false or fraudulent.

(c) Licensee's use of the Property shall be at Licensee's sole risk and expense, and Licensee accepts all risk relating to Licensee's occupancy and use of the Property. PG&E shall not be liable to Licensee for, and Licensee hereby waives and releases PG&E and the other Indemnitees from, any and all liability, whether in contract, tort or on any other basis, for any injury, damage, or loss resulting from or attributable to an occurrence on or about the Property.

(d) Licensee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold Indemnitees harmless against claims, losses, costs (including attorneys' fees and costs), liabilities and damages resulting from the failure of Licensee, or any of Licensee's consultants, contractors or subcontractors, to comply with the insurance requirements set forth in **EXHIBIT "B."**

(e) The provisions of this Section 6 shall survive the expiration or termination of this License Agreement.

7. Additional Activities. Licensee shall not perform any grading, paving or install any alterations, facilities or improvements in, on, under or over the License Area. Licensee shall not deposit or remove soil or gravel from or on the License Area. Licensee shall not perform any activities beyond Licensee's Activities specifically authorized by this License Agreement without the prior written consent of PG&E, which consent shall be in PG&E's sole and absolute discretion, and the prior consent, to the extent required by applicable Legal Requirements, of any governmental authority having jurisdiction, including, but not limited to, the CPUC or the FERC.

8. Reserved Rights. PG&E reserves the right to use the Property for any and all purposes whatsoever, including, without limitation, the right to use the Property for such purposes as it may deem necessary or appropriate if, and whenever, in the interest of its service to its patrons or consumers or the public, it shall appear necessary or desirable to do so. Licensee shall not make use of the Property in any way which will endanger human health or the environment, create a nuisance or otherwise be incompatible with the use of the Property by PG&E or others entitled to use the Property.

9. Compliance; Safety; Insurance. Licensee shall obtain, at Licensee's sole cost and expense, any and all necessary permits, authorizations and approvals applicable to Licensee's Activities and to evidence compliance with all Legal Requirements. PG&E shall have a right to observe Licensee's Activities at any time to confirm Licensee's compliance with the requirements of this License Agreement and applicable Legal Requirements. Licensee shall procure, carry and maintain in effect throughout the Term of this License Agreement, with respect to the License Area and the use, occupancy and activities of Licensee and Licensee's Representatives on or about the License Area, in a form and with deductibles acceptable to PG&E and with such insurance companies as are acceptable to PG&E, the insurance specified in **EXHIBIT "B"** and by this reference made a part hereof. All policies shall contain endorsements that the insurer shall give PG&E and its designees at least thirty-days' (30-days') advance written notice of any change, cancellation, termination, failure to renew or lapse of insurance. Upon Licensee's execution of this License Agreement, and thereafter at least thirty-days' (30-days'") prior to the expiration date of any policy, Licensee shall provide PG&E with evidence of the insurance coverage, or continuing coverage, as applicable, required by this License Agreement as more specifically set forth in **EXHIBIT "B."** This License Agreement shall not become effective, and Licensee and Licensee's Representatives shall not enter the Property nor commence or conduct any activity whatsoever on the Property unless and until the insurance coverage required by this License Agreement is in effect and current proof of insurance has been provided to PG&E. Licensee is also responsible for the compliance of Licensee's consultants, contractors and subcontractors with the insurance requirements, provided that Licensee may, with PG&E's written consent in PG&E's sole and absolute discretion, permit Licensee's consultants, contractors and subcontractors to maintain coverages and limits lower than those specified, so long as the coverages and limits required by Licensee are commercially reasonable in light of applicable circumstances. Licensee's consultants, contractors and subcontractors shall not enter the Property nor commence any activity whatsoever on the Property without the insurance coverage required by this License Agreement being in effect and current proof of insurance having been provided to PG&E from each such consultant, contractor and subcontractor, respectively. The requirements of this Section and **EXHIBIT "B"** shall in no event limit the liability of Licensee under this License Agreement. PG&E reserves the right to review and modify from time to time the coverages and limits of coverage required hereunder, as well as the deductibles and/or self-insurance retentions in effect from time to time. In the event that Licensee or any of Licensee's Representatives fail at any time during the Term to procure, carry or maintain, the insurance required under this Section and **EXHIBIT "B,"** or fail to deliver such policies or certificates as required, PG&E may, at its option, (i) procure such policies for the account of Licensee and Licensee's Representatives, and the cost thereof shall be paid by Licensee to PG&E within five (5) days after delivery to Licensee of an invoice therefor, and/or (ii) terminate this License Agreement, upon written notice to Licensee, in which event Licensee shall immediately vacate the Property and comply with the provisions concerning the condition of the Property on expiration or termination set forth in Section 3, above.

10. Mechanics' Liens. Licensee shall keep the Property free and clear of all mechanics' liens arising, or alleged to arise, in connection with any work performed, labor or materials supplied or delivered, or similar activities performed by Licensee or at Licensee's request or for Licensee's benefit. If any mechanics' liens are placed on the Property in connection with Licensee's use or activities, Licensee shall diligently pursue all necessary actions to remove such liens from title, either by payment or by recording a lien release bond in the manner specified in California Civil Code Section 3143 or any successor statute. Notwithstanding anything to the

contrary set forth in this License Agreement, if any such lien is not released and removed within thirty (30) days, PG&E at its sole option, may immediately take all actions necessary to release and remove such lien, without any duty to investigate the validity thereof, and all sums, costs and expenses, including attorneys' fees and costs, incurred by PG&E in connection with such lien shall be due and payable by Licensee within thirty (30) days after receipt of a written demand therefor, accompanied by reasonable supporting documentation.

11. Notices. Any notices or communications hereunder shall be in writing and shall be personally delivered, or sent by first class mail, certified or registered, postage prepaid, or by national overnight courier, with charges prepaid for next business day delivery, addressed to the addressee party at the address or addresses listed below, or to such other address or addresses as such party may from time to time designate in writing. Notices shall be deemed received upon actual receipt or refusal of the notice by the party being sent the notice.

If to PG&E by standard U.S. mail or by registered or certified mail, return receipt requested:

Manager, Land Management
PG&E Land & Environmental Management
P.O. Box 770000, Mail Code N10A
San Francisco, CA 94177

With a copy to:

Law Department
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120
Attn: Director & Counsel, Contracts Section (Real Estate)
Telephone: (415) 973-4377
Facsimile: (415) 973-5520

Land Agent
PG&E Land & Environmental Management
4325 So. Higuera St.
San Luis Obispo, CA 93401
805-546-3888

If to PG&E by personal delivery or overnight courier:

Manager, Land Management
PG&E Land & Environmental Management
245 Market Street, Room 1036
San Francisco, CA 94105

With a copy to:

Law Department
Pacific Gas and Electric Company
77 Beale Street, Mail Code B30A
San Francisco, CA 94105
Attn: Director & Counsel, Contracts Section (Real Estate)
Telephone: (415) 973-4377
Facsimile: (415) 973-5520

Land Agent
PG&E Land & Environmental Management
4325 So. Higuera St.
San Luis Obispo, CA 93401
805-546-3887

If to Licensee:

City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442
805-772-6290

12. Governing Law. This License Agreement shall in all respects be interpreted, enforced, and governed by and under the laws of the State of California.

13. Entire Agreement. This License Agreement supersedes all previous oral and written agreements between and representations by or on behalf of the parties and constitutes the entire agreement of the parties with respect to the subject matter hereof. This License Agreement may not be amended except by a written agreement executed by both parties.

14. Binding Effect. This License Agreement and the covenants and agreements herein contained shall be binding on, and inure to the benefit of, the parties hereto and their respective heirs, successors and assigns, subject to the limitations on assignment set forth in this License Agreement.

15. Assignment. This License Agreement is personal to Licensee, and Licensee shall not assign, transfer, convey or encumber the license and other rights herein granted or any portion thereof or interest herein.

16. Attorneys' Fees. Should either party bring an action against the other party, by reason of or alleging the failure of the other party with respect to any or all of its obligations hereunder, whether for declaratory or other relief, and including any appeal thereof, then the party which prevails in such action shall be entitled to its reasonable attorneys' fees (of both in-house and outside counsel) and expenses related to such action, in addition to all other recovery or relief. A party shall be deemed to have prevailed in any such action (without limiting the generality of the

foregoing) if such action is dismissed upon the payment by the other party of the sums allegedly due or the performance of obligations allegedly not complied with, or if such party obtains substantially the relief sought by it in the action, irrespective of whether such action is prosecuted to judgment. Attorneys' fees shall include, without limitation, fees incurred in discovery, contempt proceedings, and bankruptcy litigation. The non-prevailing party shall also pay the attorney's fees and costs incurred by the prevailing party in any post-judgment proceedings to collect and enforce the judgment. The covenant in the preceding sentence is separate and several and shall survive the merger of this provision into any judgment on this License Agreement. For purposes hereof, the reasonable fees of PG&E's in-house attorneys who perform services in connection with any such action shall be recoverable, and shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the relevant subject matter area of the law, in law firms in the City of San Francisco with approximately the same number of attorneys as are employed by PG&E's Law Department.

17. No Waiver. Any waiver with respect to any provision of this License Agreement shall not be effective unless in writing and signed by the party against whom it is asserted. The waiver of any provision of this License Agreement by a party shall not be construed as a waiver of a subsequent breach or failure of the same term or condition or as a waiver of any other provision of this License Agreement.

18. No Offsets. Licensee acknowledges that PG&E is executing this License Agreement in its capacity as the owner of real property, and not in its capacity as a public utility company or provider of electricity and natural gas. Notwithstanding anything to the contrary contained herein, no act or omission of PG&E or its employees, agents or contractors as a provider of electricity and natural gas shall abrogate, diminish, or otherwise affect the respective rights, obligations and liabilities of PG&E and Licensee under this License Agreement. Further, Licensee covenants not to raise as a defense to Licensee's obligations under this License Agreement, or assert as a counterclaim or cross-claim in any litigation or arbitration between PG&E and Licensee relating to this License Agreement, any claim, loss, damage, cause of action, liability, cost or expense (including, without limitation, attorneys' fees) arising from or in connection with PG&E's provision of (or failure to provide) electricity and natural gas.

19. No Dedication; No Third Party Beneficiary. Nothing herein contained shall be deemed to be a gift or dedication of the Property or portion thereof to the general public, or for any public use or purpose whatsoever. The right of the public or any person, including Licensee and Licensee's Representatives, to make any use whatsoever of the License Area or any portion thereof, other than as expressly permitted herein or as expressly allowed by a recorded map, agreement, deed or dedication, is by permission and is subject to the control of PG&E in its sole and absolute discretion. The provisions of this License Agreement are for the exclusive benefit of the parties and their successors and assigns, and shall not be deemed to confer any rights upon any person, except such parties and their successors and assigns, subject to the limitations on assignment set forth in this License Agreement. No obligation of a party under this License Agreement is enforceable by, or is for the benefit of, any other third parties.

20. Captions. The captions in this License Agreement are for reference only and shall in no way define or interpret any provision hereof.

21. Time. Except as otherwise expressly provided herein, the parties agree that as to any obligation or action to be performed hereunder, time is of the essence.

22. Severability. If any provision of this License Agreement shall be invalid or unenforceable, the remainder of this License Agreement shall not be affected thereby, and each provision of this License Agreement shall be valid and enforced to the full extent permitted by law, provided the material provisions of this License Agreement can be determined and effectuated.

23. Counterparts. This License Agreement may be executed in identical counterpart copies, each of which shall be an original, but all of which taken together shall constitute one and the same agreement.

24. Joint and Several Liability. If two or more individuals, corporations, partnerships or other business associations (or any combination of two or more thereof) shall sign this License Agreement as Licensee, the liability of each such individual, corporation, partnership or other business association to perform Licensee's obligations hereunder shall be deemed to be joint and several, and all notices, payments and agreements given or made by, with or to any one of such individuals, corporations, partnerships or other business associations shall be deemed to have been given or made by, with or to all of them. In like manner, if Licensee shall be a partnership or other business association, the members of which are, by virtue of statute or federal law, subject to personal liability, then the liability of each such member shall be joint and several.

25. Survival. The waivers of claims or rights, the releases and the obligations of Licensee under this License Agreement to indemnify, protect, defend and hold harmless PG&E and other Indemnitees shall survive the expiration or earlier termination of this License Agreement, and so shall all other obligations or agreements of PG&E and Licensee hereunder which by their terms survive the expiration or earlier termination of this License Agreement.

26. Other Documents. Each party agrees to sign any additional documents or permit applications which may be reasonably required to effectuate the purpose of this License Agreement. Provided, however, that PG&E will not be required to take any action or execute any document that would result in any liability, cost or expense to PG&E.

27. Authority; Execution; Conditions to Effectiveness. The parties and the individuals executing this License Agreement on behalf of the parties, each represent, by executing this License Agreement, that he or she is duly authorized to do so and to bind the respective party to its terms. The submission of this License Agreement for examination or execution does not constitute an approval of the terms herein, or an offer to license the License Area in accordance with the terms and conditions contained herein, and this License Agreement shall not become effective unless and until it has been executed and delivered by both PG&E and Licensee, and Licensee delivers to PG&E the license fee as set forth in Section 2 above, and current proof of insurance for Licensee and its consultants, contractors and subcontractors as set forth in Section 10 above.

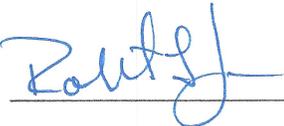
IN WITNESS WHEREOF, the parties have executed this License Agreement as of the date set forth below each signature, effective upon the Effective Date first written above.

“PG&E”

“Licensee”

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

City of Morro Bay

By: 

By: 

Name: ROBERT L. JONES

Name: Jamie Irons

Its: MANAGER LAND RIGHTS

Its: Mayor

Date: 10.23.15

Date: 10/22/15

EXHIBITS “A” and “B” attached

Exhibit A

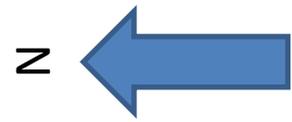
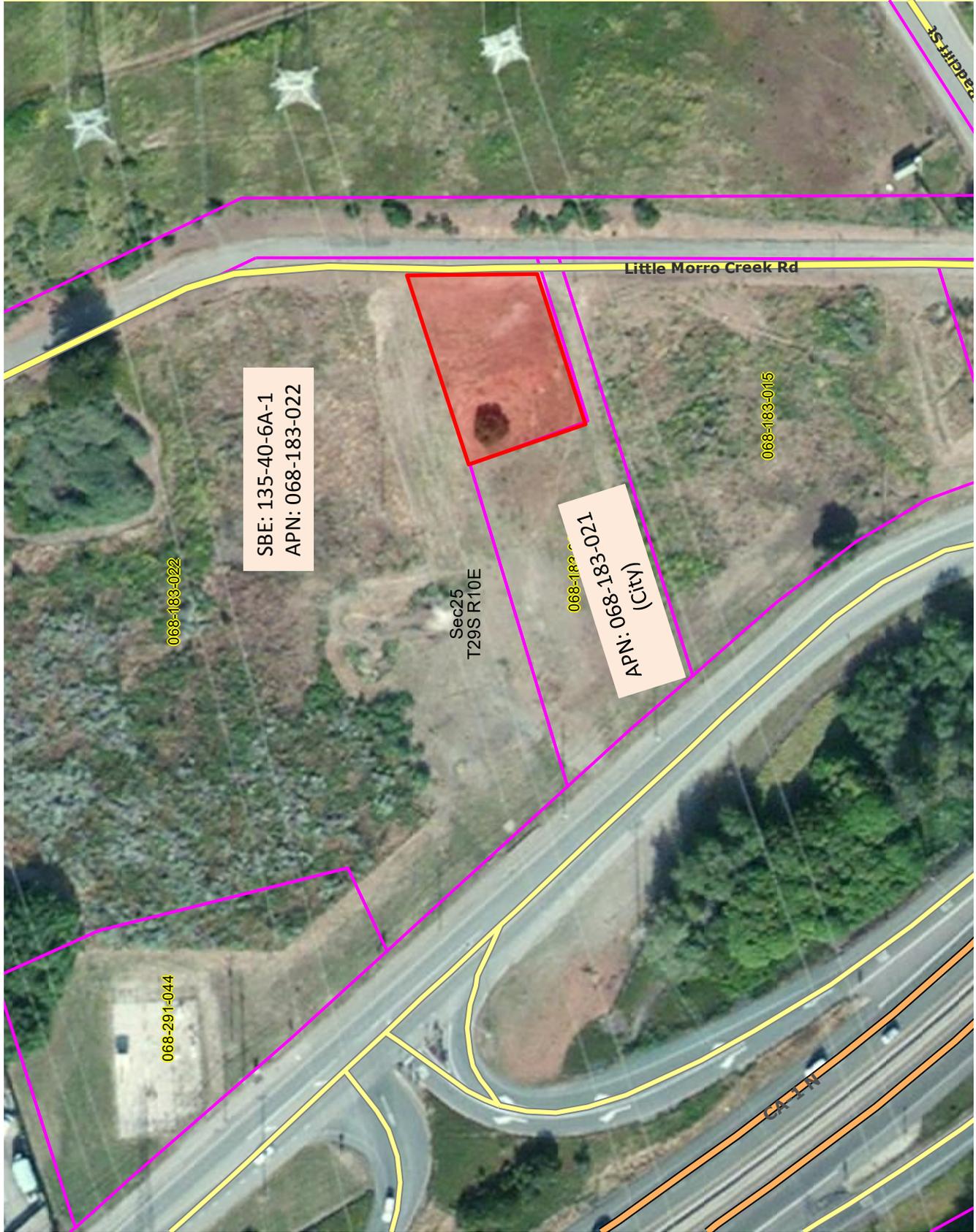


EXHIBIT B**INSURANCE REQUIREMENTS**

Licensee shall procure, carry and maintain the following insurance coverage, and Licensee is also responsible for the compliance of Licensee's consultants, contractors and subcontractors with the insurance requirements:

A. Workers' Compensation and Employers' Liability

1. Workers' Compensation insurance or self-insurance indicating compliance with any applicable labor codes, acts, laws or statutes, state or federal.
2. Employers' Liability insurance shall not be less than One Million Dollars (\$1,000,000) each accident for injury or death.

B. Commercial General Liability

1. Coverage shall be at least as broad as the Insurance Services Office (ISO) Commercial General Liability Coverage "occurrence" form, with no coverage deletions.
2. The limit shall not be less than One Million Dollars (\$1,000,000) each occurrence/ Two Million Dollars (\$2,000,000) aggregate, for bodily injury, property damage and personal injury. In addition, such insurance shall insure the performance by Licensee of its indemnity and other contractual obligations under the License Agreement.
3. Coverage shall (a) by "Additional Insured" endorsement add as insureds PG&E, its directors, officers, agents and employees with respect to liability arising out of work performed by or for the Licensee or any other obligation or liability under the License Agreement, and (b) be endorsed to specify that the Licensee's insurance is primary and that any insurance or self-insurance maintained by PG&E shall not contribute to it.

C. Business Auto

1. Coverage shall be at least as broad as the Insurance Services Office (ISO) Business Auto Coverage form covering Automobile Liability, code 1 "any auto."
2. The limit shall not be less than Two Million Dollars (\$2,000,000) each accident for bodily injury and property damage.

D. Additional Insurance Provisions

1. Upon execution of the License Agreement, Licensee shall furnish PG&E with certificates of insurance and endorsements of all required insurance for Licensee.

2. The documentation shall state that coverage shall not be changed, cancelled, terminated, failed to be renewed or lapsed, except after thirty (30) days prior written notice has been given to PG&E.
3. The documentation must be signed by a person authorized by that insurer to bind coverage on its behalf and shall be submitted to PG&E's Land Agent as specified under Notices in the body of the License Agreement.
4. PG&E may inspect the original policies or require complete certified copies, at any time.
5. Licensee shall furnish PG&E the same evidence of insurance for Licensee's agents, consultants, contractors or subcontractors as PG&E requires of Licensee, prior to entry onto the Property by such parties.

CITY OF MORRO BAY

AMENDMENT TO MEMORANDUM OF UNDERSTANDING RE BIKE PARK

This Amendment to that certain agreement related to a bike park ("this Amendment) is made and entered into this 10 day of October, 2015 by and between the City of Morro Bay, a municipal corporation ("City") and Central Coast Concerned Mountain Bikers, Inc., a California non-profit corporation ("CCCMB") (sometimes collectively the "Parties").

RECITALS

- A. Effective January 13, 2015, the Parties entered into a memorandum of understanding for the construction, repair and maintenance of a Little Morro Creek Road Bike Park (the "Bike Park) (the "Agreement").
- B. The Agreement requires CCCMB to provide proof of consent from the owner (PG&E) of property to be used for parking for the Bike Park.
- C. CCCMB has requested City agree to a modification of that requirement.

Now, therefore, the Parties agree as follows:

- 1. Unless otherwise expressly stated or the context requires otherwise, all terms used herein shall be defined as in the Agreement.
- 2. Subsection 1. j. of the Agreement shall be amended in its entirety to read as follows:
 - j. The Parties understand a portion of the area to be used for parking for the Bike Park is not owned or controlled by the City and shall require written consent from that owner (PG&E). City and CCCMB shall work cooperatively to obtain that written consent prior to CCCMB or any of its volunteers taking possession of any portion of the LMCR. City agrees to enter into the license agreement with PG&E (attached hereto as Exhibit B) (the "License Agreement") that will be required to be entered into for that permission. As between City and CCCMB, except for the obligations of the Licensee, as stated in Sections 6. and 9. (except the first two sentences) and Exhibit B of the License Agreement, CCCMB will be obligated to meet any and all other requirements contained in the License Agreement or PG&E may place on the use of that area, including, specifically, but not limited to, the obligations to pay PG&E for use of its property; provided, that if for any reason PG&E withdraws permission to use that area for parking, then City reserves the right to require CCCMB to cease use of any or all of the LMCR.
- 3. Except as specifically provided herein, all provisions of the Agreement shall continue in full force and effect.
- 4. The effective date of this Amendment shall be 10-30, 2015.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed.

CITY OF MORRO BAY

CCCMB

By: Jamie L. Irons
Jamie L. Irons, Mayor

By: [Signature]
Its President

Attest:

By: [Signature]

MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF MORRO BAY AND THE CENTRAL COAST
CONCERNED MOUNTAIN BIKERS, INC. FOR THE
CONSTRUCTION, REPAIR AND MAINTENANCE OF THE
LMCR BIKE PARK IN THE CITY OF MORRO BAY

This Memorandum of Understanding ("MOU") is entered into on January 13, 2015 by and between the City of Morro Bay, a municipal corporation formed under the laws of the State of California ("City") and Central Coast Concerned Mountain Bikers, Inc., a California non-profit corporation, ("CCCMB") (collectively, the City and CCCMB are referred to herein as the "Parties").

WHEREAS, the City owns certain real property located within the City of Morro Bay, commonly known as the vacant lot at Little Morro Creek Road (LMCR); and

WHEREAS, on March 12, 2013, the Morro Bay City Council adopted Resolution No. 20-13 supporting the development of a public bike park within the City limits; and

WHEREAS, the CCCMB is a non-profit corporation that has obtained IRS Code 501(3)(c) status whose mission is to expand the network of sustainable and enjoyable mountain bike trails in San Luis Obispo County and to maintain the trails currently in use; and,

WHEREAS, a local group of mountain biking enthusiasts who seek to establish a bike park in Morro Bay who call themselves the Morro Bay Bike Park Group ("MBBPG") have affiliated with the CCCMB as a chapter and has entered into a memorandum of understanding with the CCCMB regarding the collection of donations for the purpose of funding the construction, operation and maintenance of a bike park in Morro Bay; and,

WHEREAS, on August 13, 2013, a Memorandum of Understanding was entered into by and between the City and MBBPG for the design and permit processing of a public bike park within the City limits; and

WHEREAS, MBBPG and CCCMB are committed to the construction, operation, and maintenance of a bike park at LMCR currently referred to as the CCCMB Morro Bay Bike Park (the "Bike Park") and in furtherance thereof has submitted to the City all applications required by the City, including all necessary plans, specifications and engineered drawings, for final approval of the Bike Park; and

WHEREAS, the City has expeditiously processed all of said applications for consideration all together by the City Council; and

WHEREAS, the City has no additional financial resources at this time to commit to the design, construction, operation, or maintenance of the Bike Park; and

WHEREAS, MBBPG, in cooperation with the CCCMB, has raised initial funds for the construction of the Bike Park, is in the midst of a capital fundraising campaign, and expects that it will

raise sufficient funds and secure other commitments for the construction, operation, and maintenance of the Bike Park; and

WHEREAS, the Parties desire a Memorandum of Understanding to document the terms and conditions for the construction, operation, and maintenance of the Bike Park.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the Parties agree as follows:

1. Construction.

- a. Subject to the requirements set forth below, CCCMB will, at its sole cost, construct all Bike Park elements, fencing, gates, and access walkway(s) from the parking area to the Bike Park entrance, signage, and other similar improvements for the Bike Park. The scope of construction shall include site preparation, starting platforms, biking elements, safety features, fencing, pedestrian access, parking, or other site amenities, if necessary and approved by the City. The Bike Park shall be constructed in conformity with the approved plans and specifications, as reasonably determined by the Director. CCCMB shall contract with one or more properly licensed contractors (“contractors”) to perform all work necessary for the construction of the Bike Park. No members of CCCMB, including members of MBBPG, or any other volunteers shall perform work necessary for the construction of the Bike Park. Construction of the Bike Park shall not be performed, in whole or in part, by the City or under contract with the City.
- b. All contractors shall be subject to the approval of the City and shall not commence work until their licensing and insurance and all other requirements, if any, requested by the City are incorporated into the executed construction contract documents and proof thereof is provided to the satisfaction of the Director of Recreation and Parks (the “Director”). Because the improvement work is being performed by the authority of the Director, pursuant to Labor Code, section 1720(a) (3), and the City is contributing public funds in the form of the waiver of all special use permit and building permit fees, which is not de minimis in amount, as defined by Labor Code, section 1720(c) (3), this project is a public works project subject to payment of prevailing wages as may be required pursuant to Labor Code, section 1771. All contract documents between CCCMB and its contractors or subcontractors shall be submitted to the Director and approved prior to the commencement of that contractor’s work.
- c. CCCMB shall ensure that all contracts related to the construction of the Bike Park contain the indemnification and insurance provisions set forth in Exhibit “A” to this MOU and shall provide proof of compliance to the Director.
- d. All materials used in construction of the project shall be new or like-new, and in either event shall result in first class quality and appearance when incorporated into the project. Materials may be provided by the contractor, purchased at or below market value by CCCMB and provided to the contractor, or donated to CCCMB and provided to the contractor. Materials shall be subject to the approval of the Director or designee.

- e. Construction of the improvements shall comply with all applicable local, state and federal laws, including, but not limited to, the Morro Bay Building Codes and the Americans with Disabilities Act.
- f. Construction of the Bike Park may be performed in increments or phases approved by the Director. Before any increment or phase of construction may begin, CCCMB shall submit the contractor's bid proposal to the Director describing or depicting the work to be done, and in the case of the perimeter fence, the fence location shall be physically marked on the ground. No work shall be commenced until such proposal is approved by the Director, and in the case of the fence, until the fence location is approved by the Director.
- g. CCCMB shall ensure that all contractors have the construction inspected by City personnel as required by the issuance of City building and construction permits for the construction of the Bike Park.
- h. CCCMB shall not authorize any construction work to begin unless it holds sufficient funds to pay the contract price for the work in full. CCCMB shall pay all contractors in a timely manner and shall not allow any claim or lien to be made or filed against the City. In the event of a payment or performance dispute between CCCMB and any contractor, CCCMB shall notify the Director within 10 days of receiving notice of the dispute and shall request the assistance of the City in resolving the dispute.
- i. The City owns the LMCR and shall not charge any permit and inspection fees associated with the processing and issuance of special use permits or building permits. The City will require CCCMB or CCCMB's contractors provide performance and payment bonds for this work as required by the Civil Code. The permitting process to be followed for the Bike Park shall be as set forth in City's land use regulations.
- j. The Parties understand a portion of the area to be used as the Bike Park is not owned or controlled by the City and shall require written consent from that owner. CCCMB shall provide that written consent to City prior to CCCMB or any of its volunteers taking possession of any portion of the LMCR.

2. **Maintenance.**

- a. CCCMB shall perform at its expense all maintenance and repair to the Bike Park and site elements. CCCMB will conduct and submit monthly to the Recreation and Parks Department maintenance inspection records which shall be conducted on a weekly basis. The Parties understand and agree CCCMB may carry out some or all of its maintenance and repair obligations with City volunteers. To the extent CCCMB relies on City volunteers, CCCMB agrees to take the necessary steps to ensure City's volunteers satisfactorily complete CCCMB's obligations

- b. Prior to CCCMB performing any maintenance or repair work at the Bike Park, it shall comply with all City requirements for adopting a City park as set forth in the policies and procedures governing that program and it shall ensure each person performing maintenance or repair work at the Bike Park executes the most current version of the City's Agreement for Individual Volunteer Service.
- c. In the event that fencing needs to be replaced or elements need to be replaced with like material, CCCMB shall pay the reasonable cost of replacement materials and labor appropriate and available. CCCMB will monitor the condition of the Bike Park on a regular basis and promptly remove all debris and litter from the Bike Park to City trash facilities as required by the Director.
- d. Subject to compliance with subsection 2(a), with the guidance and approval of the Director or designee, CCCMB shall perform maintenance, repair, and replacement of certain elements and other similar site amenities of the Bike Park, and the access path from the parking area to the Bike Park entrance, whether made necessary by use by the participants, the public, the weather, or otherwise.
- e. The City shall close the Bike Park for proper routine maintenance, inclement weather, or any deemed safety issue. City shall provide notice to CCCMB regarding any maintenance issue and reserve the right to require CCCMB to reimburse the City for any resources used to correct the stated issue pertaining to the Bike Park provided CCCMB is unresponsive to the City's repair or maintenance request.

3. Operation of the Bike Park.

- a. Prior to the opening of the Bike Park, the Director shall establish and publish Rules of Conduct. CCCMB shall have these Rules of Conduct printed on signs made of durable all-weather materials of at least [dimensions] in size and post these signs in at least two conspicuous locations at the Bike Park, including at all entrances. All persons entering the Bike Park shall comply with the Rules of Conduct. The purpose of the Rules of Conduct is to implement safety precautions and provide for the enjoyment of the Bike Park by all bike riders and spectators, with the understanding that riding a bike through the Bike Park courses is a hazardous recreational activity as defined by California Government Code, section 831.7 which involves inherent risk. CCCMB members shall assist in the observance of the Rules of Conduct by informing users of the rules, and/or in such other manner as approved by the Director.
- b. CCCMB is not expected to provide a daily presence of a member or volunteer at the Bike Park, supervise its use, or affirmately enforce the Rules of Conduct.
- c. The Director retains the right to close the Bike Park temporarily to perform repair or maintenance work necessary to protect the health and safety of the public. City shall notify CCCMB or its designee at said time of closure and approximate expectation of reopening.

4. **Good Faith Performance.**

Each party to this MOU will at all times act in good faith in the performance of its duties and responsibilities under this MOU, will use its best efforts to assist the other party, and will be courteous, helpful, cooperative with, and appreciative of the other party.

5. **Insurance Authority Guidelines.**

The City is a member of the Southern California Joint Powers Insurance Authority (the "JPIA"). CCCMB shall conform its activities at the Bike Park to any written guidelines provided by the JPIA and will do nothing to limit or jeopardize the City's liability insurance coverage through the JPIA. All maintenance activities provided by CCCMB shall be provided by volunteers, each of whom shall comply with all of the requirements for volunteers established by the Director.

6. **No Possessory Interest.**

CCCMB understands and agrees that it shall not at any time have a possessory interest in the Bike Park, including the personal or real property that comprise the Bike Park, and that any improvements constructed by CCCMB or its contractors are for the sole benefit of the general public and are the exclusive property of the City.

7. **City's Rights and Obligations.**

Without waiving any rights it may have, the City reserves the right to: (1) remove any Bike Park improvements if the City determines, at its sole discretion, that removal is necessary to protect the public health, safety, or welfare; (2) relocate the Bike Park as the City Council may determine is in the public interest, and (3) close the Bike Park and remove the improvements if the City Council determines that a threatened danger to the public health, safety or welfare can only be eliminated by such closure and removal.

8. **CCCMB Contact Persons.**

CCCMB shall furnish to the Director the names and telephone numbers of two members of CCCMB, each with authority provided by CCCMB to act alone on behalf of CCCMB, and who will act as the contacts with the Director concerning this MOU. CCCMB shall notify the Director if a member can no longer serve and will provide the name and telephone number of a replacement.

9. **Written Notice.**

Written notice to the respective parties will be provided as follows:

To the City:

City of Morro Bay
Rec & Parks Department
1001 Kennedy Way
Morro Bay, CA 93442
Attn.: Director

To MBBPG:

2089 Bayview Ave.
Morro Bay, CA 93442
Attn: Bonnie Johnson

10. **Assignment**

CCCMB shall not assign the performance of this MOU, nor any part thereof, without the prior written consent of City.

11. **Governing Law**

The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this MOU and also govern the interpretation of this MOU. Any litigation concerning this MOU shall take place in the County of San Luis Obispo Superior Court or federal district court with jurisdiction over City.

12. **Entire MOU**

This MOU contains the entire understanding between the parties relating to the obligations of the parties described in this MOU. All prior or contemporaneous MOUs, understandings, representations, and statements, verbal or written, are merged into this MOU and shall be of no further force or effect. Each party is entering into this MOU 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.

13. **Time**

City and CCCMB agree time is of the essence in this MOU.

14. **Construction**

The parties agree each has had an opportunity to have their counsel review this MOU and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this MOU or any amendments or exhibits thereto. The captions of the sections are for convenience and reference only, and are not intended to be construed to define or limit the provisions to which they relate.

15. Amendments

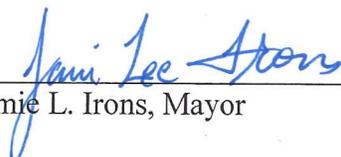
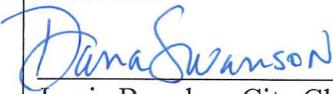
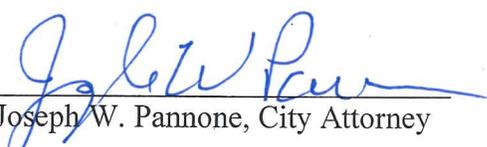
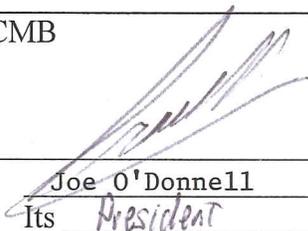
This MOU is the final, complete, and exclusive statement of the terms of the understanding between the Parties, supersedes all previous understandings between the Parties as to its subject matter. Amendments to this MOU shall be in writing and shall be made only with the mutual written consent of all the parties to this MOU.

16. Authority To Execute This MOU

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

17 Effective Date of MOU

This MOU will be effective upon approval by the City Council and execution by the Parties. IN WITNESS WHEREOF, the parties hereto have caused this MOU to be executed at Morro Bay, California.

<p>CITY OF MORRO BAY</p> <p> _____ Jamie L. Irons, Mayor</p> <p>Date:</p> <p>ATTEST:</p> <p> _____ Jamie Boucher, City Clerk Dana Swanson</p> <p>APPROVED AS TO FORM:</p> <p> _____ Joseph W. Pannone, City Attorney</p>	<p>CCCMB</p> <p>By:  _____ Joe O'Donnell Its <u>President</u></p> <p>Date: 01-02-15</p> <p>By: _____ _____ Its _____</p> <p>Date:</p> <p>APPROVED AS TO FORM:</p> <p>_____</p>
---	---

MEMORANDUM OF UNDERSTANDING
BIKE PARK DESIGN AND PERMIT PROCESSING

This Memorandum of Understanding (“MOU”) is entered into by and between the City of Morro Bay, a Municipal Corporation formed under the laws of the State of California, hereinafter referred to as the “City”; and Morro Bay Bike Park, a duly organized community volunteer organization hereinafter referred to as “MBBP.” Collectively, the City and MBBP are referred to herein as the “Parties.”

WHEREAS, the City owns certain real property located within its corporate limits in the City of Morro Bay, known as the vacant lot at Little Morro Creek Road (LMCR); and

WHEREAS, the City has made clear that it has no financial resources at this time to commit to the design, development, operation, or maintenance of the Bike Park; and

WHEREAS, MBBP is a duly organized community volunteer organization committed to establishing biking recreation within Morro Bay, including but not limited to the design, and permitting of the Bike Park; and

WHEREAS, MBBP has associated itself with the Central Coast Concerned Mountain Bikers (“CCCMB”), which has formal federal and state non-profit status, for the purpose of raising funds in the name of CCCMB-MORRO BAY BIKE PARK, for the design, development, operation, and maintenance of the Bike Park in Morro Bay; and

WHEREAS, CCCMB has designated the Bike Park as a CCCMB project and has agreed to disburse funds raised by MBBP as directed by MBBP, and consistent with its charitable purposes, for the design, development, operation, and maintenance of the Bike Park; and

WHEREAS, MBBP has raised funds for the design and permitting of the Bike Park and has caused to be prepared preliminary plans for the Bike Park, and expects that it can raise funds and secure other commitments for the development, operation, and maintenance of the Bike Park; and

WHEREAS, the Parties desire a Memorandum of Understanding to document their mutual commitment to proceed in good faith with the permitting process for the Bike Park, including consideration of amendment of the Master Plan, subject to one or more future public hearings and the discretion of the City Council in its ultimate approval or disapproval of the Bike Park.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the Parties agree as follows:

1. MBBP will proceed expeditiously as follows:
 - a. Prepare all design documents and plans required for amendment of the Master Plan (the "Amendment") and for such other approvals and permits (collectively, the "Permits") for the Bike Park as required by the City.
 - b. Apply for the Amendment and the Permits as required by the City.
 - c. Submit all documents and provide all plans, prepared by appropriate professionals, required by the City for the Amendment and the Permits.
 - d. Perform, by appropriate professionals, all environmental analysis and review for the Amendment and the Permits as required by the City.
2. The City will proceed as follows:
 - a. Advise MBBP in writing within 30 days of all requirements for a complete Amendment application.
 - b. Morro Bay City Council to officially designate and reserve the empty lot at LMCR for the development of a fenced in Bike Park ("Bike Park").
 - c. Advise MBBP in writing within 30 days of all other Permits that will be required by the City and of all requirements for complete applications for such Permits.
 - d. Advise MBBP in writing within 30 days of any other Permits that, to the knowledge of the City, will be required by any other governmental agency, and, to the knowledge of the City, all requirements for complete applications for such Permits.
 - e. Process the Amendment application and all Permit applications at a staff level expeditiously and advise MBBP of the status of such processing upon request.
 - f. Schedule all required hearings at the earliest possible date convenient to MBBP.
 - g. Upon request of MBBP, provide all pertinent information necessary for MBBP to fulfill its responsibilities under this MOU.

3. The City will waive all Amendment and Permit processing fees normally charged applicants by the City, including fees for environmental review by City staff. Within 30 days of request by the City, MBBP will pay all other fees and costs charged by any third party associated with the preparation and submittal of plans and documents required for the Amendment and Permits.

4. Each party to this MOU will at all times act in good faith in the performance of its duties and responsibilities under this MOU, will use its best efforts to assist the other party, and will be courteous, helpful, cooperative with, and appreciative of the other party.

5. The Parties agree that in the event of approval of the Amendment and Permits, they will enter into a further memorandum of understanding regarding the development (construction), operation, and maintenance of the Bike Park.

6. MBBP will furnish to the City the names and telephone numbers of two representatives of MBBP, each with authority to act alone on behalf of MBBP, and who will act as the contacts with the City concerning the subject matter of this MOU. MBBP will notify the City in writing if a representative can no longer serve and will provide the name and telephone number of a replacement.

The City will furnish MBBP the names and telephone numbers of two representatives of the City, each with the authority to act alone on behalf of the City, and who will act as the contacts with MBBP concerning the subject matter of this MOU. The City will notify MBBP in writing if a representative can no longer serve and will provide the name and telephone number of a replacement.

7. Written notice to the respective parties will be provided as follows:

To the City:

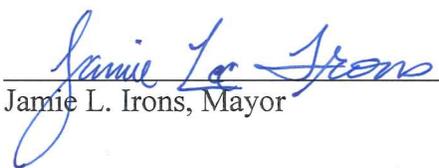
City of Morro Bay
Department of Recreation & Parks
Attention: Director
1001 Kennedy Way
Morro Bay, CA 93442

To MBBP:

Morro Bay Bike Park
c/o Bonnie Johnson
2089 Bayview Avenue
Morro Bay, CA 93443

8. This MOU shall be effective upon approval by the City Council and execution by the Parties. The persons executing this MOU represent that they are duly authorized by the party they represent to execute and bind that party. This MOU is the final, complete, and exclusive statement of the terms of the understanding between the Parties, supersedes all previous understandings between the Parties as to its subject matter, and may be amended only in a further writing executed by both Parties.

IN WITNESS WHEREOF, the parties hereto have caused this MOU to be executed at Morro Bay, California, on the dates written below.

<p>CITY OF MORRO BAY</p>  <p>_____ Jamie L. Irons, Mayor</p> <p>Date:</p> <p>ATTEST:</p>  <p>_____ Dana Swanson, Deputy City Clerk</p> <p>APPROVED AS TO FORM:</p>  <p>_____ Rob Schultz, City Attorney</p>	<p>MBBP</p> <p>By: </p> <p>_____ Bonnie Johnson President</p> <p>Date: 8/28/13</p> <p>APPROVED AS TO FORM:</p>  <p>_____ Brandon Kato</p>
---	--

This Page Intentionally Left Blank



AGENDA NO: A-6

MEETING DATE: November 10, 2020

Staff Report

TO: Honorable Mayor and City Council

DATE: October 30, 2020

FROM: Eric Endersby, Harbor Director

SUBJECT: Adoption of Resolution No. 97-20 Authorizing the City of Morro Bay to Enter into a 2020/2021 Surrendered and Abandoned Vessel Exchange Grant Contract with the State of California Division of Boating and Waterways in the Amount of \$18,200.00 for Removal of Abandoned/Surrendered Vessels and Hazards to Navigation

RECOMMENDATION

Staff recommend the City Council adopt Resolution No. 97-20 authorizing the Harbor Director to execute the attached 2020/2021 Surrendered and Abandoned Vessel Exchange (SAVE) Grant Contract Agreement #C20S0604 with the California Division of Boating and Waterways (DBW) for \$18,200.00 for the funding of removal of abandoned/surrendered vessels and hazards to navigation.

ALTERNATIVES

There are no alternatives being offered.

FISCAL IMPACT

Approval of this \$18,200.00 grant agreement will provide funding for demolition and removal of abandoned or surrendered vessels and hazards to navigation. The City is required to provide a 10% funding match, or \$1,820.00, which will come from existing budgeted funds, primarily in the form of staff time.

BACKGROUND

The Vessel Turn-In Program (VTIP) was established by DBW from enabling Legislation in 2009. It provides a funding mechanism for local agencies to identify vessels in danger of being abandoned (generally older vessels at or beyond their useful life and falling into dereliction) and accepting ownership of those vessels from willing owners for demolition prior to them being abandoned and becoming a hazard to navigation or the environment. The City has accepted three prior grants from DBW under the VTIP program.

The Abandoned Water Abatement Fund (AWAF) was established in 1997 and provides funds to public agencies to remove, store, and dispose of abandoned, wrecked, or derelict vessels or other submerged objects from navigable waterways which pose a hazard to navigation or the environment. To date, together the Harbor Department has received and expended over \$112,500 in seven separate AWAf and VTIP fund grants.

Prepared By: LS

Dept Review: EE

City Manager Review: SC

City Attorney Review: JWP

Today, the two grants are combined to create a single grant, entitled "Surrendered and Abandoned Vessel Exchange" (SAVE), which will allow the City the ability to utilize the funds as deemed necessary for both AWWAF and VTIP grant purposes.

The Harbor Department was most recently approved a \$20,000 SAVE grant from DBW in 2019. Those funds are nearly exhausted.

DISCUSSION:

As stewards of the harbor and ocean environment, these grants enable the Harbor Department to continue to accept surrendered vessels for demolition prior to them becoming abandoned and posing hazards to navigation or the environment.

In addition, the Harbor Department identifies vessels in danger of abandonment and prioritizes removal of them by working with willing owners, as well as identifying and prioritizing vessels in probable need of future abatement. Demolition projects are put out to bid as-necessary, and as many vessels as possible within the scope of the grant agreement will be removed.

Currently, we have three vessels ready to be removed and demolished, and several more potential vessels identified.

CONCLUSION

Staff recommend that the City Council adopt Resolution No. 97-20 accepting a \$18,200.00 SAVE grant from DBW for demolition and removal of abandoned/surrendered vessels and hazards to navigation.

ATTACHMENTS

1. Resolution No. 97-20
2. SAVE Grant Contract Agreement #C20S0604

RESOLUTION NO. 97-20

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
AUTHORIZING THE CITY OF MORRO BAY TO ENTER
INTO A 2020/2021 SURRENDERED AND ABANDONED VESSEL EXCHANGE
GRANT AGREEMENT WITH THE DIVISION OF BOATING AND WATERWAYS
IN THE AMOUNT OF \$18,200.00**

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

WHEREAS, City of Morro Bay (City) applied for a fiscal year 2020/2021 Surrendered and Abandoned Vessel Exchange (SAVE) Grant from State of California Division of Boating and Waterways; and

WHEREAS, DBW awarded the City of Morro Bay a SAVE grant in the amount of \$18,200, which will allow the City the ability to utilize the funds as deemed necessary for removal of abandoned and surrendered vessels and hazards to navigation; and

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

1. The City is hereby authorized to enter into SAVE Grant Agreement #C20S0604 in the amount of \$18,200.00 for removal of abandoned/surrendered vessels and hazards to navigation.
2. Harbor Director Eric Endersby is hereby authorized to act as the City's agent in regards to all aspects of the grant, including signing the required agreement and any other necessary documents.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 10th day of November 2020 on the following vote:

AYES:
NOES:
ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

State of California – Natural Resources Agency
 DEPARTMENT OF PARKS AND RECREATION
 DIVISION OF BOATING AND WATERWAYS
GRANT AGREEMENT - CERTIFICATE OF FUNDING

GRANTEE: City of Morro Bay Harbor Department
GRANT TITLE: SURRENDERED AND ABANDONED VESSEL EXCHANGE (SAVE-20)
GRANT AMOUNT: \$18,200.00
GRANT NUMBER: C20S0604
GRANT TERM: Effective: Date Fully Executed* through September 30, 2022

The Grantee agrees to the terms and conditions of this agreement, hereinafter referred to as Agreement, and the State of California, acting through its Director of the Department of Parks and Recreation, and pursuant to the State of California agrees to fund the total State grant amount indicated below and in Exhibit F which is a part of the agreement consisting of: Exhibit A "Project Representatives", Exhibit B "Grant Terms and Conditions", Exhibit C "General Terms and Conditions", Exhibit D "Grantee Certification Clauses", Exhibit E "Darfur Contracting Act", Exhibit F "Application/Scope of Work".

Grantee: City of Morro Bay Harbor Department Address: 1275 Embarcadero, Morro Bay, CA 93422 Authorized Signature: Printed Name: Title of Authorized Representative: Date:	Agency: Department of Parks and Recreation Division of Boating and Waterways ATTN: Ron Kent Address: One Capitol Mall, Suite 500 Sacramento, CA 95814 Authorized Signature: Printed Name: Keren Dill Title: Staff Services Manager II Date:
---	---

**CERTIFICATE OF FUNDING
(FOR STATE USE ONLY)**

GRANTEE: City of Morro Bay Harbor Department
GRANT TITLE: FY 2020 Surrendered and Abandoned Vessel Exchange (SAVE)
GRANT AMOUNT: \$18,200.00
GRANT NUMBER: C20S0604
PO NUMBER: {po_no}
GRANT TERM: Effective: Date Fully Executed* through September 30, 2022

AGREEMENT NO C20S0604	AMENDMENT NO	SUPPLIER ID 0000143734		PROJECT NO 3790OTHER
AMOUNT ENCUMBERED BY THIS DOCUMENT \$18,200.00	FUND DESCRIPTION Abandoned Watercraft Abatement Fund (SAVE-20)		AGENCY BILLING CODE NO 053706	
REPORTING STRUCTURE 37900709	Approp. Ref. Fund 3790-101-0577	CHAPTER 6	STATUTE 2020	FISCAL YEAR 2020
BUSINESS UNIT 3790	INDEX N/A	PROGRAM 2855023	ACTIVITY CODE 69991	ACCOUNT 5432000
T.B.A. NO	<i>I hereby certify upon my own personal knowledge that the budgeted funds are available for this encumbrance.</i>			
B.R.NO	ACCOUNTING OFFICER'S SIGNATURE		DATE	

STATE OF CALIFORNIA

Department of Parks and Recreation, Division of Boating and Waterways
One Capitol Mall, Suite 500
Sacramento, CA 95814

SURRENDERED AND ABANDONED VESSELS EXCHANGE (SAVE)

FISCAL YEAR 2020

EXHIBIT A - PROJECT REPRESENTATIVES

The services shall be performed in the jurisdiction of: City of Morro Bay Harbor Department

State Agency: Division of Boating and Waterways	Grantee (Agency Name): City of Morro Bay Harbor Department
Name: Ron Kent	Grantee Representative*: Lori Stilts
Title: Program Administrator	Title: Grants Administrator
Address: One Capitol Mall, Suite 500 Sacramento, CA 95814	Mailing Address: 1275 Embarcadero, Morro Bay, CA 93422
Phone: (916) 327-1825	Phone: (805) 772-6254 x 256
Fax:	Fax: (805) 772-6258
Email: ron.kent@parks.ca.gov	Email: lstilts@morrobayca.gov

* Grantee representative information may only be changed by giving 30 days written notice to DBW.

EXHIBIT B - GRANT TERMS AND CONDITIONS

SURRENDERED AND ABANDONED VESSEL EXCHANGE (SAVE) GRANT PROGRAM

1. PURPOSE OF THE PROGRAM:

Pursuant to its authority under Harbors and Navigation Code (HNC) section 525(1)(a), the Division of Boating and Waterways (DBW) wishes to contract with Grantee for the removal and disposal of:

- a. Abandoned property as described in HNC 522 (below) within Grantee's jurisdiction as listed in Exhibit A.

HNC Section 522: "Any hulk, derelict, wreck, or parts of any ship, vessel, or other watercraft sunk, beached, or allowed to remain in an unseaworthy or dilapidated condition upon publicly owned submerged lands, salt marsh, or tidelands within the corporate limits of any municipal corporation or other public corporation or entity having jurisdiction or control over those lands, without its consent expressed by resolution of its legislative body, for a period longer than 30 days without a watchman or other person being maintained upon or near and in charge of the property, is abandoned property."

- b. Surrendered vessels as defined in HNC 526.1

HNC Section 526.1: "surrendered vessel" means a recreational vessel that the verified titleholder has willingly surrendered to a willing public agency under both of the following conditions:

- (a) The public agency has determined, in its sole discretion, that the vessel is in danger of being abandoned, and therefore has a likelihood of causing environmental degradation or becoming a hazard to navigation.
 - (b) The decision to accept a vessel is based solely on the potential of the vessel to likely be abandoned and cause environmental degradation or become a hazard to navigation."
- c. Wrecked or dismantled vessels, or parts thereof, or any other partially submerged object that pose a substantial hazard to navigation, from navigable waterways or adjacent public property, or private property with the landowner's consent.
 - d. The funds provided under this Agreement **shall not** be utilized for surrender, abatement, removal, storage, or disposal of commercial vessels. Commercial vessels include those vessels for which the most recent registration or documentation was commercial, even though that registration or documentation may have lapsed.
 - e. If Grantee is reimbursed for the costs related to the surrender, abatement, removal, storage, and/or disposal of an eligible water hazard by the registered or legal owner or other person or entity known to have an interest in the water hazard, then the water hazard shall no longer be eligible for funding under this Agreement. Grantee shall notify DBW in writing of such reimbursement and shall return all funds disbursed by DBW to Grantee with respect to such water hazard immediately.

2. RIGHT OF INSPECTION

Grantee shall allow DBW and other state agency representatives, at any reasonable time, to inspect any site where Grantee or its subcontractors are performing work under this Agreement.

3. **ANNUAL MEETING**

Grantee's representative or alternate shall participate in an annual one-day video or phone conference conducted by DBW during the term of this agreement. Should the Grantee or representative be unable to attend the meeting and cannot provide a substitute from the agency, the Grantee must forward a letter to DBW stating the reason why they cannot attend. DBW must grant approval in writing in order for the Grantee not to be in breach of this Agreement for failure to attend.

Grantee agrees to complete the scope of work submitted in its application in a timely fashion.

4. **HAZARDOUS MATERIALS**

Grantee shall be responsible for securing any necessary or prudent studies, permits, or authorizations associated with treatment, removal, storage, or any other handling of hazardous substances including, but not limited to, toxic waste, petroleum waste, asbestos, and similar substances, prior to the removal of any vessel and water hazard pursuant to this Agreement.

Grantee shall be responsible for the proper and lawful handling, abatement, removal, storage, and/or disposal of any hazardous substances encountered in the execution of this Agreement.

5. **TITLES AND LIENS**

- a. **Abandoned vessels:** Grantee shall comply with all relevant provisions of the Harbors and Navigation Code regarding notices, hearings and liens in the performance of this Agreement. Grantee (in conjunction with local law enforcement) shall conduct a title search for all vessels presumed to be abandoned, as provided by Harbors and Navigation Code section 526.
- b. **Surrendered vessels:** Grantee shall comply with all relevant provisions of Harbors and Navigation Code section 526.1 in the performance of this Agreement, requiring that a surrendered vessel be that of the "verified titleholder."
- c. Grantee shall comply with all Department of Motor Vehicles notification requirements related to the disposal of vessels and trailers.

6. **MEDIA**

Grantee agrees to acknowledge DBW's financial support whenever work funded by this Agreement is publicized in any news media, brochures, or other type of promotional material.

7. **MEDIA MATERIALS RELEASE**

Grantee agrees to irrevocably grant to California State Parks, Division of Boating and Waterways, its employees, officers, agents, and assigns (hereinafter referred to as "DBW"), the non-exclusive, royalty-free, perpetual and worldwide right and permission to use, reproduce, publish, copy, distribute, alter, license, adapt, and display the photographs, motion pictures, caption information, and/or written quotes (hereinafter referred to collectively as "Photographs"), that the Grantee has submitted to DBW for art, editorial, advertising, marketing, trade, broadcast, print, educational programs, or any other lawful purpose whatsoever, in any and all media. In connection with the foregoing license, the Grantee agrees not to use, reproduce, adapt, or display the Photographs, or allow others to do so, in a manner that tends to subject DBW or its Abandoned Watercraft Abatement Fund Grants (AWAF), Vessel Turn In Program (VTIP) and/or Surrendered and Abandoned Vessel Exchange (SAVE) programs to ridicule, disparagement, mockery, satire, or that could tarnish

the image of the DBW's AWAFF, VTIP, and/or SAVE programs. Grantee hereby releases and discharges DBW from any and all claims and demands arising out of or in connection with the use of the Photographs, including without limitations, any and all claims for libel, defamation, invasion of privacy, and/or publicity rights. DBW assumes no responsibility for lost or damaged Photographs or for the use of same. DBW may sell, assign, license, or transfer all rights granted to it hereunder.

Grantee also grants DBW and its licensees the unrestricted right to use and disclose its name in connection with use of the Photographs. The Grantee understands that it will not be paid for any use or right granted herein.

Grantee understands and agrees that the Photographs may be used in whole or in part, at any time. The license granted herein to DBW includes the right and permission to conduct or have conducted such alterations to the Photographs as DBW deems necessary. Grantee releases and discharges DBW and agrees to indemnify and hold DBW harmless from any liability by virtue of any blurring, distortion, alteration, optical illusion or use in composite form, loss or damage, whether intentional or otherwise, that may occur in the use of the Photographs. Grantee waives any right to inspect or approve any finished product, advertising or other copy that may be used in connection therewith or the use to which it may be applied.

Grantee declares and avows that the Photographs it is submitting to DBW are its own original work in all respects. Grantee is the sole and exclusive owner of the Photographs; they are free, clear, and unencumbered. No part of them is taken from or based on any other work; no part infringes the copyright or any other right of any person; and the reproduction, publication, exhibition, or any other use by DBW of the Photographs in any form whatever will not in any way, directly or indirectly, infringe on the rights of any person. Grantee agrees to indemnify and hold DBW harmless from and against any and all loss, damage, costs, charges, legal fees, recoveries, judgments, amounts paid in settlement, penalties, and expenses that may be obtained against, imposed on, or suffered by DBW by reason of (1) any violation or infringement of any proprietary right or copyright; or (2) any libelous or unlawful matter contained in the Photographs. Grantee also agrees to indemnify and hold DBW harmless for any such amounts arising from its breach of any covenant, representation, or warranty of this agreement.

8. PERMITS AND DOCUMENTATION

Prior to the removal of any abandoned vessel, eligible water hazard, or surrendered vessel, Grantee shall obtain all necessary permits, authorizations, and documentation necessitated by any applicable provision of law.

9. SECURING OF BIDS

Grantee shall comply with any applicable laws and regulations governing the competitive bidding process when awarding subcontracts under this Agreement. Grantee, upon request, must make available to DBW procurement documents such as requests for proposal, invitations for bid and independent cost estimates,

10. CONTRACTS WITH SERVICE PROVIDERS

All contracts/executed agreements with service providers for which grantee will seek reimbursement must be in writing and shall be executed (signed) prior to commencement of any and all work completed. Grantee will provide to DBW copies of all executed agreements with service providers who are performing work funded by this SAVE grant.

11. SUBCONTRACTORS

Grantee agrees that it shall guarantee and shall be responsible for ensuring that any and all of its contractors and subcontractors hold a valid business license and carry general commercial liability insurance coverage sufficient to fully insure against any and all risks of hazardous activities associated with the work to be performed under this Agreement; and Grantee agrees that if any of Grantee's contractors or subcontractors fail to fulfill any of these requirements, that Grantee itself carries general commercial liability insurance coverage sufficient to fully insure against any and all risks of hazardous activities associated with the work to be performed under this Agreement, whether performed by the Grantee, Grantee's contractor(s), or Grantee's subcontractor(s). Grantee shall provide DBW with a certificate of insurance from any contractor(s) and subcontractor(s) prior to the commencement of any work under this Agreement.

12. TRAFFIC CONTROL AND TRAFFIC SAFETY

Grantee shall provide for adequate traffic control and safety measures at any site where Grantee and its subcontractors will perform any work under this Agreement.

13. AIR OR WATER POLLUTION VIOLATION

Grantee warrants that it is not (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to any cease and desist order not subject to review issued pursuant to Water Code section 13301 for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

14. ENTIRE AGREEMENT

This Agreement consists of the terms of this Agreement and all attachments, which are expressly incorporated herein. No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required.

15. APPROVAL OF AGREEMENT AND AMENDMENTS

This Agreement and any variation thereto is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Commencement of performance prior to approval of this Agreement will be at the Grantee's own risk.

16. DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PARTICIPATION REQUIREMENT

There are no Disabled Veteran Business Enterprise participation requirements with this agreement.

17. AUTHORITY TO CONTRACT

Grantee must provide DBW with evidence of its authority to enter into this Agreement. Grantee may provide a delegation of contracting authority from its local governing body that by law has authority to contract. Alternatively, Grantee shall provide DBW with a resolution, order, motion, or ordinance of its local governing body that by law has authority to contract, authorizing execution of this Agreement.

18. COMPLIANCE WITH LAW AND REGULATIONS

Grantee and its subcontractor(s) shall comply with all applicable laws and regulations of the State of California for all work to be performed under this Agreement. By signing this Agreement, Grantee certifies its compliance and the compliance of all subcontractors with: (a) applicable provisions of the California Environmental Quality Act; (b) Nondiscrimination Program requirements of Government Code section 12990 (a-f) and Title 2, California Code

of Regulations, section 8103 (and section 8113 in contracts over \$5,000) along with section 7285 et. seq. of the Fair Employment and Housing Act; (c) Drug-Free Workplace requirement of Government Code section 8350 et seq.; (d) National Labor Relations Board Certification of Public Contract Code section 10296; (e) Workers' Compensation requirement of Labor Code section 3700; and (f) Americans with Disabilities Act regulations issued pursuant to 42 U.S.C. section 12101 et seq.

19. INDEPENDENT CONTRACTOR

Grantee and its employees are independent contractors and shall not be considered officers or employees of DBW or agents of the State of California.

20. INSURANCE REQUIREMENTS

The abatement, removal, storage, and /or disposal of vessels under this Agreement is a hazardous activity. Grantee therefore must maintain commercial general liability insurance in an amount and of a type acceptable to DBW and to the Department of General Services/ Office of Risk and Insurance Management (ORIM).

a. GENERAL PROVISIONS APPLYING TO ALL POLICIES

1. Coverage Term

Coverage needs to be in force for the complete term of the Agreement. If insurance expires during the term of the grant, a new certificate must be received by the DBW at least ten (10) days prior to the expiration of this insurance. Any new insurance must still comply with the original terms of the grant.

2. Policy cancellation or termination & notice of non-renewal

Insurance policies shall contain a provision stating coverage will not be cancelled without 30 days prior written notice to the DBW. In the event Grantee fails to keep in effect at all times the specified insurance coverage, the DBW may, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such event, subject to the provisions of this Agreement.

3. Deductible

Grantee is responsible for any deductible or self-insured retention contained within their insurance program.

4. Primary clause

Any required insurance contained in this Agreement shall be primary, and not excess or contributory, to any other insurance carried by the State.

5. Insurance carrier required rating

All insurance companies must carry a rating acceptable to ORIM. If the Grantee is self-insured for a portion or all of its insurance, review of financial information including a letter of credit may be required by DBW or ORIM.

6. Endorsements

Any required endorsements requested by the DBW must be physically attached to all requested certificates of insurance and not substituted by

referring to such coverage on the certificate of insurance.

7. Inadequate Insurance

Inadequate or lack of insurance does not negate the Grantee's obligations under the Agreement.

8. Use of Subcontractors

In the case of Grantee's utilization of subcontractors to complete the contracted scope of work, Grantee shall include all subcontractors as insured's under Grantee's insurance or supply evidence of subcontractor's insurance to the State when requested equal to policies, coverages, and limits required of Grantee.

b. **INSURANCE REQUIREMENTS**

1. Commercial General Liability

The Grantee shall maintain general liability on an occurrence form with limits of not less than \$1,000,000 per occurrence for bodily injury and property damage liability combined with a \$2,000,000 annual policy aggregate. The policy shall include coverage for liabilities arising out of premises, operations, independent subcontractors, products, completed operations, personal and advertising injury, and liability assumed under an insured agreement. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the Grantee's limit of liability. The policy must include:

"The State of California, its officers, agents, employees and servants as additional insureds, but only with respect to work performed under the agreement."

This **endorsement** must be supplied under form acceptable to the Office of Risk and Insurance Management.

In the case of Grantee's utilization of subcontractors to complete the contracted scope of work, Grantee shall include all subcontractors as insured's under Grantee's insurance or supply evidence of insurance to the State equal to policies, coverages and limits required of Grantee.

2. Automobile Liability

The Grantee shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired and non-owned motor vehicles.

3. Watercraft Liability

The Grantee shall maintain watercraft liability insurance with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of the maintenance and use of any watercraft (owned, hired or non-owned). The policy must include:

"The State of California, its officers, agents, employees and servants as additional insureds, but only with respect to work performed that is connected with or related to the activities contemplated in this Agreement."

This **endorsement** must be supplied under form acceptable to the Office of Risk and Insurance Management.

4. Workers Compensation and Employers Liability

The Grantee shall maintain statutory worker's compensation and employer's liability coverage for all its employees who will be engaged in the performance of the Agreement. Employer's liability limits of \$1,000,000 are required. The insurer waives any right of recovery the insurer may have against the State because of payments the insurer makes for injury or damage arising out of the work done under agreement with the State. A Waiver of Subrogation or Right to Recover endorsement in favor of the State must be attached to certificate.

If applicable, Grantee shall provide coverage for all its employees for any injuries or claims under the U.S. Longshoremen's and Harbor Workers' Compensation Act, the Jones Act or under laws, regulations, or statutes applicable to maritime employees. By signing this agreement, Grantee acknowledges compliance with these regulations.

c. **ENVIRONMENTAL/POLLUTION LIABILITY**

Grantee shall maintain Pollution Liability for limits not less than \$1,000,000 occurrence covering the Grantee's liability for bodily injury, property damage and environmental damage resulting from pollution and related cleanup costs incurred arising out of the work or services to be performed under this agreement. The policy must include:

"The State of California, its officers, agents, employees and servants as additional insureds, but only with respect to work performed under the agreement."

This **endorsement** must be supplied under form acceptable to the Office of Risk and Insurance Management.

Coverage shall be provided for both work performed on site and during transportation as well as proper disposal of hazardous materials.

d. **SELF INSURANCE**

If the Grantee is self-insured for a portion or all of its insurance, the Grantee shall provide evidence of self-insurance when requested by DBW. Review of financial information including a letter of credit may be required. The DBW reserves the right to request financial information.

e. **STATEMENT OF INSURANCE COVERAGE:**

Grantee certifies and agrees that they have all required insurance coverages as stated in the grant agreement, which will be in effect for the entire term of the agreement.

Approver initials :

Date:

Name:

Title:

21. TERMINATION

- a. DBW may terminate this Agreement for any reason upon thirty (30) days written notice to Grantee.
- b. If the Grantee fails to keep the required insurance in effect at all times during the term of this agreement, DBW may, in addition to other remedies it may have, terminate this agreement upon two days written notice.
- c. DBW may, by two-day written notice to Grantee and without any prejudice to its other remedies, terminate this agreement because of failure of Grantee to fulfill any of the requirements of this agreement.
- d. Upon receipt of any notice terminating this Agreement, Grantee shall immediately discontinue all removal and disposal activities affected, unless the notice directs otherwise. In such event, DBW shall pay Grantee only for removal and disposal activities completed prior to the termination date.
- e. Upon termination of this agreement, Grantee shall promptly return all advanced funds. At DBW's sole discretion, DBW may offer an opportunity to cure any breach prior to terminating for default.

22. ASSIGNMENT

This Agreement is not assignable by the Grantee, either in whole or in part, without the consent of the State in the form of a formal written amendment.

23. MATCHING 10% REQUIREMENT

- a. Section 525(C) of the Harbors and Navigation Code states, "A grant awarded by the department pursuant to subparagraph (A) shall be matched by a 10% contribution from the local agency receiving the grant."
- b. The 10% contribution is in addition to funds awarded in the grant and may be made by cash and/or in-kind contributions from agency's personnel hours (net hourly rate only with no benefits included) for work completed directly toward SAVE program items as listed below (Part 24, 1 (a - b)). Other SAVE-related expenses may be used with advance DBW approval in writing.
- c. If using personnel hours for in-kind match, only net, raw hours will be accepted, and verification of in-kind contribution is required with reimbursement request(s). The statement of in-kind hours must be on the form provided by DBW through the Online Grants Application (OLGA), or available upon request, and must include:
 - I. Activity date
 - II. Vessel/issue name or description
 - III. Personnel name
 - IV. Description of SAVE program service provided
 - V. Number of hours provided by each person
 - VI. Hourly rate and total value
- d. The burden of proof in complying with the 10-percent contribution requirement is the responsibility of the grantee. Funds will not be disbursed until the grantee has provided DBW with acceptable documentation that it complied with the 10-percent contribution requirement for each disbursement.

BUDGET DETAIL AND PAYMENT PROVISIONS**1. Covered Expenses and Reimbursement Claims Processes**

a. DBW will reimburse the following contract-negotiated rate expenditures provided by Grantee's contracted service providers, contractors and/or subcontractors, within the scope of the SAVE program for abandoned vessels:

1. Raising of submerged vessels
2. Vessel removal from accessible locations
3. Hazardous materials (hazmat) removal and disposal
4. Towing
5. Storage
 - i. Without lien sale: 60 days maximum
 - ii. With lien sale: 90 days maximum with justification
 - iii. If stored onsite at Grantee's facility, 50% of the normal rate of charge to the public will be reimbursed, and fee schedule is required for verification.
6. Lien sale expenses: fees charged by lien sale service companies, postage, DMV fees, and advertising costs
7. Public notice advertising
8. Vessel appraisal
9. Salvage and demolition

b. DBW will reimburse the following contract-negotiated rate expenditures provided by Grantee's contracted service providers, contractors and/or subcontractors, within the scope of the SAVE program for surrendered vessels:

1. Vessel and/or hazardous material removal and disposal
2. Towing from grantee's facility to landfill
3. Demolition

c. Ineligible expenses include hand tools, consumables, grantee direct staffing, time and materials from subcontractors, etc. without prior written approval from DBW.

d. Other expenses may be considered with advance written approval from DBW.

2. Reimbursement claim forms:

Reimbursement claim forms are available in OLGA or upon request. Grantee must sign and date each reimbursement claim form in blue ink and submit with the following documents to DBW:

i. **Invoices from service providers, contractors and/or subcontractors to Grantee:**

Invoices must contain the following:

- a. Name and address of Grantee
- b. Contract or invoice number
- c. Description of service performed

- d. Date the service was performed
 - e. Location of each service
 - f. Vessel name, CF# or HIN# if available; otherwise, description of vessel
- ii. **Proof of payment for all invoices.**

The following acceptable forms of proof are:

- a. Cancelled check (with bank's cancelled stamp on back of check copy)
 - b. Credit card statement with charge and payment posted, along with copy of charge slip
 - c. Invoices from service provider showing zero balance.
 - d. Proof of Accounting Clearing House (ACH) or Electronic transfer showing date, amount and transaction confirmation number.
- iii. **10% in-kind match contribution statement:**
- a. If Grantee is matching the 10% requirement with in-kind services, complete the DPR265 Itemized 10% In-kind Contribution Statement located in OLGA or available upon request.
 - b. Only net hourly rates will be accepted. Grantee must include verification of net rates with first claim and each time rates change.
- iv. **Photos of vessels (Required)**
- 1. One photo showing CF number (if available).
- v. **For Surrendered Vessels ONLY:**

Statement of Vessel Release of Interest and Ownership: To be completed and signed by owner(s). Grantee may provide their own release form to vessel owners for completion. A sample of this release form is located in OLGA.

A copy of the Certification of Ownership (title) signed by the owner **OR** a DMV Notice of Transfer and Release of Liability form (Reg. 138) completed and signed by the owner. Keep the originals and provide DBW with copies.

NOTE: Vessel ownership verification is required; however, it is not required that boat owners bring their registration up to date in order to surrender their vessel through the VTIP.

- 3. Submit one (1) hard copy and one (1) electronic copy of each reimbursement claim form and all supporting document (as identified above) to DBW at:

Division of Boating and Waterways

One Capitol Mall, Suite 500

Sacramento, CA 95814

Attention: SAVE Unit

Email: ron.kent@parks.ca.gov

- 4. Submission of fraudulent invoices or other claim documentation is a breach of this Agreement, which shall result in forfeiture of all funds advanced and provided under this Agreement.
- 5. All requests for payment must be submitted to DBW no later than 30 days after the expiration date of the agreement. DBW is not obligated to make payment on any reimbursement request(s) received or for any services completed after this date.

25. BUDGET CONTINGENCY CLAUSE

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program; this Agreement shall be of no further force and effect. In this event, DBW shall have no liability to pay any funds whatsoever to Grantee or to furnish any other considerations under this Agreement and Grantee shall not be obligated to perform any provisions of this Agreement.
- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, DBW shall have the option to either cancel this Agreement with no liability occurring to DBW, or offer an agreement amendment to Grantee to reflect the reduced amount.

26. INDEMNIFICATION

Grantee shall be responsible for, and DPR shall not be answerable or accountable in any manner for, any loss or expense by reason of any damage or injury to person or property, or both, arising out of or related in any way to activities carried out by Grantee, its agents, officers, contractors, subcontractors and/or employees, under this Agreement Grantee shall protect, hold harmless, indemnify and defend DPR, its agents, officers, and/or employees against any and all actions, claims, and damages to persons or property, penalties, obligations and liabilities that may be asserted or claimed by any person, firm, association, entity, corporation, political subdivision, or other organization or person arising out of or in connection with Grantee or Grantee's contractor's or subcontractor's activities hereunder, whether or not there is concurrent passive negligence on the part of DPR, its agents, officers, and/or employees.

27. FUNDS ASSIST

The Funds Assist process has been developed by DBW as a method for grantees with excessive, unused funds to assist other participating SAVE agencies in need. Funds Assist is a voluntary action (by both agencies) until within three (3) months of the expiration date of the grant at which time it will become a required action of those agencies with remaining grant balances, at DBW's discretion.

The Funds Assist process works as follows:

- a. An introduction is made by DBW between the agency with excessive funds (Agency A) and the agency in need (Agency B).
- b. A deadline shall be imposed by DBW for the work to be completed by Agency B.
- c. Agency B pays for all contractor invoices, as is required with the SAVE grant.
- d. The 10% required match is the obligation of Agency B and may be met with cash, in-kind services, or a combination of both.
- e. To obtain reimbursement, Agency B will be required to supply the following to Agency A:
 - i. A Tax Identification Form (W-9)
 - ii. All requirements/documents apply as outlined in this agreement under #24
 - iii. A statement on Agency B's letterhead invoicing Agency A for the total reimbursement request.
 - iv. Copies of completed forms and support documents to DBW for pre-approval.
- f. Agency A completes the following actions:

- i. Upon approval by DBW, pay Agency B the invoiced amount within 30 days and record as a pass-through grant (or use your accounting method preference).
- ii. Complete DBW's AWAFF and/or VTIP Reimbursement Claim Form and attach all supporting documents as listed in item b, c & d above, including the verification of payment to Agency B i.e., cancelled check or statement from Agency B of payment received.
- iii. Email the documents to the DBW program administrator for review. Once reviewed and approved, send finalized claim forms to DBW for payment processing.

DBW will act as a courtesy liaison between the agencies to ensure (as much as possible) that documents are correctly processed.

28. FUNDS ASSIST INDEMNIFICATION

Grantee and sub grantee (hereafter known as Agency A and Agency B respectively) shall be responsible for, and DPR shall not be answerable or accountable in any manner for, any loss or expense by reason of any damage or injury to person or property, or both, arising out of or related in any way to activities carried out by Agency A and B, its agents, officers, contractors, subcontractors and/or employees, under this Agreement Agency A and B shall protect, hold harmless, indemnify and defend DPR, its agents, officers, and/or employees against any and all actions, claims, and damages to persons or property, penalties, obligations and liabilities that may be asserted or claimed by any person, firm, association, entity, corporation, political subdivision, or other organization or person arising out of or in connection with Agency A and B's contractor's or subcontractor's activities hereunder, whether or not there is concurrent passive negligence on the part of DPR, its agents, officers, and/or employees.

If Agency B is a recipient of a current SAVE grant, as depleted or with insufficient funds for removal project, and receives assistance through the Funds Assist process, all provisions of the SAVE grant applies.

Approver initials: _____ Date: _____

Name: _____

Title: _____

29. 90-DAY RETURN OF GRANT DOCUMENTS TO DBW

Grant agreements issued to the awarded agency must be completed and returned within 90 days of the date of issuance according to the instructions issued by DBW with the grant agreement. If extenuating circumstances prevent the ability of the agency to meet this deadline, approval from DBW must be obtained in writing. DBW retains the right to determine approval or denial of extensions.

30. ANTI-CORRUPTION

SAVE grantees are required to report to DBW any written, suggested, or verbally implied cases whereby a contractor, subcontractor or other service provider increases their fee(s) due to the existence of a Grantee's SAVE grant, or inquires about the amount/balance of a SAVE grant in order to increase their fee(s), for possible investigation of price gouging. A two year history of charges applied to work of all known SAVE grant work by that contractor will be required by DBW for review.

EXHIBIT C

GENERAL TERMS AND CONDITIONS

1. **APPROVAL:**

This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Grantee may not commence performance until such approval has been obtained.

2. **EFFECTIVE DATE:**

Effective date means either the start date or the approval date by the Department of General Services (DGS), whichever is later. In cases where DGS approval is not required, this Agreement is of no force or effect until the date of the last DBW signature. No work shall commence until the effective date.

3. **AMENDMENT:**

No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

4. **ASSIGNMENT:**

This Agreement is not assignable by the Grantee, either in whole or in part, without the consent of the State in the form of a formal written amendment.

5. **AUDIT:**

Grantee agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. **Grantee agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated.** Grantee agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Grantee agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).

6. **INDEMNIFICATION:**

Grantee agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the subcontractor or Grantee in the performance of this Agreement.

7. **DISPUTES:**

Grantee shall continue with the responsibilities under this Agreement during any dispute.

8. **TERMINATION FOR CAUSE:**

The State may terminate this Agreement and be relieved of any payments should the Grantee fail to perform the requirements of this Agreement at the time and in the manner

herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Grantee under this Agreement and the balance, if any, shall be paid to the Grantee upon demand.

9. RECYCLING CERTIFICATION:

The Grantee shall certify in writing under penalty of perjury, the minimum, if not exact, percentage of post consumer material as defined in the Public Contract Code Section 12200, in products, materials, goods, or supplies offered or sold to the State regardless of whether the product meets the requirements of Public Contract Code Section 12209. With respect to printer or duplication cartridges that comply with the requirements of Section 12156(e), the certification required by this subdivision shall specify that the cartridges so comply (Pub. Contract Code §12205).

10. NON-DISCRIMINATION CLAUSE:

During the performance of this Agreement, Grantee and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. Grantee and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Grantee and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12900 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 11000 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code §§11135-11139.5), and the regulations or standards adopted by the awarding state agency to implement such article. GRANTEE shall permit access by representatives of the Department of Fair Employment and Housing and the awarding state agency upon reasonable notice at any time during the normal business hours, but in no case less than 24 hours' notice, to such of its books, records, accounts, and all other sources of information and its facilities as said Department or Agency shall require to ascertain compliance with this clause.. Grantee and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.(See Cal. Code Regs., tit. 2, §11105.)

Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

11. CERTIFICATION CLAUSES:

The GRANTEE CERTIFICATION CLAUSES contained in the document CCC 04/2017 are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.

12. TIMELINESS:

Time is of the essence in this Agreement.

13. COMPENSATION:

The consideration to be paid Grantee, as provided herein, shall be in compensation for all of Grantee's expenses incurred in the performance hereof, as outlined in Exhibit B, item #24.

14. GOVERNING LAW:

This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

15. ANTITRUST CLAIMS:

The Grantee by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Grantee shall comply with the requirements of the Government Codes Sections set out below.

- a. The Government Code Chapter on Antitrust claims contains the following definitions:
 - 1) "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.
 - 2) "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.
- b. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.
- c. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.
- d. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

16. CHILD SUPPORT COMPLIANCE ACT:

For any Agreement in excess of \$100,000, the Grantee acknowledges in accordance with Public Contract Code 7110, that:

- a. The Grantee recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and

compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

- b. The Grantee, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

17. UNENFORCEABLE PROVISION:

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

18. PRIORITY HIRING CONSIDERATIONS:

If this Agreement includes services in excess of \$200,000, the Grantee shall give priority consideration in filling vacancies in positions funded by the agreement to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Pub. Contract Code §10353.

19. SMALL BUSINESS PARTICIPATION AND DVBE PARTICIPATION REPORTING REQUIREMENTS:

- a. If for this Agreement Grantee made a commitment to achieve small business participation, then Grantee must within 60 days of receiving final payment under this Agreement (or within such other time period as may be specified elsewhere in this Agreement) report to the awarding department the actual percentage of small business participation that was achieved. (Govt. Code § 14841.)
- b. If for this Agreement Grantee made a commitment to achieve disabled veteran business enterprise (DVBE) participation, then Grantee must within 60 days of receiving final payment under this Agreement (or within such other time period as may be specified elsewhere in this Agreement) certify in a report to the awarding department: (1) the total amount the prime Grantee received under the Agreement; (2) the name and address of the DVBE(s) that participated in the performance of the Agreement; (3) the amount each DVBE received from the prime Grantee; (4) that all payments under the Agreement have been made to the DVBE; and (5) the actual percentage of DVBE participation that was achieved. A person or entity that knowingly provides false information shall be subject to a civil penalty for each violation. (Mil. & Vets. Code § 999.5(d); Govt. Code § 14841.)

20. LOSS LEADER:

If this agreement involves the furnishing of equipment, materials, or supplies then the following statement is incorporated: It is unlawful for any person engaged in business within this state to sell or use any article or product as a "loss leader" as defined in Section 17030 of the Business and Professions Code. (PCC 10344(e).)

EXHIBIT D

GRANTEE CERTIFICATION CLAUSES

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Grantee to the clause(s) listed below. This certification is made under the laws of the State of California.

Grantee Agency Name (Printed)		Federal ID Number
City of Morro Bay Harbor Department		95-2308629
By (Authorized Signature)		
Printed Name and Title of Person Signing		
,		
Date Executed	Executed in the County of	
	San Luis Obispo	

GRANTEE CERTIFICATION CLAUSES

1. STATEMENT OF COMPLIANCE:

Grantee has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 11102) (Not applicable to public entities.)

2. DRUG-FREE WORKPLACE REQUIREMENTS:

Grantee will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
 - 1) the dangers of drug abuse in the workplace;
 - 2) the person's or organization's policy of maintaining a drug-free workplace;
 - 3) any available counseling, rehabilitation and employee assistance programs; and,
 - 4) penalties that may be imposed upon employees for drug abuse violations.
- c. Every employee who works on the proposed Agreement will:
 - 1) receive a copy of the company's drug-free workplace policy statement; and,
 - 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Grantee may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Grantee has made false certification, or violated the certification by failing to

carry out the requirements as noted above. (Gov. Code §8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION:

Grantee certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Grantee within the immediately preceding two-year period because of Grantee's failure to comply with an order of a Federal court, which orders Grantee to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

4. CONTRACTS FOR LEGAL SERVICES \$50,000 OR MORE- PRO BONO REQUIREMENT:

Grantee hereby certifies that Grantee will comply with the requirements of Section 6072 of the Business and Professions Code, effective January 1, 2003.

Grantee agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the agreement equal to the lessor of 30 multiplied by the number of full time attorneys in the firm's offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its agreement with the State.

Failure to make a good faith effort may be cause for non-renewal of a state agreement for legal services, and may be taken into account when determining the award of future contracts/agreements with the State for legal services.

5. EXPATRIATE CORPORATIONS:

Grantee hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

6. SWEATFREE CODE OF CONDUCT:

a. All Grantees contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The Grantee further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at www.dir.ca.gov, and Public Contract Code Section 6108.

b. The Grantee agrees to cooperate fully in providing reasonable access to the Grantee's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the Grantee's compliance with the requirements under paragraph (a).

7. DOMESTIC PARTNERS:

For contracts over \$100,000 executed or amended after January 1, 2007, the Grantee certifies that Grantee is in compliance with Public Contract Code section 10295.3.

8. GENDER IDENTITY:

For contracts of \$100,000 or more, GRANTEE certifies that GRANTEE is in compliance with Public Contract Code section 10295.35.

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

1. CONFLICT OF INTEREST:

Grantee needs to be aware of the following provisions regarding current or former state employees. If Grantee has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Grantee violates any provisions of above paragraphs, such action by Grantee shall render this Agreement void. (PCC 10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

2. LABOR CODE/WORKERS' COMPENSATION:

Grantee needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Grantee affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

3. AMERICANS WITH DISABILITIES ACT:

Grantee assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. GRANTEE NAME CHANGE:

An amendment is required to change the Grantee's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment. Any changes of the Grantee's representative shall be notified to DBW within 30 days written notice on Grantee's letterhead.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the Grantee is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate Grantee performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. RESOLUTION:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION:

Under the State laws, the Grantee shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204:

This form must be completed by all Grantees that are not another state agency or other governmental entity.

EXHIBIT E – DARFUR CONTRACTING ACT

If your agency hires a contractor to complete work under this grant, the contractor must fill out and sign the Darfur Contracting Act form prior to execution of the contract. A Sample of The Darfur Contracting Act form is provided on the next page; this form (DGS PD 1) can also be downloaded from the California Department of General Services website.

Effective January 1, 2009, all Invitations for Bids (IFB) or Requests for Proposals (RFP) for goods or services must address the requirements of the Darfur Contracting Act of 2008 (Act). (Public Contract Code sections 10475, et seq.; Stats. 2008, Ch. 272). The Act was passed by the California Legislature and signed into law by the Governor to preclude State agencies generally from contracting with “scrutinized” companies that do business in the African nation of Sudan (of which the Darfur region is a part), for the reasons described in Public Contract Code section 10475.

A scrutinized company is a company doing business in Sudan as defined in Public Contract Code section 10476. Scrutinized companies are ineligible to, and cannot, bid on or submit a proposal for a contract with a State agency for goods or services. (Public Contract Code section 10477(a)).

Therefore, Public Contract Code section 10478 (a) requires a company that currently has (or within the previous three years has had) business activities or other operations outside of the United States to certify that it is not a “scrutinized” company when it submits a bid or proposal to a State agency. (See # 1 on the sample Attachment).

The following sample Attachment may be included in an IFB or RFP to satisfy the Act’s certification requirements of bidders and proposers.

EXHIBIT E – DARFUR CONTRACTING ACT

SAMPLE FORM

Public Contract Code Sections 10475 -10481 applies to any company that currently or within the previous three years has had business activities or other operations outside of the United States.

For such a company to bid on or submit a proposal for a State of California contract, the company must certify that it is either a) not a scrutinized company; or b) a scrutinized company that has been granted permission by the Department of General Services to submit a proposal.

If your company has not, within the previous three years, had any business activities or other operations outside of the United States, you do **not** need to complete this form.

OPTION #1 - CERTIFICATION

If your company, within the previous three years, has had business activities or other operations outside of the United States, in order to be eligible to submit a bid or proposal, please insert your company name and Federal ID Number and complete the certification below.

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that a) the prospective proposer/bidder named below is not a scrutinized company per Public Contract Code 10476; and b) I am duly authorized to legally bind the prospective proposer/bidder named below. This certification is made under the laws of the State of California.

Company/Vendor Name (Printed) {grantee_name}	Federal ID Number {fed_id}
By (Authorized Signature) {agy_sign_name}	Date {agy_sign_dt}
Printed Name and Title of Person Signing {agy_sign_name}, {agy_sign_dsg}	

OPTION #2 - WRITTEN PERMISSION FROM DGS

Pursuant to Public Contract Code Section 10477(b), the Director of the Department of General Services may permit a scrutinized company, on a case-by-case basis, to bid on or submit a proposal for a contract with a state agency for goods or services, if it is in the best interests of the state. If you are a scrutinized company that has obtained written permission from the DGS to submit a bid or proposal, complete the information below.

We are a scrutinized company as defined in Public Contract Code section 10476, but we have received written permission from the Department of General Services to submit a bid or proposal pursuant to Public Contract Code section 10477(b). A copy of the written permission from DGS is included with our bid or proposal.

Company/Vendor Name (Printed) {grantee_name}	Federal ID Number {fed_id}
By (Authorized Signature) {agy_sign_name}	Date {agy_sign_dt}
Printed Name and Title of Person Signing {agy_sign_name}, {agy_sign_dsg}	

General

1 Applicant Information

- a. Applicant Name City of Morro Bay Harbor Department
- b. Organizational Unit
- c. Address 1275 Embarcadero
- d. Address 2
- e. City Morro Bay State CA Zip 93422
- f. Federal ID Number 95-2308629 Reference No.
- g. Agency Type
- City County
- Federally or State Recognized Native American Tribe District

2 Project Information

- a. Project Name Surrendered and Abandoned Vessel Exchange (SAVE) Fiscal Year 2020/2021
- b. Is implementing agency same as Applicant Yes No
- c. Implementing Agency Name
- d. Project Start Date Oct-01-2020 End Date Sep-30-2022
- e. Amount of Funds Requested \$18,200.00 Project Cost \$20,020.00

3 Contacts

a. Project Administrator

Name	Lori Stilts				
Title	Grants Administrator				
Mailing Address	1275 Embarcadero				
City	Morro Bay	State	CA	Zip	93442
Telephone	(805) 772-6254 - 256			Fax	(805) 772-6258 - 256
E-mail Address	lstilts@morrobayca.gov				

1. Minimum Qualifications

1. Does your agency have an enforcement program to address abandoned boats? Yes No

If Yes, describe

As the primary uniformed public safety agency on Morro Bay waters, the Morro Bay Harbor Patrol is authorized to and tasked with enforcement of Morro Bay Municipal Code Chapter 15, Morro Bay Harbor Department Rules and Regulations and State of California Harbor and Navigation Code. The authority is codified in Morro Bay Municipal Code primarily in Sections 15.04.080, 15.08.020, 15.44.010-020, 15.52.010-070 and 15.56.010-020, and Penal Section 836.5. Abandoned vessels are removed specifically under California Harbors and Navigation Code Sections 500-526 and 551.

2. Attach ordinance, resolution, or municipal code authorizing your agency's involvement and its jurisdiction for prevention and removal of abandoned vessels and accepting surrendered vessels.

[25674_0_646_Muni codes.pdf](#)

EXHIBIT F - Grant Application: Letter of Intent, Scope of Work and Work Plan

1. California State Senate Districts

Select one or more of the California State Senate Districts where the proposed project activities will occur. Copy and Paste the URL (http://www.legislature.ca.gov/legislators_and_districts/districts/districts.html) in your browser to determine the State Senate district(s).

- State Senate 01
- State Senate 02
- State Senate 03
- State Senate 04
- State Senate 05
- State Senate 06
- State Senate 07
- State Senate 08
- State Senate 09
- State Senate 10
- State Senate 11
- State Senate 12
- State Senate 13
- State Senate 14
- State Senate 15
- State Senate 16
- State Senate 17
- State Senate 18
- State Senate 19
- State Senate 20
- State Senate 21
- State Senate 22
- State Senate 23
- State Senate 24
- State Senate 25
- State Senate 26
- State Senate 27
- State Senate 28
- State Senate 29
- State Senate 30
- State Senate 31
- State Senate 32
- State Senate 33
- State Senate 34
- State Senate 35
- State Senate 36
- State Senate 37
- State Senate 38
- State Senate 39
- State Senate 40

2. California State Assembly Districts

Select one or more of the California State Assembly Districts where the proposed project activities will occur. Copy and Paste the URL (http://www.legislature.ca.gov/legislators_and_districts/districts/districts.html) in your browser to determine the State Assembly district(s).

- State Assembly 01
- State Assembly 02
- State Assembly 03
- State Assembly 04
- State Assembly 05
- State Assembly 06
- State Assembly 07
- State Assembly 08
- State Assembly 09
- State Assembly 10
- State Assembly 11
- State Assembly 12
- State Assembly 13
- State Assembly 14
- State Assembly 15
- State Assembly 16
- State Assembly 17
- State Assembly 18
- State Assembly 19
- State Assembly 20
- State Assembly 21
- State Assembly 22
- State Assembly 23
- State Assembly 24
- State Assembly 25
- State Assembly 26
- State Assembly 27
- State Assembly 28
- State Assembly 29
- State Assembly 30
- State Assembly 31
- State Assembly 32
- State Assembly 33
- State Assembly 34
- State Assembly 35
- State Assembly 36
- State Assembly 37
- State Assembly 38
- State Assembly 39
- State Assembly 40
- State Assembly 41
- State Assembly 42
- State Assembly 43
- State Assembly 44
- State Assembly 45
- State Assembly 46
- State Assembly 47
- State Assembly 48
- State Assembly 49
- State Assembly 50
- State Assembly 51
- State Assembly 52
- State Assembly 53
- State Assembly 54
- State Assembly 55
- State Assembly 56
- State Assembly 57
- State Assembly 58
- State Assembly 59
- State Assembly 60
- State Assembly 61
- State Assembly 62
- State Assembly 63
- State Assembly 64
- State Assembly 65
- State Assembly 66
- State Assembly 67
- State Assembly 68
- State Assembly 69
- State Assembly 70
- State Assembly 71
- State Assembly 72
- State Assembly 73
- State Assembly 74
- State Assembly 75
- State Assembly 76
- State Assembly 77
- State Assembly 78
- State Assembly 79
- State Assembly 80

3. California Congressional Districts

Select one or more of the California Congressional Districts where the proposed project activities will occur. Copy and Paste the URL (<https://www.govtrack.us/congress/members/CA>) in your browser to determine the Congressional district(s).

- Congressional District 1
- Congressional District 2
- Congressional District 3
- Congressional District 4
- Congressional District 5
- Congressional District 6

EXHIBIT F - Grant Application: Letter of Intent, Scope of Work and Work Plan

- | | | |
|--|--|---|
| <input type="checkbox"/> Congressional District 7 | <input type="checkbox"/> Congressional District 8 | <input type="checkbox"/> Congressional District 9 |
| <input type="checkbox"/> Congressional District 10 | <input type="checkbox"/> Congressional District 11 | <input type="checkbox"/> Congressional District 12 |
| <input type="checkbox"/> Congressional District 13 | <input type="checkbox"/> Congressional District 14 | <input type="checkbox"/> Congressional District 15 |
| <input type="checkbox"/> Congressional District 16 | <input type="checkbox"/> Congressional District 17 | <input type="checkbox"/> Congressional District 18 |
| <input type="checkbox"/> Congressional District 19 | <input type="checkbox"/> Congressional District 20 | <input type="checkbox"/> Congressional District 21 |
| <input type="checkbox"/> Congressional District 22 | <input type="checkbox"/> Congressional District 23 | <input checked="" type="checkbox"/> Congressional District 24 |
| <input type="checkbox"/> Congressional District 25 | <input type="checkbox"/> Congressional District 26 | <input type="checkbox"/> Congressional District 27 |
| <input type="checkbox"/> Congressional District 28 | <input type="checkbox"/> Congressional District 29 | <input type="checkbox"/> Congressional District 30 |
| <input type="checkbox"/> Congressional District 31 | <input type="checkbox"/> Congressional District 32 | <input type="checkbox"/> Congressional District 33 |
| <input type="checkbox"/> Congressional District 34 | <input type="checkbox"/> Congressional District 35 | <input type="checkbox"/> Congressional District 36 |
| <input type="checkbox"/> Congressional District 37 | <input type="checkbox"/> Congressional District 38 | <input type="checkbox"/> Congressional District 39 |
| <input type="checkbox"/> Congressional District 40 | <input type="checkbox"/> Congressional District 41 | <input type="checkbox"/> Congressional District 42 |
| <input type="checkbox"/> Congressional District 43 | <input type="checkbox"/> Congressional District 44 | <input type="checkbox"/> Congressional District 45 |
| <input type="checkbox"/> Congressional District 46 | <input type="checkbox"/> Congressional District 47 | <input type="checkbox"/> Congressional District 48 |
| <input type="checkbox"/> Congressional District 49 | <input type="checkbox"/> Congressional District 50 | <input type="checkbox"/> Congressional District 51 |
| <input type="checkbox"/> Congressional District 52 | <input type="checkbox"/> Congressional District 53 | |

4. County

Select one or more of the California Counties where the proposed project activities will occur.

- | | | | | | |
|---------------------------------------|--|--------------------------------------|---|-------------------------------------|---|
| <input type="checkbox"/> Alameda | <input type="checkbox"/> Alpine | <input type="checkbox"/> Amador | <input type="checkbox"/> Butte | <input type="checkbox"/> Calaveras | <input type="checkbox"/> Colusa |
| <input type="checkbox"/> Contra Costa | <input type="checkbox"/> Del Norte | <input type="checkbox"/> El Dorado | <input type="checkbox"/> Fresno | <input type="checkbox"/> Glenn | <input type="checkbox"/> Humboldt |
| <input type="checkbox"/> Imperial | <input type="checkbox"/> Inyo | <input type="checkbox"/> Kern | <input type="checkbox"/> Kings | <input type="checkbox"/> Lake | <input type="checkbox"/> Lassen |
| <input type="checkbox"/> Los Angeles | <input type="checkbox"/> Madera | <input type="checkbox"/> Marin | <input type="checkbox"/> Mariposa | <input type="checkbox"/> Mendocino | <input type="checkbox"/> Merced |
| <input type="checkbox"/> Modoc | <input type="checkbox"/> Mono | <input type="checkbox"/> Monterey | <input type="checkbox"/> Napa | <input type="checkbox"/> Nevada | <input type="checkbox"/> Orange |
| <input type="checkbox"/> Placer | <input type="checkbox"/> Plumas | <input type="checkbox"/> Riverside | <input type="checkbox"/> Sacramento | <input type="checkbox"/> San Benito | <input type="checkbox"/> San Bernardino |
| <input type="checkbox"/> San Diego | <input type="checkbox"/> San Francisco | <input type="checkbox"/> San Joaquin | <input checked="" type="checkbox"/> San Luis Obispo | <input type="checkbox"/> San Mateo | <input type="checkbox"/> Santa Barbara |
| <input type="checkbox"/> Santa Clara | <input type="checkbox"/> Santa Cruz | <input type="checkbox"/> Shasta | <input type="checkbox"/> Sierra | <input type="checkbox"/> Siskiyou | <input type="checkbox"/> Solano |
| <input type="checkbox"/> Sonoma | <input type="checkbox"/> Stanislaus | <input type="checkbox"/> Sutter | <input type="checkbox"/> Tehama | <input type="checkbox"/> Trinity | <input type="checkbox"/> Tulare |
| <input type="checkbox"/> Tuolumne | <input type="checkbox"/> Ventura | <input type="checkbox"/> Yolo | <input type="checkbox"/> Yuba | | |

3. Jurisdictional Control

List All Waterbodies That Are In Your Jurisdictional Control and Fill in the Chart for Each - Objective 4: Existence of an active enforcement program

Waterbody Name	Acres or square miles in this waterbody that is your jurisdiction ?	What are the corporate limits of your agency's jurisdictional control in each waterbody?	List the other agencies who share jurisdictional control in this waterbody.	Identify which agency has lead jurisdiction for removing abandoned vessels and accepting surrendered vessels in this waterbody.	How often does your agency monitor this area?
City of Morro Bay Harbor City Limits	5.2 square miles	The City of Morro Bay's jurisdictional control are those waters conveyed to the County of San Luis Obispo by the State of California in trust by Chapter 1076 Statutes 1947, amended Chapter 1874 Statutes 1957, and subsequently conveyed to the City of Morro Bay upon the City's incorporation in 1964.	United States Coast Guard, San Luis Obispo County Sheriffs, California State Fish & Wildlife	City of Morro Bay Harbor Patrol	24/7 365 days a year

4. Staff Dedicated to Abandoned and Surrendered Vessel Activities

Staff Dedicated to Abandoned and Surrendered Vessel Activities - Objective 4: Existence of an active enforcement program

List staff assigned in their job duties to the removal of abandoned vessels, receipt of surrendered vessels.	Total number of Hours Per Week dedicated to removal of abandoned vessels	Total number of hours Per Week dedicated to receipt of turned in vessels	Total hours Per Week
Harbor Director	0.25	0.25	0.50
Harbor Patrol Supervisor	0.50	0.75	1.25
Harbor Business Coordinator	0.25	0.75	1.00
Harbor Patrol Officer	0.25	0.50	0.75
Harbor Patrol Officer	0.25	0.50	0.75
Harbor Patrol Officer	0.25	0.50	0.75

Objective 1: Prevention (Page 1)

5. Does your agency participate in the Vessel Turn-in Program (VTIP)? Yes No
6. How does your agency actively promote, self-turn in, end-of-life and VTIP? Select all that apply. (Answer only if you selected 'Yes' to Q 5.)

Number of brochures distributed Per Year at:

- Events [2]
 Marinas (list) [Marina Square, Bay Front Marina, Morro Bay Marina, Inc., Morro Bay Landing, Morr]
 Boat owners [10]
 Other [Harbor Office Brochure Rack - 15]

Publicity Efforts:

- Advertised on your website
 Agency newsletters
 PSAs, billboards
 Social media
 Other

7. **What is your plan for increasing the number of turned in vessels next year?**

Participate in more social media platforms and opportunities.

8. **How often does your agency coordinate with local boating groups or marinas to inform them of the vessel turn-in program?**

Annually at National Safe Boating Day, Morro Bay Yacht Club opening day, numerous boating safety lectures to different entities including but not limited to local marinas and in regular correspondence with marina tenants.

Objective 1: Prevention (Page 2)

9. Do you accept VTIP vessels from boaters outside your jurisdiction? Yes No

If so, how many vessels have you received in the last full year? 0

If not, identify why?

10. Describe how your agency monitors abandoned vessel activity in your jurisdiction. Select all that apply.

- Routine patrol of jurisdiction
 Visit marinas/dockwalks
 Direct contact with boat owners
 Check vessel registration
 Check seaworthiness (listing, occupancy, trash, bilge running, operable lights)
 Abandoned vessel mapping and tracking
 Multi-agency coordination
 Utilize NASA data

11. Describe additional methodologies, if any (besides participation in VTIP) does your agency use to prevent abandoned vessels in its jurisdiction? Aggressive pursuit of derelict/unseaworthy vessel responsibility and registration issues, including enforcement action on past due accounts up to and including lien sales.

Objective 2: Control (Page 1)

12. Does your agency use additional methodologies, if any (besides participation in VTIP) to prevent abandoned vessels in its jurisdiction? Yes No

If Yes, describe methodologies, if any, you have implemented to control and prevent abandoned vessels from entering your jurisdiction from other areas.

Aggressive pursuit of derelict/unseaworthy vessel responsibility and registration issues, including enforcement action on past due accounts up to and including lien sales.

13. Does your agency collaborate with neighboring SAVE grantees managing abandoned and surrendered vessels? Yes No

If yes, list agencies and describe collaboration.

Port San Luis - Collaborate with tracking and consistent enforcement of problem vessels/vessel owners.

14. Special circumstances that contribute to abandoned vessel

Morro Bay is relatively isolated geographically and by weather, and as such can be a place where marginally seaworthy vessels can get stuck and fall into dereliction and abandonment. This situation is not helped by the fact that Morro Bay does not have a full-size, full-service boatyard.

Objective 5: SNHAP (Page 1)

15. Does your agency have a Submerged Navigational Hazard Abatement Plan (SNHAP)? Yes No

If Yes, attach copy.

[25689_0_964_SNHAP.pdf](#)

16. Identify the detailed process in your SNHAP for the control and abatement of submerged, wrecked or abandoned vessels? Identify the detailed process in your SNHAP for the abatement of navigational hazards.
1. Identification and monitoring of at-risk vessels by Harbor Patrol on a daily basis, and close collaboration with waterfront leaseholders who manage slips and marinas in Morro Bay.
 2. Education and outreach to at-risk vessel owners.
 3. Enforcement of local and State laws, rules and regulations pertaining to such vessels such as registration requirements, operational requirements, pollution discharge issues and applicable permit requirements.
 3. Citation of offenders and aggressive delinquent fee collection, impoundment and liens as a deterrent.

17. Identify the SNHAP's detailed process and funding source for the control/abatement of non-vessel related water hazards, hazardous floating debris (such as logs), submerged objects, and abandoned piers and pilings.

Non-vessel related water hazards in Morro Bay, such as debris or submerged objects, are generally mitigated in real-time by the Harbor or Public Works Departments and funded through the City's operational funds. With the entirety of Morro Bay's waterfront being under the City's control via long-term leases, piers and pilings are not allowed to become hazards by way of proper management of the long-term leases.

EXHIBIT F - Grant Application: Letter of Intent, Scope of Work and Work Plan

Questions 18 - 21a

Has your agency been involved in abatement activities during the past 3 years? Yes No

If so, answer the following:

- Yearly average number of abandoned vessels removed and destroyed over the past 3 years. 2
18. What was the average cost to remove and destroy abandoned vessels of 30' or less last year? 2,150.00
- 18 a. What was the average cost of disposal per abandoned vessels 30' or less in the past 3 years. 2,625.00
19. What was the average cost to remove and destroy abandoned vessels 31' or more last year? 0.00
- 19 a. What was the average cost of disposal per abandoned vessels 31' or more in the past 3 years. 6,280.33

Has your agency been involved in surrendered vessel activities during the past 3 years? Yes No

If so, answer the following:

- Yearly average number of surrendered vessels removed and destroyed over the past 3 years. 4
20. What was the average cost to receive and destroy surrendered vessels 30' or less last year? 2,400.00
- 20 a. What was the average cost of disposal per surrendered vessels 30' or less over the past 3 years. 2,026.84
21. What was the average cost to receive and destroy surrendered vessels 31' or more last year? 4,045.00
- 21 a. What was the average cost of disposal per surrendered vessels 31' or more in the past 3 years. 4,477.25

Questions 22 - 30

22. Identify the number of SAVE grants awarded in the past 3 years? Percentage of funding that was left over each year?

Name of SAVE grants awarded	Year Awarded	Amount Awarded	Percentage of funding left over
SAVE-19 C19S0602	2,020	20,000.00	0.00
SAVE-17S C17S602-S	2,017	16,400.00	0.00
SAVE-17 C17S602	2,017	25,000.00	0.00

23. Identify the number of personnel currently working in the program with more than 2 years experience managing the SAVE program. 3

24. What process/method/practice have you implemented in the last 24 months to reduce the cost of removal and destruction of abandoned or surrendered vessels? We have recently implemented that surrendered vessel owners are to provide a Department of Motor Vehicle "Junk" certificate at time of vessel turn-in, in addition to requiring turn-in vessel owners to remove all hazardous wastes, fuels and oils prior to turn-in. This allows our department to cut the costs & time of paying staff to go to the DMV to get the vessel out of their system and saves time and money and reduces potential spills in the demolition/removal process.

25. Does your agency have funding sources (other than SAVE) grants for disposal of abandoned vessels in the event you run out of grants funding or you don't get your full grant request? Yes No

If yes, list

26. Do you or a partner agency have abandoned vessel storage capabilities that can be used by your agency at no cost to SAVE? Yes No

27. Does your agency have access/ability to dispose of vessels at a local or neighboring landfill? Yes No

28. Number of current abandoned vessels in your jurisdiction ready to be destroyed? 3

How were these vessels identified? Vessels have been deemed derelict in fashion and past due on rents. Possible lien pending on one.

29. Number of current surrendered vessels in your jurisdiction ready to be destroyed? 3

How were these vessels identified? Vessel owners have been in contact with the Harbor office and ready to turn over their vessels when a demo is scheduled.

30. Did you collaborate with marinas in your jurisdiction to identify existing abandoned or number of potential surrendered vessels listed in your budget? Yes No

If yes, list marinas.

Marina Square
 Morro Bay State Park Marina
 Morro Bay Yacht Club
 Bay Front Marina
 Morro Bay Marina, Inc.
 Morro Bay Landing

EXHIBIT F - Grant Application: Letter of Intent, Scope of Work and Work Plan

Budget

List Identified ADV (CF #s)	VESSEL LENGTH	ESTIMATED COST
Windtree CF3412JE	31	2,500.00
Total		2,500

List Identified VTIP (CF #s)	VESSEL LENGTH	ESTIMATED COST
Coronado CF1083FG	26' 8"	2,400.00
Manu Kia CF5036SV	38	3,500.00
Outrageous CF4425EB	25	2,300.00
Total		8,200.00

Estimate Additional ADV	VESSEL LENGTH	ESTIMATED COST
Summertime 5094514	50	7,500.00
Total		7,500.00

Justification: Vessel is on City facilities with past due dockage and broken down.

Estimate Additional VTIP	VESSEL LENGTH	ESTIMATED COST
Total		

Justification:

TOTAL REQUEST	18,200
PLUS 10% MATCH	1,820
TOTAL PROJECT COST	20,020

1. Applicant Certification

Per Harbors and Navigation Code 525 (C) "A grant awarded by the department pursuant to subparagraph (A) shall be matched by a 10% contribution from the local agency receiving the grant." This matching fund may be rendered in cash, or through in-kind contributions which must be verified, and are at the discretion of DBW. These contributions may include (but are not limited to) the following: administrative costs, personnel hours, removal, and/or storage.

Grant monies WILL NOT be reimbursed by DBW unless 10% of each reimbursement claim is met.

- a. Under penalty of perjury, I certify that I have examined this application and the document(s), proposal(s), and statement(s) submitted in conjunction herewith, and that to the best of my information and belief, the information contained herein is true, accurate, correct, and complete.
- b. I certify that I am the person authorized to submit this application on behalf of the applicant.

Prepared by: Name: Lori Stilts Date: 4/29/2020

Reviewed by: Name: Eric Endersby Date: 4/29/2020

Approving Officer: Name: Eric Endersby Date: 4/29/2020



AGENDA NO: A-7

MEETING DATE: November 10, 2020

Staff Report

TO: Honorable Mayor and City Council

DATE: November 4, 2020

FROM: Steven Knuckles, Fire Chief
Matt Vierra, Fire Marshal

SUBJECT: Review and adopt Resolution No. 98-20 accepting the Multi-Jurisdictional Hazard Mitigation Plan and approving Morro Bay Local Hazard Mitigation Plan Annex D

RECOMMENDATION

Staff recommends the City Council adopt Resolution 98-20 approving the San Luis Obispo County Multi-Jurisdictional Hazard Mitigation Plan update and City of Morro Bay Local Hazard Mitigation Plan Annex D.

FISCAL IMPACT

If approved, no fiscal impact will occur.

BACKGROUND/DISCUSSION

Through the Hazard Mitigation Act of 2000 (DMA 2000), the US Congress set a goal of encouraging local governments and states to develop plans and undertake projects to mitigate the impact of natural disasters to a community before disasters occur. As a result of this legislation, the Federal Emergency Management Agency (FEMA) requires hazard mitigation plans (HMP) be reviewed and updated a minimum of every five years and following any major disaster declaration in order to maintain eligibility funding and technical assistance from State and Federal hazard mitigation programs.

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

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

communities as stated in section §201.5 of the Rule. The Guide includes a Plan Review Tool to assist reviewers in assuring all required components are present in submitted LHMPs.

In 2018, the County of San Luis Obispo's Office of Emergency Services proposed creating a Multi-Jurisdictional Hazard Mitigation Plan (M-JHMP) for all interested cities, community services districts, and special districts, and received grant funding to complete this endeavor. The plan would meet federal and state requirements, create efficiencies for supporting agencies, and provide cost savings to the participating agencies.

The proposed timeline fits within the City of Morro Bay's need to update the existing 2014 Hazard Mitigation Plan (HMP) and would ensure the plan was properly updated and maintained. In response, the City agreed to participate in the M-JHMP along with twenty (20) other agencies in the County. The participating agencies include the County of San Luis Obispo, seven (7) cities, nine (9) community services districts, and four (4) special districts, all of which are identified in the plan.

Plan Organization

The M-JHMP consists of eight sections (jurisdictional specific annexes) as described below. The eight sections are written at the County level; however, the sections are repeated in each jurisdictional annex specific to each agency. The supporting annexes and appendices in the HMP are lengthy and, as such, Council should direct their plan review to the "Introduction and Executive Summary" and the City of Morro Bay's specific annex located in Attachment D.

1. ***Promulgation and Adoption*** – Includes history of previous adoptions.
2. ***Introduction and Executive Summary*** – Provides a plan description purpose and authority.
3. ***Planning Process*** – Describes and documents the planning process, including coordination among agencies and the key stakeholders. In addition, this section documents the public participation process.
4. ***County Profile*** – Provides County history, geography, demographics, population profile, economy, climate, transportation, land use, and development trends.
5. ***Risk Assessment*** – Describes the process through which the HMP team identified and prioritized relevant hazards including methodology and results. This section also provides disaster declaration history, climate change consideration summary, asset summary, and detailed hazard analysis and risk assessment for each identified hazard.
6. ***Capability Assessment*** – Presents San Luis Obispo County's mitigation capabilities: programs and policies currently in use to reduce hazard impacts or that could be used to implement hazard mitigation activities. It also identifies select state and federal departments/agencies that can supplement the County's mitigation capabilities.
7. ***Mitigation Strategy*** – Describes mitigation goals and objectives, identification, and analysis of mitigation actions and a mitigation action plan.
8. ***Implementation and Monitoring*** – Describes the role of the HMP planning committee in implementation and maintenance and processes for incorporation into existing planning mechanisms. This section also outlines maintenance monitoring and evaluation and continued public involvement.
- ***Jurisdictional Annexes*** – Developed annexes for the participating agencies including cities, community services districts, and special districts.

- **Appendices** – (A) Hazard Mitigation Planning Committee; (B) Mitigation Categories, Alternatives, and Selection Criteria; (C) Planning Process Documentation; (D) Jurisdiction Adoption Resolutions; (E) Critical Facilities; (F) Climate Change Adaptation Planning Guide Consistency Summary; (G) Climate Change Adaptation and Resilience Statutory Consistency Summary; (H) References.

Morro Bay's Annex D

This Jurisdictional Annex builds upon and supersedes the 2014 City of Morro Bay's Local HMP. The City of Morro Bay Planning Team determined the goals from the 2014 LHMP continue to be appropriate for this plan update, with the new addition of a tenth goal to address hazards exacerbated by the impacts of climate change. The sea level rise adaption strategy report of 2019 and the Morro Bay community vulnerability and resilience assessment of 2017 were also utilized in the planning process. The following are the City of Morro Bay's 2019 mitigation goals:

- **Goal 1.** Promote disaster-resiliency for future development to help future development become less vulnerable to hazards.
- **Goal 2.** Enhance hazard mitigation coordination and communication.
- **Goal 3.** Build and support local capacity and commitment to minimize the City's vulnerability to potential hazards.
- **Goal 4.** Minimize the level of damage and losses to people, as well as minimizing damage to existing and future critical facilities and infrastructure due to flooding.
- **Goal 5.** Minimize the level of damage and losses to people, as well as minimizing damage to existing and future critical facilities and infrastructure due to tsunamis.
- **Goal 6.** Minimize the level of damage and losses to people, as well as minimizing damage to existing and future critical facilities and infrastructure due to wildland fires.
- **Goal 7.** Minimize the level of damage and losses to people, as well as minimizing damage to existing and future critical facilities and infrastructure due to earthquakes.
- **Goal 8.** Minimize the level of damage and losses to people, as well as minimizing damage to existing and future critical facilities and infrastructure due to the accidental spills and releases of Hazardous Materials.
- **Goal 9.** Minimize the level of damage and losses to people, as well as minimizing damage to existing and future critical facilities and infrastructure due to biological agent threats.
- **Goal 10.** Prepare for and adapt to the impacts of climate change.

Contained in this Annex is the City of Morro Bay's Mitigation Action Plan, which identifies implementation strategies, the responsible agency/department, potential funding, estimated cost, and an implementation schedule staff will utilize to accomplish the goals listed above. Implementation and maintenance of the City's Annex in the HMP will be coordinated with City staff and the M-JHMP team.

Morro Bay’s Local Hazard Mitigation Plan

Hazard Identifications for Morro Bay

Hazard	Geographic Area	Probability of Future Occurrence	Magnitude/Severity (Extent)	Overall Significance
Coastal Storm/Coastal Erosion/Sea Level Rise	Extensive	Highly Likely	Critical	High
Thunderstorm/Heavy Rain/Hail/Lightning/Dense Fog/Freeze	Extensive	Highly Likely	Limited	High
Adverse Weather: High Wind/Tornado	Significant	Highly Likely	Limited	Medium
Tsunami	Extensive	Occasional	Catastrophic	High
Wildfire	Extensive	Highly Likely	Catastrophic	High
Human Caused: Hazardous Materials	Limited	Occasional	Negligible	Medium
Earthquake and Liquefaction	Significant	Occasional	Catastrophic	High
Flood	Extensive	Highly Likely	Critical	High
hazardous Trees	Extensive	Highly Likely	Limited	High

12

Public Participation.

Involving the public is a critical part of the planning process and required per the DMA 2000. The public had many opportunities to provide input on the plan including:

- **San Luis Obispo County Public Workshop** – March 19, 2019
- **Online Public Survey** – March to May 14, 2019
- **San Luis Obispo County Public Workshop** – April 30, 2019
- **Morro Bay’s Public Workshop** – September 2019
- **Public Review of Draft Plan** – October 14 to November 15, 2019

This LHMP was prepared jointly by the County of San Luis Obispo and numerous agencies from the central coast. The hazard plan includes an assessment of the planning area’s risks from hazardous events such as earthquake, flood, tsunami, and wildfire, and identifies initiatives and projects intended to minimize future hazard-related damage. Several avenues of media were used to involve the public, neighboring jurisdictions, local agencies, and regional agencies in the planning process. Public participation was an integral component to the mitigation planning process. Further outreach for the plan included media press releases to local news organizations and departments, Facebook posts, Twitter posts, and press releases posted on agency websites for public study workshop

sessions.

CONCLUSION

This LHMP is to serve as an effective blueprint for reducing future losses from natural disasters and hazards, and to meet requirements for FEMA approval. The plan is the representation of our community's commitment to reducing long-term vulnerability and acts as a guide for decision makers as they commit resources for implementation. The 2019 update has been submitted to the California Governor's Office of Emergency Services (Cal OES) and FEMA for review and has been approved in the first part of 2020. The San Luis Obispo County Board of Supervisors has formally adopted the plan and the final step for each partnering agency is to have its governing body review and approve the plan.

Staff recommends the City Council adopt Resolution No. 98-20 approving the San Luis Obispo County Multi-Jurisdictional Hazard Mitigation Plan update and City of Morro Bay Local Hazard Mitigation Plan Annex D

ATTACHMENTS

1. City of Morro Bay Resolution No. 98-20
2. [San Luis Obispo County Multi-Jurisdictional Hazard Mitigation Plan - Link](#)
3. City of Morro Bay Local Hazard Mitigation Plan Annex D

RESOLUTION NO. 98-20

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ADOPTING THE COUNTY OF SAN LUIS OBISPO MULTI-JURISDICTIONAL
HAZARD MITIGATION PLAN AND LOCAL MITIGATION PLAN UPDATE 2019**

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

WHEREAS, the City of Morro Bay recognizes the threat that natural hazards pose to people within our community; and

WHEREAS, undertaking hazards mitigation actions will reduce the potential for harm to people and property for future hazard occurrences; and

WHEREAS, pursuant to the Federal Disaster Mitigation Act of 2000, the City of Morro Bay has prepared and updated 2019 Local Hazard Mitigation Plan to identify the risks to lives and property created by natural and artificial hazards to the City, and to formulate a set of goals, objectives and actions to mitigate risks created by these hazards; and

WHEREAS, an adopted Local Hazard Mitigation Plan is required as a condition of future funding for mitigation projects under multiple Federal Emergency Management Agency (FEMA) pre-and post-disaster mitigation grant programs; and

WHEREAS, the City of Morro Bay, in coordination with the County Of San Luis Obispo, all local municipalities, community service districts, and local sanitation district's participated in the FEMA-prescribed mitigation planning process to prepare a Multi-Jurisdictional Hazard Mitigation Plan; and

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Morro Bay, California, that the City of Morro Bay hereby adopts the attached revised San Luis Obispo County Multi-Jurisdictional Hazard Mitigation Plan, and the attached local Hazard Mitigation Plan for the City of Morro Bay as outlined in Annex D; and the City Of Morro Bay will submit this adoption resolution to the California Office of Emergency Services and FEMA Region IX officials to enable the plan's final approval in accordance with the requirements of the disaster Mitigation Act 2000 and to establish conformance with requirements of Government Code Sections 8685.9 and 65302.6.

PASSED AND ADOPTED by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 10th day of November 2020 by the following vote:

AYES:
NOES:
ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk



D.1 Community Profile

D.1.1 Mitigation Planning History and 2019 Process

This Annex was created during the development of the 2019 San Luis Obispo County Hazard Mitigation Plan Update. This Jurisdictional Annex builds upon the previous version of the City of Paso Robles Local Hazard Mitigation Plan completed in February 2006; that previous mitigation plan was not incorporated into the City's General Plan, as this updated mitigation plan will be. A planned review of the City's regulations and procedure to ensure they reflect the goals established in the 2006 plan did not take place, but will be conducted following the adoption of this updated plan. The Fire Department's staff represented the City of Morro Bay on the County HMPC and took the lead for developing the plan and this annex in coordination with the Morro Bay Local Planning Team (Planning Team). A review of jurisdictional priorities found no significant changes in priorities since the last update.

The Local Planning Team will be responsible for implementation and maintenance of the plan. Table D.1 summarizes the City's planning team for the plan revision process.

Table D.1 Morro Bay Hazard Mitigation Plan Revision Planning Group

Department or Stakeholder	Title
Fire Department	Fire Chief
Public Works	City Engineer
Police Department	Police Chief
Harbor Department	Harbor Director
Community Development	Comm/Dev Director

More details on the planning process followed and how the jurisdictions, service districts and stakeholders participated can be found in Chapter 3 of the Base Plan (Planning Process), as well as how the public was involved during the 2019 update.

D.1.2 Geography and Climate

The City of Morro Bay (City) is located on the central coast of California, bordered by the Pacific Ocean to the west, the Los Osos Community Services District to the south, and the Cayucos Community Services District to the north. A shallow agricultural valley extends eastward from the City limits, which is surrounded by the Santa Lucia Coastal Range to the north, the Seven Sisters on the south, and the City of San Luis Obispo to the east. The City's topography varies from level coastal terrain to rolling hills and a few steeper escarpments in the North Atascadero Beach area and Southern portions on Black Mountain. The City's elevations range from sea level to a height of approximately 640 feet on Black Mountain. The highest elevations in the vicinity are located in the Santa Lucia Coastal Range where many peaks are 2,000 to 3,400 feet above mean sea level (MSL). The vegetation throughout the City includes Central California Coastal Community habitats, particularly the coastal wetland habitat with diverse tree species and native chaparral communities.

The City of Morro Bay is a small coastal town in a rural setting. Morro Bay's harbor provides a port of refuge, a working waterfront, commercial fishing and recreational boating facilities, shopping and sightseeing, bird watching, and eco-tourism. In 1994, the Governor established Morro Bay as California's first State Estuary, and in October 1995 it was accepted into the National Estuary Program (NEP).





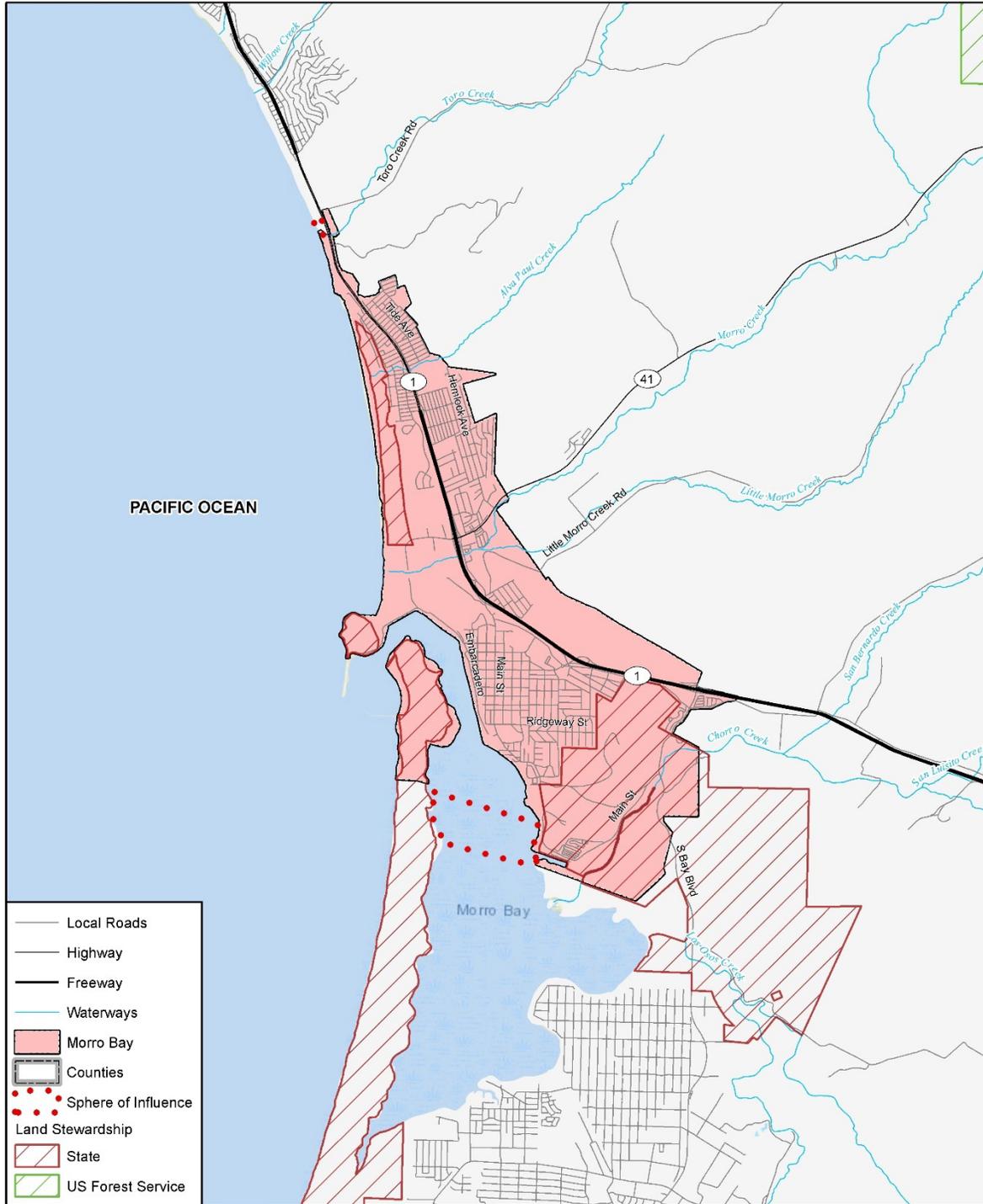
This portion of the central coast of California generally has cool, foggy summers and low rainfall. The Pacific Ocean exerts a tremendous influence on temperature. The area is characterized by a Coastal climate with a wet season from October to early April. In the City of Morro Bay, the total annual precipitation is approximately 20 to 25 inches. In winter, the average high temperatures range from the 50's to the 60's, with lows seldom reaching into the 30's. In summer, the average daily highs are in the 60's and 70's, while lows are typically in the 50's and 60's.

Figure D.1 below shows the location and geographic context of the City of Morro Bay.





Figure D.1 The City of Morro Bay



Map compiled 5/2019,
intended for planning purposes only.
Data Source: San Luis Obispo County, US Census
TIGER Database, CA Open Data Portal,
BLM/California State Office, LAFCO, HIFLD

0 1 2 Miles





The City of Morro Bay's existing Sphere of Influence is approximately 100+/- acres beyond the City limits and includes two general areas, one within the bay south of town adjacent to the marina and the other north of town along the beach (City of Morro Bay, 2017).

D.1.3 History

The City of Morro Bay is a small coastal town in a rural setting. What makes Morro Bay unique is an image reminiscent of California fishing ports in the 1950's and 1960's, a fishing village nestled in a rural setting around a bay and harbor with Morro Rock towering over the entrance. Morro Bay's harbor provides a port of refuge, a working waterfront, commercial fishing and recreational boating facilities, shopping and sightseeing, bird watching, and eco-tourism, all of which make it a unique tourist and recreation destination.

Archaeological evidence suggests that Native Americans including the Chumash and Salinan Tribes settled in northern Santa Barbara County and San Luis Obispo County more than 9,000 years ago (City of Morro Bay Local Hazard Mitigation Plan, 2012). Following an annual cycle of hunting, fishing, fowling, and harvesting, the Native American peoples adapted to changing environmental conditions and grew into a large, complex society. In 1542, Juan Rodriguez Cabrillo, a Portuguese navigator, sailed into the bay named "Los Esteros." He is acknowledged as the first European to discover the land of Upper California, including the area now known as Estero Bay and Morro Bay. In 1870, the township of Morro Bay was established with a population of approximately 200.

Until the Second World War, the area was relatively undeveloped. Most of the small community of Morro Bay was built on the bluff tops. In 1942, the Department of the Navy initiated a national defense project to construct an amphibious training base in Morro Bay. From 1942 to 1944, the north and south breakwaters, the two T-Piers, and the inner harbor revetment from Coleman Beach to the sandspit were constructed. In addition, the federal government dredged the current Navy and Morro Channels and deposited the dredge spoils behind the inner harbor revetment to create the current Embarcadero Road area on what had previously been tidal flats.

In 1994, the Governor established Morro Bay as California's first State Estuary. In October 1995 Morro Bay was accepted into the National Estuary Program (NEP) primarily because of long-term grass-roots efforts and because it was the first ever State Estuary. The Morro Bay National Estuary Program (MBNEP) is one of 28 national programs currently working to safeguard the health of some of the nation's most important coastal areas. Like the NEP, the City of Morro Bay desires to protect and conserve the bay that bears its name.

D.1.4 Economy

In 2014, 80.4% of the 4,342 residents of Morro Bay were employed outside of the City limits (Morro Bay Economic Development Roadmap, 2017). Morro Bay is a largely built-out community with limited space for residential, commercial, and industrial growth; only 1.25% of the area is considered undeveloped, which limits the City's potential economic growth. Morro Bay contains four economic activity centers: Downtown, Embarcadero, Quintana, and North Main. Each of these economic centers have the opportunity for renovation and enhancement of space and development. Since Dynegy decommissioned their natural gas-burning power plant facility in 2015, the City's economic base has been driven mainly by commercial fishing and tourism.

The utilities infrastructure in the City includes water provision, and wastewater collection and treatment (City of Morro Bay Local Hazard Mitigation Plan, 2012). The public services infrastructure in the City include fire protection and emergency services, police protection, public schools, libraries, the harbor and its associated infrastructure, and solid waste collection and disposal.





Select estimates of economic characteristics for the City of Morro Bay are shown in Table D.2 below. Table D.3 and Table D.4 show the occupational and industry breakdown of the City of Morro Bay's labor force based on estimates from the 2013-2017 American Community Survey.

Table D.2 City of Morro Bay Economic Characteristics

Characteristic	City of Morro Bay
Population Estimates (as of 2018)	10,581
Population Percent Change (2010-2018 estimates)	3.4%
Persons under 5 Years, Percent	3.8%
Persons over 65 Years, Percent	27.7%
Foreign born Person, Percent (2013-2017)	10.5%
Median Gross Rent (2013-2017)	\$1,387
Median value of owner-occupied housing units (2013-2017)	\$535,300
High School Graduate or Higher, Percent (2013-2017)	91.4%
Mean Travel to Work in Minutes (2013-2017)	21.8
Median Household Income (in 2017 dollars, for 2013-2017)	\$61,690
Persons in Poverty, Percent	10.1%

Source: U.S. Census Bureau American Community Survey 2018 - <https://www.census.gov/quickfacts/morrobaycitycalifornia>

Table D.3 City of Morro Bay Employment by Occupation

Occupation	% Employed	# Employed
Sales and Office Occupations	22.6%	1,048
Management, Business, Science, and Arts Occupations	38.6%	1,792
Service Occupations	18.7%	869
Production, Transportation, and Material Moving Occupations	10.8%	501
Natural Resources, Construction, and Maintenance Occupations	9.3%	433
Total		4,643

Source: U.S. Census Bureau American Community Survey 2013-2017, 5-Year Estimates www.census.gov



**Table D.4 City of Morro Bay Employment by Industry**

Industry	% Employed	# Employed
Educational Services, and Health Care and Social Assistance	25.6%	1,187
Retail Trade	13.1%	610
Professional, Scientific, and Mgmt., and Administrative and Waste Mgmt. Services	13.6%	631
Manufacturing	4.5%	208
Arts, Entertainment, and Recreation, and Accommodation, and Food Services	13.5%	626
Construction	8.1%	377
Finance and Insurance, and Real Estate and Rental and Leasing	3.7%	171
Public Administration	3.2%	150
Other Services, Except Public Administration	5.8%	268
Wholesale Trade	2.0%	94
Transportation and Warehousing, and Utilities	3.8%	175
Agriculture, Forestry, Fishing and Hunting, and Mining	1.0%	48
Information	2.1%	98
Total		4,643

Source: U.S. Census Bureau American Community Survey 2013-2017, 5-Year Estimates www.census.gov

D.1.5 Population

In May 2019, the State Department of Finance released preliminary population data for the State to reflect wildfire-driven changes to local populations. According to the report, the City of Morro Bay had a population of 10,439 persons as of January 2019, which accounts for approximately 26.9% of the County's population. This is slightly less than accounted for in the 2018 U.S. Census Bureau estimates from 2018, possibly due to small migration amounts following the 2018 fires. Table D.5 below summarizes a few key population characteristics for the City of Morro Bay.



**Table D.5 City of Morro Bay Demographic and Social Characteristics**

Characteristic	City of Morro Bay
Gender/Age	
Male	5,228
Female	5,340,
Median age	49.4
Under 5 years	400
Under 18 years	1,508
65 years and over	2,929
Race/Ethnicity	
White	9,620
Asian	317
Black or African American	140
American Indian/Alaska Native	82
Hispanic or Latino (of any race)	1,362
Education	
High school graduate or higher	7,472
Disability Status	
Population with a disability	1,334

Source: U.S. Census Bureau American Community Survey 2013-2017 5-Year Estimates, www.census.gov

D.1.6 Development Trends

Measure F, a voter initiative imposing a hard population cap of 12,200 to preserve Morro Bay's small coastal town character, passed in 1984 (City of Morro Bay Local Hazard Mitigation Plan, 2012). Measure F estimated a population of 12,200 would be reached by the year 2000. In actuality, the population of Morro Bay has not reached said predictions and is currently approximated at 10,439 despite the addition of hundreds of housing units in Morro Bay during the period since passage of Measure F.

Despite the addition of many housing units and the lack of significant population pressure, housing prices in Morro Bay increased from \$146,000 for a median priced home in 1996 to a median price of over \$600,000 back in 2006. The median housing cost decreased in 2017 to approximately \$535,300, based on the U.S. Census Bureau estimates. Increased prices and decreased building opportunities has resulted in impacts to the cost of housing in the City. There are few vacant parcels within the City's boundaries, and due to the community's strong feelings toward the preservation of a small population size it is projected that future development will be infill and revitalization of existing parcels.

D.2 Hazard Identification and Summary

Morro Bay's planning team identified the hazards that affect the City and summarized their frequency of occurrence, spatial extent, potential magnitude, and significance specific to Morro Bay (Table D.6). There are no hazards that are unique to Morro Bay. The overall hazard significance considers the geographic area, probability and magnitude as a way to identify priority hazards for mitigation purposes. This is discussed further in the sections below.





Table D.6 City of Morro Bay – Hazard Summaries

Hazard	Geographic Area	Probability of Future Occurrence	Magnitude/Severity (Extent)	Overall Significance
Adverse Weather: Thunderstorm/Heavy Rain/Hail/Lightning/Dense Fog/Freeze	Extensive	Highly Likely	Limited	High
Adverse Weather: High Wind/Tornado	Significant	Highly Likely	Limited	Medium
Adverse Weather: Extreme Heat	Significant	Highly Likely	Limited	Medium
Coastal Storm/Coastal Erosion/Sea Level Rise	Extensive	Likely	Critical	High
Earthquake and Liquefaction	Significant	Occasional	Catastrophic	High
Flood	Extensive	Highly Likely	Critical	High
Hazardous Trees	Extensive	Highly Likely	Limited	High
Landslides and Debris Flow	Limited	Occasional	Limited	Medium
Tsunami and Seiche	Extensive	Occasional	Catastrophic	High
Wildfire	Extensive	Highly Likely	Catastrophic	High
Human Caused: Hazardous Materials	Limited	Occasional	Negligible	Medium
<p>Geographic Area Limited: Less than 10% of planning area Significant: 10-50% of planning area Extensive: 50-100% of planning area</p> <p>Probability of Future Occurrences Highly Likely: Near 100% chance of occurrence in next year or happens every year. Likely: Between 10 and 100% chance of occurrence in next year or has a recurrence interval of 10 years or less. Occasional: Between 1 and 10% chance of occurrence in the next year or has a recurrence interval of 11 to 100 years. Unlikely: Less than 1% chance of occurrence in next 100 years or has a recurrence interval of greater than every 100 years.</p>		<p>Magnitude/Severity (Extent) Catastrophic—More than 50 percent of property severely damaged; shutdown of facilities for more than 30 days; and/or multiple deaths Critical—25-50 percent of property severely damaged; shutdown of facilities for at least two weeks; and/or injuries and/or illnesses result in permanent disability Limited—10-25 percent of property severely damaged; shutdown of facilities for more than a week; and/or injuries/illnesses treatable do not result in permanent disability Negligible—Less than 10 percent of property severely damaged, shutdown of facilities and services for less than 24 hours; and/or injuries/illnesses treatable with first aid</p> <p>Significance Low: minimal potential impact Medium: moderate potential impact High: widespread potential impact</p>		





D.3 Vulnerability and Resilience Assessment

The intent of this section is to assess the City of Morro Bay's vulnerability separately from that of the County, which has already been assessed in Section 5 Hazard Identification and Risk Assessment (HIRA) in the Base Plan. This vulnerability assessment analyzes the population, property, and other assets (e.g. critical facilities) at risk to hazards ranked of medium or high significance that may vary from other parts of the planning area.

The key information to support the HIRA for this Annex was collected through a Data Collection Guide, which was distributed to each participating municipality, community services district, or special district to complete during the planning process. Information collected was analyzed and summarized in order to identify and rank all the hazards that could impact anywhere within the County, as well as to rank the hazards and identify the related vulnerabilities unique to each jurisdiction/district. In addition, the Morro Bay planning team was asked to share information on past hazard events that have affected the district.

In addition, the Morro Bay planning team provided information from the Morro Bay Community Vulnerability and Resilience Assessment Plan created in 2017 and Sea level rise Adaptation Strategy Report from 2019.

Each participating jurisdiction or district was in support of the main hazard summary identified in the Base Plan (See Table 5.1). However, the hazard summary rankings for each jurisdictional annex may vary slightly due to specific hazard risk and vulnerabilities unique to that jurisdiction (see Table D.6). Identifying these differences helps the reader to differentiate the district's risk and vulnerabilities from that of the overall County.

Note: The hazard "Significance" reflects overall ranking for each hazard and is based on the Morro Bay planning team input from the Data Collection Guide and the risk assessment developed during the planning process (see Chapter 5 of the Base Plan), which included more detailed quantitative and qualitative analyses with best available data for all hazards in the County.

The hazard summaries in Table D.6 reflect the hazards that could potentially affect the district in major ways. Based on this analysis, the priority hazards are listed below. The discussion of vulnerability for each of the assessed hazards is contained in the following sections. Hazards of Medium or High significance for Morro Bay are summarized below.

- Adverse Weather
- Earthquake and Liquefaction
- Flood
- Landslides and Debris Flow
- Coastal Storm/Coastal Erosion/Sea Level Rise
- Tsunami and Seiche
- Wildfire
- Human Caused: Hazardous Materials

Other Hazards

Hazards assigned a significance rating of Low may not be assessed at all within this annex. However, based on quantitative or historic occurrence proof of posing a risk to the community, certain hazards will be addressed for specific vulnerabilities in this annex (though perhaps in a limited capacity due to the Planning Team assigning a lower priority to said hazards). The hazards to the planning area which were rated by the Planning Committee are listed below. The majority were given minimum priority due to a lack of exposure, vulnerability, and/or no





probability of occurrence or previous history or losses, though some will still contain a loss estimate discussion based again on potential risk to the district (if noted).

- Agricultural Pests and Plant Diseases
- Dam Incidents
- Drought and Water Shortage
- Land Subsidence

D.3.1 Assets at Risk

This section considers Morro Bay's assets at risk, including values at risk, critical facilities and infrastructure, historic assets, economic assets, and growth and development trends.

Values at Risk

Parcel geometry data was provided by ParcelQuest, a third-party service working alongside the San Luis Obispo County Assessor's Office to compile property information. The overall parcel data provided the baseline for an inventory of the total exposure of developed parcels within the County and helps to ensure that the updated Plan reflects changes in development. This data should only be used as a guideline to overall values in the City as the information has some limitations. It is also important to note that in the event of a disaster, it is generally the value of the infrastructure improvements that is of concern or at risk; generally, the land itself is not a loss. Table D.7 shows the exposure of properties (e.g., the values at risk based on improvement values, content values, and total values which are calculated by adding improvement and content values), broken down by parcel type for the City of Morro Bay

Table D.7 Parcel Exposure Values for the City of Morro Bay, by Parcel Types

Property Type	Parcel Count	Improved Value	Content Value	Total Value
Agricultural	2	\$1,516,052	\$1,516,052	\$1,516,052
Commercial	251	\$71,138,657	\$71,138,657	\$142,277,314
Government/Utilities	80	\$374,774	--	\$374,774
Other/Exempt/Misc.	131	\$19,391,746	--	\$19,391,746
Residential	4,060	\$799,126,269	\$399,563,135	\$1,198,689,404
Multi-Family Residential	568	\$127,309,679	\$63,654,840	\$190,964,519
Mobile/Manufactured Homes	16	\$2,971,790	\$1,485,895	\$4,457,685
Residential: Other	164	\$84,847,578	\$42,423,789	\$127,271,367
Industrial	8	\$757,564	\$1,136,346	\$1,893,910
Vacant	41	\$7,604,763	--	\$7,604,763
Total	5,320	\$1,113,527,653	\$579,407,494	\$1,692,935,147

Source: Wood Plc analysis based on ParcelQuest and San Luis Obispo County Assessor's Office data 2019

Critical Facilities and Infrastructure

A critical facility may be defined as one that is essential in providing utility or direction either during the response to an emergency or during the recovery operation.





An inventory of critical facilities in the District based on San Luis Obispo County GIS data as well as structures obtained from the Homeland Infrastructure Foundation-Level Dataset (HIFLD) is provided in Table D.8 as well as illustrated in Figure D.2. The four types of Critical Facilities categorized by San Luis Obispo County and its jurisdictions' and districts' planning teams are: Emergency Services, High Potential Loss Facilities, Lifeline Utility Systems, and Transportation Systems. Refer to Section 5.2 of the Base Plan for more information on the Assets used throughout this annex, including the definitions and categories of critical facilities, and the County-wide analyses.

Table D.8 City of Morro Bay's Critical Facilities

Facility Category	Facility Type	Counts
Emergency Services	Day Care Facilities	4
	Emergency Medical Service Stations	2
	Fire Stations	2
	Local Law Enforcement	1
	Nursing Homes	2
	Public Schools	2
High Potential Loss Facilities	Power Plants	1
Lifeline Utility Systems	Microwave Service Towers	2
	Wastewater Treatment Plants	1
	Energy Commission Facilities	1
Total		18

Source: San Luis Obispo County Planning and Building; LAFCO; HIFLD; Wood Plc analysis

Table D.9 Details on the City of Morro Bay's Critical Facilities

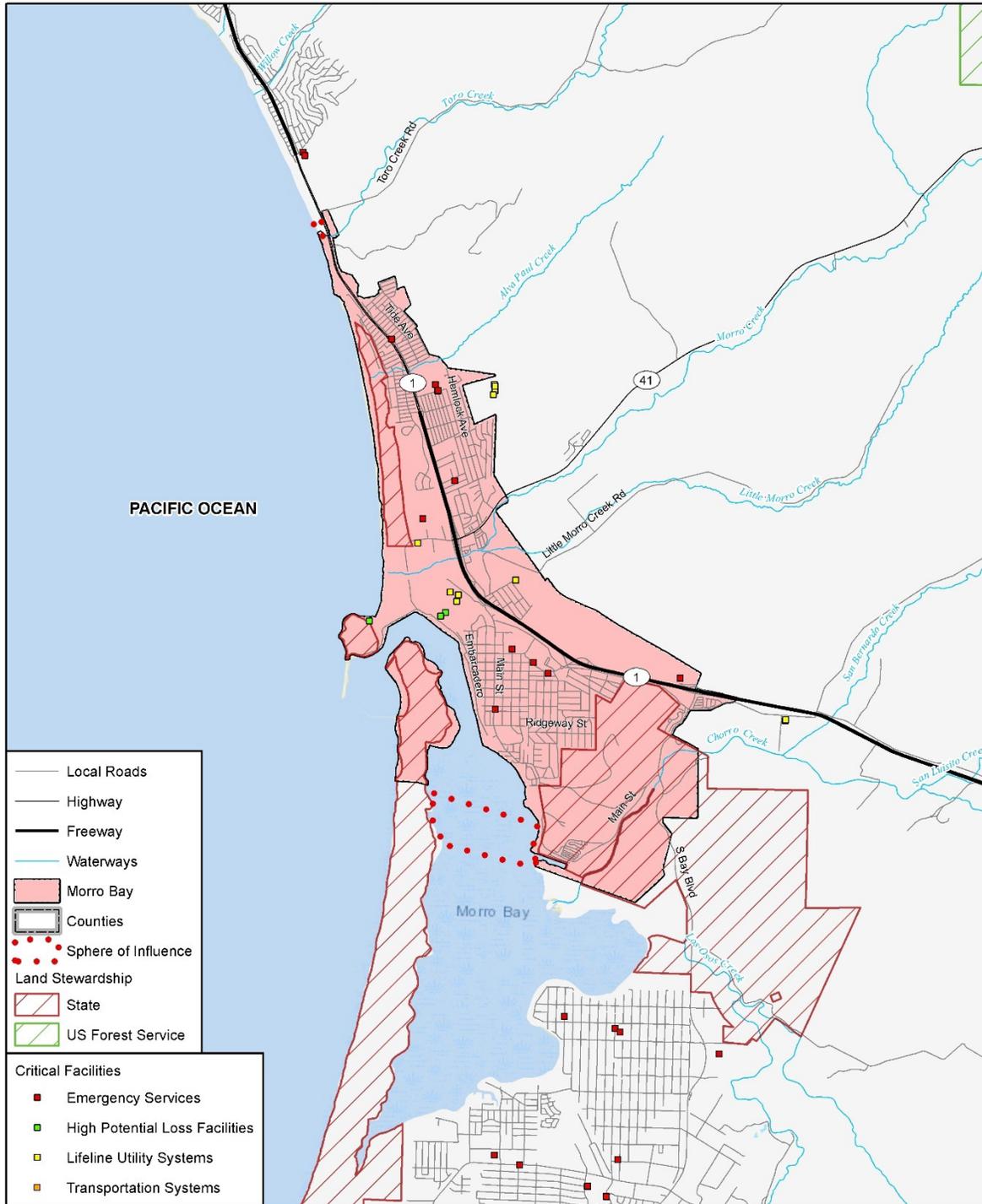
Facility Type	Name
Day Care Facilities	California State Preschool at Del Mar
	Capslo - Sequoia Child Development Center
	Central Coast Montessori
	Morro Bay United Methodist Children's Center
EMS Stations	Morro Bay Fire Department Station 1
	Morro Bay Fire Department Station 2
Fire Stations	Morro Bay Fire Department Station 1
	Morro Bay Fire Department Station 2
Local Law Enforcement	Morro Bay Police Department
Microwave Service Towers	--
Nursing Homes	Casa De Flores/ Bay Side Care Center
	Garden House
Public Schools	Del Mar Elementary
	Morro Bay High School
Wastewater Treatment Plant	Morro Bay/Cayucos Wastewater Treatment Plant
Power Plants	Vistra, Inc.
Energy Commission Facilities	Morro Bay PG&E
Total	21

Source: San Luis Obispo County Planning and Building; LAFCO; HIFLD

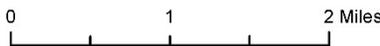




Figure D.2 Critical Facilities in the City of Morro Bay



Map compiled 5/2019;
intended for planning purposes only.
Data Source: San Luis Obispo County, US Census
TIGER Database, CA Open Data Portal,
BLM/California State Office, LAFCO, HIFLD





High Potential Loss Facilities

High potential loss facilities are considered critical facilities that present significant risks if damaged and include nuclear power plants, dams, and military installations. The City has one classified high potential loss facility: Dynergy's Morro Bay Power Plant.

Transportation Systems

The City of Morro Bay contains portions of Highway 41 and Highway 1, which are main sources of transportation access for the City and region. However, no critical facilities classified as part of essential/critical transportation systems were noted.

Lifeline Facilities

Lifeline Utility Systems include 2 Microwave Service Towers, 1 Wastewater Treatment Plant, and 1 Energy Commission Facilities for a total of 4 lifeline utility critical facilities.

Emergency Service Facilities

The City contains 13 Emergency Services facilities aimed at providing for the health and welfare of the entire community. These include day care facilities, emergency medical service stations, fire stations, local law enforcement stations, nursing homes, and schools as noted in Table D.8 and Table D.9.

Additional Critical Facilities

Additional Essential Infrastructures and Vulnerable Facilities to the district were noted by the Planning Team, which may or may not have been noted in the previous lists and tables. The 10 are summarized below along with their estimated replacement values (per the planning team input):

- City Hall - \$3.1 million
- Police Station - \$7.3 million
- Fire Station - \$11.8 million
- Water Treatment Plant - \$7.3 million
- Wastewater Treatment Plant - \$129 million
- Community Center - \$11.7 million
- Corporate Yard - \$3.9 million
- Harbor Department - \$1.1 million
- Public Works - \$2.6 million
- Veterans Hall - \$3.5 million

Historic and Cultural Resources

One of the most visually prominent historic natural landmarks immediately vulnerable to coastal hazards and sea level rise is Morro Rock. Morro Rock stands approximately 576 feet tall and was created from a volcanic plug. The area is a significant cultural and religious monument, as it was once the site of Chumash sacred rituals (City of Morro Bay 2018). Morro Rock is a protected State Historic Landmark (#821) that also provides nesting habitat for peregrine falcons, a previously endangered and currently fully protected species (Department of Fish and Wildlife 2019).

The City of Morro Bay has no registered federal historic sites; however, the State registered historical site, Morro Rock, is within the City Limits (State of California Office of Historic Preservation, 2019). Other historical sites of importance to the County of San Luis Obispo in Morro Bay are listed below.





- Filipino Landing - Coleman Park
- Morro Bay State Park - 20 State Park Road
- Morro Rock - Coleman Drive

Natural Resources

Natural resources are important to include in benefit-cost analyses for future projects and may be used to leverage additional funding for projects that also contribute to community goals for protecting sensitive natural resources. Awareness of natural assets can lead to opportunities for meeting multiple objectives. For instance, the Morro Bay coast is fronted by large sand dunes from Atascadero State Beach and continuing south through much of Montaña de Oro State Park that provide protection for developments located on terrace materials behind the sand dunes. The beach has widened about 250 feet near San Jacinto Avenue and almost 500 feet in front of Morro Bay High School in the past 50 years. This sandbar protects development in this region.

One of the most visually prominent historic natural landmarks immediately vulnerable to coastal hazards and sea level rise is Morro Rock. Morro Rock is a protected State Historic Landmark as mentioned above that also provides nesting habitat for peregrine falcons, a previously endangered and currently fully protected species.

D.3.2 Estimating Potential Losses

This section details vulnerability to specific hazards of medium or high significance, where quantifiable, noted by the Planning Team, and/or where it differs significantly from that of the overall County. Impacts of past events and vulnerability to specific hazards are further discussed below, though refer to Section 5 of the Base Plan for more details on the County's HIRA findings and hazard profiles.

Adverse Weather

Heavy rains and adverse storms occur in Morro Bay primarily during the late fall and winter but have a chance of occurring in every month of the year. According to information obtained from the Western Regional Climate Center (WRCC) the majority of precipitation is produced by storms during January and other winter months. Precipitation during the summer months is in the form of rain showers and is rare. Snowstorms, and hailstorms occur infrequently in San Luis Obispo County, and severe occurrences of any of these are very rare. Dense fog in Morro Bay reduces visibility making driving more dangerous during fog events. A fog advisory issued for San Luis Obispo County in October 2011 warned visibility could be as low as a quarter mile and reduce suddenly with denser patches. In March 2012 another fog advisory anticipated less than ¼ of normal visibility. Freeze events are a hazard to human populations as well as economic production. For example, historical records indicate in 1998 a winter cold air mass resulted in \$5.4 million in crop damage harming agricultural interests in the City.

Of specific concern for Morro Bay is the combination of high winds, winter storms and the resultant high surf. Coastal communities in the County face increased hazards to high wind and extreme wind storms. The surfing industry of Morro Bay, which attracts visitors and tourists, could be at risk due to the hazard to human safety in the event of increasing unsafe wind events.

The climate of the County is influenced by the effects of the Santa Lucia Range, the Pacific Ocean, and routine climate patterns such as El Niño. Extreme heat events can have severe impacts on human health and mortality, natural ecosystems, the agriculture sector and other economic sectors. Coastal communities including Morro Bay on average have lower temperatures compared to communities in inland areas of the County and may be





less at risk to extreme temperatures, although they may be potentially less acclimatized to high temperatures if the event of occurrence.

Loss of life is uncommon but could occur during severe storms depending on secondary effects or impacts. Immobility can occur when roads become impassable due to dense fog, heavy rains causing flooding, and even downed trees (often referred to as hazardous trees due to the threat they pose). Overall, the Morro Bay planning team has rated adverse weather hazards as holding **High Significance**.

Earthquake and Liquefaction

The greatest threat to Morro Bay from a natural hazard is considered to be a significant earthquake (City of Morro Bay, 2012; City Planning Team). The northwest trending Cambria Fault zone is within the City limits of Morro Bay (US Quaternary Fault 2019). Within the surrounding area, the East Hausna, La Panza, Los Osos, Edna, Nacimiento, Rinconada, San Andres, and San Simeon- Hosgri Faults are considered to pose a potential hazard to the City in catastrophic and cascading effects (City of Morro Bay 2012). Earthquake-event associated impacts have occurred in Morro Bay in the past including a number of magnitude 5.0 to 7.7 earthquakes. The City's residential area consists predominantly of framed-type structures, which contain some material flexibility allowing the structures to withstand larger seismicity impacts in earthquake events than masonry buildings. Structure's weak areas are between sill plates and the foundation especially in homes constructed prior to 1950. In any earthquake, the primary consideration is saving lives. Time and effort must also be dedicated to providing for mental health by reuniting families, providing shelter to displaced persons, and restoring basic needs and services. Major efforts will be required to remove debris and clear roadways, demolish unsafe structures, assist in reestablishing public services and utilities, and provide continuing care and temporary housing for affected citizens.

In addition to being at risk of groundshaking as a result of a fault rupture, the City of Morro Bay is also susceptible to the effects of liquefaction. Much of the City has soils with a moderate risk for liquefaction. A majority of the City is underlain by beach and sand dune sediments and alluvial soils. Areas along the Embarcadero are known to have been filled in over the years with a variety of fill materials, and when combined with the high-water table in the area, these areas are of some concern. The number of active or potentially active fault systems throughout the County and historical records of past earthquakes in the area caused a probability of earthquake-related damage to the City of Morro Bay as medium. Table D.10 below summarizes the parcels at risk of liquefaction (moderate and high risk), broken up by parcel type, while Figure D.3 displays the City's liquefaction zones as a map. Overall, the City has over \$488 million of parcel improved values at risk from both risk categories, and a total of 4,193 exposed parcels.

A total of 17 critical facilities are found in either moderate or high-risk liquefaction zones in the City. These are listed in Table D.11 by facility type.

Earthquake and liquefaction hazards pose a **High Significance** for the City of Morro Bay.





Table D.10 City of Morro Bay Liquefaction Risk by Parcel Type

Parcel Type	Parcel Count	Improved Value
Moderate Risk		
Agricultural	2	\$1,516,052
Commercial	63	\$13,853,498
Government/Utilities	26	--
Other/Exempt/Miscellaneous	32	\$4,581,431
Residential	1,660	\$302,624,739
Multi-Family Residential	154	\$28,317,154
Mobile/Manufactured Homes	4	\$736,685
Residential: Other	7	\$11,659,175
Industrial	5	\$532,904
Vacant	17	\$3,839,339
TOTAL	1,969	\$366,149,758
High Risk		
Commercial	175	\$43,257,911
Government/Utilities	40	\$278,697
Other/Exempt/Misc.	78	\$10,658,702
Residential	1,428	\$278,017,365
Multi-Family Residential	342	\$85,310,401
Mobile/Manufactured Homes	8	\$1,605,910
Residential: Other	133	\$65,889,513
Industrial	3	\$224,660
Vacant	17	\$2,864,979
TOTAL	2,224	\$488,108,138
GRAND TOTAL (from both risk categories)	4,193	\$854,257,896

Source: San Luis Obispo County Planning and Building Dept., Assessor's Office, ParcelQuest, Wood Plc Parcel Analysis





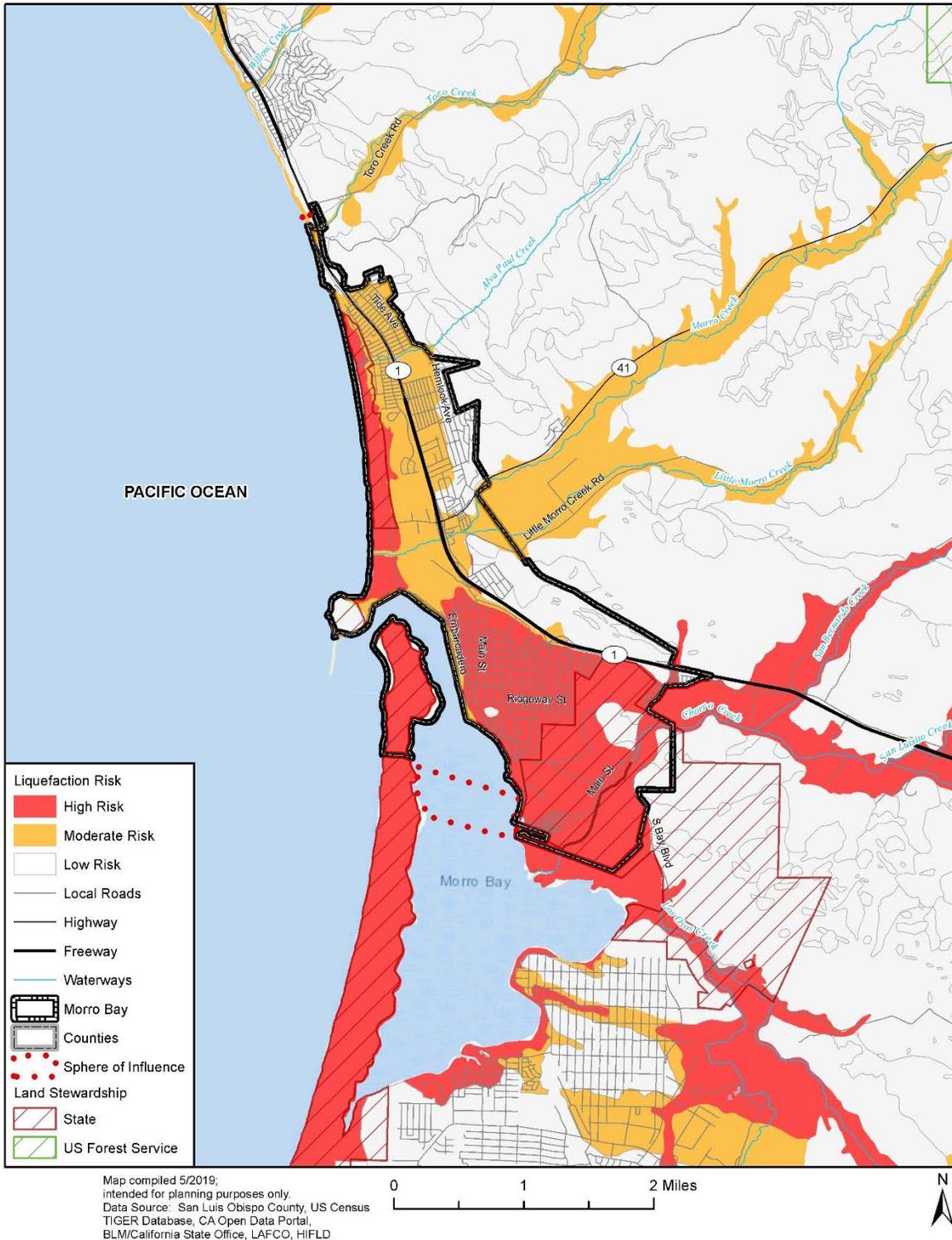
Table D.11 Critical Facilities in Liquefaction Risk Areas in Morro Bay

Facility Type	Facility Count
Moderate Risk	
Day Care Facilities	3
Emergency Medical Service Stations	1
Fire Stations	1
Microwave Service Towers	3
Public Schools	2
Wastewater Treatment Plants	1
Power Plants	1
Total	12
High Risk	
Day Care Facilities	1
Emergency Medical Service Stations	1
Fire Stations	1
Local Law Enforcement	1
Nursing Homes	1
Day Care Facilities	1
Total	6
GRAND TOTAL	18





Figure D.3 Liquefaction Risk in the City of Morro Bay





Flood

Historically, the City of Morro Bay has experienced severe flooding events that have resulted in extensive property damage. Areas with a history of flooding have a high probability of future flooding. Areas of concern include the following creek drainage systems: Chorro Creek, the Morro/Little Morro Creek convergence, No-Name Creek, Alva Paul Creek, Toro Creek, and San Bernardo Creek flow into and/or near the City. Chorro Creek is the largest and runs along the southern boundary of the City near two mobile home parks. Morro Creek runs parallel to Highway 41. These creeks present varying hazards and can block access to and egress from the City. When rainfall and surface run-off from a storm exceeds a drainage system's capacity to adequately channel and contain the water, flooding may occur. Potential flood areas include: The South Bay Boulevard area between Highway 1 and State Park Road; the area between Highway 41/Atascadero Road and Radcliff Avenue; low-lying sections of Island Street and Beachcomber; Highway 1, at the northern City limits; and, Highway 1 south of the City limit.

In Morro Bay, the most common type of flooding event is riverine flooding, also known as overbank flooding. Riverine floodplains range from narrow, confined channels in the steep valleys of mountainous and hilly regions, to wide, flat areas in plains and agricultural regions. The amount of water in the floodplain is a function of the size and topography of the contributing watershed, the regional and local climate, and land use characteristics. Flooding in steep, mountainous areas is usually confined, strikes with less warning time, and has a short duration. In addition to riverine flooding, Morro Bay is susceptible to flash flooding in smaller watersheds. Flash flood is a term widely used by experts and the general population, but there is no single definition or clear means of distinguishing flash floods from other riverine floods. Flash floods are generally understood to involve a rapid rise in water level, high velocity, and large amounts of debris, which can lead to significant damage that includes the tearing out of trees, undermining of buildings and bridges, and scouring of new channels. The intensity of flash flooding is a function of the intensity and duration of rainfall, steepness of the watershed, stream gradients, watershed vegetation, natural and artificial flood storage areas, and configuration of the streambed and floodplain. Urban areas are increasingly subject to flash flooding due to the removal of vegetation, installation of impermeable surfaces over ground cover, and construction of drainage systems. Wildland fires that strip hillsides of vegetation and alter soil characteristics may also create conditions that lead to flash floods and debris flows. Debris flows are may also create conditions that lead to flash floods and debris flows. Flood hazards have been determined to pose a **High Significance** risk to the City.

Values at Risk

A flood vulnerability assessment was completed during the 2019 update, following the methodology described in Section 5.2 of the Base Plan. Table D.12 summarizes the values at risk in the City's 100-year, 500-year, and coastal (zone VE) floodplains. The table also details total values, loss estimates for each flood, and potential population at risk to each flooding zone. Figure D.4 shows the flooded parcels along with the FEMA flood hazard areas which cross the boundaries of Morro Bay.





Table D.12 City of Morro Bay Parcels in the Floodplains, by Parcel Type

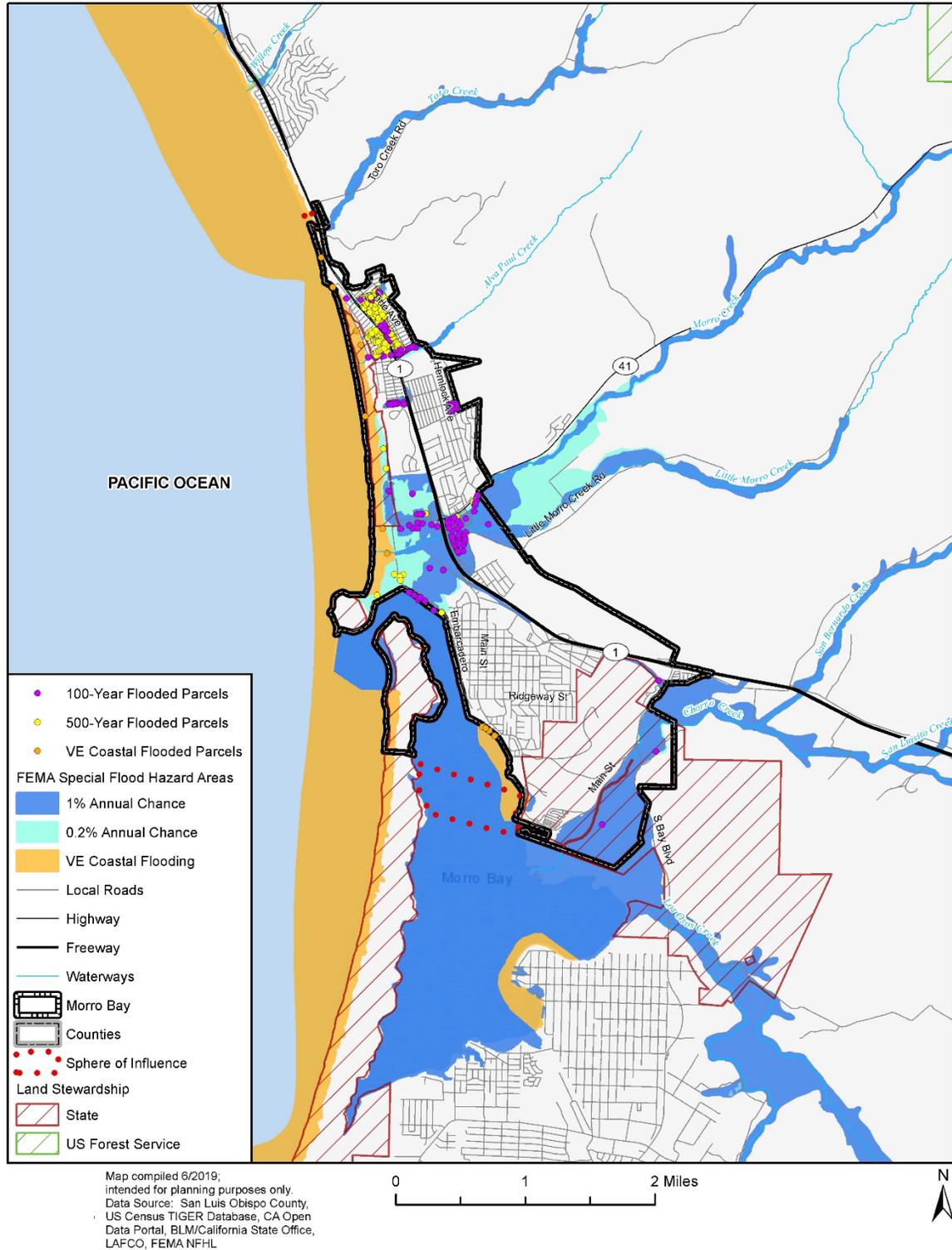
Parcel Type	Parcel Count	Improved Value	Content Value	Total Value	Loss Estimate	Population
100-Year Floodplain						
Agricultural	1	\$4,833	\$4,833	\$9,666	\$2,417	--
Commercial	21	\$6,671,912	\$6,671,912	\$13,343,824	\$3,335,956	--
Government/Utilities	18	\$96,077	--	\$96,077	\$24,019	--
Other/Exempt/ Miscellaneous	9	\$777,341	--	\$777,341	\$194,335	--
Residential	93	\$17,337,391	\$8,668,696	\$26,006,087	\$6,501,522	233
Multi-Family Residential	20	\$3,395,985	\$1,697,993	\$5,093,978	\$1,273,494	50
Mobile/Manufactured Homes	2	\$552,884	\$276,442	\$829,326	\$207,332	5
Residential: Other	2	\$2,881,233	\$1,440,617	\$4,321,850	\$1,080,462	5
Industrial	3	\$241,406	\$362,109	\$603,515	\$150,879	--
Vacant	11	\$3,456,946	--	\$3,456,946	\$864,237	--
TOTAL	180	\$35,416,008	\$19,122,601	\$54,538,609	\$13,634,652	294
500-Year Floodplain						
Commercial	5	\$550,272	\$550,272	\$1,100,544	\$275,136	--
Government/Utilities	4	--	--	\$0	\$0	--
Other/Exempt/ Miscellaneous	9	\$793,698	--	\$793,698	\$198,425	--
Residential	221	\$35,375,902	\$17,687,951	\$53,063,853	\$13,265,963	555
Multi-Family Residential	24	\$3,625,452	\$1,812,726	\$5,438,178	\$1,359,545	60
Vacant	1	\$7,290	--	\$7,290	\$1,823	--
TOTAL	264	\$40,352,614	\$20,050,949	\$60,403,563	\$15,100,891	615
Coastal (Zone VE) Floodplain						
Government/Utilities	9	--	--	\$0	\$0	--
Other/Exempt/ Miscellaneous	1	--	--	\$0	\$0	--
Vacant	1	\$5,724	--	\$5,724	\$2,862	--
TOTAL	11	\$5,724	\$0	\$5,724	\$2,862	-
GRAND TOTAL (all floodplains)	455	\$75,774,346	\$39,173,550	\$114,947,896	\$28,736,974	909

Source: San Luis Obispo County Planning and Building Dept., Assessor's Office, ParcelQuest, Wood Plc Parcel Analysis, FEMA NFHL





Figure D.4 Flooded Parcels in the FEMA Flood Hazard Areas, City of Morro Bay





Based on this analysis, the City of Morro Bay has significant assets at risk to the 100-year, 500-year, and VE coastal floods. There are 180 properties located within the 100-year floodplain for a total value of over \$54 million. An additional 264 improved parcels valued at over \$60 million fall within the 500-year floodplain, though the estimated losses would be about just over \$13.6 million for the 100-year flood and a little over \$15 million for the 500-year flood. With regards to coastal flooding, a total of 11 parcels are found to overlap with the VE coastal zone floodplain, for a total value of \$5,724 and a loss estimate of \$2,862.

The loss estimates for the 100- and 500-year flood events were calculated by taking 25% of the total values of the parcels, which in turn were found by adding up both improvement and content values for the parcels found to overlap with each of the floodplain layers, in GIS. The loss estimates for the coastal (VE zone) floodplain were found by taking 50% of the total value from the parcel totals, as it is predicted that coastal flooding may damage properties found within its path more adversely than regular riverine flooding (such as is assumed for the 100- and 500-year flooding events).

For more information on the asset calculations, parcel analysis, and loss estimation curves based on FEMA and Hazus derived standards refer to the Base Plan (e.g. Section 5.2).

Limitations to the analysis performed and results shown: The analysis performed may include structures in the floodplains that are elevated at or above the level of the base-flood elevation, which will likely mitigate flood damage.

Population at Risk

Population at risk was estimated using the average persons per household values for the County of San Luis Obispo, based on the U.S. Census Bureau statistics. This figure is 2.51 persons per household. Then, this number was multiplied by the number of residential parcels found to overlap with the flooding layers in GIS, as it is assumed that no people live in non-residential parcels (e.g. commercial, government entities).

Insurance Coverage, Claims Paid, and Repetitive Losses

The City of Morro Bay joined the National Flood Insurance Program (NFIP) on February 15, 1974. NFIP Insurance data indicates that as of February 28, 2019, there were 175 flood insurance policies in force in the City with \$54,027,900 of coverage. Of the 175 policies, 152 were residential (143 for single-family homes, 4 for two to four-unit homes, and 5 for other residential properties) while 23 were nonresidential. There are 67 policies in A01-30 & AE zone and 7 policies in A zones. The remaining 101 are in B, C, and X zones.

There have been 17 historical claims for flood losses totaling \$243,005 that have been paid, out of 26 total cases submitted. According to the FEMA Community Information System there are no Repetitive Loss or Severe Repetitive Loss properties located in the jurisdiction.

Critical Facilities at Risk

Critical facilities are those community components that are most needed to withstand the impacts of disaster as previously described. There are seven critical facilities found in the 100-year floodplain in Morro Bay, and one critical facility (a public school) located in the City's 500-year floodplain. No critical facilities in Morro Bay are found to overlap with the coastal VE zone floodplain. It is particularly important to note that the critical facilities in the 500-year floodplain are all facilities that serve vulnerable populations and should be given special attention. Table D.13 below summarizes the critical facilities in the City's 100- and 500-year floodplains. The impact to the community could be great if these facilities are damaged or destroyed during a flood event.





Table D.13 Critical Facilities in the FEMA Flood Hazard Areas, Morro Bay

Floodplain	Critical Facility Type	Facility Count
100-year	Day Care Facilities	1
	Microwave Service Towers	3
	Wastewater Treatment Plant	1
	Energy Commission Facilities	1
	Power Plants	1
500-year	Public Schools	1
TOTAL		8

Source: San Luis Obispo County Planning and Building Dept., LAFCO, HIFLD, Wood Plc Parcel Analysis, FEMA NFHL

Landslides and Debris Flow

A well-documented history of landslide activity in the study area is present. Landslides activity is observable all along the Highway 1 corridor from San Luis Obispo, through the community of Morro Bay, and on north to San Simeon. In 1983, and again in 1995, very wet winters led to significant slope movement in the North Morro Bay area, north of Highway 41 and east of Highway 1; a number of slides caused the total destruction of homes, considerable damage to others, and damage to pipelines, driveways, and roadways. Numerous studies have documented unstable, landslide prone slopes in the Morro Bay area generally east of Highway 1 and north of Highway 4. A major landslide along the transportation routes in and out of the City of Morro Bay is a potential hazard to the heavily tourism-reliant economy.

Table D.14 summarizes the parcel counts and values exposed to landslide potential areas in the City. Figure D.5 shows, in map form, where these landslide potential areas are in and near the City. One critical facility, a Microwave Service Tower, is located within the landslide potential areas in Morro Bay. Overall, landslide and debris flow hazards pose a **Medium Significance** risk to the City of Morro Bay.

Table D.14 City of Morro Bay Landslide Potential by Parcel Type

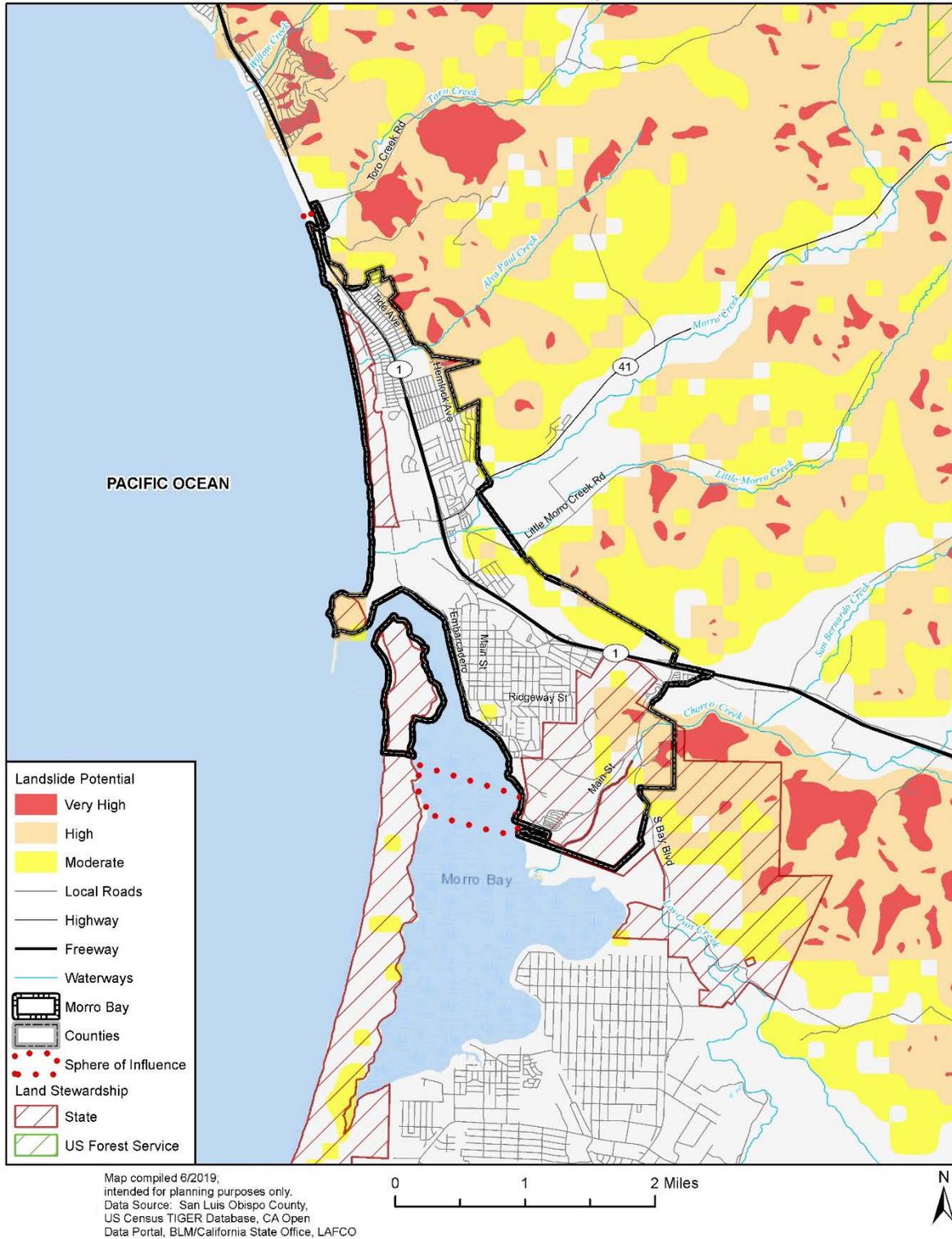
Property Type	Parcel Count	Improved Value
Moderate Landslide Potential		
Government/Utilities	4	--
Other/Exempt/Miscellaneous	1	\$10,173
Residential	361	\$93,272,094
Multi-Family Residential	5	\$1,137,135
Industrial	1	\$39,719
Vacant	6	\$643,597
TOTAL	378	\$95,102,718
High Landslide Potential		
Government/Utilities	3	--
Other/Exempt/ Miscellaneous	3	\$234,780
Residential	299	\$59,607,787
Multi-Family Residential	4	\$584,147
Vacant	1	\$136,000
TOTAL	310	\$60,562,714
GRAND TOTAL	688	\$155,665,432

Source: San Luis Obispo County Planning and Building Dept., LAFCO, Wood Plc Parcel Analysis





Figure D.5 Landslide Potential Areas in the City of Morro Bay





Coastal Storm/Coastal Erosion/Sea Level Rise

The entire 100-mile coastline of San Luis Obispo County and existing urban development and natural resources are potentially exposed to a range of coastal hazards, including coastal storms and coastal erosion. Such hazards are projected to become more severe when combined with sea level rise (see Section 5.3.4 - Coastal Storm and Erosion). The City’s State Park, harbor, and developed and undeveloped coastal bluff trails are sources of community enhancement and the tourism-driven economy. Coastal hazards have the potential to harm the economic stability of the City. Additional areas of vulnerabilities include the low-lying development and development on higher elevated terraces in close proximity to beaches and sand dunes. The northern beach portions of Morro Bay are protected from serious erosion by a wide gentle slope, which is backed by a low series of small sand dunes. Erosion may occur each winter with the onslaught of large winter surf, however natural process returns the sand to the beach during the summer months. The infrastructure of the harbor entrance is a different matter. Large winter storms may have serious impacts on the jetties and breakwater that are an integral part of maintaining a safe navigable entrance to the harbor. The southern portions of the City and the Bay itself are protected by a wide beach and large series of tall sand dunes.

Sea level rise (SLR) has the potential to increase the frequency and severity of coastal hazards affecting coastal assets and resources in the City of Morro Bay. The City is susceptible to coastal hazards such as inundation, flooding, and bluff/dune erosion associated with extreme waves and water levels. Exposure of a coastal asset or resource to a hazard may result in varying impacts, depending on its function and its resiliency, which is its ability to withstand and recover from these events as outlined in the 2018 sea level rise adaption strategy report. These coastal storm, coastal erosion, and sea level rise hazards have been rated by the Planning Team as holding **High Significance** in the City.

As part of the 2019 HMP planning effort, a sea level rise risk assessment was completed to determine how sea level rise may affect coastal jurisdictions and critical facilities and how coastal flooding might be exacerbated in the future. Table D.15 lists the critical facilities that would be affected by sea level rise. There is no risk until the 300 cm scenario; facilities identified include the Morro Bay High School, and the Morro Bay/Cayucos wastewater treatment plan, the power plant and an PG&E substation. Table D.16 and Table D.17 summarize the other properties at risk of inundation by sea level rise and sea level rise combined with a 1% annual chance coastal flood. The area of inundation by sea level rise and sea level rise combined with the 1% coastal flood are shown in Figure D.6 and Figure D.7, respectively. See Section 5.3.4 Coastal Storm/Coastal Erosion/Sea Level Rise in the base plan for more details on the scenarios and data sources used for this analysis.

Table D.15 Critical Facilities Inundated by Sea Level Rise

Sea Level Rise	Critical Facility Type	Facility Count
300-cm	Microwave Service Towers	3
	Wastewater Treatment Plant	1
	Energy Commission Facilities	1
	Power Plants	1
	Schools	1
TOTAL		7





Table D.16 Properties Inundated by Sea Level Rise and Sea Level Rise with 1% Annual Chance Flood

Property Type	25-cm SLR	75-cm SLR	300-cm SLR	25-cm SLR w/ 1% Flood	75-cm SLR w/ 1% Flood	300-cm SLR w/ 1% Flood
Commercial	--	--	12	--	1	12
Government/Utilities	1	1	19	1	3	19
Other/Exempt/Misc.	--	--	6	--	--	9
Residential	--	1	12	1	1	76
Residential: Other	--	--	3	--	1	4
Vacant	1	1	3	1	1	4
Total	2	3	55	3	7	124

Source: Wood analysis with USGS CoSMoS 3.1 data

Table D.17 Improved Values of Properties Inundated by Sea Level Rise and Sea Level Rise with 1% Annual Chance Flood

Property Type	25-cm SLR	75-cm SLR	300-cm SLR	25-cm SLR w/ 1% Flood	75-cm SLR w/ 1% Flood	300-cm SLR w/ 1% Flood
Commercial	--	--	\$4,441,799	--	\$800,000	\$4,441,799
Government/Utilities	--	--	--	--	--	--
Other/Exempt/Misc.	--	--	\$74,906	--	--	\$74,906
Residential	--	\$42,463	\$3,930,417	\$42,463	\$42,463	\$30,817,911
Residential: Other	--	--	\$7,707,961	--	--	\$9,981,210
Vacant	\$5,724	\$5,724	\$3,312,145	\$5,724	\$5,724	\$3,337,145
Total	\$5,724	\$48,187	\$19,467,228	\$48,187	\$4,920,431	\$48,652,971

Source: Wood analysis with USGS CoSMoS 3.1 data



Figure D.6 Morro Bay Sea Level Rise Scenario Analysis: Tidal Inundation Only



Figure D.7 Morro Bay Sea Level Rise Scenario Analysis: Tidal Inundation and 1% Annual Chance Flood



Map compiled 8/2019;
intended for planning purposes only.
Data Source: USGS CoSMoS v3.1.
San Luis Obispo County, US Census TIGER
Database, CA Open Data Portal, LAFCO.
Note: SLR = Sea Level Rise

0 0.75 1.5 Miles





Tsunami and Seiche

Tsunami inundation poses a risk to all coastal communities in the County of San Luis Obispo including Morro Bay. Offshore faults and related seismic activity could cause a tsunami event off the coast of Morro Bay, even if the faults are thousands of miles away. Historically, significant tsunamis on the Central Coast of California have been infrequent. Few incidences have been recorded and the historical record is not extensive enough to develop accurate reoccurrence predictions. The potential tsunami hazard for the City's coastal areas is greatest for those communities or portions of communities that are located at or below 50 feet above mean sea level. In general, much of the Coast of Morro Bay is protected from tsunami hazards by wide beaches, coastal dunes, or sea cliffs that provide protection for coastal developments. Coastal developments most vulnerable to the tsunami hazards are those located near mouths of streams that drain into the Pacific Ocean. The potential for damage to coastal structures would likely increase if the tsunami event were to coincide with a high tide, storm related waves, or large winter storm runoff. Tsunami hazards are predicted in the following locations within the City of Morro Bay: Morro Creek, Alva Paul Creek, Chorro Creek, Atascadero Beach, the harbor area, and Embarcadero.

A GIS analysis performed on the parcels and the tsunami inundation layers determined that 332 parcels with an estimated loss value of over \$145 million are at risk of this hazard. See Table D.18 for a summary of the parcel count, improved values, content values, total values, loss estimates (which in this case equal the total values), and population at risk of tsunami inundation. Figure D.8 displays these tsunami inundation areas on the coast of the City.

Critical Facilities were also overlaid with the tsunami inundation layers in GIS. This analysis yielded a total of seven facilities found at risk. These are listed in Table D.18 Tsunami and Seiche hazards have been rated by the City's planning team as holding **High Significance**.

Table D.18 Parcels in the Tsunami Inundation Zones in the City of Morro Bay

Property Type	Parcel Count	Improved Value	Content Value	Total Value	Loss Estimate	Population
Commercial	19	\$5,909,664	\$5,909,664	\$11,819,328	\$11,819,328	--
Government/ Utilities	42	\$96,077	--	\$96,077	\$96,077	--
Other/Exempt/ Miscellaneous	21	\$783,694	--	\$783,694	\$783,694	--
Residential	236	\$76,829,089	\$38,414,545	\$115,243,634	\$115,243,634	592
Mobile/ Manufactured Homes	1	\$257,130	\$128,565	\$385,695	\$385,695	3
Residential: Other	3	\$8,883,394	\$4,441,697	\$13,325,091	\$13,325,091	8
Industrial	3	\$241,406	\$362,109	\$603,515	\$603,515	--
Vacant	7	\$3,361,253	--	\$3,361,253	\$3,361,253	--
TOTAL	332	\$96,361,707	\$49,256,580	\$145,618,287	\$145,618,287	602

Source: San Luis Obispo County Planning and Building Dept., LAFCO, Wood Plc Parcel Analysis, CA Department of Conservation





Table D.19 Critical Facilities in the Tsunami Inundation Zones, City of Morro Bay

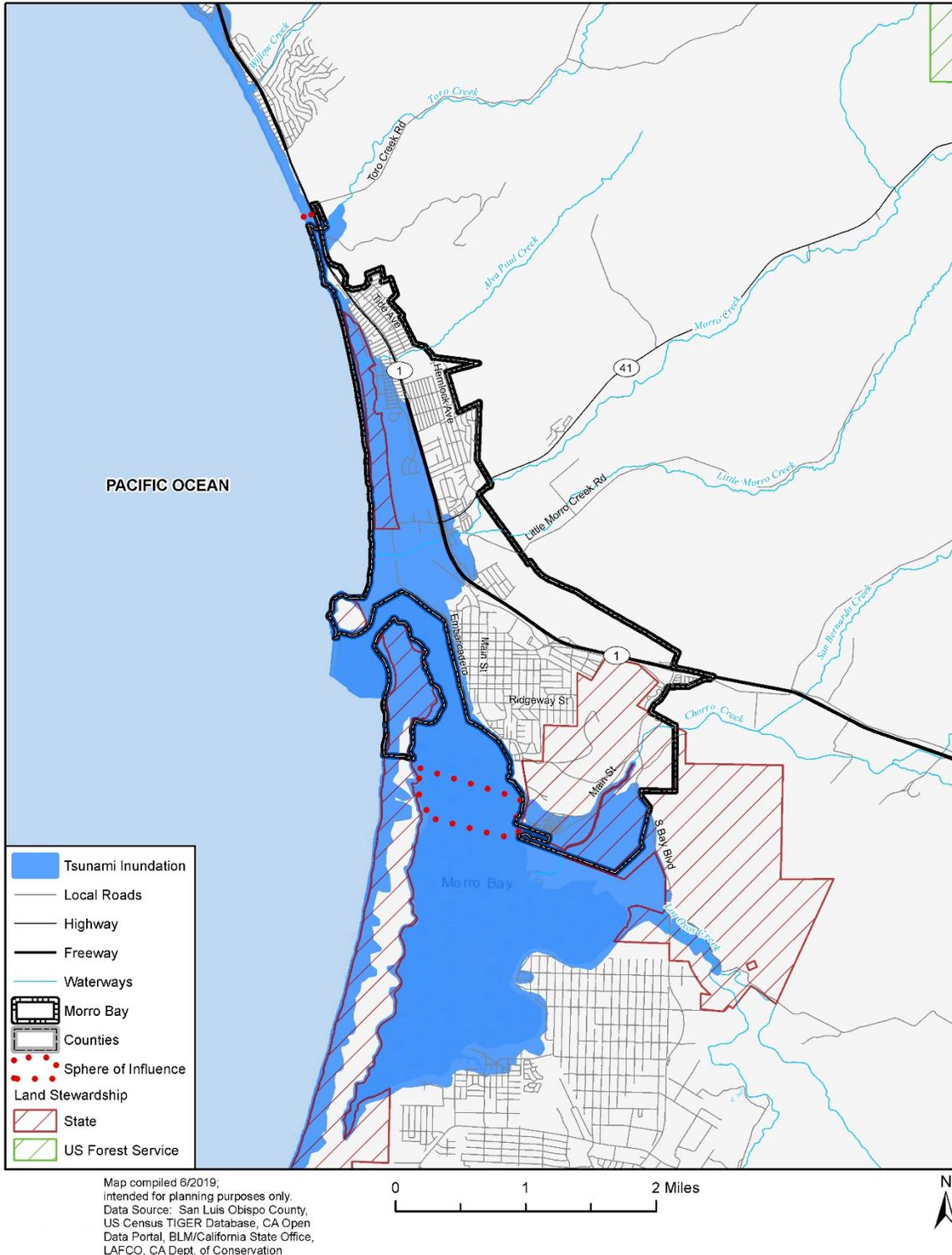
Property Type	Parcel Count
Wastewater Treatment Plant	1
Public Schools	1
Energy Commission Facilities	1
Power Plants	1
Microwave Service Towers	2
TOTAL	6

Source: San Luis Obispo County Planning and Building Dept., LAFCO, HIFLD, Wood Plc Parcel Analysis, CA Department of Conservation





Figure D.8 Tsunami Inundation Areas in the City of Morro Bay





Wildfire

Weather plays a key factor in the wildland fire potential in Morro Bay. Rain fall occurs primarily between the months of November and April, and ranges between 20 to 25 inches per year. Summers are typically cool with fog and or high humidity the norm. Wind in the area, a key factor in spread, is quite predictable and is usually moisture laden due to the close proximity of the ocean. Fall season typically shows drier and warmer days, which combine with the lack of rainfall to increase the fire hazard threat. Despite the temperate climate in the City, the lack of rainfall can lead to an increase in fire hazard threat. Fuel sources in the Morro Bay area are diverse, including everything from dead tree leaves, twigs, and branches to dead standing trees, live trees, brush, and cured grasses. The type of prevalent fuel directly influences the behavior of wildfire, and the City's planning team has identified hazardous trees as potentially increasing fuel sources.

Wildland fires can be classified as urban fires, interface or intermix fires, or prescribed fires. The following three factors contribute significantly to wildland fire behavior:

Topography: As slope increases, the rate of wildland fire spread increases. South-facing slopes are also subject to more solar radiation, making them drier and thereby intensifying wildland fire behavior. However, ridge tops may mark the end of wildland fire spread because the speed at which a fire moves downhill is much slower, sometimes resulting in a natural fire barriers.

Fuel: The type and condition of vegetation plays a significant role in the occurrence and spread of wildland fires. Certain types of plants are more susceptible to burning or will burn with greater intensity. Dense or overgrown vegetation increases the amount of combustible material available to fuel the fire (referred to as the "fuel load"). The ratio of living to dead plant matter is also important. The risk of fire is increased significantly during periods of prolonged drought as the moisture content of both living and dead plant matter decreases. The fuel's density, both horizontally and vertically, is also an important factor.

Weather: The most variable factor affecting wildland fire behavior is weather. Temperature, humidity, wind, and lightning can affect chances for ignition and spread of fire. Extreme weather, such as high temperatures and low humidity, can lead to extreme wildland fire activity. By contrast, cooling and higher humidity often signals reduced wildland fire occurrence and easier containment.

The frequency and severity of wildland fires is also dependent upon other hazards, such as lightning, drought, and infestations (such as the 2003 firestorm damage to southern California alpine forests by the pine bark beetle). If not promptly controlled, wildland fires may grow into a large scale emergency or disaster. Even small fires can threaten lives and resources and destroy improved properties. The indirect effects of wildland fires can be catastrophic. In addition to stripping the land of vegetation and destroying forest resources, large, intense fires can harm the soil, waterways, and the land itself. Soil exposed to intense heat may lose its capability to absorb moisture and support life. Exposed soils erode quickly and enhance siltation of rivers and streams, thereby enhancing flood potential, harming aquatic life, and degrading water quality. Lands stripped of vegetation are also subject to increased debris flow hazards, as described above.

Wildland fires are common occurrences in San Luis Obispo County. The most significant wildland fires within the county have been located in the northern division of the Los Padres National Forest. In 1994, a 49,000-acre fire burned forestland from the western portion of Morro Bay to Morro Bay. In 1996, 106,000 acres burned in the Machesna Mountain Wilderness area southeast of the City before the fire was contained. A little over one year later, a 30,000-acre wildland fire burned in forestland in the southern portion of San Luis Obispo County. The





largest historical wildfire in the City limits of Morro Bay was contained to approximately seven acres. The open lands in and adjoining the City have been categorized by the California Department of Forestry and Fire Protection's Fire and Resource Assessment Program (FRAP), as being of a Medium Fire Hazard. The areas that are at risk from a large-scale wildland fire are mostly located on the edge of the City limits. These "fringe" areas are where there is the most potential for a wild fire to cause significant property damage, however most of these lands are grazed by cattle and the fuel loads are kept to a minimum. The neighborhoods bordering the Morro Bay State Park and Black Hill area also constitute wildfire urban interface problem.

Following the methodology described in the wildfire hazard Section 5.3.12 Wildfire of the Base Plan, along with the GIS parcel analysis discussed in more detail under Section 5.2 Asset Summary, a wildfire vulnerability analysis for the City of Morro Bay was completed. The assessment was performed using GIS, and results indicate that there were neither parcels nor critical facilities in wildfire severity hazard zones within the boundaries of the City of Morro Bay. However, wildfire hazards have been rated by the City's planning team as holding **High Significance** based on the community's experience and historical evidence.

Human Caused: Hazardous Materials

The City of Morro Bay is at risk of both hazardous material incidents at fixed facilities as well as materials being transported on Highway 101 which traverse the City's jurisdiction and is considered a major transportation route for shipping hazardous materials. An incident along this Highway would expose a significant portion of the City's population as well as the local economy if Highway 101 was to be shut down for an extended period of time.

The Cal OES Warning Center reports 266 hazardous materials incidents in the City of Morro Bay from 1994 through October 24, 2018; as noted in Section 5.3.13 of the Base Plan, this likely excludes a large number of unreported minor spills. These over two hundred incidents constitute 15% of the hazardous materials incidents reported countywide during the same time frame, which in turn averages to roughly 10.6 incidents per year in or near Morro Bay. As noted in Section 5.3.13, only around 6% of reported hazardous materials incidents result in injuries, fatalities, or evacuations. Although there are no significant hazardous materials facilities located in the City, Morro Bay sits within the Emergency Planning Zone for the Diablo Canyon Nuclear Power Plant. Overall, the planning team has classified Hazardous Materials as holding **Medium Significance** for the jurisdiction.

D.4 Capability Assessment

Capabilities are the programs and policies currently in use to reduce hazard impacts or that could be used to implement hazard mitigation activities. This capability assessment is divided into five sections: regulatory mitigation capabilities, administrative and technical mitigation capabilities, fiscal mitigation capabilities, mitigation outreach and partnerships, and other mitigation efforts.

To develop this capability assessment, the jurisdictional planning representatives used a matrix of common mitigation activities to inventory which of these policies or programs were in place. The team then supplemented this inventory by reviewing additional existing policies, regulations, plans, and programs to determine if they contributed to reducing hazard-related losses.

During the plan update process, this inventory was reviewed by the jurisdictional planning representatives and Wood consultant team staff to update information where applicable and note ways in which these capabilities have improved or expanded. In summarizing current capabilities and identifying gaps, the jurisdictional planning representatives also considered their ability to expand or improve upon existing policies and programs as





potential new mitigation strategies. The City of Morro Bay’s updated capabilities are summarized below in Table D.20.

D.4.1 Regulatory Mitigation Capabilities

Table D.20 City of Morro Bay Regulatory Mitigation Capabilities

Regulatory Tool	Yes/No	Comments
General plan	Yes	Land Use Element, Circulation Element, Housing Element, Noise Element, Safety Element, Conservation and Open Space Element, Access and Recreation Element, and Visual Resources and Scenic Highway Element
Zoning ordinance	Yes	Title 17: Zoning Regulations of the City of Morro Bay Code
Subdivision ordinance	Yes	Title 16: Subdivisions
Growth management ordinance	Yes	Ordinance No. 266
Floodplain ordinance	Yes	Chapter 14.72 General Provisions
Other special purpose ordinance (stormwater, water conservation, wildfire)	Yes	Chapter 14.48 Building Regulations: Illicit Discharge and Stormwater Management Control, Chapter 13.04.345 Mandatory Water Conservation Requirements Ordinance under Emergency Water Levels
Building code	Yes	Chapter 14.03
Fire department ISO rating	Yes	Class 5
Erosion or sediment control program	Yes	Erosion and Sediment Control Manual
Stormwater management program	Yes	Chapter 14.48- Illicit Discharge and Stormwater Management Control
Site plan review requirements	Yes	Chapter 17. 40 Planned Development Overlay Zone
Capital improvements plan	Yes	Public works
Economic development plan	Yes	Morro Bay Economic Development Roadmap
Local emergency operations plan	Yes	Chapter 8.08.080- Emergency Plan, County EOP (2016)
Other special plans	Yes	E.g., Downtown Waterfront Strategic Plan, Local Coastal Plan – More online
Flood Insurance Study or other engineering study for streams	Yes	2017
Elevation certificates (for floodplain development)	Yes	Section 14.72.020- Provisions for Flood Hazard Reduction

D.4.2 Administrative/Technical Mitigation Capabilities

Table D.21 identifies the personnel responsible for activities related to mitigation and loss prevention in Morro Bay.





Table D.21 City of Morro Bay Administrative/Technical Mitigation Capabilities

Personnel Resources	Yes/No	Department/Position
Planner/engineer with knowledge of land development/land management practices	Yes	Community Development
Engineer/professional trained in construction practices related to buildings and/or infrastructure	Yes	Community Development Public Works
Planner/engineer/scientist with an understanding of natural hazards	Yes	Planning/Fire Department
Personnel skilled in GIS	Yes	Technology
Full time building official	Yes	Community Development
Floodplain manager	Yes	Public Works
Emergency manager	Yes	City Manager
Grant writer	Yes	Administration Services
GIS Data Resources (Hazard areas, critical facilities, land use, building footprints, etc.)	Yes	Public Works
Warning systems/services (Reverse 9-11, outdoor warning signals)	Yes	Dispatch

D.4.3 Fiscal Mitigation Capabilities

In order to achieve the goals and objectives of the Mitigation Strategy, one or more of the following funding sources could be utilized: federal and state entitlements and grants, 58 general fund, sales and property taxes, infrastructure user fees, impact fees, and new development impact fees. The City of Morro Bay has the necessary budgetary tools and practices in place to facilitate handling appropriate funds; however, funding sources are very limited. Table A.16 identifies financial tools or resources that the City could potentially use to help fund mitigation activities.

Table D.22 City of Morro Bay Fiscal Mitigation Capabilities

Financial Resources	Accessible/Eligible to Use (Yes/No)
Community Development Block Grants	Yes
Capital improvements project funding	Yes
Authority to levy taxes for specific purposes	Yes
Fees for water, sewer, gas, or electric services	Yes
Impact fees for new development	Yes
Incur debt through general obligation bonds	Yes
Incur debt through special tax bonds	Yes
Incur debt through private activities	No
Withhold spending in hazard prone areas	No





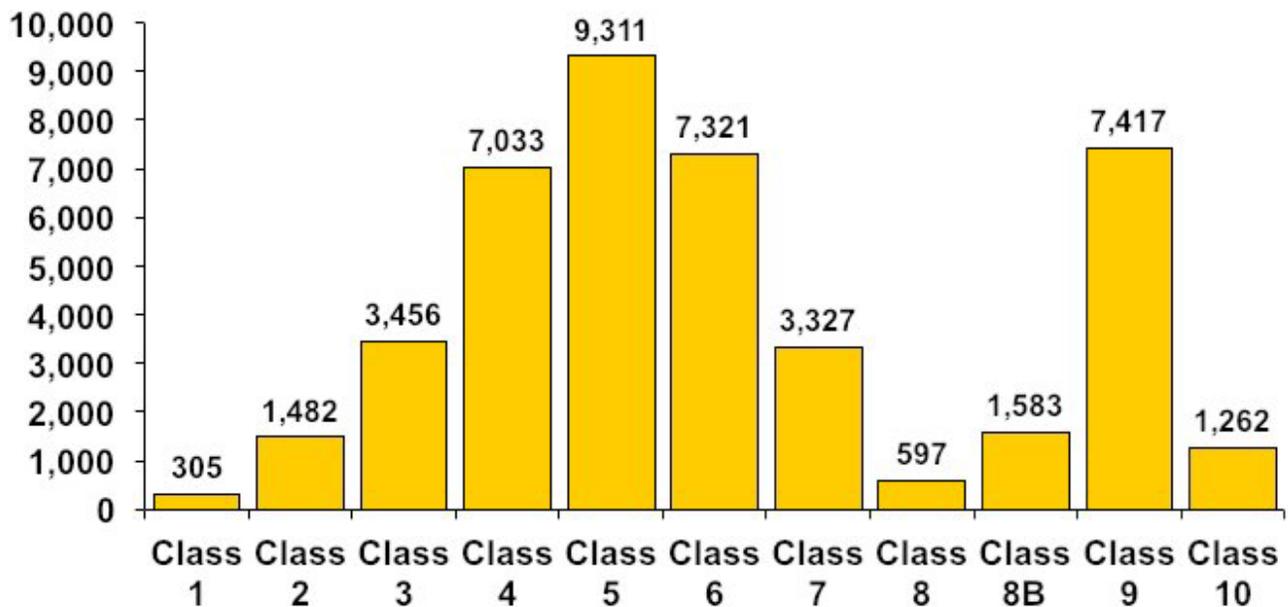
D.4.4 Mitigation Outreach and Partnerships

The County of San Luis Obispo conducted community outreach within the City limits to receive feedback from stakeholders on outlined mitigation strategies within the SLO County Multi-Jurisdictional Hazard Mitigation Plan. The City of Morro Bay maintains partnerships with the local Morro Bay, Fire, Police, and Harbor Departments to provide daily, long-term services required under the LHMP and the SLO County Multi-Jurisdictional Hazard Mitigation Plan. The City’s fire prevention and suppression services are provided by the City of Morro Bay Fire Department (MBFD), a fire and emergency service organization. As of June 2019, MBFD is staffed by 11 full time professional firefighters, 16 part time reserve firefighters, and 1 administrative assistant. The City of Morro Bay Police Department (MBPD) provides law enforcement services for the City. As of June 2019, MBPD is staffed at 17 sworn officers including the Chief and Commander and one reserve officer, for a ratio of 1.7 officers per 1,000 residents. The Harbor Department of the City of Morro Bay provides a high level of service in community education (water safety programs), public outreach, and community relations for boaters, beach users, and waterfront visitors. The Harbor Department is also involved with resource management for the City’s beaches and natural resources including coordination with state and federal regulatory agencies.

D.4.5 Other Mitigation Efforts

The Morro Bay Fire Department continuously reviews its current Insurance Service Office (ISO) Class 3 rating. The ratings calculate how well-equipped fire departments are to put out fires in that community. The ISO provides this score, often called the "ISO fire score," to homeowners insurance companies. The insurers then use it to help set homeowners insurance rates. The more well-equipped your fire department is to put out a fire, the less likely your house is to burn down. And that makes your home less risky, and therefore less expensive, to insure.

Countrywide





D.4.6 Opportunities for Enhancement

Based on the capability assessment, the City of Morro Bay has several existing mechanisms in place that help to mitigate hazards. There are also opportunities for the City to expand or improve on these policies and programs to further protect the community. Future improvements may include providing training for staff members related to hazards or hazard mitigation grant funding in partnership with the County and Cal OES. Additional training opportunities will help to inform City staff members on how best to integrate hazard information and mitigation projects into their departments. Continuing to train City staff on mitigation and the hazards that pose a risk to the City of Morro Bay will lead to more informed staff members who can better communicate this information to the public.

D.5 Mitigation Strategy

D.5.1 Mitigation Goals and Objectives

The City of Morro Bay's Hazard Mitigation Planning Group determined the goals from the 2012 Local Hazard Mitigation Plan continue to be appropriate for this plan update. The Group coordinated with the Fire Chief and the City Engineer to develop the following set of goals, objectives and mitigation actions for review by the City Council. The following are the City of Morro Bay's 2019 mitigation goals:

Goal 1. Promote disaster-resiliency for future development to help them become less vulnerable to hazards.

Objective 1.1 Facilitate the development (or updating) of the City's Comprehensive Plan, City General Plans, and zoning ordinances to limit (or ensure safe) development in hazard areas.

Objective 1.2: Facilitate the incorporation and adoption of building codes and development regulations that encourage disaster resistant design.

Objective 1.3: Facilitate consistent implementation of plans, zoning ordinances, and building and fire codes.

Goal 2. Enhance hazard mitigation coordination and communication.

Objective 2.1: Address data limitations identified in Hazard Profiling and Risk Assessment. Provide education to key stakeholders and the public to increase awareness of hazards and opportunities for mitigating hazards.

Objective 2.2: Increase awareness and knowledge of hazard mitigation principles and practice among local government officials.

Objective 2.3 : Participate in initiatives that have mutual hazard mitigation benefits for the City.

Objective 2.4: Encourage other organizations, within the public, private, and non-profit sectors, to incorporate hazard mitigation activities into their existing programs and plans.

Goal 3. Build and support local capacity and commitment to minimize the City's vulnerability to potential hazards.

Objective 3.1 Improve existing capabilities to warn the public of emergency situations.

Objective 3.2 Develop programs to enhance the safety of residents, students, and staff within the community.





Objective 3.3 Continue to support the applicable City departments in their ability to respond effectively to major emergencies.

Goal 4. Minimize the level of damage and losses to people as well as existing and future critical facilities and infrastructure due to flooding.

Objective 4.1 Implement policies, procedures, and regulations to reduce the exposure to flood hazards

Objective 4.2 Protect the improved property, natural resources, and life that are vulnerable to flood hazards.

Objective 4.3 Reduce the vulnerability of community assets particularly critical facilities located within the 100-year floodplain.

Objective 4.4 Continue to support and fund creek maintenance activities such as monitoring modifying property owners of hazardous conditions, as well as performing routine creek maintenance as needed and permitted by the California Department of Fish and Game.

Goal 5. Minimize the level of damage and losses to people, existing and future critical facilities and infrastructure to tsunamis.

Objective 5.1 Develop a comprehensive approach to reducing the level of damage and losses resulting from tsunami events.

Objective 5.2 Protect the improved property, natural resources, and life vulnerable to a tsunami event.

Goal 6. Minimize the level of damage and losses to people and existing and future critical facilities and infrastructure due to wildland fires.

Objective 6.1 Develop a comprehensive approach to reducing the level of damage and losses due to wildland fires.

Objective 6.2 Protect the improved property, natural resources, and life vulnerable to the effects of wildland fires.

Objective 6.3 Educate the public about wildland fire dangers and mitigation measures.

Goal 7. Minimize the level of damage and losses to people and existing and future critical facilities and infrastructure due to earthquakes.

Objective 7.1 Develop a comprehensive approach to reducing the level of damage and losses due to earthquakes.

Objective 7.2 Protect the improved property, natural resources, and life vulnerable to the effects of earthquakes.

Goal 8. Minimize the level of damage and losses to people and existing and future critical facilities and infrastructure due to the accidental spills and releases of Hazardous Materials.

Objective 8.1 Support the existing comprehensive approach to reducing the level of damage and losses due to the accidental spills and releases of hazardous materials.

Objective 8.2 Protect the improved property, natural resources, and life vulnerable to the accidental spills and releases of hazardous materials.





Goal 9. Minimize the level of damage and losses to people and existing and future critical facilities and infrastructure due to biological agent threats.

Objective 9.1 Develop a comprehensive approach to minimizing the loss of human life and livestock and agricultural products due to biological agent threats.

Goal 10. Prepare for and adapt to the impacts of climate change.

Objective 10.1 Use, and update as needed, the best available science to estimate exposure, vulnerability, and risk of hazards as the result of climate change.

Objective 10.2 Use the climate change exposure, vulnerability, and risk assessments to ensure mitigation investments, capital projects, and programs actively mitigate climate impacts.

Continued Compliance with the National Flood Insurance Program

The City has been an NFIP participating community since 1979. In addition to the mitigation actions identified herein the City will continue to comply with the NFIP. This includes ongoing activities such as enforcing local floodplain development regulations, including issuing permits for appropriate development in Special Flood Hazard Areas, and ensuring that this development mitigated in accordance with the regulations. This will also include periodic reviews of the floodplain ordinance to ensure that it is clear and up to date, and reflects new or revised flood hazard mapping.

D.5.2 Completed 2006 Mitigation Actions

During the 2019 planning process the City of Morro Bay Planning Team reviewed all the mitigation actions from the 2006 LHMP. The review indicated the City has completed eleven mitigation actions since 2006, and has made continued progress in implementing mitigation projects and building the community's resilience to disasters. The completed actions have reduced vulnerability to hazards and increased local capability to implement additional mitigation actions. Table D.23 below show the mitigation actions that have been completed since 2006.





Table D.23 City of Morro Bay Completed Mitigation Actions

Action ID	Corresponding Hazard(s)	Mitigation Action	Lead Agency	Priority	Actions Status Notes
3.B	Multi	Support the development of the County Regional Community Emergency Response Team (CERT) in the local areas.	Fire Department	Medium	completed
3.D	Multi	Task the Disaster Council with developing a Continuity of Operations Plan (COOP) for the City	Fire Department	High	completed
4.B	Flood	Maintain compliance with the National Flood Insurance Program (NFIP) requirements	Community Development/ Public Safety	Medium	continuous
4.C	Flood	Continue to participate and support the San Luis Resource Conservation District (RCD) County Flood Control Zone	Admin/ Community Development	High	continuous
4.D	Flood	Restrict construction of essential service facilities in the 100-year floodplain areas	Community Development	Medium	completed
5.D	Tsunami	Restrict construction of essential service facilities in tsunami inundation zone	Community Development	Medium	completed
6.C	Wildfire	Continue to enforce codes and ordinances that eliminate the use of wood shake roofs	Community Development Fire Department	Medium	continuous
6.D	Wildfire	Develop codes and ordinances that require fire sprinkler systems in all new structures built in the wildland urban interface areas of the City	Community Development Fire Department	Medium	continuous
7.B	Earthquake	Require property owners of URM buildings to post-approved signage on site	Public Safety	High	completed
8.A	Hazardous Materials	Establish a goal of sending one fire department employee every three years through the California Specialized Training Institute Hazardous Materials Specialist program so that they may become a member of the county's hazardous materials response team	Fire Department	Medium	completed
9.D	Biological Agents	Support establishment of a Vector Control District in San Luis Obispo County	Admin/Fire Department	Medium	continuous





D.5.3 Mitigation Actions

The Planning Team for the City of Morro Bay identified and prioritized the following future mitigation actions based on the conducted risk assessment (see Table D.24). Background information and information on how each action will be implemented and administered, such as ideas for implementation, responsible office, potential funding, estimated cost, and timeline are also included. Actions were prioritized using the process described in Section 7.2.1 of the Base Plan. Actions with an asterisk (*) are those that mitigate losses to future development.





Table D.24 City of Morro Bay 's Mitigation Action Plan

ID	Hazard(s) Mitigated	Description/Background/Benefits	Lead Agency and Partners	Cost Estimate	Potential Funding	Priority	Timeline	Status/ Implementation Notes
MB.1	Adverse Weather, Coastal Erosion/Sea Level Rise, Earthquake, Flood, Landslides, Tsunami, Wildfire	Educate the planning staff, City administrative staff and elected officials on the importance of keeping up to date on trends and developments in ,disaster preparedness. Attendance at seminars and lectures on the specific hazards would enable staff to make appropriate recommendations to the governing bodies as they go about the process of approving new developments.	All	Little to no cost	General Fund	Medium	Annual	Annual implementation
MB.2	Adverse Weather, Coastal Erosion/Sea Level Rise, Earthquake, Flood, Landslides, Tsunami, Wildfire	Through newsletters, advertisements, speaking engagements and other public contacts, educate the general public and key stakeholders on the issues, responsibilities, and current efforts and successes in the area of hazard mitigation and disaster preparedness.	All	Little to no cost	General Fund	Medium	Annual	Annual implementation
MB.3	Adverse Weather, Earthquake, Flood, Landslides, Tsunami, Wildfire	Train the police, harbor and fire department supervisors and officers on the activation of the County's early warning system and additional public notification systems to ensure that warning systems function as tools to mitigate potential hazard impacts to citizens.	Fire Dept/ Police Dept / Harbor Dept	Less than \$10,000	General Fund	Medium	Annual	Annual implementation





ID	Hazard(s) Mitigated	Description/Background/Benefits	Lead Agency and Partners	Cost Estimate	Potential Funding	Priority	Timeline	Status/ Implementation Notes
MB.4	Adverse Weather, Coastal Erosion/Sea Level Rise, Earthquake, Flood, Landslides, Tsunami, Wildfire	Survey the applicable department heads as to their perceived hazard mitigation and disaster preparedness needs. Convene a special meeting of the Disaster Council to prioritize these needs and develop funding strategies.	Fire Department	Little to no cost	Staff Time	High	Annual	Annual implementation
MB.5	Biological agents	Participate in the public education process of human and agricultural health related issues as available.	Admin/FD	Little to no cost	Staff Time	Medium	2-3 yrs.	In progress
MB.6	Biological agents	Encourage broad participation in County public and agricultural health associated emergency preparedness exercises	Admin/FD	Little to no cost	Staff Time	Medium	1 yr.	In progress
MB.7	Biological agents	Increase involvement of special needs populations (disabled, elderly) in education, awareness, hazard mitigation and disaster preparedness activities	Admin/FD	Little to no cost	Staff Time	Medium	1 yr.	In progress
MB.8	Earthquake	Perform a seismic safety review of all current City structures, infrastructure and facilities paying close attention to structural and non-structural mitigation of all facilities. Convene the Disaster Council to prioritize the findings of the seismic safety review and research funding strategies.	PS / Fire Department	Less than \$10,000	Staff Time	High	Annual	Annual Implementation
MB.9	Flood	Continue to work cooperatively with the state and federal flood-related agencies	All	Little to no cost	Staff Time	Medium	Annual	Annual Implementation
MB.10	Tsunami	Review the current City Tsunami Plan and update it as necessary to ensure regional consistency with the SLO County Tsunami Plan	Admin / Fire Department	Little to no cost	Staff Time	Medium	Annual	Annual Implementation





ID	Hazard(s) Mitigated	Description/Background/Benefits	Lead Agency and Partners	Cost Estimate	Potential Funding	Priority	Timeline	Status/ Implementation Notes
MB.11	Tsunami	Educate the public about tsunami dangers and appropriate response and mitigation actions	Fire Department	Little to no cost	Staff Time	Medium	Annual	Annual Implementation
MB.12	Tsunami	Evaluate the potential to maximize life safety associated with the use of route signs, tactical staging areas, tsunami safe zones, and traffic control points as outlined in the County Tsunami Plan.	Fire Department / PS	Less than \$10,000	FEMA HMA	High	1-2 years	Deferred. Current City Management is re-evaluating the regional plan to implement
MB.13	Wildfire, Hazardous Trees	Work with the California State Parks and San Luis Obispo County Fire Safe Council to initiate fuel thinning and chipping projects in the Black Mountain area within the City limits.	Fire Department	Less than \$10,000	FEMA HMA	Medium	3-5 yrs.	Annual implementation. State Parks has been a great partner providing great work to improve Black Hill
MB.14	Wildfire	Continue to support the City's weed abatement program to provide additional wildfire mitigation through vegetation management.	Fire Department	7 to 10% of Fire Marshal	PDM Grant/ Staff Time/ Dept. Budget	Medium	Annual	Annual Implementation
MB.15	Flood	Amend the Municipal Code to require flood risk disclosure and active acknowledgment of expanded flood risk in property purchases/turnovers.	Community Development	Unknown	General Fund	Medium	1-2 years	New
MB.16*	Flood	Require new development in the Sea Level Rise Hazard Overlay Zone to evaluate potential impacts to adjacent or nearby properties from all proposed structural flood protection measures to ensure that these measures will not create adverse direct and/or cumulative on-site or off-site impacts.	Community Development	Unknown	Development Fees	Medium	Annual	New





ID	Hazard(s) Mitigated	Description/Background/Benefits	Lead Agency and Partners	Cost Estimate	Potential Funding	Priority	Timeline	Status/Implementation Notes
MB.17*	Flood	Continue to adopt and enforce the most up-to-date California Building Standards Code and California Fire Code, with appropriate local amendments.	Community Development; Fire	Unknown	General Fund	Medium	Annual	New
MB.18	Flood	Develop timing triggers for actions to address sea level rise impacts for each character area in Morro Bay based on sea level rise adaptation studies, sea level rise modeling, best available science, and the vision for each character area.	Community Development	Unknown	General Fund	Medium	3-5 yrs.	New
MB.19*	Flood	During Development Review, determine if any structures meant for human habitation are to be constructed within the 100-year floodplain or in the Sea Level Rise Hazard Overlay Zone. If necessary, evaluate each structure's safety from flood and sea level rise related hazards, and recommend remedial actions.	Development Standards/Community Development	Unknown	General Fund, Development Fees	Medium	Annual	New

*mitigates impacts to new development





D.6 Implementation and Maintenance

Moving forward, the City will use the mitigation action table in the previous section to track progress on implementation of each project. As illustrated in the completed actions table (Table D.23), much progress has been made since the plan was originally developed. Implementation of the plan overall is discussed in Chapter 8 of the Base Plan.

D.6.1 Incorporation into Existing Planning Mechanisms

The information contained within this plan, including results from the Vulnerability Assessment and the Mitigation Strategy, will be used by the City to help inform updates and the development of local plans, programs and policies. The Engineering Division may utilize the hazard information when implementing the City's Community Investment Program and the Planning and Building Divisions may utilize the hazard information when reviewing a site plan or other type of development applications. The City will also incorporate this LHMP into the Safety Element of their General Plan, as recommended by Assembly Bill (AB) 2140.

As noted in Chapter 8 of the Base Plan, the HMPC representatives from Morro Bay will report on efforts to integrate the hazard mitigation plan into local plans, programs and policies and will report on these efforts at the annual HMPC plan review meeting.

D.6.2 Monitoring, Evaluation and Updating the Plan

The City will follow the procedures to monitor, review, and update this plan in accordance with San Luis Obispo County as outlined in Chapter 8 of the Base Plan. The City will continue to involve the public in mitigation, as described in Section 8.3 of the Base Plan. The City of Morro Bay Planning Team will be responsible for representing the City in the County HMPC, and for coordination with City staff and departments during plan updates. The City realizes it is important to review the plan regularly and update it every five years in accordance with the Disaster Mitigation Act Requirements as well as other State of California requirements.





AGENDA NO: B-1

MEETING DATE: November 10, 2020

Staff Report

TO: Honorable Mayor and City Council

DATE: October 26, 2020

FROM: Scot Graham, Community Development Director

SUBJECT: Adoption of Resolution No. 96-20, which Rescinds Resolution No. 60-20 and Amends the FY 2020/21 Master Fee Schedule Revising Building Permit and Fire Plan Review Fees and Adds a New Fee for Commercial Cannabis Background Investigations

RECOMMENDATION

Staff recommends that the City Council conduct the formally noticed public hearing, review the proposed modifications to the Master Fee schedule, and adopt Resolution No. 96-20, which rescinds Resolution No. 60-20 and amends the City's Master Fee Schedule for Fiscal Year (FY) 2020/21 to include revised Building Permit and Fire Plan Review fees and adds a new fee for the Police Department to cover commercial cannabis business employee background investigations.

BACKGROUND

The Morro Bay Municipal Code Chapter 3.34, Master Fee Schedule, stipulates how the City shall move forward with amending the Master Fee Schedule. Relevant sections of that chapter are included below for reference.

3.34.010 – Established

The City Master Fee Schedule is established, which shall set forth a consolidated listing of fees as fixed and adopted by the City Council, in accordance with all applicable provisions of state and city laws.

3.34.020 – Fee Revisions and Reviews

Any fees included in the Master Fee Schedule may be reviewed and revised annually by the City Council. The City's cost of providing the services shall be computed and reflected in these fees. The fees shall then be enumerated, and the revised Master Fee Schedule adopted by resolution of the City Council.

DISCUSSION

Staff has identified needed revisions to the Building Permit and Fire Plan Review fees as well as the need to add a Police Department background investigation fee in relation to commercial cannabis business employees.

Staff has been utilizing the FY 20/21 Master Fee Schedule since July 1st of this year and in reviewing Building Permit fees and the Fire Plan Review fee it became apparent that the City could potentially

01181.0001/678898.1

Prepared By: SG

Dept Review: SG

City Manager Review: SC

City Attorney Review: CFN

collect fees in excess of the cost to provide the service. Currently, Building Permit fees are set at .026 times the building valuation. The Fire Department Plan Review fee is similarly set at .011 times the building valuation.

For projects with a valuation of \$1 million or less the Building Permit and Fire Plan Review fee rates serve to cover the cost of providing the service, based on fee study conducted by Revenue and Cost Specialists. However, once you exceed a project valuation of \$1million the fee exceeds the cost of work done by city staff and it is therefore necessary to reduce the multiplier for the portion of a project's valuation exceeding \$1 million. To this end staff is recommending the following revisions to the Master Fee Schedule:

Building Permit Fee Change

1. Page 5 of the master fee schedule: Set the Building permit fee, for projects valued between \$3,001 to \$1,000,000, to .026 x the valuation.
2. Page 5 of the master fee schedule: For projects with a valuation exceeding \$1,000,000 use .0075 as the multiplier for the portion of the valuation over \$1 million.

Staff has provided the following building permit fee calculation to illustrate the impact of the proposed fee change. The below calculation is based on a commercial project with a \$5 million valuation.

Current fee: $.026 \times \$5,000,000 = \$130,000$

Proposed fee: $.026 \times \$1,000,000 = \$26,000 + (.0075 \times \$4,000,000 = \$30,000) \$30,000 = \$56,000$

Fire Department Plan Review Fee Change

1. Page 28 of the master fee schedule: for valuation of \$0 to \$1,000,000, set fee at .011 times the project valuation.
2. Page 28 of the master fee schedule: for valuation over \$1,000,000, apply multiplier of .0025 times the portion of the valuation over \$1,000,000

The following Fire Plan Review fee calculation is provided to illustrate the impact of the change in fee calculation based on a \$5 million valuation:

Current fee: $.011 \times \$5,000,000 = \$55,000$

Proposed fee: $.011 \times \$1,000,000 = \$11,000 + (.0025 \times \$4,000,000 = \$10,000) \$10,000 = \$21,000$

Police Department Cannabis Business Employee Background Investigation Fee

The Police Department has conducted the first round of employee background investigations for Perfect Union and based on the staff time spent and hourly rate for employees conducting the investigation the fee is proposed at \$165.00 plus the existing \$35.00 Live Scan fingerprint fee for a total of \$200.00. Background checks for commercial cannabis business management personnel are typically more involved and the fee is therefore being set at \$265.00 plus the existing \$35.00 Live Scan fingerprint fee for a total of \$300.00. These fees are in addition to the \$84.00 U.S. Department of Justice (DOJ) passthrough fee for the Live Scan service. The proposed fees are shown on page 26 of the Master Fee Schedule, provided as Attachment 2 to this staff report.

CONCLUSION

Staff recommends that the City Council adopt Resolution No. 96-20, rescinding Resolution 60-20 and amending the FY 2020/21 Master Fee Schedule revising the Building Permit fee calculation, the Fire Plan Review fee and adding new Police Department background investigation fees for both commercial cannabis business general employees and management employees.

ATTACHMENTS

1. Resolution No. 96-20
 - a. Revised FY 2020/21 Master Fee Schedule

RESOLUTION NO. 96-20

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING RESOLUTION 60-20 TO AMEND THE ADOPTED FISCAL YEAR 2020/21
MASTER FEE SCHEDULE TO REVISE BUILDING PERMIT AND FIRE PLAN REVIEW FEES
AND ADDING A NEW FEE FOR COMMERCIAL CANNABIS BACKGROUND INVESTIGATIONS**

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

WHEREAS, the City Council finds fees and charges for City services are annually in need of review for possible updating to reflect changes in the cost of providing those services; and

WHEREAS, pursuant to the California Constitution, with certain exceptions, if a City Fee exceeds the City's cost for providing the service covered by that fee, that fee is considered a tax; and

WHEREAS, the City has reviewed the attached fees, and finds they do not exceed the actual costs of providing related services when that limitation is applicable; and

WHEREAS, The City Council adopted Resolution 36-20 approving the Fiscal Year 2020/21 Master Fee Schedule on April 28, 2020; and

WHEREAS, The City Council adopted Resolution 60-20 approving revisions to the Fiscal Year 2020/21 Master Fee Schedule on June 23, 2020; and

WHEREAS, The City has reviewed the attached amended FY 20/21 Master Fee Schedule, and finds they do not exceed actual costs of providing related services when that limitation is applicable; and

WHEREAS, California Government Code sections 66000, et seq, mandate numerous detailed and stringent requirements for all development fees levied by local government on new construction projects; and

WHEREAS, Section 66017 of the California Government Code requires a 60-day "waiting period" before any development fee increase can become effective; and

WHEREAS, pursuant to government Code section 66016, et seq., specific fees to be charged for services must be adopted by City Council resolution or ordinance, after providing notice and holding a public hearing; and

WHEREAS, the City's Municipal Code Section 3.34.020 Fee revisions and reviews, states: *Any fees, included in the Master Fee Schedule, may be reviewed and revised annually by the city council. The City's cost of providing the services shall be completed and reflected in these fees. The fees shall then be enumerated, and the revised Master Fee Schedule adopted by resolution of the City Council;* and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, the Fiscal Year 2020/21 Master Fee Schedule, attached hereto and incorporated herein, is hereby amended and readopted, and furthermore that Resolution No. 60-20 is rescinded in its entirety.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 10th day of November 2020, by the following vote:

AYES:
NOES:
ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

CITY OF MORRO BAY FEE SCHEDULE FOR THE FISCAL YEAR 2020/21

All fees adjust annually by either the December Consumer Price Index (CPI = 2.5 %) or Construction Cost Index (ENR = 5.36%). The CPI used is for the San Francisco-Oakland-San Jose area.

Table of Contents

Category	Page Number
General	2
Finance	3
Community Development	5
Public Works	17
Police	24
Fire	27
Harbor	32
Recreation	38
Transit	44

GENERAL FEES		
FEE NAME	Adopted Fee Effective 7/1/20	Proposed Fee Effective 7/1/21 (Plus CPI)
Photocopies (unless otherwise defined)	\$0.40 per page \$0.70 per 11x17" page	
Copies -Digital	\$5 per device	
Records Request	\$5.00 – Retrieval of FPPC filings 5 or more years old.	
Print material mailed	Cost of copying/printing and postage	
Refundable appeal fee for non-land use administrative decisions	\$275	\$300
Elections filing fee - Notice of intention to circulate petition; this amount is refundable under Elections Code Section 9202(b), with conditions	\$200	
Candidate Filing Fee	\$25 per candidate. This fee is limited by state law.	

*Estimated Cost of Appeal is \$3,495. The \$275 appeal fee denotes 8% cost recovery.

FINANCE	
FEE NAME	Adopted Fee Effective 7/1/20
Budget document, per copy	Actual cost of outside company to print and bind, or Copies – Printed fee at: \$0.40 per page – Letter and Legal sized paper \$0.70 per page – Tabloid sized paper
City audit document, per copy	Actual cost of outside company to print and bind, or Copies – Printed fee at: \$0.40 per page – Letter and Legal sized paper \$0.70 per page – Tabloid sized paper
Master Fee Schedule	Actual cost of outside company to print and bind, or Copies – Printed fee at: \$0.40 per page – Letter and Legal sized paper \$0.70 per page – Tabloid sized paper
Business Tax Schedule	Actual cost of outside company to print and bind, or Copies – Printed fee at: \$0.40 per page – Letter and Legal sized paper \$0.70 per page – Tabloid sized paper
Returned check charge, per CA Civil Code Section 1719	\$75 per check
Business License – New	\$31 per license
Business License – Renewal	\$15 per license

UTILITY BILLING	
FEE NAME	Adopted Fee Effective 7/1/20
Water service application fee	\$51 per account
Physical posting of shut-off notice at customer location	\$36
Refundable/transferable deposit - residential tenants only on signup (MC 13.04.220)	\$100
Deposit required for service termination for delinquent non-payment (residential tenants only, if a deposit has not previously been collected)	\$100
Reconnection	\$87

COMMUNITY DEVELOPMENT	
BUILDING DIVISION	
FEE NAME	Adopted Fee Effective 7/1/20 <u>Revised 11/10/2020</u>
Valuation of from 0 - \$3,000 (including electrical service less than 600 amp, and minor plumbing alternatives)	\$174
\$3,001 to \$1,000,000	.026 x total valuation as determined by the Building Official (50% submittal/50% at issuance)
\$300,001 and up <u>apply to portion of valuation above \$1,000,000</u>	.260075 x <u>total portion of</u> valuation <u>over \$1,000,000</u> as determined by the Building Official (50% submittal/50% at issuance)
Construction Operation After Hours	\$77
Building Re-Address Processing	\$61
Demo Commercial	\$231
Demo Residential	\$154
In-lieu Housing Fee (if unit not affordable housing) - per square foot	\$0.38
General Plan Maintenance	8% surcharge on all Building Permits
I.T. Service Fee	.0075 x valuation (valuation capped at \$1,000,000)
SMIP Category I (Residential)	.00013 x valuation
SMIP Category II (Commercial)	.00028 x valuation

COMMUNITY DEVELOPMENT	
BUILDING DIVISION Cont.	
FEE NAME	Adopted Fee Effective 7/1/20
Unsafe Building repair, demolition or moving structure	Charged at cost
Inspection Fees - outside of normal work hours - per hour, 2 hour minimum	\$ Fully Allocated Hourly Rate x 1.2
Re-Inspection Fees - per hour	\$149
Inspection for which no fee is otherwise indicated - per hour, 1 hour minimum – Use for Certificate of Occupancy	\$149
Additional Plan Review required by changes, additions, revisions to the approved plans - per hour, 1hour minimum	\$149 per hour. One hour minimum
Use of outside consultants for special plan checking and inspection	Charged at cost + 25% Administration Fee
Permits – Change Ownership/Add Contractor	\$123 per request
Permit Extension of Time	\$61 per request
Residential Solar Permit 1kW to 15 kW	\$446

COMMUNITY DEVELOPMENT	
BUILDING DIVISION Cont.	
FEE NAME	Adopted Fee Effective 7/1/20
Residential Solar over 15kW	\$ 445 + \$ 10 per kW above 15kW
Commercial Solar Permit below 50kW	\$ 892
Commercial Solar Permit 50kW – 250kW	\$ 892 + \$10 per kW above 50kW
SPECIAL INSPECTION & PLAN REVIEW FEES	
Penalty for commencing construction without permit(s). This is in addition to the standard building permit fees.	2 times the permit fee
DEVELOPMENT IMPACT FEES (Increase by CPI Until Further Impact Fee Discussion in September 2020)	
Building fees per square foot, including garages (enclosed spaces). Single family residential additions of 500 square feet or less are exempt. Water and Wastewater fees are additional. An increase in meter size resulting from the need to comply with the hydraulic demand associated with Fire Sprinklers is exempt.	
Residential, Single Family	\$4.54
Residential, Multi-family	\$7.28
Accessory Dwelling Unit	\$1.10
Non-residential, commercial	\$4.61
Non-residential, office	\$3.25
Non-residential, industrial	\$1.67

DEVELOPMENT IMPACT FEES (Deferred until Impact Fee Discussion)	
Park fees for residential in-fill lots, per square foot	
Single-family	\$1.41
Single-Family, Detached Accessory Structure	\$0.35
Accessory Dwelling Unit	\$0.35
Multi-family	\$2.35
Public Facilities Fees, per square foot.	
Single-family residential:	
General Government	\$1.35
Police	\$0.45
Parks	\$1.41
Fire	\$0.49
Storm Drain	\$0.06
Traffic	\$2.18
Multi-family residential:	
General Government	\$2.23
Police	\$0.74
Parks	\$2.35
Fire	\$0.83
Storm Drain	\$0.07
Traffic	\$3.39
Public Facilities Fees, per square foot	
Non-residential, commercial:	
General Government	\$0.29
Police	\$0.07
Parks	\$0.02
Fire	\$0.26
Storm Drain	\$0.04

DEVELOPMENT IMPACT FEES	
Public Facilities Fees, per square foot	
Traffic	\$3.87
Non-residential, office:	
General Government	\$0.37
Police	\$0.09
Parks	\$0.02
Fire	\$0.36
Storm Drain	\$0.04
Traffic	\$2.36
Non-residential, industrial:	
General Government	\$0.10
Police	\$0.04
Parks	\$0.02
Fire	\$0.09
Public Facilities Fees, per square foot (continued)	
Storm Drain	\$0.04
Traffic	\$1.36
PLANNING DIVISION	
Affordable Housing In-Lieu:	
Funding assistance application fee	\$635
Reasonable Accommodation (ADA) fee (no fee required if in conjunction with other discretionary permit)	\$123

PLANNING DIVISION Cont.**Coastal Permits (may be billed at direct cost)**

FEE NAME	Adopted Fee Effective 7/1/20	Proposed Fee Effective 7/1/21 (Plus CPI)
Coastal Permit in combination with Conditional Use Permit	No Fee	No Fee
Coastal Permit (Administrative)	\$1,032	\$1,410
Regular CDP Without CUP - New single family and single family additions over 25%, Multiple Dwelling, Office, Commercial, Convention, Industrial & Institutional	\$8,491	\$13,545
Additions between 10% and 25% to a Single Family Dwelling in Coastal Appeals area (Planning Commission)	\$3,296	\$5,865
Emergency Permit (excluding required regular CDP)	\$1,035	
Other administrative – Tree Removal, private	\$425	\$570

Environmental (may be billed at direct cost):		
FEE NAME	Adopted Fee Effective 7/1/20	Proposed Fee Effective 7/1/21 (Plus CPI)
Categorical Exemption	\$67	
Negative Declaration	\$2,422	\$4,035
Mitigated Negative Declaration If contracted = contract amount + 25% administrative fee	In House - \$ 4,902 per application Outside - \$4,902 as a deposit for outside consultant plus 25% Administrative Fee	In House - \$6,660 per application, Outside - \$6,660 as a deposit for outside consultant plus 25% Administrative Fee
Filing Fee - for environmental document	\$195	
Environmental Impact Report - Contract Amount + 25% administrative fee	Initial \$5,000 deposit for cost of staff and outside consultant	
Archaeology Research Fee – Santa Barbara Central Coast Information Services	\$144	
Miscellaneous:		
Sidewalk Vending Permit	\$331 (initial fee and annual renewal fee)	
Letter regarding land use confirmation or other research – per hour cost	\$159	
Development Agreement – charged at fully allocated hourly rates for all personnel involved, plus any outside costs	\$10,000 deposit	
Extra Planning Commission Meeting	\$745	\$2,180
Applicant Requested Continuance	\$128	
Fine, in addition to permit fee	two times the permit fee + plus \$50 per day – after notice.	

FEE NAME	Adopted Fee Effective 7/1/20	Proposed Fee Effective 7/1/21 (Plus CPI)
Appeal of City decision, excluding Coastal Permits in the appeal jurisdiction – refundable if appellant prevails	\$275*	\$300
Telecomm Facility – Administrative (new fee)	\$154	
Street name/Rename Processing	\$353	
Commercial Medical Cannabis	\$18,000 deposit for cost of staff time and outside consultant	
Vacation Rental Monitoring Fee	\$108 per permit	
Conceptual Review Fee – Fee is credited toward any future discretionary permit application within 24 months.	\$2,768 per application	\$4,355 per application
Notification fees:		
Planning Commission Hearing	\$454	
Administrative Permit Noticing	\$292	\$530
Sign Permits:		
Sign Permit	\$331	\$595
Sign Exception (CUP)	\$1,756	\$3,450
Pole Sign (CUP)	\$1,756	\$3,450

*Estimated Cost of Appeal is \$3,495. The \$275 appeal fee denotes 8% cost recovery.

FEE NAME	Adopted Fee Effective 7/1/20	Proposed Fee Effective 7/1/21 (Plus CPI)
Sign Program (New Fee)	\$438	\$1,280
Fines – Temporary, beyond time allowed by Ordinance – per day after notice given	\$50 per day after notice given	
Fines – Permanently attached sign w/o permit – per day after notice	\$50 per day after notice given	
Subdivisions: all Subdivisions may be billed at direct cost		
Tentative Parcel Map Application	\$6,682 per map	
Tentative Tract Map 0 to 10 lots, add \$100.00 per lot over 10 lots	\$9,053 per map	\$12,915 per map
Lot Line Adjustment	\$1,952 per application	\$5,915 per application
Certificate of compliance (legal determination) – initial fee covers up to 4 lots. Add \$250 per lot over 4 lots	\$1,220 + \$256 per lot for every lot over 4	
Lot Mergers	\$2,050	\$5,915
Text Amendments & Annexations (May be billed at direct cost)		
<p>Zone Ord. Changes/LCP</p> <ul style="list-style-type: none"> - Minor (single section revisions/additions) - Major (multiple sections revised/added) <p>If contracted – contract amount + 25% administrative fee. Fee amount becomes an initial deposit.</p>	<p>Minor = \$ 5,000 deposit for cost of staff and outside consultant</p> <p>Major = \$ 10,000 deposit for cost of staff and outside consultant</p>	

FEE NAME	Adopted Fee Effective 7/1/20	Proposed Fee Effective 7/1/21 (Plus CPI)
Specific Plan (Billed as deposit with charges at the fully allocated hourly rates for all personnel involved + any outside costs). If contracted = cost + 25% administration fee. Fee amount becomes an initial deposit.	\$5,000 deposit for cost of staff and outside consultant	
General Plan/Local Coastal Plan Amendment: - Minor (single section revisions/additions) - Major (multiple sections revised/added) If contracted – cost + 25% administrative fee. Fee amount becomes an initial deposit.	\$ 5,000 deposit for cost of staff and outside consultant \$10,000 deposit for cost of staff and outside consultant	
Annexations – Deposit to be determined by staff. Billed at fully allocated staff cost. If contracted – contract amount + 25% administrative fee.	\$ 10,000 deposit for cost of staff and outside consultant	
Time Extensions		
Time extension for CUP, regular Coastal Permits and variance (Planning Commission)	\$1,506	\$2,540
Time Extensions for Tract Maps and Parcel Maps	\$1,505	\$3,515
Time Extension - Administrative	\$292	
Use Permits - All use permits may be billed at direct cost at the discretion of the Community Development Director and the scheduled fee would then be deemed as a deposit. All Projects in the Planned Development Overlay require a Use Permit		
Conditional Use Permit (CUP)	\$8,491	\$13,545
CUP Concept Plan	\$11,215	\$14,890

FEE NAME	Adopted Fee Effective 7/1/20	Proposed Fee Effective 7/1/21 (Plus CPI)
CUP Precise Plan	\$4,880	\$10,235
CUP Combined Concept/Precise Plan	\$11,215	\$14,890
One SFR in a Planned Development Zone or Bluff Area	\$6,929	
Occupancy Change in Commercial/Industrial Zones	\$1,562	\$5,745
Additions to non-conforming structures, not adding units or new uses	\$3,275	\$5,990
Minor Use Permit (Residential & Industrial Uses)	\$952	\$2,305
Temporary Use Permit – Longer than 10 days	\$1,332	\$1,725
Outdoor display and sales and outdoor dining	\$1,264	\$1,725
Administrative Temporary Use Permit – 7 consecutive days or 10 non-consecutive days	\$292	\$620
Amendments to Existing Permits (Planning Commission)	\$4,346	\$8,960
Major modification while processing	\$2,571	\$5,035
Minor amendments to existing permits (Administrative)	\$378	\$705
Special Use Permit (Minor – PC Review)	\$2,786	\$5,665
Special Use Permit (Major – PC Review)	\$8,369	\$13,190

Variations		
FEE NAME	Adopted Fee Effective 7/1/20	Proposed Fee Effective 7/1/21 (Plus CPI)
Variance	\$4,178	\$5,665
Variance processed with other permits	\$1,025	
Minor Variance	\$697	
Parking Exception (will always be accompanied by a Conditional Use Permit, Minor Use Permit or Coastal Development Permit)	\$382	\$1,000
Laserfiche Applies to all Planning and Building Permits		
Laserfiche of planning and building documents, including scanning and storage. Fee based on plan set pages only.	\$15 for first page of plan set, and \$7 for each additional page.	

PUBLIC WORKS	
FEE NAME	Adopted Fee Effective 7/1/20
IMPACT FEES	
Water Impact fee (Capacity Credit is given for existing meter) Based on Water & Wastewater Impact Fee Update, Bartle Wells Associates, 3/17/15	
Less than 1-inch meter	\$5,721
1 inch meter	\$7,674
1-1/2 inch meter	\$15,346
2 inch meter	\$24,555
3 inch meter	\$46,041
Wastewater fee (Capacity Credit is given based on existing water meter size) Based on Water & Wastewater Impact Fee Update, Bartle Wells Associates, 3/17/15	
Less than 1-inch meter	\$5,777
1 inch meter	\$7,702
1-1/2 inch meter	\$15,439
2 inch meter	\$24,648
3 inch meter	\$46,214

ENGINEERING DEVELOPMENT REVIEW FEES	
Flood Hazard Development Permit (MC 14.72.040) - time and materials costs may be added to minimum, when actual cost exceeds the minimum fee (PW):	
FEE NAME	Adopted Fee Effective 7/1/20
Permit, minimum fee	\$369
Flood plain letter	\$163
City Engineer Map Review Fees Subdivisions - (PW):	
Final Map - Tract, minimum fee (MC 16.24.040J)	\$6,406
Final Map – Tract, Per lot for every lot over 4 lots	\$248
Final Parcel Maps	\$4,794
Map Amendment Review, minimum fee	\$1,528

Public Improvement Plans Inspections/Plan Review - time and materials costs may be added to minimum, when actual cost exceeds the minimum fee:		
FEE NAME	Adopted Fee Effective 7/1/20	Proposed Fee Effective 7/1/21 (Plus ENR)
Public/Subdivision Improvement Plan Check, and Inspection as a Percentage of the approved Engineer's estimate for Subdivision Improvements	6.3- Percent	
Lease Line Adjustment	\$1,054 per application	\$2,140 per application
Abandonment Process:		
Street/R-O-W Abandonment Process	\$7,111	
Summary Abandonment	\$1,580	\$3,570
Right of Way Dedication	\$516 per permit	
Encroachment Permits (MC 13.16.140) - time and materials costs may be added to minimum, when actual cost exceeds the minimum fee (PW):		
Regular – Surface Improvements	\$316	
Regular – Underground Improvements	\$527	
Special - Private Encroachments into the Public R/W, Landscaping plant materials and exempt.	\$1,200	
Annual Utility Encroachment Permit	\$3,038	\$3,750
Wide Load Permit with Traffic Control Plans - Per Year (Set by State of California)	\$95	
Wide Load Permit with Traffic Control Plans - One Time (Set by State of California)	\$17	

FEE NAME	Adopted Fee Effective 7/1/20	Proposed Fee Effective 7/1/21 (Plus ENR)
Temporary Encroachment Agreement. Plus current San Luis Obispo Recording Fees	\$158	
Street & Sidewalks:		
Exception Application Exception Application (Sidewalk Deferral) Plus current San Luis Obispo Recording Fees	\$339	\$805
PLANNING AND ENGINEERING DEVELOPMENT REVIEW FEES		
Storm Water Fees (PW):		
Single Family; Other than Single Family (per 6,000 square foot lot area, or fraction thereof):		
Planning review of preliminary stormwater plan	\$ 163 per application	
Building permit review of stormwater plan	\$ 332 per permit	
Inspection of stormwater facility/erosion control	\$ 200 per application	
Trees (PW):		
Removal Permit (to trim, brace or remove, MC 12.08.110)	\$313	
WATER		
Water Service:		
Application (MC 13.04.07)	\$51 per account	

FEE NAME	Adopted Fee Effective 7/1/20	Proposed Fee Effective 7/1/21 (Plus CPI)
Meter Installations/Connections:		
3/4 inch Meter/Service (Only installed where Fire sprinklers are not required)	City Installation: \$1,604 Contractor Provides Service Line Install: \$461 plus actual cost of parts. Partial credit may apply if staff is able to use existing parts.	
1 inch meter Meter/Service	City Installation: \$2,151 Contractor Provides Service Line Install: \$461 plus actual cost of parts. Partial credit may apply if staff is able to use existing parts.	
1-1/2"meters and above	City Installation: \$2,722 Contractor Provides Service Line Install: Actual cost of outside contractor & parts.	
Meter Box Installation/Replacement	\$533 per meter box, paved/concrete location \$338 per meter box, unpaved location	
Water Meter Re-Read	\$67	
Reconnection (MC 13.04.310)	\$87	
After - Hours Water Meter Turn Off/On	\$307	\$580
Water meter lock and any other damage. Subject to Police investigation and potential prosecution for theft of water and tampering with City Property	T&M	

Meter Installations/Connections (continued):	
FEE NAME	Adopted Fee Effective 7/1/20
Water Meter Testing (Remove, test and replace meter); fee refunded if meter test indicates an overage of greater than 2%	\$ 261 per test plus outside cost of testing. Fee refunded if meter test indicates an overage of greater than 2%.
Water Equivalency Unit (WEU) "In-Lieu" Fee - per WEU required . In-lieu fee is an alternative for an applicant that does not provide the WEU offset, as required and set by Council Resolution	2 x \$3,217/WEU required = \$6,435
Fire Hydrants Meter Installation and Removal for Contractor Use (MC 13.04.360): Rental, per day plus cost of water at current rate structure. Hydrant Meter Rental, per day plus cost of water at current rate structure.	\$251 per rental plus \$5 per day and \$1,500 refundable deposit. Water Meter will be read and billed on a monthly basis.
Certificate of Compliance – Water Retrofit	\$77
Water Service Refundable Deposit - residential tenants only	\$100

FEE NAME	Adopted Fee Effective 7/1/20
WASTEWATER	
Connection Permit - This is in addition to an Encroachment Permit.	\$159
Discharge Fee - Tank Trucks and Commercial per truck, for gallon. No septage allowed	\$ 266+ \$0.25/gal or fraction there of
Raising Manhole to Grade	\$159 per manhole
Sewage Spill Cleanup - cost of providing service Sewage spill clean up	Fully allocated hourly rate for all staff involved.
Fats, Oils & Grease Inspection	\$159 – inspection \$159 - reinspection
OTHER FEES	
Dedication 15 Gallon Tree and Plaque	Actual Cost of Labor and Parts
Dedication Bench and 1 Plaque Space	Actual Cost of Labor and Parts
Dedication Whole Bench with 3 Plaque Spaces	Actual cost of labor and parts
Other Park Amenity Dedication	To Be Determined on an individual basis

POLICE SERVICES		
FEE NAME	Adopted Fee Effective 7/1/20	
Permits and Licenses:		
Tow/Taxi Service Provider Application Fee	\$820	\$1,805
Taxi Operator Permit Application Fee	\$615	\$905
Taxi Operator Permit Application Renewal Fee	\$149	
Second Hand Dealer Permit - City Application Fee (does not include Department of Justice fee) (MBMC 5.40.330)	\$512	\$1,040
Second Hand Dealer Permit renewal - City Application Fee (does not include Department of Justice fee) (MBMC 5.40.330)	\$282	
Massage Therapist/Parlor Permit Application Fee (MBMC 5.40.330)	\$149	
Special Events	Fully Allocated Hourly Rate for all staff involved	
ABC Permit	\$77 per permit	
Support Services Activity:		
Digital Photo Reproduction to CD - per hour, 1 hour minimum	Service no longer offered. Refer to Copy – Digital fee, \$5 per device	
Audio/Video Tape Reproduction - per hour, 1 hour minimum	Service no longer offered. Refer to Copy – Digital fee, \$5 per device	
Record Searches/Reviews/Clearance/Responses - per hour, 1 hour minimum	\$ 67 per letter	

Officer Activity:	
FEE NAME	Adopted Fee Effective 7/1/20
Equipment Citation Sign Off	\$15
Vehicle Impound Fee Administrative Costs (CVD 22850.5)	\$190
Abandoned Vehicle Removal (junk vehicles/parts)	\$190
Other Police Services:	
Firearms-seizure/storage (PC 33880)	\$128
State Mandated Costs	
Concealed Weapons Permit (does not include DOJ or other fees (PC25455) Fees set by California Penal Code Sections 12050-12054 and 26190a	\$100 per permit (\$20 paid at time of application with remaining amount paid upon issuing of permit) Psychological testing costs are added to the above fees up to \$150. Permit requires fingerprinting.
Renewal of Concealed Weapons Permit (does not include cost of ID card) Fees set by California Penal Code Sections 12050-12054 and 26190a	Renewal Permit - \$25 Amended Permit - \$10
Subpoena Duces Tecum (does not include costs of report, etc) (EC 1563(b)(1))	Subpoenaed Non-Sworn \$ 35 per day plus \$0.20 per mile (California Government Code Section 68093) Subpoenaed Peace Officer – Full cost to the public entity incurred in paying the peace officer, firefighter his or her salary or other compensation and traveling expense for each day that such officer is required to remain in attendance (California Government Code 68097.2) Subpoena Duces Tecum - \$15 (California Government Code Section 1563(b)(6))
Delinquent Parking Citation Copy (VC 40206.5)	Remove. Refer to the City's Copies – Printed Fee
Repossessed Vehicle (GC 41612)	\$15 Fee set by California Government Code 41612

State Mandated Costs Cont.	
FEE NAME	Adopted Fee Effective 7/1/20
Live scan Fingerprint Fees (PC 13300(e))	\$ 35 per request
Cost Recovery:	
FEE NAME	Adopted Fee Effective 7/1/20, <u>Revised 11/10/2020</u>
DUI Emergency Response (MBMC 3.40.030)	Per Government Code Section 53155, charge the actual costs incurred up to \$12,000 per response for all responding personnel.
False Alarm Response (after 3 rd false alarm in a year) (MBMC 9.22.020)	No Charge – 1 st and 2 nd response within a year \$380 – 3 rd and subsequent response within a year.
<u>Commercial Cannabis business employee background investigation fee</u>	<u>\$165.00 per regular employee</u>
<u>Commercial Cannabis business manager background investigation</u>	<u>\$265.00 per management employee</u>

FIRE	
FEE NAME	Adopted Fee Effective 7/1/20
Permits:	
Permit Inspection Fees:	
Any single permit identified in Title 24 CFC and not specifically addressed in the Master Fee Schedule	\$282 per permit
Any combination of permits shall not exceed	\$1,179
Special Occurrence or Use Permit (equipment & personnel charges additional)	\$150
Equipment & Personnel Charges:	
Engine or Truck: per hour, per vehicle (personnel charges additional)	\$132
Squad/Rescue: per hour, per vehicle (personnel charges additional)	\$96
Utility/Command Vehicle: per hour, per vehicle (personnel charges additional)	\$46
Personnel charges	Per hour, per person – 2 hour minimum, unless otherwise specified, at current productive hourly rate

Plan Review Fees:		
FEE NAME	Adopted Fee Effective 7/1/20₁ Revised 11/10/2020	
Fire Plan Concept Review	Fully allocated hourly rate with no charge for first 15 minutes.	
Plan Review <u>fee for valuation \$0 to \$1,000,000</u>	1.1% .011 of total valuation plus use of outside consultant for Plan Review & Inspection based on actual cost	
<u>Plan Review for valuation over \$1,000,000</u>	<u>.0025 applies to portion of valuation over \$1,000,000</u>	
Additional Plan Review required by changes, additions or revisions to approved plans	Personnel charges, as specified in Equipment & Personnel Charges, on an hourly basis, plus actual cost of outside consultant for Plan Review	
Fire Protection:		
FEE NAME	Adopted Fee Effective 7/1/20	Proposed Fee Effective 7/1/21 (Plus CPI)
System & Equipment Fees:		
Fire Sprinkler System Installation Inspection - (above ground):		
Residential	\$ 190	
Commercial	\$285+ \$ 15 per head	
Commercial projects or tenant improvements under 1,000 sq. ft.	\$ 190 + \$ 15 per head	
Use of Outside Consultants for Plan Review & and/or Inspection	\$195 + actual cost	
Request for Building Fire Flow Calculations	\$205	\$385
Request for Hydrant Flow Information	\$195	
Fire & Safety Inspection Program	\$40 – B2 Business Inspection (4 yr Self Inspection Program) \$140 – NonB2 Business Inspection (Annual Inspection) Fees collected through Business Licensing.	
Request for Hydrant Flow Test	\$75 fee plus personnel & equipment as specified in Personnel and Equipment Charges, 1 hr min	

FEE NAME	Adopted Fee Effective 7/1/20
Engine company business inspection:	
1st and 2nd inspections	No charge
3rd and subsequent inspections	\$348
New and annual business/facility inspection fees:	
Administrative citation for failure to correct a violation shall be charged per 1.03.050 of the Municipal Code	1 st Citation \$ 102
Administrative citation for second violation of the same ordinance in the same year shall be charged per 1.03.050 of the Municipal Code	\$205
Administrative citation for third and each additional violation of the same ordinance in the same year shall be charged per 1.03.050 of the Municipal Code	\$513
Annual weed and hazard abatement inspection fees:	
1st inspection for compliance	No charge
2nd and subsequent inspections	\$195
Administrative citation for failure to correct a violation shall be charged per 1.03.050 of the Municipal Code	\$150
Administrative citation for second violation of the same ordinance in the same year shall be charged per 1.03.050 of the Municipal Code	\$299
Administrative citation for third and each additional violation of the same ordinance in the same year shall be charged per 1.03.050 of the Municipal Code	\$599

Incident Response Fees:	
FEE NAME	Adopted Fee Effective 7/1/20
Negligent Incidents	<p>Response due to negligent/malicious act (e.g., DUI traffic accident, climber on Morro Rock, incendiary fire, negligent hazardous material incident, negligent confined space incident, etc.)</p> <p>Two hour minimum to be charged as specified by Personnel & Equipment Charges plus any material costs and contract services used.</p>
Excessive or Malicious False Alarms	<p>Emergency response due to "Failure to Notify" when working on or testing fire/alarm system</p> <p>0.5 hours minimum to be charged as specified by Personnel & Equipment Charges.</p>
Alarm system malfunction resulting in 2 in 30 days or 3 in 12 months	Charged as specified by Personnel & Equipment Charges plus any material costs
Other Fire Services:	
Fire response report, per report	\$128
Additional copies, per page	See General Fees for copy charges
Cause & Origin investigation reports, per report	\$369

FEE NAME	Adopted Fee Effective 7/1/20
Non-renewal of required annual permit	Charge double permit fee rate
Failure to obtain permit	Charge double permit fee rate
Missed site inspection appointment	\$195
Failure to meet permit requirements/requiring re-inspection	\$195
Permits - California Fire Code:	
See operational and construction permits identified in the California Fire Code, Section 105	
Plan Review Fees:	
Plan Review Fees	Total valuation to recover the cost of providing service
Use of outside consultant for Plan Review and/or Inspection	\$75 plus actual cost of consultant
All Plan Review Fees shown are minimum amounts, based on average processing. Large or complex projects may be subject to increased fees based upon time, costs, or equipment costs as shown per Equipment & Personnel Charges.	

HARBOR DEPARTMENT

1. All fees are due in advance. At the Harbor Department's discretion, billing in arrears for qualified and registered vessels with current account status may be allowed.

2. Any account past due over 10 days will be charged a \$35 late fee on a monthly basis. Accounts are due and payable by the 10th of every month.

VESSEL FEES

1. All vessel fees based on the length of the vessel or the length of the slip, whichever is greater, with a 36-foot minimum.

2. The Harbor Director may waive dockage fees for "tall ships" visiting Morro Bay Harbor for any period less than 30 days with written notice.

3. Transient Slip fees will be charged by the day or by the month, whichever is less.

4. Transient Slip monthly subleases shall be limited to 3 months in any slip as long as there are vessels appropriate to the slip size on the sublease waiting list.

5. Floating Dock and Anchorage stay limited to 30 days in any 6-month period.

FEE NAME	Adopted Fee Effective 7/1/20 *Effective 10/1/20
Commercial Fishing Slips – monthly rate per foot	\$7.10*
Commercial Fishing Slip Waiting List Deposit	\$435
Head Float Berth – monthly rate	\$256.25
Transient Slips – monthly sublease rate per foot	\$ 11 Commercial; \$14 Recreational
Transient Slips – daily rate per foot	\$ 1 Commercial; \$1.50 Recreational
T-Piers – daily rate per foot	\$0.35*
Floating Dock	\$0.45
A1-5 Anchorage Area – first 5 days	\$0.00
A1-5 Anchorage Area – daily rate/foot over 5 days	\$0.40

Vessel Fees (continued)	
FEE NAME	Adopted Fee Effective 7/1/20
Temporary Moorage – large vessels or equipment requiring special accommodation or assistance – daily rate	\$187
Impound Fee	\$218
Impounded Vessels – daily storage rate per foot	\$2.31
MOORING FEES	
1. Guest Mooring stay limited to 30 days in any 6-month period without prior approval of the Harbor Department.	
FEE NAME	Adopted Fee Effective 7/1/20
City Moorings – monthly rate	\$282
Private Moorings – monthly rate	\$96
Guest Moorings – daily rate per foot	\$0.46
Mooring Ownership Transfer – private moorings	\$1,290

SERVICE FEES

1. South T-Pier Hoist may only be used for fish unloading only in certain cases; see Harbor Department Rules and Regulations.

2. Dry Storage fee is for use of each approximate 10-foot by 30-foot space; may be pro-rated.

3. Triangle Lot Boat Storage fee is for use of each approximate 12-foot by 30-foot space; minimum monthly increments.

FEE NAME	Adopted Fee Effective 7/1/20
T-Pier Electrical Convenience Fee – daily rate	\$3.08
South T-Pier Hoist – rate per use	\$16.50
South T-Pier Hoist Fish Unloading – per hour	\$86.20
Wharfage – rate per ton	\$1.13
Loaned Electric Cord or Adaptor Replacement	\$188
Dry Storage – monthly rate	\$102
Triangle Lot Trailer/Boat Storage – monthly rate	\$102

LIVEABOARD FEES

1. Liveaboard permits are valid for 2 fiscal years. Any Liveaboard application, submitted during the period January 1 through June 30, is valid only for that fiscal year and the following fiscal year. Any Liveaboard application, submitted July 1 through December 31, will only be valid for the remainder of that fiscal year and the following fiscal year.

2. Liveaboard Permit Inspections may be conducted by the Harbor Patrol or by a qualified Marine Surveyor acceptable to the City.

FEE NAME	Adopted Fee Effective 7/1/20 *Effective 10/1/20
Liveaboard Permit Administration - Monthly	\$44.80*
Liveaboard Permit Inspection – biennial (if done by Harbor Patrol)	\$150

EQUIPMENT & PERSONNEL CHARGES

1. Vessels requiring non-emergency assistance more than once in any 12-month period may be charged at the rates established herein.

2. Personnel and vessels/vehicles charged on an hourly basis with a 1-hour minimum.

FEE NAME	Adopted Fee Effective 7/1/20
Patrol Officer – per hour	\$154
Patrol Supervisor – per hour	\$179
Lifeguard	\$28

LAUNCH RAMP PARKING FEES

1. Launch Ramp Parking fees apply to the extended yellow-striped tow vehicle and trailer parking spaces at the Launch Ramp parking lot and Tidelands Park.

2. Annual Parking Permits are valid for one calendar year and may be prorated to the nearest month.

FEE NAME	Adopted Fee Effective 7/1/20
Daily (or any part thereof)	\$6
Annual Permit	\$159
Failure to Pay Established Fee	\$50
Failure to Visibly Display Receipt	\$50

LEASE ADMINISTRATION FEES

FEE NAME	Adopted Fee Effective 7/1/20
New Master Lease Negotiation & City Council Approval	\$ 2,870
Other Actions Requiring City Council Approval (lease amendment, lease assignment & assumption, deed of trust approval, lease line adjustment, license agreement approval, building lease approval)	\$1,435
Sublease Approval	\$ 410

RECREATION

FACILITY RENTALS:

COMMUNITY CENTER

FEE NAME	Adopted Fee Effective 7/1/20	
	Resident/Non-Profit Groups	Non-Resident/For-Profit Groups
Auditorium – Per Hour	\$92	\$ 138
Auditorium, one-half – Per Hour	\$56	\$82
Multi-Purpose Room – Per Hour	\$51	\$77
Lounge – Per Hour	\$41	\$61
Studio – Per Hour	\$31	\$46
Conference Room – Per Hour	\$15	\$26
Kitchen – Per Hour Note: Kitchen only rentals permitted Monday – Friday; weekend rentals must be combined with room rental.	\$26	\$31
Kitchen – 8 Hours	\$128	\$154

VETERAN'S MEMORIAL BUILDING		
FEE NAME	Adopted Fee Effective 7/1/20	
	Resident/Non-Profit Groups	Non-Resident/For-Profit Groups
Assembly, w/o kitchen – Per Hour	\$41	\$54
Complete, w/o kitchen – Per Hour	\$46	\$61
Meeting, w/o kitchen – Per Hour	\$34	\$45
Kitchen & barbeque – Per Hour Note: Kitchen only rentals permitted Monday – Friday; weekend rentals must be combined with room rental.	\$25	\$31
Kitchen – 8 hours	\$128	\$154

RECREATION FACILITY RENTALS (CONTINUED)

TEEN CENTER

	Resident/Non-Profit Groups	Non-Resident/For-Profit Groups
Per hour – up to 50 participants, includes one staff	\$77	\$102
Per hour - over 50 participants, includes two staff	\$102	\$128
Processing Fee: \$10, non-refundable	\$10 – Park Reservations \$26 – Facility/ Field/Court Rental \$36 Bounce House \$36 – Alcohol/Security	
Public Special Event/Festival Processing Fee (all public space rentals):	\$354 per event, non-refundable	
Security Deposit: \$150, no alcohol or live music \$500, alcohol and/or live music \$750, alcohol and/or live music over 200 people The City reserves the right to require additional security deposit limits at its discretion.	Facility Impact fee, non-refundable, per event based on group size: 100-200 participants: \$169 201 or more participants: \$348	
Event set-up: \$51 per hour Event breakdown: \$51 per hour Veteran’s Memorial Building stage use, set-up and breakdown: \$102 flat rate	Facility Attendant(s): \$20 per hour each Security Guard(s): \$32 per hour each (Required for events with alcohol and/or dancing) Unscheduled overtime: \$77 per hour	
Insurance: cost based on event size/type	Cancellations: 20% charge of invoiced costs	

HOURLY and PARK USE FEES (continued)		
	Resident/Non-Profit Groups	Non-Resident/For-Profit Groups
Anchor Memorial Park Open Area Bayshore Bluffs Open Area Centennial Parkway Open Area City Park Open Area Cloisters Park Open Area General Open Area Monte Young Open Area Tidelands Park Open Area Coleman Park Coleman Basketball Courts Del Mar Park Hillside or Meadow Del Mar Park Basketball Courts Del Mar Pickleball Courts Del Mar Tennis Courts Lila Keiser Park BBQ (Excluding Tournament Use) Monte Young Tennis Courts North Point Overlook	\$82/4 Hours \$246/day per area	\$102/4 Hours \$307/day per area
Lila Keiser Park Tournament Use (does not include field prep, or hourly use rates)	\$546	\$1,093
Public Special Event/Festival	\$546	\$1,093
Morro Beach Private Reception/Event – up to 100 people	\$205	\$307
Morro Beach Private Reception/Event – beyond 100 people	\$307	\$461
Morro Rock Parking Lot – Available only for public special events (non-exclusive use)	\$307	\$461

HOURLY and PARK USE FEES (continued)		
	Resident/Non-Profit Groups	Non-Resident/For-Profit Groups
Giant Chessboard – Wooden Pieces	\$44	\$88
Giant Chessboard – Plastic Pieces	\$12	\$18
Basketball Courts, Pickleball Court & Tennis Court Hourly	\$8	\$10
Lila Keiser hourly field rental w/o lights	\$8	\$10
Lila Keiser hourly field rental w/ lights	\$20	\$31
Lila Keiser field preparation	\$31	\$41
City Park Banner Placement	\$ 128/wk	\$ 179/wk
ADDITIONAL FEES		
Security Deposit: \$50, Bounce House \$150, no alcohol or live music \$500, alcohol and/or live music \$500 Organized Sporting Event (tournaments) \$500 Public Special Event/Festival The City reserves the right to require additional security deposit limits at its discretion	Lila Keiser Support Services: \$28 per hour Insurance: cost based on event size/type Cancellations: 20% of invoiced costs	

MISCELLANEOUS PROPERTY USE		
	Resident/Non-Profit Groups	Non-Resident/For-Profit Groups
Recreation equipment rental, per bag Includes one: Horseshoes, Badminton, Volleyball, Bocce Ball	\$12	\$18
Skate Park - Per Hour (2 hour minimum)	\$ 76	\$ 102
Photography/Filming – Per Day	\$546	\$1,092
ADDITIONAL FEES		
Equipment Rental Deposit: \$50 Photography/Filming Deposit: \$1,025		

MORRO BAY TRANSIT AND TROLLEY

Morro Bay Transit - Fixed Route

Regular fare, per ride	\$1.50
Discount fare, per ride	\$0.75
Regular punch pass (11 rides for the price of 10)	\$15
Discount punch pass (11 rides for the price of 10)	\$7.50
Regular day pass	\$4
Discount day pass	\$2

Morro Bay Transit - Call-a-Ride:

Fare, per ride	\$2.50
Call-A-Ride punch pass (11 rides for the price of 10)	\$25

Morro Bay Trolley Fares (Ages 12 and up):

Per ride (Children, under 12 years old ride free, but must be accompanied by a fare-paying adult)	\$1
All day pass	\$3

Morro Bay Trolley Advertising:

Exterior Side of Trolley (approx. 36"x20") - with supplied sign	\$411
Exterior Side of Trolley (approx. 36"x20") - MB Community Foundation supplied sign	\$480
Exterior Rear of Trolley (approx. 24"x20") - with supplied sign	\$374
Exterior Rear of Trolley (approx. 24"x20") - MB Community Foundation supplied sign	\$411
Interior (approx. 26"x12") - with supplied sign	\$176
Interior (approx. 26"x12") - MB Community Foundation supplied sign	\$213

Morro Bay Trolley Rental Rates:

Hourly rate includes driver, fuel, cleaning, standby mechanic and administration, unless otherwise noted.

One day, within City Limits, per hour (2 hour minimum):

Transportation of passengers to and from one location to another or continuous loop with multiple stops; plus cost of fuel	\$117
--	-------

One day, outside City limits, per hour (3 hour minimum)

Transportation of passengers to and from one location to another or continuous loop with multiple stops; plus cost of fuel	\$117
--	-------



AGENDA NO: C-1

MEETING DATE: November 10, 2020

Staff Report

TO: Honorable Mayor and City Council **DATE:** November 02, 2020

FROM: Rob Livick, PE/PLS – City Engineer
Joe Mueller, Interim Public Works Director
Eric Casares, PE – WRF Program Manager

SUBJECT: Water Reclamation Facility (WRF) Project Conveyance Facilities Construction Contract Award in the amount of \$31,493,675, Hydrogeological Work Contract Amendment in the amount of \$530,000 for the next phase of Hydrogeological work (Phase 3), Rejecting a Bid Protest and Review of the WRF Quarterly Report and Recommended Schedule of Reporting

RECOMMENDATION

Staff recommends the City Council consider the following:

1. Reject the bid protest filed by W.A. Rasic and authorize the City Manager to execute a contract with Anvil Builders, Inc. (Anvil) in the amount of \$31,493,675 for construction of the Conveyance Facilities component of the Water Reclamation Facility (WRF) Project (Project);
2. Authorize the City Manager to execute a contract amendment with GSI Water Solutions Inc. (GSI) in the amount of \$530,000 to provide Phase 3 hydrogeological services for the Project; and
3. Review and receive the WRF Quarterly Report; and
4. Approve the proposed modified schedule for WRF Monthly and Quarterly reporting.

FISCAL IMPACT

Execution of the contract with Anvil and the amendment with GSI will result in a revised Project budget of \$138,682,000. This represents an increase of \$8,021,000 (or 6.1 percent) compared to the current fiscal year budget of \$130,661,000 presented to the City Council at the beginning of Fiscal Year (FY) 2020/2021. The details of the new budget are included in the WRF Quarterly Report (Attachment 1). That projected budget increase will not require any increase in customer water and sewer rates. The current water and sewer rates have sufficient elasticity to cover the project cost increase, in large part due to the City securing a very low-interest Water Infrastructure Finance and Innovation Act (WIFIA) loan of nearly \$62 million.

1. AWARD OF CONSTRUCTION CONTRACT FOR CONVEYANCE FACILITIES

In May 2020, the City’s design engineer, Water Works Engineers (WWE) completed the final plans and specifications for the Conveyance Facilities component of the Project. This milestone represents the culmination of several years of work that began in November 2017 with evaluation of potential pipeline alignments and pump station(s) configurations to convey raw wastewater and treated effluent between the existing wastewater treatment plant (WWTP) and new WRF. In December 2018, WWE and the City’s Program Manager presented these alternatives to the Water Reclamation Facility

Prepared By: RL

Dept Review:

City Manager Review: SC

City Attorney Review: JWP

Citizens Advisory Committee (WRFCAC) and later to the City Council in January 2019. At the February 12, 2019 City Council meeting, the City Council provided staff direction to pursue the West alignment (i.e., Main Street and Quintana Road) and dual pump station alternatives.

On June 15, 2020, the City advertised the Conveyance Facilities component of the Project. During the bidding period, the WRF Program Manager, with support from WWE, held a pre-bid meeting, answered bidders' questions, and issued addenda. A total of five (5) addenda were issued. A total of five (5) bids were received and read aloud at the WRF construction site on August 14, 2020. The results of the bid opening are summarized in the table below:

Summary of Bids Received for the Conveyance Facilities

Bidder⁽¹⁾	Base Bid
W.A. Rasic Construction	\$38,425,000.00
OHL USA, Inc.	\$39,671,778.00
Nicholas Construction	\$42,664,745.00
Anvil Builders, Inc.	\$31,493,675.00
John Madonna Construction Company, Inc.	\$33,083,108.75
Notes: (1) The bids are presented in the order they were read at the bid opening held at the WRF site on August 14, 2020.	

Following the bid opening, the WRF Program Manager reviewed the bid packages and determined all of the bids received were both responsible and responsive. This recommendation to award was formalized in a letter provided to the City (Attachment 2). The construction agreement is included as Attachment 3.

Low Bid in Excess of Engineer's Estimate

The low bid from Anvil is approximately \$7 million over the engineer's estimate of \$24.2 million. This was the amount previously included in the WRF budget that was last presented to the City Council in July 2020. While the City will work with the contractor following award to understand the reason for the higher than anticipated bids and ways to reduce costs, some of the reasons for the higher costs could be:

- Uncertainty caused by the COVID-19 pandemic;
- A challenging construction schedule; and
- Strict construction constraints aimed at minimizing the impacts to the City's businesses that are significantly reducing the potential daily production rates.

City staff and the WRF Program Manager engaged the City's rate consultant (Bartle Wells) to assess the impacts of a significant increase in the WRF budget on the current water and sewer consumer rates following the bid opening. The 2018 rate study that was used for the Proposition 218 process assumed a total project budget of approximately \$126 million. The current water and sewer rates (including the \$41 per month WRF surcharge approved through the 2018 Proposition 218 process) are sufficient to support a \$138.7 million Project budget even without receipt of a Clean Water State Revolving Fund (CWSRF) construction loan and grant from the State Water Resources Control Board (SWRCB). The water and sewer rate elasticity is largely due to the City securing a lower than anticipated interest rate for the nearly \$62 million WIFIA loan. While the City anticipates receipt of up to \$59 million in CWSRF funds, the City does not anticipate having a signed loan agreement until spring 2021. If the City secures the CWSRF loan and grant, the City *may* be able to collect less than the authorized amount for water and sewer rates, in essence, extending a discount to all rate payers in Morro Bay. However, a rate analysis will need to be performed at that time to determine if a collection reduction is feasible, and that analysis will be conducted and shared with the Citizen

Finance Advisory Committee (CFAC) and City Council once more financial information is available on the CWSRF loan and grant (likely in spring 2021).

Bid Protest

The City received a bid protest on September 3, 2020 from W.A. Rasic claiming both Anvil and John Madonna Construction Company, Inc. (John Madonna) were neither responsible nor responsive. The letter alleges the City must reject the two lowest bidders as being nonresponsive due to the two lowest bidders' failure to provide resumes for key personnel and nonresponsive due to lack of qualifications. The City asked the two lowest bidders to provide the resumes required by the bid documents following the bid opening. Allowing late submission of this information does not provide these bidders any advantage over the other bidders. The City made the decision no to use the pre-qualifications process permitted by Public Contract Code (PCC) 20101. Because of the typical bidding process used by the City for the Project, which is frequently used and relied upon for public projects, the qualifications issues alleged in the bid protest do not create a legally recognized opportunity to award the bid to other than the lowest responsive and responsible bidder, as suggested by the protest letter. As a result, the City Attorney's Office, City staff, and the WRF Program Manager recommend rejecting the bid protest and awarding the Project to Anvil, as the lowest responsive and responsible bidder.

2. AMENDMENT FOR HYDROGEOLOGICAL WORK

Since 2016, the City has been working with GSI to provide hydrogeological support for the Project. In May 2017, GSI completed the Lower Morro Valley Basin Screening-Level Groundwater Modeling for Injection Feasibility Final Report (Feasibility Study), which included the development of a screening-level numerical groundwater flow model of the lower portion of the Morro Valley Groundwater Basin. This model was used to determine the feasibility of using injection and recovery of recycled water (i.e., indirect potable reuse [IPR]) to enhance the City's water supply.

This feasibility evaluation was framed by the following goals:

- Ability to inject 825 acre-feet per year (AFY) or 268,827,000 gallons per year of highly purified recycled water (maximum production capacity of the WRF);
- Determine the maximum annual production capacity of the City wells that can be sustained without inducing seawater intrusion; and
- Ability to satisfy Title 22 minimum response retention time requirements for the injected recycled water. (Note: Title 22 of California's Code of Regulations refers to state guidelines for how treated and recycled water is discharged and used.)

Several different modeling scenarios were evaluated, which considered different injection locations both west of Highway 1 (Vistra Energy Property) and east of Highway 1 (near Miner's Ace Hardware), injection volumes, and extraction volumes. The injection areas are commonly referred to as the western and eastern areas, respectively. As a result of the modeling, the following conclusions were made:

- The aquifer can accept 800 to 825 AFY of highly purified recycled water;
- The City's existing extraction wells can produce up to 1,200 AFY or 391,022,000 gallons without inducing seawater intrusion; and
- It is possible to meet the minimum required response retention time of two months.

As a result of the conclusions made in the Feasibility Study, City staff and the WRF Program Manager moved forward with additional hydrogeology using a phased approach. The City released a request for proposals (RFP) for groundwater modeling and pilot injection well testing services on March 30, 2018, with proposals due on April 20, 2018. The City received two proposals, one from GSI, and one from Geoscience. Ultimately GSI was selected. At the September 28, 2018, City Council meeting, a contract was awarded to GSI.

The RFP identified the following phases for the remaining hydrogeological work:

- Phase 1 – Additional Groundwater Modeling
- Phase 2 – Selection of the Preferred Injection Area
- Phase 3 – Basis of Design and Permitting for the Full-Scale Injection Wells

In April 2019, GSI prepared a technical memorandum (Phase 1 TM), which summarized the results of the Phase 1 work effort. The work in Phase 1 focused on the impacts of injection and extraction on the groundwater quality in the basin. The major results of the Phase 1 TM are summarized below:

- The City's existing wells are at risk of seawater intrusion if significant quantities of groundwater are pumped without injection; and
- All wells have significantly lower nitrate concentrations under either the western or eastern injection well configurations.

After completion of the Phase 1 TM, GSI began work on Phase 2 of the hydrogeological work, which included field work at both the western and eastern injection locations. In June 2020, GSI completed the Characterization and Selection of the Project Area for Injection Testing, City of Morro Bay (Phase 2 TM), which is attached to this staff report (Attachment 4). The report describes the field investigations done at both the western and eastern areas as well and describes the additional modeling completed to select the preferred injection location. The results of the Phase 2 TM are summarized below:

- The western area is preferable to the eastern area (also referred to as the "Narrows" area); and
- Injection is hydrogeologically feasible and can be constructed and operated in compliance with Title 22 regulatory requirements (i.e., retention times in the western area of approximately 2.5 to 5.5 months).

The results of the Phase 2 hydrogeological work was presented to the Public Works Advisory Board (PWAB) on August 19, 2020.

While the original RFP issued in 2018 was used to select a hydrogeologist for all phases of the Project, the proposal submitted by GSI clearly and understandably stated the scope and associated fee only covered Phase 1 and 2, because the scope of Phase 3 could not be accurately determined at that time. Following completion of Phase 2 in June 2020, and as contemplated by the subject agreement, GSI developed the Phase 3 scope and fee and submitted it to the City team in August 2020 for review. Over the last several months, the City has worked with GSI to revise this scope and fee (Attachment 5). The final scope includes the following components:

- Design, permitting, and installation of the first injection well;
- Preparation of a quarterly groundwater monitoring plan required for the Division of Drinking Water (DDW) Groundwater Replenishment Reuse Project (GRRP) permit;
- Evaluation of water quality considerations;
- Support for preparation of Title 22 Engineering Report, including coordination with WRF Program Manager to meet requirements of DDW's GRRP permit; and
- Coordination with DDW regarding groundwater modeling.

Once the Phase 3 hydrogeological work is completed, the WRF Program Manager will be able to complete the preliminary design for the injection wells.

3. WRF QUARTERLY UPDATE REPORT

With the transition of the Project in March 2020 to the start of the WRF construction, City staff and the WRF Program Manager discussed planned changes to the progress reporting schedule with both the CFAC and City Council. Before the start of construction, the WRF Program Manager delivered a shortened Monthly Report to City Council the first and second months of the quarter. These reports

were included on the City Council consent agenda. During the third, sixth, ninth, and twelve months of the fiscal year (i.e., September, December, March, and June), the WRF Program Manager developed the Quarterly Report for presentation to CFAC and inclusion on the City Council agenda as a discussion item. Both the Monthly and Quarterly Reports were delivered the month after the close of the month or quarter (e.g., March Quarterly Report would be presented at the April CFAC meeting and second City Council meeting in April).

Now that the Project is well into construction, it is proposed that Monthly and Quarterly WRF Reports be delivered to CFAC and City Council two months after the close of the month (e.g., March Quarterly Report would be presented at the May CFAC meeting and second City Council meeting in May). With the complexity of construction invoices, the WRF Program Manager requires the extra time to receive and review construction invoices so that the Project financials can be accurately reported.

This discussion is included in the staff report as a proposed WRF Project reporting schedule to both CFAC and City Council moving forward. Under this recommended reporting schedule, the next WRF report will be the October Monthly Report that will be included on the December 8, 2020 City Council consent agenda. The table below summarizes the anticipated reporting schedule through the end of the 2020/2021 fiscal year.

Schedule of WRF Project Reports

Reporting Period	Type of Report	City Council	CFAC
October 2020	Monthly	December 8, 2020 (Consent)	NA
November 2020	Monthly	January 26, 2021 (Consent)	NA
December 2020	Quarterly	February 23, 2021 (Business)	February 16, 2021
January 2021	Monthly	March 23, 2021 (Consent)	NA
February 2021	Monthly	April 27, 2021 (Consent)	NA
March 2021	Quarterly	May 25, 2021 (Business)	May 18, 2021
April 2021	Monthly	June 22, 2021 (Consent)	NA
May 2021	Monthly	August 10, 2021 (Consent)	NA
June 2021	Quarterly	August 24, 2021 (Business)	August 17, 2021

CONCLUSION

Award of the construction contract for the Conveyance Facilities component of the Project to Anvil is critical to the continued success of the Project. The City Attorney’s Office has determined (i) the protest received by the third lowest bidder has no merit and does not preclude the City from awarding the project to Anvil, as the lowest responsive and responsible bidder and (ii) that protest should be rejected. While Anvil’s bid is nearly \$7 million over the final engineer’s estimate, an evaluation of the rates by Bartle Wells has determined the existing rates will support a \$138.7 million budget for the Project, even without the \$59 million in CWSRF construction grant and loan funds the City intends to receive in spring 2021.

Previous work completed by GSI has determined the feasibility of IPR, the beneficial affects injection of purified water has on the groundwater quality, and the superiority of the western injection area. When the City selected GSI to complete Phase 1 and 2 of the hydrogeological work in 2018, it was always known they would need a future budget allocation for their continued support of the Project for Phase 3. This allocation was planned and is required for the potable reuse component of the Project to progress.

ATTACHMENT

1. WRF Quarterly Update Report (Q1 FY 2020/2021)
2. Conveyance Facilities Recommendation to Award Letter
3. Conveyance Facilities Construction Agreement
4. Water Reclamation Facility (WRF) Project Hydrogeologic Technical Memorandum (TM):
Characterization and Selection of Project Area for Injection Testing, City of Morro Bay,
Nicely, O'Rourke and Thompson, June 2020
5. GSI Amendment No. 1 Scope and Fee



MORRO BAY
OUR WATER
RELIABLE. CLEAN. FOR LIFE.

City of Morro Bay
Water Reclamation Facility Project

QUARTERLY REPORT SEPTEMBER 2020

FINAL | November 2020





City of Morro Bay
Water Reclamation Facility Project

QUARTERLY REPORT SEPTEMBER 2020

FINAL | November 2020

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

Contents

Section 1 - Project Overview	1
1.1 General Project Status Update	1
1.1.1 Water Reclamation Facility	1
1.1.2 Conveyance Facilities	1
1.1.3 Recycled Water Facilities	2
1.2 Quarterly Budget Revision	5
Section 2 - Key Performance Measures	9
2.1 Performance Measures	9
Section 3 - Project Costs	13
3.1 Project Budget	13
3.2 Project Cash Flow	13
3.3 Project Cost Summary	16
3.4 Detailed Project Costs	16
3.5 Change Orders	17
3.6 Reimbursement from Funding Agencies	19
Section 4 - Project Schedule	21
4.1 Project Milestones	21
Section 5 - Design And Procurement	27
5.1 Design Status	27
5.2 Procurement	27
Section 6 - Construction Status	29
6.1 Construction Summary	29
6.2 Upcoming Traffic Control	29
6.2.1 Planned Impacted Areas	29
6.2.2 Hours of Planned Lane/Road Closures	29
6.3 Construction Safety	29
Section 7 - Other Program Activities	31
7.1 Public Outreach	31
7.2 Permitting Activities	31
7.3 Funding Status	32

7.4 City Operations Activity	32
Section 8 - Project Details	33
8.1 Water Reclamation Facility	33
8.1.1 Design/Build	33
8.1.2 Project Scope	33
8.1.3 Current Progress	33
8.1.4 Project Challenges	33
8.2 Conveyance Facilities	35
8.2.1 Designer	35
8.2.2 Contractor	35
8.2.3 Project Scope	35
8.2.4 Current Progress	35
8.2.5 Upcoming Activities	35
8.2.6 Project Challenges	35
8.3 Recycled Water Facilities	37
8.3.1 Designer	37
8.3.2 Contractor	37
8.3.3 Project Scope	37
8.3.4 Current Progress	37
8.3.5 Upcoming Activities	38
8.3.6 Project Challenges	38

Tables

Table 1	Estimates at Completion	2
Table 2	Project Accomplishments and Challenges	3
Table 3	Budget Revision Summary	6
Table 4	Estimates at Completion	7
Table 5	WRF Project Performance Measures	11
Table 6	WRF Project Overall Budget Status (thru September 2020)	13
Table 7	WRF Project Cost Fiscal Year Projections	15
Table 8	WRF Project Cost Summary (through September 2020)	16
Table 9	General Project Activities Cost Summary (through September 2020)	16
Table 10	WRF Cost Summary (through September 2020)	17

Table 11	Conveyance Facilities Cost Summary (through September 2020)	17
Table 12	Recycled Water Facilities Cost Summary (through September 2020)	17
Table 13	Summary of Approved Change Orders (Amendment No. 1)	18
Table 14	Summary of Approved Change Orders (Amendment No. 2)	18
Table 15	Summary of Approved Change Orders (Amendment No. 3)	19
Table 16	Summary of Reimbursement Requests	20
Table 17	Time Schedule Order Milestone Summary	21
Table 18	Expanded Milestone Schedule	25
Table 19	Procurement Status (through September 2020)	27
Table 20	Procurement Status (through September 2020)	27
Table 21	Project Construction Costs	29
Table 22	WRF Performance Measures	34
Table 23	WRF Construction Summary	34
Table 24	Conveyance Facilities Performance Measures	36
Table 25	Conveyance Facilities Summary	36
Table 26	Recycled Water Facilities Performance Measures	39
Table 27	Recycled Water Facilities Summary	39

Figures

Figure 1	Project Cash Flow Projections and Actual Expenditures	14
Figure 2	Project Summary Schedule	23

Abbreviations

AFY	acre -feet per year
BNR	biological nutrient removal
BOD	Biochemical Oxygen Demand
Carollo	Carollo Engineers, Inc.
CCC	California Coastal Commission
CDFW	California Department of Fish and Wildlife
CPT	Cone Penetration Test
CWSRF	Clean Water State Revolving Fund
DDW	Division of Drinking Water
EACs	estimates and completion
EPA	Environmental Protection Agency
ESCP	Enhanced Source Control Program
EACs	estimates at completion
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
PA	Programmatic Agreement
PCO	Potential Change Order
PPP	Pollution Prevention Plan
Project	Water Reclamation Facility Project
PWAB	Public Works Advisory Board
RFP	request for proposal
ROW	right of way
RWQCB	Regional Water Quality Control Board
SAA	Stream Bed Alteration Agreement
SHPO	State Historic Preservation Office
SLO	San Luis Obispo
SPI	Schedule Performance Index
TM	Technical Memorandum
TSO	Time Schedule Order

TSS	Total Suspended Solids
UVAOP	Ultraviolet Advanced Oxidation Process
Vistra	Vistra Energy
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. The general progress update and schedule information presented in this report is current as of October 30, 2020. The financial information including the spent to date and budget remaining amounts are presented as of September 30, 2020.

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 on March 20, 2020. Activities to date include near completion of the major site work, construction of the foundation and walls of the sludge holding tanks and biological nutrient removal (BNR) basins, and installation of the 78-inch steel pipe serving as the chlorine contact chamber (CCC).

The City and Program Manager have worked with the design-build team to negotiate Amendment No. 4 that will settle the vast majority of all existing potential change orders (PCOs) including the soil slip, delay claims as a result of the California Department of Fish and Wildlife (CDFW), and various design clarifications. The City and Program Manager will bring Amendment No. 4 to City Council for review and approval on November 17, 2020.

1.1.2 Conveyance Facilities

1.1.2.1 Design

Water Works Engineers (WWE) submitted the bid set plans and specifications in May 2020 and the City advertised this component of the Project on June 15, 2020.

1.1.2.2 Construction

The City opened bids for the Conveyance Facilities component of the Project on August 14, 2020. The City received a total of five bids. A summary of the bids is provided in Table 1 below.

Table 1 Estimates at Completion

Bidder ⁽¹⁾	Base Bid
W.A. Rasic Construction	\$38,425,000.00
OHL USA, Inc.	\$39,671,778.00
Nicholas Construction	\$42,664,745.00
Anvil Builders, Inc.	\$31,493,675.00
John Madonna Construction Company, Inc.	\$33,083,108.75

Notes:

(1) The bids are presented in the order they were read at the bid opening held at the WRF site on August 14, 2020.

City staff is bringing a recommendation to award for Anvil Builders, Inc. to City Council on November 10, 2020.

1.1.3 Recycled Water Facilities

1.1.3.1 Design

The Project’s hydrogeologist (GSI Water Solutions [GSI]) delivered the Final Phase 2 (Characterization) Technical Memorandum (TM) in June 2020. GSI and the Program Manager presented the findings from the Characterization TM to the Public Works Advisory Board (PWAB) on August 19, 2020. The City and Program Manager will be presenting the findings of the Characterization TM to the City Council on November 10, 2020 along with the next budget authorization for GSI to cover Phase 3 of the hydrogeological work.

Table 2 summarizes some of the key accomplishments and critical challenges identified for the Project through October 30, 2020.

Table 2 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 to support permitting for the Project with the Regional Water Quality Control Board (RWQCB) and Division of Drinking Water (DDW).			
	Held a City Council tour and media event at the WRF on October 12, 2020.			
Water Reclamation Facility	Continued advancing construction on the South Bay Boulevard site (construction 20.2 percent complete)			
	Negotiated an amendment (Amendment No. 4) with the design-build team for all outstanding PCOs.			
Conveyance Facilities	Advertised a request for proposals (RFP) for both biological and archeological/paleontological/tribal monitoring.			
	Received pre-judgement possession of the Vistra Energy (Vistra) and PG&E property along the bike path and for the Lift Station No. 2 force main alignment necessary to complete construction.			
	Submitted the Final Phase 2 Mitigation and Monitoring Plan to the EPA and State Historic Preservation Office (SHPO)			
	Received the encroachment permit from Caltrans necessary for construction of the pipelines.			
		The low bid received is approximately \$7 million over the engineer's estimate.	While current rates without funding from the CWSRF will support the increased Project costs, all effort needs to be made to secure CWSRF funding.	With the increased cost of the Project and without receiving CWSRF funding, it could be challenging to reduce the amount currently being collected from rate payers. However, it does not impact funding for OneWater Morro Bay capital projects.
Recycled Water Facilities	Completed the Phase 2 hydrogeological work and selected the West injection area.			
	Received pre-judgement possession of the Vistra property necessary to construct the injection wells and continue the hydrogeological work.			

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 Q2 Fiscal Year 2020/2021 (December 31, 2020). A summary of the baseline, reconciled quarterly, and fiscal year budgets are summarized in Table 3. Subsequent budget reconciliations (quarterly) and fiscal year budgets (annual) will also be presented in this table for reference.

Table 4 summarizes the positions and estimates at completion (EACs) for the major elements of the Project through the end of Q1 FY 20/21 when the last budget reconciliation was completed. Major changes to the Project cost categories are as summarized below:

- General Program
 - Increase in the projected long-term budget for legal services.
 - Reclassification of land acquisition costs from separate Project components.
- Water Reclamation Facility
 - Reduction in the projected long-term budget for construction management for the WRF (i.e., Carollo)
- Conveyance Facilities
 - Increase in the construction cost for the pipelines and pump stations (i.e., current low bidder) compared to the final Engineer's Estimate.
 - Increase in projected budget for installation of new fiber optic cabling.
- Recycled Water Facilities
 - Increase in the cost for hydrogeological work that needs to be performed by GSI.

Table 3 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)	Quarterly Reconciliation (Q1 FY 20/21)
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	\$77,082,000
Conveyance Facilities	\$21,087,000	\$27,108,000	\$28,864,000	\$28,524,000	\$29,224,000	\$29,989,000	\$29,840,000	\$37,355,000
Recycled Water Facilities	\$8,593,000	\$5,366,000	\$5,250,000	\$5,212,000	\$5,353,000	\$5,526,000	\$5,526,000	\$5,740,000
General Program	\$24,403,000	\$11,614,000	\$11,801,000	\$11,625,000	\$11,701,000	\$12,964,000	\$13,260,000	\$14,255,000
Construction Contingency ⁽²⁾	\$9,444,000	\$6,450,000	\$7,132,000	\$7,131,000	\$7,364,000	\$10,264,000	\$4,207,000	\$4,250,000
Total	\$125,941,000	124,597,000	\$125,938,000	\$125,090,000	\$125,873,000	\$130,599,000	\$130,661,000	\$138,682,000

Notes:

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

(2) Breakdown of the current contingency (\$4,207,000) is as follows: WRF = \$1,449,000; Conveyance Facilities = \$2,458,000; and Recycled Water Facilities = \$300,000

Table 4 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			\$5,578,410	\$13,399,000
City Costs ⁽²⁾				\$2,381,697	\$3,929,000
Program Management ⁽³⁾ (Carollo Engineers)		\$293,000	\$6,360,378	\$3,196,713	\$9,470,000
Design/Build WRF	\$62,414,000			\$16,667,333	\$74,927,000
Design/Build (Filanc/Black & Veatch)		\$67,234,512	\$74,926,725	\$16,667,333	\$74,927,000
Conveyance Facilities	\$21,087,000			\$1,807,054	\$33,596,000
Design (Water Works Engineers)		\$1,360,565	\$2,052,387	\$1,807,054	\$2,102,000
Construction				-	\$31,494,000
Recycled Water Facilities	\$8,593,000			-	\$3,575,000
Design				-	\$450,000
Construction				-	\$3,125,000
Contingency	\$9,444,000				\$4,249,000
Water Reclamation Facility					\$1,449,000
Conveyance Facilities					\$2,500,000
Recycled Water Facilities					\$300,000
Other Contracts⁽⁴⁾				\$6,137,764	\$8,936,000
Total	\$125,941,000			\$30,190,562	\$138,682,000

Notes:

- (1) Total expenditures and EAC are based on the budget reconciliation completed for Q4 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 5. The Project's performance is also illustrated graphically in Figures 1 and Figure 2.

Table 5 WRF Project Performance Measures

Performance Measure	Data	Baseline (Q4FY 19/20)	Current (Q1 FY 20/21)	Delta	Status	Ⓞ	Ⓢ	Ⓡ
1: Total Project Costs	Total Project Projected Cost at Completion versus the Baseline Budget (budget as of 09/30/20)	\$130.7 M	\$138.7 M	6.1%	Ⓢ	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 09/30/20)	\$79.3 M	\$78.5 M	-0.9%	Ⓞ	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	\$39.9 M	23.4%	Ⓡ	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	\$6.0 M	3.7%	Ⓞ	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	\$14.3 M	7.5%	Ⓢ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
2: Program Manager Earned Value	Ratio of Program Manager Earned Value to Actual Invoiced Cost-to-Date (as of 09/30/20)	1.00	0.97	-0.03	Ⓢ	>= 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	0.98	-0.02	Ⓢ	>=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%	Ⓞ	<= 5%	> 5% and <=7.5%	> 7.5%
5: Compliance Date Countdown	Days Remaining to Compliance Date (as of 06/30/20)	881 days	715 days	166 days	Ⓡ	<= 365 days	364 days and 180 days	> 179 days

Section 3

PROJECT COSTS

3.1 Project Budget

The overall budget status for the Project is summarized in Table 6. 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 6 WRF Project Overall Budget Status (thru September 2020)

Summary of Total WRF Project Cost	
Original Baseline WRF Project Budget ⁽¹⁾	\$125,941,000
Current Fiscal Year WRF Project Budget (as of 9/30/20) ⁽²⁾	\$130,661,000
Current WRF Project Budget (as of 09/30/20) ⁽³⁾	\$138,682,000
Budget Percent Change (Current versus Fiscal Year)	6.1%
Total Expenditures for September 2020	\$3,152,000
Total Expenditures to Date (thru 09/30/20 invoices)	\$30,191,000
Percent of Current WRF Project Budget Expended	21.8%
Summary of Contracted Work	
Total Contracted Amount	\$88,448,000
Percent of Current WRF Project Budget Contracted	63.8%
Total Contracted Amount Expended	\$26,661,000
Percent of Contracted Amount Expended	30.1%
Remaining WRF Project Contracted Amount	\$61,787,000

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 September 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 Time Schedule Order (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.

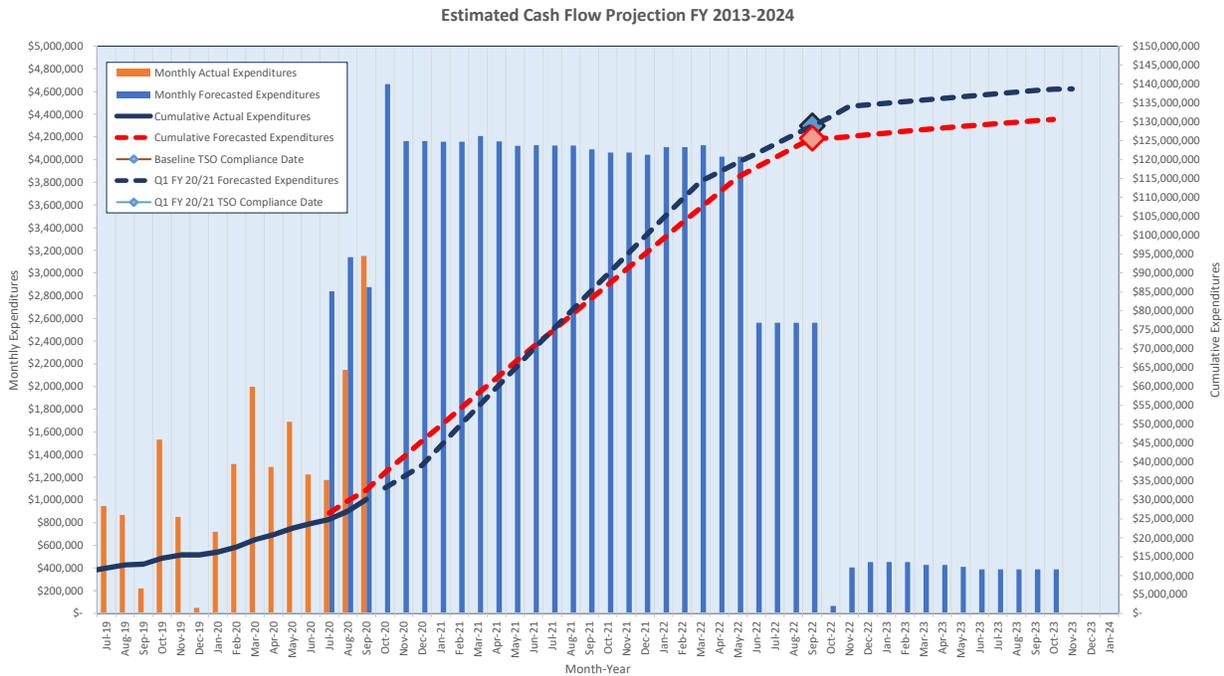


Figure 1 Project Cash Flow Projections and Actual Expenditures

A breakdown of the current Q1 Fiscal Year 2020/2021 budget by fiscal year is included in Table 7.

Table 7 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	\$16,667,000	\$21,294,610	\$27,657,789	\$11,461,867	\$-	\$77,082,000
Conveyance Facilities	\$1,807,000	\$14,767,338	\$20,780,032	\$-	\$-	\$37,355,000
Recycled Water Facilities	\$435,000	\$904,991	\$283,333	\$2,781,667	\$1,335,000	\$5,740,000
General Project	\$11,281,000	\$1,192,549	\$916,798	\$610,146	\$254,227	\$14,255,000
Contingency	\$-	\$1,501,619	\$2,168,825	\$478,677	\$100,000	\$4,250,000
Total	\$30,190,000	\$39,661,106	\$51,806,778	\$15,332,356	\$1,689,227	\$138,682,000

Notes:

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

3.3 Project Cost Summary

Table 8 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 8 WRF Project Cost Summary (through September 2020)

Project	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)	Total Project Cost (Est.) ⁽¹⁾	Cost Expended to Date (%)
General PM	\$7,570,000	\$10,849,000	69.8%	\$14,255,000	53.1%
WRF	\$16,667,000	\$74,927,000	22.2%	\$78,532,000	21.2%
Conveyance Facilities	\$1,807,000	\$2,052,000	88.1%	\$39,855,000	4.5%
RW Facilities	\$616,000	\$621,000	99.2%	\$6,040,000	10.2%
Total	26,660,000	\$88,449,000	30.1%	\$138,682,000	19.2%

Notes:

- (1) Cost includes the total anticipated cost for each element of the Project.
 (2) Actual total expenditures are equal to \$30,190,000 (Table 7), but includes \$3,530,000 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 9 General Project Activities Cost Summary (through September 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
ESA	\$412,080	\$412,320	99.9
Far Western	\$265,152	\$282,014	94.0
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⁾	\$3,397,730	\$6,360,378	53.4
Total	\$4,260,013	\$7,321,656⁽²⁾	58.2

Notes:

- (1) Total estimate at completion for Program Management/Construction Management is projected at \$9.0 million.
 (2) Table only includes contracts that are currently active. The total contracted amount for General Project is \$11,281,000 and includes consultants including MKN, etc.

Table 10 WRF Cost Summary (through September 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
Overland Contracting	\$16,667,278	\$74,926,725 ⁽¹⁾	22.2
Total	\$16,667,278	\$74,926,725	22.2

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 11 Conveyance Facilities Cost Summary (through September 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 12 Recycled Water Facilities Cost Summary (through September 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
GSI	\$504,766	\$508,947	99.2
Middle Earth	\$6,570	\$6,810	96.5
Total	\$496,434	\$515,757⁽²⁾	96.3

Notes:

(1) Table only includes contracts that are currently active. The total contracted amount for Recycled Water 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 guaranteed maximum price (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 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 13, 14, and 15.

Table 13 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 14 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 15 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	notice to proceed (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 eight (8) reimbursement requests have been made. A summary of these requests is presented in Table 16.

Table 16 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	October 2020(1)	\$4,783,797 ⁽¹⁾	TBD
EPA	WIFIA	Loan	01	May 2020	\$1,100,944	\$1,100,944
EPA	WIFIA	Loan	02	June 2020	\$61,014	\$61,014
EPA	WIFIA	Loan	03	June 2020	\$3,489,409	\$3,489,409
EPA	WIFIA	Loan	04	July 2020	\$2,461,121	\$2,461,121
EPA	WIFIA	Loan	05	August 2020	\$161,636	\$161,636
Total					\$18,779,441	\$12,804,313

Notes:

- (1) Reimbursement No. 3 for the SRF Planning Loan was originally submitted in December 2019 and was resubmitted in October 2020.

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 September 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

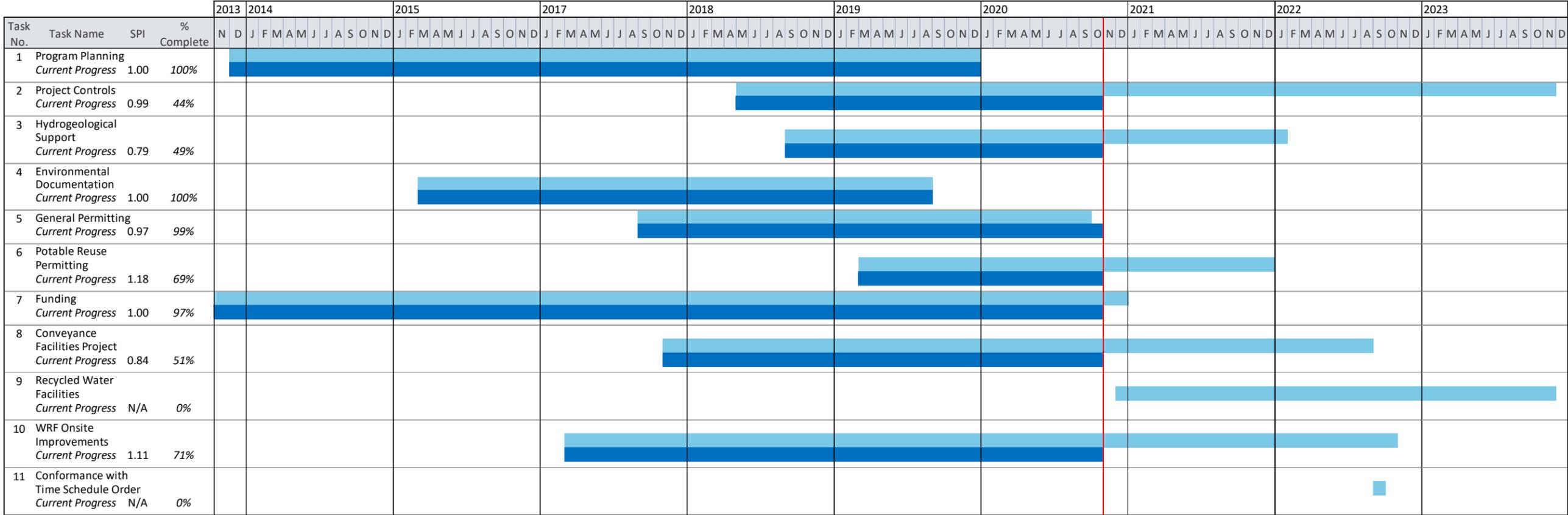
In June 2018, the City received a TSO from the RWQCB. The TSO requires the City to comply with a time schedule that will, within five years of adoption, allow the City to achieve full compliance with biochemical oxygen demand (BOD) and total suspended solids (TSS) final effluent limitations established 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 17 are the milestones in the TSO.

Table 17 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	November 10, 2020	-
Completion of WRF Improvements with Completion Report	December 30, 2022	September 15, 2022	-
Full compliance with final effluent limitations	February 29, 2023	September 15, 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 (EHSP) required as part of the Title 22 Engineer's Report be considered acceptable for this requirement in lieu of the PPP identified in the TSO.



Project SPI: 0.98
 Program % Complete: 68%

Baseline Schedule
 Actual Progress-To-Date

Figure 2 Project Summary Schedule

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

Table 18 Expanded Milestone Schedule

Milestone	Baseline Schedule due Date	Planned Completion Date
<u>General Project</u>		
Compliance with the TSO ⁽¹⁾	November 11, 2021	September 15, 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 15, 2022
Final Completion	June 09, 2022	November 10, 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	November 10, 2020
Substantial Completion	September 17, 2021	January 19, 2022
Final Completion	November 19, 2021	March 05, 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 17, 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 Q1 Fiscal Year 2020/2021. A summary of the existing design contracts is included in Table 19 below.

Table 19 Procurement Status (through September 2020)

Project Name	Current Contract Amount	Amount Expended	30%	60%	90%	100%	Final
WRF	\$74,926,725	\$16,667,278	✓	✓	✓	✓	NA
Conveyance Facilities	\$2,050,387 ⁽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 (\$1,867,707 for design)

5.2 Procurement

No design or design-build contract procurements were performed in Q1 FY 2020/2021. Table 20 presents a summary of the procurement activity for the Project.

Table 20 Procurement Status (through September 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 2021				

Section 6

CONSTRUCTION STATUS

6.1 Construction Summary

During Q1 Fiscal Year 20202021, construction continued for the WRF. Table 21 presents a summary of project construction progress and costs through September 2020.

Table 21 Project Construction Costs

Project Name	Amount Expended	Initial Contract Amount	Current Contract Amount	% Change in Contract Amount
WRF	\$16,667,278	\$67,234,512	\$74,926,725	22.2
Conveyance Facilities	\$0	\$0	\$0	0
Recycled Water Facilities	\$0	\$0	\$0	0
Construction Total	\$16,667,278	\$67,234,512	\$74,926,725	22.2

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 September 2020.

Section 7

OTHER PROGRAM ACTIVITIES

7.1 Public Outreach

On October 12, 2020, the City held a small City Council tour and media event to present the progress that has been made at the WRF. Typically, a larger, more formal groundbreaking event would be held for a project of this size with a number of key stakeholders in attendance. However, because of COVID-19, a formal groundbreaking event has been postponed until later in 2021. The event was a success and the City received media attention from the New Times SLO, The Tribune, and KSBY.

7.2 Permitting Activities

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

- Division of Drinking Water:
 - The Title 22 Engineering Report is required by the DDW before the City can receive a potable reuse permit. 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, was submitted to DDW in July 2020. Since that time, the City has held a meeting to present the information in the revised draft and is planning to meet again with DDW in November 2020.
 - The City is working with DDW to obtain a variance from their typical pipeline separation requirements due to the width of the trench for the Conveyance Facilities pipelines and the limited right of way (ROW) for much of the alignment. The City has been coordinating with DDW on this issue since early 2019 and submitted a formal application to DDW in August 2020. Since that time, the City has had a meeting to review the information provided, and has provided supplemental information to aid DDW's review. The City anticipates having a permit from DDW to cover this element of the work in November 2020.
- Caltrans:
 - The City obtained the encroachment permit from Caltrans for construction of the Conveyance Facilities pipelines in August 2020.
- California Department of Fish and Wildlife:
 - The City must have a SAA from the CDFW before work can begin on the bike path for the Conveyance Facilities component of the Project. The City submitted the notification in September 2020 and plans to obtain the SAA in December 2020.

- State Historic Preservation Office:
 - The Programmatic Agreement (PA) negotiated with the SHPO requires that a mitigation and monitoring plan be developed for each element of the project (i.e., WRF, pipelines, and injection wells). The City submitted the mitigation and monitoring plan to EPA for distribution to SHPO in October 2020. The City plans to obtain an approval from SHPO in December 2020.

7.3 Funding Status

- Continued to support CWSRF's technical, legal, and financial reviews. The City anticipates signing a loan agreement with CWSRF in spring 2021.

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. Since that time, the design-build team has progressed the design and is nearly complete with mass earthwork activities. In addition, significant progress has been made on the two concrete water-bearing tanks onsite.

8.1.4 Project Challenges

The City has been working with the design-build team over the last several months 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. The City has come to a settlement and will be bringing Amendment No. 4 to City Council on November 17, 2020 for approval. The current projected budget of \$138.7 million includes approval of Amendment No. 4.

Table 22 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 23 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	405		
Actual Final Completion Date (including Non-Working Days)	November 10, 2022		
Schedule Percent Complete	47.4%		
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	\$16,667,278		
Percent Complete (Percent Expended)	22.2%		
Construction Oversight Statistics			
	PCOs	COs	NOPCs
Total Received	74	N/A	5
Total Approved	N/A	44 ⁽¹⁾	0
Total Pending	24	19 ⁽²⁾	0
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) 19 PCOs will be brought to City Council on November 17, 2020 for review and approval as Amendment No. 4.

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 opened bids on August 12, 2020. The City is bringing a recommendation to award for Anvil Builders, Inc. to City Council on November 10, 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 bids for construction were opened.

8.2.5 Upcoming Activities

The City intends to award this component of the Project on November 10, 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. In September 2020, the City learned that San Luis Obispo (SLO) Superior Court ruled in their favor and the City will receive pre-judgment possession for the Vistra property. The City had previously been informed by PG&E that they would not be challenging pre-judgment possession.

Table 24 Conveyance Facilities Performance Measures

Performance Measures	Target	Current	Status
Construction Cost ⁽¹⁾	\$24.2M	\$31.5M ⁽³⁾	
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).
- (3) The City will be bringing a recommendation to award the construction of the pipelines and pump stations to City Council on November 10, 2020.

Table 25 Conveyance Facilities Summary

Schedule	
Request for Bid / Bid Advertisement	June 15, 2020
Bid Opening Date	August 14, 2020
Contract Award / Council Award Date	November 10, 2020 (Planned)
Notice to Proceed for Construction	NA
Original Final Completion Date	NA
Original Duration (Non-Working Days)	435
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., 825 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.

GSI is now ready to begin Phase 3 of the hydrogeological work that must be completed before the pre-design and final design of the injection wells can be completed. The City is bringing the next amendment for GSI to City Council for approval on November 10, 2020.

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. In September 2020, the City learned that SLO Superior Court ruled in their favor and the City will receive pre-judgment possession for the Vistra property.

Table 26 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 27 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

MORRO BAY
OUR WATER
RELIABLE. CLEAN. FOR LIFE.

The City of Morro Bay

595 Harbor Street
Morro Bay, CA 93442

Rob Livick
City Engineer
City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442

Subject: Water Reclamation Facilities – Lift Stations and Offsite Pipelines Award Letter

Dear Mr. Livick,

On August 12, 2020 the City of Morro Bay received five (5) bid proposals for the construction of the City's Water Reclamation Facility Lift Stations and Offsite Pipelines Project. The five bids ranged from \$31,493,675 to \$42,664,745. The low bid is approximately 16.6-percent higher than the engineer's estimate of \$27,000,000. After review of the five bid proposals, we have the following observations:

- Anvil Builders, Inc. is the apparent low bid and has been deemed a responsive bid by providing all the required documents for the bid.
- John Madonna Construction Co., Inc. was the apparent second low bid, however they failed to provide Appendix B – Davis Bacon Act Certification and Appendix E – Certification of Non-Segregated Facilities Form of Specification 00820 – Federal and State Funding Requirements.
- W.A. Rasic Construction Company inc. is the third apparent low bid and has been deemed responsive by providing all the required documents for the bid.
- OHL USA Inc. is the fourth apparent low bid and has been deemed responsive by providing all the required documents for the bid.
- Nicholas Construction is the fifth apparent low bid and has been deemed responsive by providing all the required documents for the bid.

For the previously described reasons, Carollo recommends to award the project Anvil Builders, Inc. who is the apparent low and responsive bid.

Sincerely,

Carollo Engineers, Inc.



WRF Program Manager



DOCUMENT 00520

AGREEMENT BETWEEN OWNER AND CONTRACTOR

CITY OF MORRO BAY

STATE OF CALIFORNIA

CONTRACT FOR

WATER RECLAMATION FACILITY LIFT STATIONS AND OFFSITE PIPELINES

IN THE CITY OF MORRO BAY, CALIFORNIA

THIS AGREEMENT ("this Contract" or "this Agreement") is made and entered into in triplicate this _____ day of _____, 2020, by and among the City of Morro Bay, a municipal corporation, hereinafter referred to as "City" and **Anvil Builders, Inc. a California corporation**, hereinafter referred to as "Contractor." In consideration of the mutual covenants, conditions, promises, and agreements herein contained, City and Contractor hereby mutually covenant and agree as follows:

ARTICLE I – SCOPE OF WORK:

Each work order issued pursuant to this Agreement and each amendment, as provided herein, shall be based on the unit prices included in the bid upon which this Agreement was awarded. For all work provided pursuant this Agreement and every amendment provided for herein (the "WORK"), Contractor agrees to furnish all tools, equipment, apparatus, facilities, labor and materials necessary to perform and complete in a workmanlike manner, and in strict accordance with the Contract Documents, (defined in Article 6 herein) the WORK of: Water Reclamation Facility Lift Stations and Pipelines, in the City of Morro Bay, State of California, as called for in the drawings and specifications adopted by City, which said drawings and specifications are identified by the signature of the parties of this Agreement. It is understood and agreed the tools, equipment, apparatus, facilities, labor, and materials shall be furnished, and the WORK performed and completed as required in said Contract Documents, and subject to the approval of City and duly authorized representatives.

ARTICLE 2 - TIME OF COMPLETION:

- A. The WORK shall be commenced within fifteen (15) days after date of receipt of City's "Notice to Proceed" (the "Initial Commencement Date") and shall be at Completion no later than four hundred thirty-five days (435)^{AD2}calendar days from and after the Initial Commencement Date. City and Contractor acknowledge and agree: (i) City has obtained a ruling from the superior court determining City has the legal right to easements over the Vistra property for purposes of the WORK, (ii) the court has granted the City's motion for an order for possession of the easements on the Vistra property, but has not yet entered an order in the form provided by statute, allowing City to use those easements, (iii) the WORK is not anticipated to commence prior to late January, 2021, (iv) access to those easements for purposes of the WORK will not be necessary until sometime after that late January 2021, date and (iv) none of the WORK shall be commenced on that easement until City provides express notice for that commencement or the City Manager and Contractor otherwise agree, in writing.
- B. City and Contractor recognize time is of the essence as stated in paragraph A., above, and City will suffer losses if the WORK is not completed in the time specified in paragraph A. They also recognize the delays, expense, and difficulties involved in proving in a legal proceeding the actual loss suffered by City if the WORK is not completed on time. Accordingly, instead of requiring any

such proof, City and Contractor agree, as liquidated damages for delay (but not as a penalty) Contractor shall pay City Five Hundred Dollars (\$500.00) for each day, or portion thereof, that expires after the time specified in Article 2.A.

ARTICLE 3 - CONTRACT PRICE:

City will pay Contractor in current funds for the full, complete and satisfactory performance the sum of: Thirty-one Million Four Hundred Ninety-three Thousand Six Hundred Seventy-five Dollars and No Cents (\$31,493,675.00) (the "Contract Price")..

ARTICLE 4 – PAYMENT PROCEDURES:

- A. Contractor shall submit Applications for Payment in accordance with Article 14 of the General Conditions. Applications for Payment will be processed by ENGINEER as provided in the General Conditions.
- B. The acceptance by Contractor of final payment shall be and shall operate as a full and unconditional release to City of all claims and all liability to Contractor for all things done or furnished in connection with the WORK and for every act and neglect of City and others relating to or arising out of the WORK. No payment, however, final or otherwise, shall operate to release Contractor or sureties from any obligations under this Contract or the Performance and Payment Bond.
- C. The amount of retention on the WORK shall be five percent (5%) of the WORK completed to date including stored materials, if any.

ARTICLE 5 – CONTRACTOR’S REPRESENTATIONS:

In order to induce City to enter into this Agreement Contractor makes the following representations:

- A. Contractor has examined and carefully studied the Contract Documents and the other related data identified in the Bidding Documents.
- B. Contractor has visited the Site and become familiar with and is satisfied as to the general, local, and Site conditions that may affect cost, progress, and performance of the WORK.
- C. Contractor is familiar with and is satisfied as to all federal, state, and local Laws and Regulations that may affect cost, progress, and performance of the WORK.
- D. Contractor has carefully studied all: (1) reports of explorations and tests of subsurface conditions at or contiguous to the Site and all drawings of physical conditions relating to existing surface or subsurface structures at the Site (except Underground Facilities), if any, that have been identified in Paragraph SC-5.05 of the Supplementary Conditions as containing reliable "technical data," and (2) reports and drawings of Hazardous Environmental Conditions, if any, at the Site that have been identified in Paragraph SC-5.06 of the Supplementary Conditions as containing reliable "technical data."
- E. Contractor has considered the information known to Contractor; information commonly known to Contractors doing business in the locality of the Site; information and observations obtained from visits to the Site; the Contract Documents; and the Site-related reports and drawings identified in the Contract Documents, with respect to the effect of such information, observations, and documents on (1) the cost, progress, and performance of the WORK; (2) the means, methods, techniques, sequences, and procedures of construction to be employed by Contractor, including

any specific means, methods, techniques, sequences, and procedures of construction expressly required by the Contract Documents; and (3) Contractor's safety precautions and programs.

- F. Based on the information and observations referred to in Paragraph 8.01.E above, Contractor does not consider further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the WORK at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract Documents.
- G. Contractor is aware of the general nature of work to be performed by Owner and others at the Site that relates to the WORK as indicated in the Contract Documents.
- H. Contractor has given ENGINEER written notice of all conflicts, errors, ambiguities, or discrepancies that Contractor has discovered in the Contract Documents, and the written resolution thereof by ENGINEER is acceptable to Contractor.
- I. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the WORK.
- J. Contractor is fully aware its bid was substantially lower than other bids City received for the WORK and affirmatively acknowledges it (i) is able to satisfactorily perform the WORK for the total price it bid and (ii) will not request any increase in that price or time of completion based on anything it could or should have known when it submitted its bid.

ARTICLE 6 – CONTRACT DOCUMENTS:

The Contract Documents, as referred to herein, shall consist of the following identified documents: this Contract, Invitation to Bidders, Instructions for Bidders, Bid Form, Supplements to Bid Form, Agreement, Bond Requirements and Bond Forms, Substitution of Securities, Guarantees, Insurance and Indemnification Requirements, Standard General Conditions, Specifications, City Standard Specifications, and attached supplemental information, Drawings, and any Addenda, for the project, as those documents exist on the date of the first signature to this Contract. There are no other Contract Documents except those listed above. This Contract shall include all labor, materials, equipment, transportation, and services necessary for the proper execution of the WORK. The Contract Documents may only be amended, modified, or supplemented as provided in Paragraph 3.04 of the General Conditions.

ARTICLE 7 – LAW AND VENUE:

This Agreement has been executed and delivered in the County of San Luis Obispo, State of California and the validity, enforceability and interpretation of any of the clauses of this Agreement shall be determined and governed by the laws of the State of California. The duties and obligations of the parties created hereunder are performable in the City of Morro Bay and as such the County shall be the venue for any action of proceeding that may be brought or arise out of, in connection with or by reason of this Agreement.

ARTICLE 8 - CONFLICTS OF INTERESTS:

No official of City who is authorized on behalf of City to negotiate, make, accept, or approve, or to take part in negotiating, making, accepting, or approving any architectural, engineering, inspection, construction, or material supply contract or any subcontract in connection with the construction of the project, shall become directly or indirectly interested personally in this Contract or in any part thereof. No officer, employee, architect, attorney, engineer, or inspector of or for City who is authorized on behalf of City to exercise any executive, supervisory or other similar function in connection with the

construction of the project shall become directly or indirectly interested personally in this Contract or in any part thereof.

ARTICLE 9 – ASSIGNMENT:

No assignment by a party hereto of any rights under or interests in this Contract will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically but without limitation, moneys that may become due and moneys that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.

ARTICLE 10 – SUCCESSORS:

City and Contractor each binds itself, its partners, successors, assigns, and legal representatives to the other party hereto, its partners, successors, assigns, and legal representatives in respect to all covenants, agreements, and obligations contained in the Contract Documents.

ARTICLE 11 – SEVERABILITY:

Any provision or part of the Contract Documents held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon City and Contractor, who agree that the Contract Documents shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

ARTICLE 12 – CONFLICTS:

In the event of a conflict between any of the other Contract Documents and this Agreement, the terms and conditions of this Agreement shall control.

ARTICLE 13 – BONDS:

- A. PERFORMANCE BOND: Pursuant to Section 20129 of the California Public Contract Code, the successful Bidder shall, within ten (10) working days after award of this Contract simultaneously with the execution and delivery of this Agreement, execute a Faithful Performance Bond in an amount equal to one hundred percent (100%) of the Contract Price, secured from a surety company admitted in the State of California and satisfactory to City. The Bond shall be issued on the Performance Bond form contained in these Contract Documents.

- B. PAYMENT BOND: Pursuant to Sections 9550 through 9560, inclusive, of the California Civil Code, the successful bidder shall, within eight (8) working days after award of this Contract exceeding \$25,000, simultaneously with the execution and delivery of the Agreement, execute a Payment Bond in the amount equal to 100% of the Contract price, secured from a surety company admitted in the State of California and satisfactory to City. The Bond shall be issued on the Payment Bond form contained in these Contract Documents.

ARTICLE 14 - SUBSTITUTIONS OF SECURITIES FOR RETENTION AMOUNTS:

Substitution of certain securities for retention amounts are allowed under the Public Contract Code at the option of Contractor. Contractor is required to formally request the substitution and to conform to the specific provisions of Public Contract Code section 22300.

- A. Acceptable Securities: Whenever retention of monies is authorized to insure performance of Contract conditions, Contractor shall be permitted to substitute securities for the amount withheld in accordance with Public Contract Code section 22300. Securities eligible for deposit under this procedure shall consist of bank or savings and loan certificates of deposit, interest bearing demand deposit accounts, standby letters of credit, securities listed in Government Code Section 16430, or any other security mutually agreed to by Contractor and the City Manager. Contractor

shall be the beneficiary of City of any securities substituted for monies withheld and shall receive any interest thereon.

- B. Value of Securities: The value of securities being deposited shall be based upon market value as of the date of deposit and not necessarily on face value of the securities. Market value shall be determined by the City Manager. If deposit is made into an escrow, then the escrow instructions must clearly state, in addition to other items mentioned in that escrow, the escrow agent must convert the securities to cash in whole or in part upon a unilateral written demand for such conversion by the City Manager; and further, any amount demanded by City shall be paid to City upon unilateral written demand for payment. Escrow instructions used must be substantially similar to the form set forth in Public Contract Code Section 22300. City will only make such demand for conversion in payment when the conditions of this Contract would have warranted an expenditure by City of a cash retention expenditure without any securities substitution. All escrow expenses shall be paid by Contractor.
- C. Release of Securities: Securities deposited hereunder shall be released back to Contractor when the City Manager has certified in writing to the escrow holder the WORK has been satisfactorily completed. The recording of Notice of Completion does not constitute such certification. All retention times called for in the Contract Documents must have passed, including the time after recording of Notice of Completion, before City will certify to satisfactory completion of the Contract.

ARTICLE 15 – GUARANTEES AND WARRANTIES:

- A. GUARANTEE FOR TOTAL WORK: Prior to acceptance of the WORK by City, Contractor shall submit a guarantee in the form of a written warranty on Contractor’s own letterhead as follows:

“WARRANTY FOR Water Reclamation Facility Lift Stations and Pipelines. This WORK has been constructed in accordance with the Contract Documents, and the WORK as installed will fulfill the requirements of this warranty, and any other warranty therefor, included in the Contract Documents. We agree to repair or replace any and all of our WORK together with any other adjacent WORK which may be displaced by so doing, that prove to be defective in its workmanship or material for the period of one (1) year (except when otherwise required in this Contract to be for a longer period) from date of acceptance of the above mentioned structure by City, ordinary wear and tear and unusual abuse or neglect excepted. Said date of acceptance shall be the date of acceptance and filing of the Notice of Completion by the City Council.

In the event of our failure to comply with the above mentioned conditions within seven (7) days after being notified in writing, we collectively or separately, do hereby authorize City to proceed to have said defects repaired and made good at our expense and we will honor and pay the cost and charges therefor on demand.

Signed:

Contractor License Number

- B. **ADDITIONAL GUARANTEES:** Additional Guarantees shall be provided as required in the technical sections of the Contract Documents.

ARTICLE 16 – INSURANCE:

- A. The parties to this Contract expressly agree the indemnification and insurance clauses in this Contract are an integral part of the performance exchanged in this Contract. The compensation stated in this Contract includes compensation for the risks transferred to Contractor by the indemnification and insurance clauses. Attention is invited to the provisions of the Insurance Code of the State of California with reference to the writing of insurance policies and bonds covering risks located in this state, and the premiums and commissions thereon. Contractor shall obtain, and maintain, at their own expense, all the insurance required by this Section. The insurance requirements must be met within the time period, as defined in Exhibit A. The parties to this Contract do not intend for the insurance provided pursuant to this Contract to limit Contractor's obligations pursuant to the indemnification clauses of this Contract. The insurance provided by Contractor shall be as set forth in Exhibit A and Section 0800 - Supplementary Conditions, which is attached hereto as though set forth in full.
- B. Required insurance forms are included in Exhibit A to this Agreement. Insurance limits are outlined in Exhibit A and Section 00800 - Supplementary Conditions.
- C. The Notice to Proceed with the WORK under this Contract will not be issued, and Contractor shall not commence WORK, until such insurance has been approved by City. Contractor shall not allow any subcontractor to commence WORK on their subcontract until all similar insurance required for the subcontractor has been obtained. Such insurance shall be maintained in full force and effect at all times during the prosecution of the WORK and until the final completion and acceptance thereof.

ARTICLE 17 – INDEMNIFICATION:

- A. Except as otherwise provided in subparagraphs B. and C. below, Contractor shall defend, indemnify and save harmless City, and entities' agents, officials, officers and employees, from any and all claims demands, damages, costs expenses, judgments, attorney fees or liability relating to any act or omission by Contractor, or its agents, employees, or certain independent Contractors (described below) which relates in any way to this Contract; regardless of whether said act or omission is willful, negligent or non-negligent. The preceding sentence applies to any theory of recovery relating to said act or omission, including but not limited to the following:
1. Violation of statute, ordinance, or regulation.
 2. Professional malpractice.
 3. Willful, intentional or other wrongful acts, or failures to act.
 4. Negligence or recklessness.
 5. Furnishing of defective or dangerous products.
 6. Completed operations.
 7. Premises liability.
 8. Strict liability.
 9. Inverse condemnation.
 10. Violation of civil rights.
 11. Violation of any federal or state statute, regulation, or ruling resulting in a determination by the Internal Revenue Service, California Franchise Tax Board or any other California public entity responsible for collecting payroll taxes, when Contractor is not an independent contractor. The certain "independent contractors" referenced above refer to independent contractors which are either hired by Contractor, directly responsible to Contractor, or under the direction or control of Contractor.

- B. Nothing contained in the foregoing indemnity provision shall be construed to require indemnification for liability arising from proven willful misconduct of City.
- C. Nothing contained in the foregoing indemnity provision shall be construed to require indemnification for that portion of any liability attributable to the active negligence of City; provided, however, that this exception for active negligence shall not apply to (1) liability arising from the passive negligence of City, or (2) that portion of any liability attributable to any act or omission, whether willful misconduct or active or passive negligence on the part of Contractor.
- D. Contractor shall have the burden of proving the exception described in paragraphs B and C above.
- E. It is the intent of the parties to provide City the fullest indemnification, defense, and “hold harmless” rights allowed under the law. If any word(s) contained herein are deemed by a court to be in contravention of applicable law, then said word(s) shall be severed from this Contract and the remaining language shall be given full force and effect.

ARTICLE 18 – COMPLIANCE WITH LAWS:

Federal and State Laws and Regulations: The WORK shall be constructed under the complete jurisdiction of all applicable laws of the United States and State of California governing construction including, without limitation, the following:

- A. The California Health and Safety Code and all applicable administrative code regulations pursuant thereto.
- B. All laws governing the employment of labor, qualifications for employment of aliens, payment of employees, convict-made materials, domestic and foreign materials and accident prevention.
- C. Title 19 of the California Administrative Code entitled “Public Safety” Chapter 1, State Fire Marshall, Sub-Chapter 1, “General Fire and Panic Safety”.
- D. General Industrial Safety Orders: Each and every Contractor shall observe and conform to the provisions of Title 8, California Administrative Code bearing upon safe and proper use, construction, disposal, etc., of materials, machinery, and building appurtenances as therein set forth.
- E. Code Rules and Safety Orders: All work and materials shall be in full accordance with the latest - substantive rules and regulations of the State Fire Marshall, the safety orders of the Division of Industrial Safety, Department of Industrial Relations; the Uniform Building Code, National Electric Code, Uniform Mechanical Code, Uniform Plumbing Code, and other applicable State Laws or Regulations. Nothing in these plans and specifications is to be construed to permit WORK not conforming to these codes.

Note: The procedural aspects of the Uniform Codes referred to above may not apply to the WORK of this Contract, but the substantive provisions do apply. All of the above laws and regulations though referred to herein, are as much a part of the Contract as if they were incorporated in their entirety in these General Conditions.

ARTICLE 19 – LOCAL LABOR:

Local Hiring: A goal of City with respect to this Project is to foster employment opportunities for City residents and businesses. To that end, Contractor shall make continued reasonable efforts to cause all solicitations for full-time, part-time, new or replacement employment, needed for the construction, maintenance and repair of this Project, which is the subject of this Agreement, to be advertised in such a manner as to target local City residents and businesses. Such efforts are subject to City's Project Manager's prior written approval and shall be in addition to the DBE requirements. Contractor's subcontractors, of every tier related to this Project, shall also be required to comply with the foregoing. Contractor shall ensure all of its subcontracts relating to this Project, of every tier, include similar language and all those subcontractors adhere to these requirements. Nothing in this Section shall require Contractor or any of its subcontractors, at any tier, to offer employment to any individual who is not otherwise qualified for such employment. A violation of this provision by Contractor or any of its subcontractors, at any tier, shall be a material breach of this Agreement. In addition to any other remedy City has regarding a material breach of this Agreement, a violation of this provision shall also result in the assessment of liquidated damages of \$5,000 to \$10,000 per violation. Without limiting the generality of the foregoing, the provisions of this Section are not intended, and shall not be construed, to benefit or be enforceable by any person whatsoever other than City.

--SIGNATURES ON NEXT PAGE--

IN WITNESS, WHEREOF, the parties to these presents have hereunto set their hands the year and date first above written.

CITY OF MORRO BAY

ATTEST:

SCOTT COLLINS^{AD2}, City Manager

DANA SWANSON, City Clerk

CONTRACTOR:

APPROVED AS TO FORM:

By: _____
Its: _____

CHRIS NEUMEYER, City Attorney

By: _____
Its: _____

Licensed in accordance with an act providing for the registration of Contractors.

License No. _____; Classification A; Expires ____ / ____ /20 ____

END OF DOCUMENT

Exhibit A
Insurance Requirements for Contractors

CITY OF MORRO BAY

595 Harbor St.

Morro Bay, CA 93442

(805) 772-6200

FAX (805) 772-7329

INSURANCE REQUIREMENTS FOR CONTRACTORS

(with Construction Risks)

CONTRACTOR shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by **CONTRACTOR**, or any of their agents, representatives, employees or subcontractors.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence Form CG 0001).

Insurance Services Office Form CG 0009 11 88 Owners and Contractors Protective Liability Coverage Form - Coverage for Operations of Designated Contractor.

Insurance Services Office Form Number CA 0001 covering Automobile Liability, code 1 (any auto).

Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

Course of Construction insurance covering for all risks of loss.

Minimum Limits of Insurance

CONTRACTOR shall maintain limits no less than:

1. General Liability: **\$5,000,000** per occurrence for bodily injury, (Including operations, personal injury and property damage.) If products and Commercial General Liability Insurance or other completed operations with a general aggregate limit is used, then either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: **\$1,000,000** per accident for bodily injury and property damage.
3. Employer's Liability: **\$1,000,000** per accident for bodily injury or disease.
4. Course of Construction: Completed value of the project with no coinsurance penalty provisions.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by **CITY**. At the option of **CITY**, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects **CITY**, its officers, officials, employees and volunteers; or **CONTRACTOR** shall provide a financial guarantee satisfactory to **CITY** guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. **CITY**, its officers, officials, employees, and volunteers are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of **CONTRACTOR**; and with respect to liability arising out of work or operations performed by or on behalf of **CONTRACTOR** including materials, parts or equipment furnished in connection with such work or operations. General Liability coverage can be provided in the form of an endorsement to **CONTRACTOR'S** insurance, or as a separate owner's policy.
2. For any claims related to this project, **CONTRACTOR'S** insurance coverage shall be primary insurance as respects **CITY**, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by **CITY**, its officers, officials, employees, or volunteers shall be excess of **CONTRACTOR'S** insurance and shall not contribute with it.
3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either Party, except after 30-days' prior written notice by certified mail, return receipt requested, has been given to **CITY**.
4. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

Course of construction policies shall contain the following provisions:

1. **CITY** shall be named as loss payee.
2. The insurer shall waive all rights of subrogation against **CITY**.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

Verification of Coverage

CONTRACTOR shall furnish **CITY** with original certificates and amendatory **endorsements** effecting coverage required by this clause. The endorsements should be on forms provided by **CITY** or on other than **CITY'S** forms; provided, that those endorsements or policies conform to the requirements. All certificates and endorsements are to be received and approved by **CITY** before work commences. **CITY** reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

Subcontractors

CONTRACTOR shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor to **CITY** for review and approval. All coverages for subcontractors shall be subject to all of the requirements stated herein.

AD2 Addendum No. 2



TECHNICAL MEMORANDUM

Characterization and Selection of Project Area for Injection Testing, City of Morro Bay

To: Paul Amico and Eric Casares, Carollo Engineers
From: Tim Nicely, Dave O'Rourke and Tim Thompson
Date: June 19, 2020

EXECUTIVE SUMMARY

GSI Water Solutions (GSI) conducted a series of hydrogeologic evaluations associated with injecting and subsequently recovering recycled water in the Lower Morro Valley area of the City of Morro Bay. These evaluations were conducted to determine the feasibility of an Indirect Potable Reuse (IPR) project, utilizing advanced treated recycled water from the City's forthcoming Water Reclamation Facility (WRF), at one of two project areas, respectively referred to as the Narrows area or the Western area.

This new work follows upon two prior analyses by GSI, which developed the fundamental analyses in support of this latest effort. These two prior hydrogeologic evaluations are briefly summarized below:

- A. **May 2017 Report:** Lower Morro Valley Basin Screening-Level Groundwater Modeling for Injection Feasibility
1. The aquifer will accept the recycled water available for injection (up to 825 acre-feet per year (AFY), which is ~0.75 mgd);
 2. A minimum number of 4 injection wells will be needed to achieve the desired recycled water injection capacity;
 3. Up to 1,200 AFY (~1.07 mgd) of groundwater could be pumped, assuming 825 AFY of recycled water injection is occurring concurrently with pumping at rates in excess of the injection rate, without resulting in seawater intrusion; and
 4. The 2-month minimum subsurface recycled water retention time (RT) required by the California Department of Drinking Water (DDW) permitting regulations for indirect potable reuse (IPR) projects can be achieved.
- B. **April 2019 Report:** Morro Bay Water Reclamation Facility Groundwater Modeling
1. With no corresponding injection to offset groundwater level declines, the existing City groundwater wells would be at risk for seawater intrusion if the full permitted groundwater pumpage is produced;
 2. Nitrate and TDS concentrations in the groundwater basin will be significantly reduced as a result of an IPR groundwater recharge project (nitrate concentrations would be reduced by 25% to 75% and TDS concentrations would be reduced by 50% or more).

The additional work conducted after these initial hydrogeologic evaluations included: aquifer testing, piezometer installations, CPT borings, refinements to the groundwater model based on these data, and additional modeling scenarios. The groundwater model refinements were based upon improved aquifer geometry and hydraulic property data gathered during the field characterization work. Numerous scenarios were modeled using potential

injection well locations at both project areas (Narrows area and Western area) to determine the feasibility of implementing an IPR project in the Lower Morro Valley. Based on these recent evaluations, and as described in this technical memorandum, the following determinations can be made:

A. The Western area is preferable to the Narrows area for the following reasons:

1. Higher transmissivity in the Western project area indicates that injection wells located there would have capacity for higher injection rates in comparison with the Narrows project area.
2. Modeled retention times between the injection wells and the nearest recovery wells are greater in the Western project area scenarios than in the Narrows project area scenarios.
3. Evaluation of water level patterns along the coast indicate that the Western project area scenarios offer a greater degree of mitigation against potential seawater intrusion during dry periods than the Narrows project scenarios.
4. Due to the dense residential occupancy of the Narrows project area, the level of planning, permitting, public notification, and logistical coordination for construction of permanent infrastructure in this area will likely be significantly greater than in the Western project area.
5. The recycled water pipeline alignment is planned to pass through the Western area, which is the preferred pipeline alignment due to constructability and cost considerations.

B. The numerical modeling results indicate that the project is hydrogeologically-feasible and can be constructed and operated in compliance with regulatory requirements. The modeling results show that retention times at the Western area will be approximately 2.5 to 5.5 months (depending on the specific scenarios and recovery wells considered) under the specified injection (825 AFY) and extraction (581 to 1,200 AFY) goals.

C. Refinements to the modeling approach are underway to further evaluate compliance with DDW regulatory requirements. These refinements, which will be published in a subsequent report, include:

1. Conducting modeling scenarios to evaluate groundwater basin conditions and retention time estimates assuming reduced injection rates (~400 to ~600 AFY) and extraction rates (~400 to 600 AFY), as well as scenarios to evaluate benefits of project operations where extraction rates exceed injection rates.
2. Some of the current groundwater extraction wells, located between the proposed injection and proposed extraction wells, will be considered for future use as groundwater monitoring wells only, thus extending the distance and therefore retention time between injection and extraction locations.

D. Following execution and evaluation of these additional modeling scenarios, revisions to site-selection for the future injection wells and injection testing will be conducted.

In consideration of the above information, it is important to note that the model results are accepted by DDW for retention time estimation at a 2-to-1 ratio such that a modeled determination of 4 months of retention time is needed to meet the 2-month minimum.

OBJECTIVES

As part of the City of Morro Bay's intention to augment their water supply with recycled water, this evaluation was conducted to determine the feasibility of injecting and subsequently recovering highly-treated recycled water within the Lower Morro Groundwater Basin in the vicinity of the City's production wells. This type of water supply project is commonly referred to as Indirect Potable Reuse (IPR). The areas being considered roughly surround the intersection of Highway 1 and Atascadero Road, and are referred to as the Narrows project area and the Western project area (Figure 1).

This Technical memorandum (TM) documents the results of the field program and groundwater modeling analyses conducted in support of the project. The objectives of the work conducted were:

1. Implementation of a field program to improve the hydrogeologic characterization of the two project areas under consideration.
2. Incorporation of results of the characterization into the existing groundwater model.
3. Using the refined groundwater model to inform the decision of which project area was technically and logistically superior.
4. Using the refined groundwater model to conduct simulations to assess the feasibility of the IPR project.

WORK CONDUCTED

This TM presents the work conducted and results of a hydrogeologic characterization, which occurred between mid-2019 and early-2020. The characterization included a combination of methods at both project areas, including Cone Penetration Testing (CPT) wells, installation of piezometers, and aquifer testing.

Based on the results of the characterization, the existing groundwater model was refined and used to conduct a series of numerical groundwater model simulations to assess the feasibility of implementing the IPR program at the preferred project area.

Narrows Project Area Characterization



To characterize the hydrogeology in the Narrows area, a series of CPT borings were conducted in April 2019, the locations of which are presented on Figure 2. The Narrows area includes the Silver City RV Park and Mobile Home Resort and a small undeveloped area to the south, adjacent to the Little Morro Creek. The results of the CPT borings provided information about the geometry of the aquifer in the area, depth to bedrock, as well as limited information about the general nature of the geologic materials that constitute the aquifer of interest for this project.

After the CPT investigation was completed, pumping tests were conducted using an existing City of Morro Bay well, known as MB-13, as the pumping well. To track the drawdown associated with these tests, a single, small-diameter monitoring well (piezometer) was installed approximately 100 feet away from of the pumping well as shown on Figure 2.

Before conducting the aquifer testing, the condition of the well casing within MB-13 was assessed with a video logging tool to ensure that the well was in suitable condition to act as the pumping well. The video log results indicated that, after a long period of disuse, the well was in adequate condition. The existing well pump, however, was removed and inspected, and determined to be too unreliable for the aquifer testing. A temporary test pump was therefore installed (and subsequently removed following completion of the testing).



Installation of the monitoring well was conducted by hollow-stem auger methods, which resulted in a 2-inch diameter PVC casing installed in accordance with State of California and County of San Luis Obispo requirements. All soil cuttings and water produced during installation were disposed of off-site by City staff at a location designated by the City of Morro Bay. After installation, the monitoring well was developed by bailing and pumping operations. If the well is not needed for future monitoring, it can be abandoned per County well permit requirements.

In late June 2019, water level instrumentation was deployed in the pumping and monitoring wells to support the testing efforts and data collection. A pumping test within the production well (MB-13) was conducted for a period of 3.5 days. Water level drawdown data were collected during the test and used to calculate the hydraulic properties of the aquifer and further evaluate the geometry of the aquifer's bedrock contact. The pumping test data were also used to assess well MB-13's maximum yield, drawdown characteristics (specific capacity), and native water quality.

Western Project Area Characterization

In January and February 2020, a field program of aquifer characterization was conducted at the Western project area, which is owned by the Vistra Energy Corporation (Vistra). The area consists of an undeveloped open area generally bounded on the north by Morro Creek, on the east by Highway 1 and the south by the Morro Bay Power Plant site. The characterization of the Western area included installation of a piezometer and conducting aquifer testing. Similar to the Narrows area, an existing production well, the Morro Bay Mutual Water Company (MBMWC) South Well No. 3 (South Well No. 3), was used as the pumping well for the aquifer testing (Figure 3).



To support this this aquifer testing, a small-diameter, temporary piezometer was installed approximately 120 feet north of the pumping well as shown on Figure 3. Also shown on Figure 3 are the additional wells used for water level monitoring during the aquifer testing and the proposed (tentative) alignment of the recycled water pipeline planned along the City's bike path easement along the eastern edge of the project area, adjacent to Highway 1.

Installation of the temporary piezometer was conducted by hollow-stem auger methods, which resulted in a 2-inch diameter PVC cased piezometer installed in accordance with State of California and County of San Luis Obispo requirements. The piezometer was constructed with the perforated interval principally in the lower aquifer zone, similar to the depth of the existing production well.

All soil cuttings produced during piezometer installation were disposed of off-site at a location designated by the City of Morro Bay. After installation, the temporary piezometer was developed by bailing and pumping operations. The piezometer was completed for potential future basin monitoring. If the piezometer is not needed for future monitoring, it will be abandoned per County well permit requirements.

Prior to conducting the aquifer testing, the condition of the well casing within the South Well No. 3 was assessed with a video logging tool. The video log results indicated that, after a long period of disuse, the well casing appeared to be in adequate condition to act as the pumping well. The pump within the well was removed and inspected prior to its use, the results of which indicated that it would be reliable for the planned aquifer testing. Based on these results, the pump was reinstalled within the well.

In late January 2020, a pair of aquifer pumping tests was conducted by pumping the South Well No. 3 and conveying the produced water off-site to a City-owned sewer manhole in coordination with City staff. During testing, water levels were measured and recorded in several wells using data-recording water level devices, known as pressure transducers. The locations of these wells are presented on Figure 3, which include:

- the pumping well (South Well No. 3)
- the newly-installed piezometer
- two nearby Yeh piezometers (18-P02 and 19-P04)
- Morro Bay Mutual Water Company North Well No. 2
- several of the City of Morro Bay's Highway 1 wells to the north

The aquifer testing consisted of a 6-hour variable-rate step test and a longer-duration constant rate test. For the constant rate test, South Well No. 3 was anticipated to pump for a period of 1 or more days at a pumping rate of 175 gallons per minute. However, the testing was abbreviated unexpectedly after about 8 hours of pumping because of an electrical issue at the pump. The results of the test, albeit abbreviated, were carefully evaluated and were determined to be sufficient. Following testing, the wellhead, electrical connections and discharge piping were returned to its pre-testing condition and secured.

Numerical Modeling

A screening-level groundwater flow model of the Lower Morro Basin (developed by GSI in 2017¹) was utilized to conduct simulations of project alternatives to examine the feasibility injecting advanced treated recycled water into the aquifer. The domain of the modeled area includes the entire Lower Morro Valley groundwater basin, which includes the City's water supply wells and desalination ("seawater") wells as well as the two potential project areas (Figure 4).

Objectives

Three specific objectives are identified for analysis using the existing Morro Bay groundwater model (the model), including:

1. Incorporating results of recent field characterization into the model.
2. Simulating the updated groundwater model to assess the continuing feasibility of the Project in light of new data.
3. Conduct simulations using the updated groundwater model to evaluate recovery (pumping) alternatives.

Groundwater Model Background

The model was developed by GSI and documented in the report (GSI, 2017¹). Details of the model development are included that report, a brief summary of which is provided here.

The primary aquifer used by the City for water supply production consists of the alluvial sediments of the Lower Morro Valley Basin. The Narrows is an area east of Highway 1 where the alluvium underlying Morro Creek is constrained by bedrock to a narrow corridor about 300 feet wide. The Western area is located in the central portion of the model domain west of Highway 1, adjacent to and immediately south of Morro Creek. The groundwater model represents the entire area of the Lower Morro Valley Basin between the Narrows and the coast (Figure 4).

¹ GSI, 2017. *Lower Morro Valley Basin Screening-Level Groundwater Model for Injection Feasibility*, submitted to City of Morro Bay.

The model is constructed of three layers:

- Layer 1 represents the ocean
- Layer 2 represents finer materials such as silt and clay which are predominant at and near the land surface
- Layer 3 represents coarser materials such as sand and gravel present at depths ranging from 20 to 60 feet, and from which most of the production occurs

Most of the City's groundwater production is from wells screened in the sand and gravel represented in Layer 3. The modeled grid cells have a uniform size of 50 feet by 50 feet. Morro Creek is simulated at the surface in Layer 2, which provides a significant portion of the recharge to the aquifer system within the modeled area. Other model boundary conditions include subsurface inflow through the Narrows, subsurface inflow/outflow to or from the Pacific Ocean, precipitation-based recharge over the model area, and recovery from City wells within the model area. The model simulates the historical period from water years 1981 through 2018 using 456 monthly stress periods, with monthly transient (i.e., variable) boundary conditions based on observed hydrologic data including rainfall and stream flow.

Modeling Approach

The industry-standard groundwater modeling code known as MODFLOW was used in combination with an ancillary software package known as MODPATH to evaluate groundwater flow patterns and retention time analysis for numerous scenarios. MODFLOW is a publicly-available groundwater modeling code developed by the U.S. Geological Survey (USGS) to simulate groundwater flow and water levels. MODPATH is a USGS-developed particle-tracking code that functions in tandem with MODFLOW for the calculation of flow velocity and retention (travel) times.

Groundwater pumping was modeled using the current City wells (MB-1, MB-2, MB-3, MB-4, MB-14, MB-15, HS-1, HS-2, and Flippos well). Potential locations for injection wells were included in the model and moved around for evaluation of various hydrologic effects.

The initial locations for the modeled injection wells were selected from approximately 10 potential sites identified by GSI and City staff in 2016. The site selection at that time considered site ownership, access, current land use and avoidance of any known site constraints. The potential well sites were selected because of their distance from the City's main wells to comply with the retention time regulatory requirement.

The numerical modeling is being conducted to comply with retention time regulatory requirements for IPR projects, which will be followed with actual injection testing and (perhaps) tracer testing at the forthcoming direction of the DDW.

Modeling Scenarios

Using the model, a baseline scenario was simulated with the City's current full pumpage allotment of 581 acre-feet per year (AFY), with the total pumping volume equally apportioned between City wells relative to their documented pumping capacities (Figure 5). Subsequent simulations were conducted to evaluate the effects of injecting recycled water while the City wells are pumped continually. The injection amounts used to augment the native groundwater supplies were 25%, 50%, and 75% of the total projected available injected water volume of 825 AFY, resulting in overall pumpage (the combined amount of the City's existing pumpage allotment and the percentage of injected recycled water) of 787, 993, and 1,200 AFY under the various scenarios. Table 1 summarizes each modeled scenarios.

Table 1. Summary of Groundwater Modeling Scenarios

Injection Project Area	Model Run	Description	Total Pumping (AFY)	Total Injection (AFY)	MB-3	MB-4	MB-14	MB-15	MB-1	MB-2	HS-1	HS-2	Flippos	Notes
Western project area	Run0	Baseline	581	0	83	83	83	83			83	83	83	Active City Wells
	Run1	Baseline	581	825	104	186					81	128	81	Western Project Area Wells
	Run2	Base+25% Inj.	787	825	142	252					110	173	110	Western Project Area Wells
	Run3	Base+50% Inj.	995	825	180	318					139	219	139	Western Project Area Wells
	Run4	Base+75% Inj.	1200	825	216	384					168	264	168	Western Project Area Wells
Narrows project area	Run5	Baseline	581	825	104	186					81	128	81	Western Project Area Wells
	Run6	Baseline	581	825					87	87	116	174	116	Narrows Wells
	Run7	Base+25% Inj.	787	825					118	118	157	236	157	Narrows Wells
	Run8	Base+50% Inj.	995	825					149	149	199	298	199	Narrows Wells
	Run9	Base+75% Inj.	1200	825					180	180	240	360	240	Narrows Wells
	Run9b	Base+75% Inj.	1200	825	251	447	251	251						Highway 1 Wells

RESULTS

The field program provided improved hydrologic characterization in the project areas, which was used to select the preferred area for the IPR project. This selection of the preferred project area guides the decision for the tentative alignment of the recycled water pipeline from the forthcoming WRF. The selection takes into account many factors including the local aquifer geometry, aquifer hydraulic properties, as well as area and permitting constraints. The selection also takes into account ultimate area constructability for up to six injection wells, recycled water pipeline alignment requirements, and estimated injection rates (calculated both with and without concurrent recovery from the City’s production wells).

Existing Land Use Considerations

The existing land uses at the two project areas are very different, which constitutes the most apparent area constraint. Whereas the Narrows project area is fully-developed with a combination of residential (Silver City RV Park) and commercial land uses, the Western project area is undeveloped. Additionally, the total footprint of the two areas also differs; the Narrows area is significantly smaller at approximately 10 total acres, whereas the Western project area covers approximately 17 acres.

Furthermore, the larger area under consideration at the Western project area is flatter and more centrally located to the City’s infrastructure. The larger area and undeveloped nature of the Western project area would more easily accommodate construction and maintenance activities associated with installation and maintenance of

infrastructure, including wells, pumps and pipelines. The Western project area is also located adjacent to the currently planned alignment of the forthcoming recycled water pipeline.

A potential challenge with pursuing pilot injection testing at the Western project area is its location immediately adjacent to (north of) the former Morro Bay Power Plant site. The Western project area is on the same parcel as the adjacent Power Plant site, as is the Lila Keiser Park located across the Morro Creek and four of the City of Morro Bay’s existing water supply wells. Portions of the former Power Plant site are going through land use covenant procedures associated with its closure by the California Department of Toxic Substances Control (DTSC). This proposed land use covenant procedure would restrict select areas of the Power Plant site outside of the area being considered for this project to future commercial/industrial uses and restricts the use of groundwater. While the Western project area under consideration is not located within any of the “Areas of Concern” on the Power Plant site, the effects of any restrictions associated with the forthcoming land use covenant are being reviewed to ensure that they do not limit the City’s potential use of the area for development of this project.

A summary of the current land use and potential area constraints for the two areas are presented on Table 2.

Table 2. Summary of Project Area Constraints

Project Area	Current Land Use	Total Area (Acres)	Distance to Proposed Pipeline Alignment	Relative Constructability
Narrows area	Fully developed (Residential and light industrial)	10	Far (Expensive)	Infeasible (Constrained)
Western area	Undeveloped (Vistra property)	17	Adjacent	Feasible

Aquifer Geometry

The CPT testing and aquifer testing of the project areas provide information about the geometry and properties of the target aquifer, particularly depth to bedrock and total thickness and permeability of the aquifer sediments. Review of the data acquired during the field program improved the understanding of the aquifer geometry. The aquifer within the Narrows project area is laterally constrained by bedrock to the south and north of the project area. Within the main portion of the basin, in the Western area, the aquifer is considerably broader and thicker.

Aquifer Hydraulic Properties

The aquifer hydraulic properties were calculated based on the results of the subsurface characterization work and pumping tests at the two potential project areas. The results of the aquifer testing indicate that the aquifer underlying the Narrows project area was less transmissive than the same aquifer where it underlies the Western project area.

Table 3 presents the average aquifer hydraulic parameters calculated from several areas around the Lower Morro Valley based on aquifer tests conducted by GSI over the past 4 years. The updated aquifer hydraulic values are incorporated into the revised groundwater model (Figure 6).

Table 3. Summary of Aquifer Hydraulic Properties

Project Area	Date	Transmissivity ² (gpd/foot)	Storativity
Narrows Area	2019	23,000	0.001
City Highway 1 Wells Western Area north of Morro Creek	2016	107,000	0.005
Western Area	2020	80,000	0.005
Desalination (“Seawater”) Wells Western Area near Embarcadero	2017	50,000	0.008

The aquifer in the Western area was the most productive, associated with substantially more transmissive sediments within the primary aquifer. Within this area, the lower aquifer, which is the primary zone from which wells produce groundwater, consists of approximately 20 feet of highly transmissive sands and gravels, with transmissivity values of between approximately 80,000 and 100,000 gallons per day per foot (gpd/foot).

South of the Western project area toward the Embarcadero, where the City’s so-called “seawater” wells are located, the same aquifer is somewhat less productive, with transmissivity values of approximately 50,000 gpd/foot.

Numerical Modeling Results

Model Updates

Transmissivity. The groundwater model was revised to incorporate the refined aquifer parameter data (primarily transmissivity² and storativity³) to more accurately represent subsurface conditions. The groundwater model previously was assigned a uniform transmissivity of 108,000 gpd/foot across the entire active area. (Transmissivity is calculated as the product of hydraulic conductivity (ft/day) and aquifer thickness.) The hydraulic conductivity in the model was adjusted in zones such that the transmissivity distribution reflects variability in the model consistent with the results of the field program (Figure 6).

Storativity for the entire model was previously assigned a uniform value of 0.005 across the entire model area. Recent aquifer test analysis indicates storativity values ranging from 0.001 to 0.005. Storativity was revised downwards in the model. A uniform specific storage value of 5.0 E-5 (dimensionless), equivalent to a storativity value of 0.001, was used throughout the model.

Transient Conditions. The model simulates variable monthly stress periods for 38 years. Even without pumping, there is significant temporal variability to the hydrologic inputs of the model, such as streamflow and rainfall-based recharge. This variability results in water levels that change over time. Figure 7 presents hydrographs of modeled groundwater elevations from the model at the MB-3 well under conditions of: (a) no City pumping and (b) baseline pumping (which is established as the City’s full groundwater allocation of 581 AFY). Even under conditions of no pumping (blue line on the graph), water levels typically vary over a 10 foot range during the course of a year. When pumping from the City’s wells is added (orange line on the graph), the water levels decline to several feet lower and span a wider range of up to 25 feet of difference between wet and dry periods. In the

² Transmissivity is the rate at which water passes through a width of the aquifer under a hydraulic gradient.

³ Storativity is a dimensionless measure of the volume of water released from an aquifer per unit area of the aquifer and per unit reduction in hydraulic head

following discussion of modeling results, it will be specified if results represent wet, dry, or average climatic conditions.

Baseline Simulation

A baseline simulation was established to assess the conditions during which 581 AFY was continuously pumped from a total of 7 City wells with no injection occurring. A map of drawdown from the initial conditions is presented in Figure 8, for average hydrologic conditions (i.e., assuming that average rainfall and runoff is occurring). This figure indicates that depths to groundwater would decline about 14 feet in the vicinity of the City wells in response to this pumping scenario. Drawdown in the Western area varied from about 3 to 4 feet during the wettest periods, to about 25 feet during the driest periods. If lower water levels in the Western area are maintained during the project by continual City pumping, it would provide greater flexibility for operation of the injection wells. However, infiltration from Morro Creek could increase water level conditions during periods of high stormwater flows.

Narrows Area Simulations

Scenarios were modeled representing pumping of 25%, 50%, and 75% of the maximum IPR water volume of 825 AFY. For clarity, only the “baseline plus 75% injected water” scenario for the Narrows simulations are discussed to illustrate conditions under two pumping well layout options. Modeled retention time results for all scenarios presented are summarized in Table 4.

The first Narrows project alternative assumes that all of the pumping occurred at the four wells of the Highway 1 well field (MB-3, MB-4, MB-14, and MB-15). Figure 9 presents modeled water levels and particle tracking lines for a representative dry period (representing the fall of 1989). The purple arrowheads, distributed along the lavender particle-path lines, in the figure each represent one month of retention time, and the red lines indicate uniform retention times as labelled along the particle tracks. Minimum retention times are about 1.5 to 2.5 months at the pumping wells. Title 22 permit requirements for IPR projects require a minimum groundwater retention time of 2 months if tracer study data are used to document retention time, or a minimum retention time of 4 months if modeling methods are used. These results indicate that the groundwater retention time is less than the 4-month minimum for the Narrows area under this scenario.

Figure 9 also indicates that a noticeable hydraulic gradient exists from the ocean toward the land as a result of the modeled City pumping during the injection, a condition which would allow for seawater intrusion during dry periods. Because the Narrows injection wells are landward from the pumping center, they will not generate elevated groundwater levels near the coastline to produce an effective hydraulic gradient that could prevent seawater intrusion.

The second Narrows project alternative uses pumping wells more distant from the injection wells: HS-1, HS-2, Flippos, MB-1, and MB-2 (Figure 10). These are the wells used in model scenarios documented in the feasibility modeling report (GSI, 2017). MB-1 and MB-2 are not currently operational, but it is assumed they could be rehabilitated or replaced if required. Figure 10 presents modeled water levels and particle tracking results for the representative dry period. These particle tracking results indicate that the groundwater retention time ranges from about 3.5 months at the High School and Flippos wells, to 4-5 months at MB-1 and MB-2. This indicates a longer groundwater retention time than is observed when pumping the closer Highway 1 wells.

Water levels along the coast still indicate a groundwater flow direction from the coast toward the land, indicating the potential for seawater intrusion under this scenario.

Western Area Simulations

Scenarios were modeled during which baseline pumping volume was increased by 25%, 50%, and 75% of the total injected water volume of 825 AFY. For clarity, selected results are presented, evaluating both wet and dry conditions. Modeled retention time results for all scenarios presented are summarized in Table 4.

Modeled wells pumped were MB-3, MB-4, HS-1, HS-2, and Flippos at rates proportional to their respective reported capacities. These wells were selected to be consistent with the simulations conducted in the original

modeling report (GSI 2017); wells MB-14 and MB-15 were not pumped in the original modeling investigation, to maximize pumping well distance from the injection wells. However, MB-14 and MB-15 may ultimately be operated as part of this project.

Figure 11 presents modeled heads and particle tracking results for the Pumping Scenario of Baseline + 25% of injection volume (787 AFY). Particle tracking indicates that water injected into the injection wells would travel both towards the pumping wells and towards the coast. Particle tracking indicates that the minimum retention time for the injected water is about 3.5 months at Flippo’s, MB-3 and MB-4, and about 5.5 months at HS-2. (Because HS-1 has a lower pumping rate, and is located behind HS-2 with respect to the injection wells, most particles are captured by HS-2). Results of this scenario also indicate that groundwater levels near the coast maintain a hydraulic gradient from the land toward the coast, which would likely inhibit the seawater intrusion.

The modeled heads and particle tracking results for the pumping scenario of Baseline + 75% of Injection volume (1,200 AFY) during dry conditions are presented in Figure 12. Particle tracking indicates that water injected into the Western area injection wells in this layout would have retention times ranging from about 2.5 months for the Flippos well, to 3 months for MB-3 and MB-4, to over 4 months for the High School wells. Under this scenario, the hydraulic gradient indicates a groundwater flow direction from the coast toward the pumping wells. This indicates conditions that do not inhibit against sea water intrusion under extended dry conditions.

Figure 13 displays results for the same pumping scenario during wet conditions. Particle tracking indicates that water injected into the Western project area injection wells in this layout would have retention times ranging from less than 3 months for the Flippos well, to about 3.5 months at MB-3 and MB-4, to 4 months at the High School wells. The hydraulic gradient under these conditions indicates a flow direction from the land to the ocean, a condition that would mitigate against potential seawater intrusion.

Table 4. Summary of Groundwater Retention Times (Months)

Injection Project Area	Figure	Scenario	Total Pumping (AFY)	Total Injection (AFY)	MB-3	MB-4	MB-14	MB-15	MB-1	MB-2	HS-1	HS-2	Flippos
Narrows project area	Figure 9	Base+75% Inj.	1200	825	1.5	1.5	2.5	2.5					
	Figure 10	Base+75% Inj.	1200	825					6	6	3.5	3.5	3.5
Western project area	Figure 11	Base+25% Inj.	787	825	3.5	3.5					>6	5.5	3
	Figure 12	Base+75% Inj. (Dry)	995	825	3	3					7.5	4	2.5
	Figure 13	Base+75% Inj. (Wet)	1200	825	3.5	3.5					4	>4	2.5

DISCUSSION AND CONCLUSIONS

The primary objectives of the tasks described in this TM are to:

1. Improve the hydrogeologic characterization of the two alternative project areas,
2. Update the groundwater model with new data,
3. Conduct model simulations to assess if one project area is preferable to the other, and
4. Assess if the project remains tentatively feasible when considering the updated hydrogeologic data
5. Identify next steps.

The following discussion addresses these objectives.

Objectives 1 and 2 – Improve Hydrogeologic Characterization

The hydrogeologic characterization field program was successfully implemented. One of the most significant findings of the field program is that the aquifer transmissivity in the Narrows area (23,000 gpd/foot) is significantly lower than in the Western area (80,000 gpd/foot). This finding indicates that well injection rates in the Narrows are likely to be lower than injection rates for wells in the Western area, potentially requiring more wells to inject an equal amount of recycled water. Revised estimates of transmissivity were incorporated into the existing groundwater model, and project scenarios were run to further evaluate feasibility for the two alternative proposed project locations: the Narrows project area and the Western project area.

Objective 3 – Determine Which Proposed Project Area is Preferred

New hydrogeologic data from the field program were reviewed, and numerous model scenarios were simulated to assess the feasibility of the project, given the updated understanding of the hydrogeologic setting. Model scenarios for both project area alternatives were simulated. Based on results from this evaluation, the Western project area is preferable to the Narrows project area as a location of injection wells for the following reasons:

- Higher transmissivity in the Western project area indicates that injection wells located there would have capacity for higher injection rates in comparison with the Narrows project area.
- Modeled retention times between the injection wells and the nearest recovery wells are greater in the Western project area scenarios than in the Narrows project area scenarios.
- Evaluation of water level patterns along the coast indicate that the Western project area scenarios offer a greater degree of mitigation against potential seawater intrusion during dry periods than the Narrows project scenarios.
- Due to the dense residential occupancy of the Narrows project area, the level of planning, permitting, public notification, and logistical coordination for construction of permanent infrastructure in this area will likely be significantly greater than in the Western project area.
- The recycled water pipeline alignment is planned to pass through the Western area, which is the preferred pipeline alignment due to constructability and cost considerations.

Objective 4 – Evaluate Project Feasibility

Results from the model scenarios indicate that the Western project area concept is feasible from a logistical and hydrogeologic standpoint. IPR permitting requirements state that modeling results need to indicate a retention time of four months or greater. Under all scenarios presented, the retention time for water recovered from the High School wells met or exceeded this metric. Water recovered from the Highway 1 wells (MB-3 and MB-4) was 3 to 3.5 months, depending on the scenario and wet/dry conditions. Estimated retention time from the injection wells to the Flippos was the shortest, ranging from 2.5 to 3.5 months. Accordingly, continued use of the Flippos well in the project concept is likely not feasible. Communication with the permitting agency will be conducted to support further project planning in coordination with the planned site-specific injection testing and possibly tracer testing to support retention time calculations for the permit application.

Objective 5 – Next Steps

- **Well locations.** Pumping in the model scenarios was limited to existing City well locations. New pumping well locations along Atascadero Road or in the corporation yard could be modeled to assess the potential improvements to retention time under additional alternative scenarios. The locations of the injection wells were selected based on the factors including being located in the deepest portion of the basin and at a distance far enough from the planned recovery locations. While other locations for injection wells were considered, the modeled locations are preferred for the hydrogeologic and logistical reasons discussed.
- **Well pumping rates.** All modeled scenarios assumed a full buildout injection volume of 825 AFY. It may be instructive to model a phased approach to implementation in which interim target injection and recovery volumes are simulated.

RECOMMENDATIONS

Based on the characterization work conducted, we recommend conducting these additional steps to further ensure the feasibility of conducting IPR within one of the two project areas:

1. Continue permitting activities for IPR injection at the Western project area. This will include site-specific investigations with respect to specific injection well locations, injection testing and potential tracer testing to support the retention time requirements used in the permit application.
2. Run additional scenarios using the updated model to assess lower rate initial operational alternatives that could allow for longer retention times and more streamlined permitting.

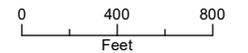
Figures



FIGURE 1
Morro Bay Hydrogeologic Characterization Project Areas
 Characterization and Selection of Project Areas for Injection Testing

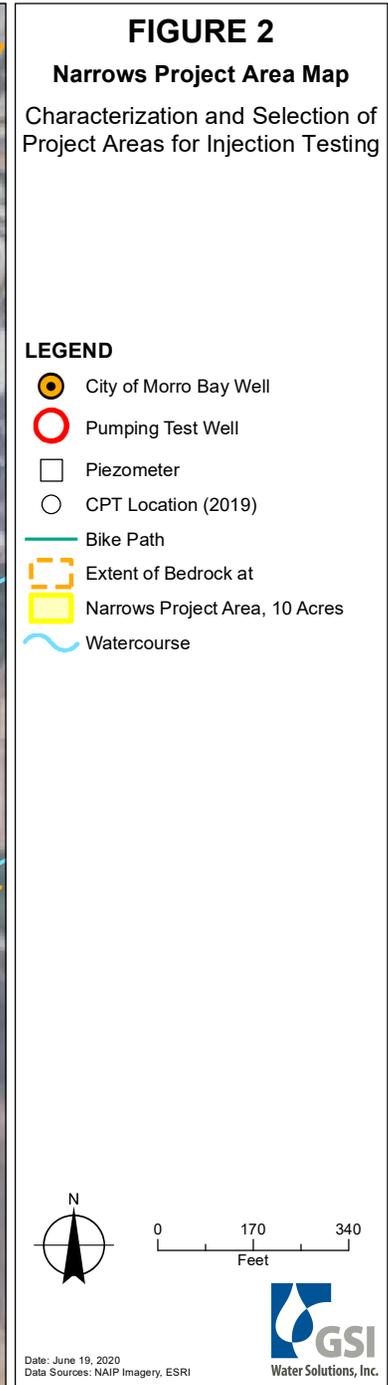
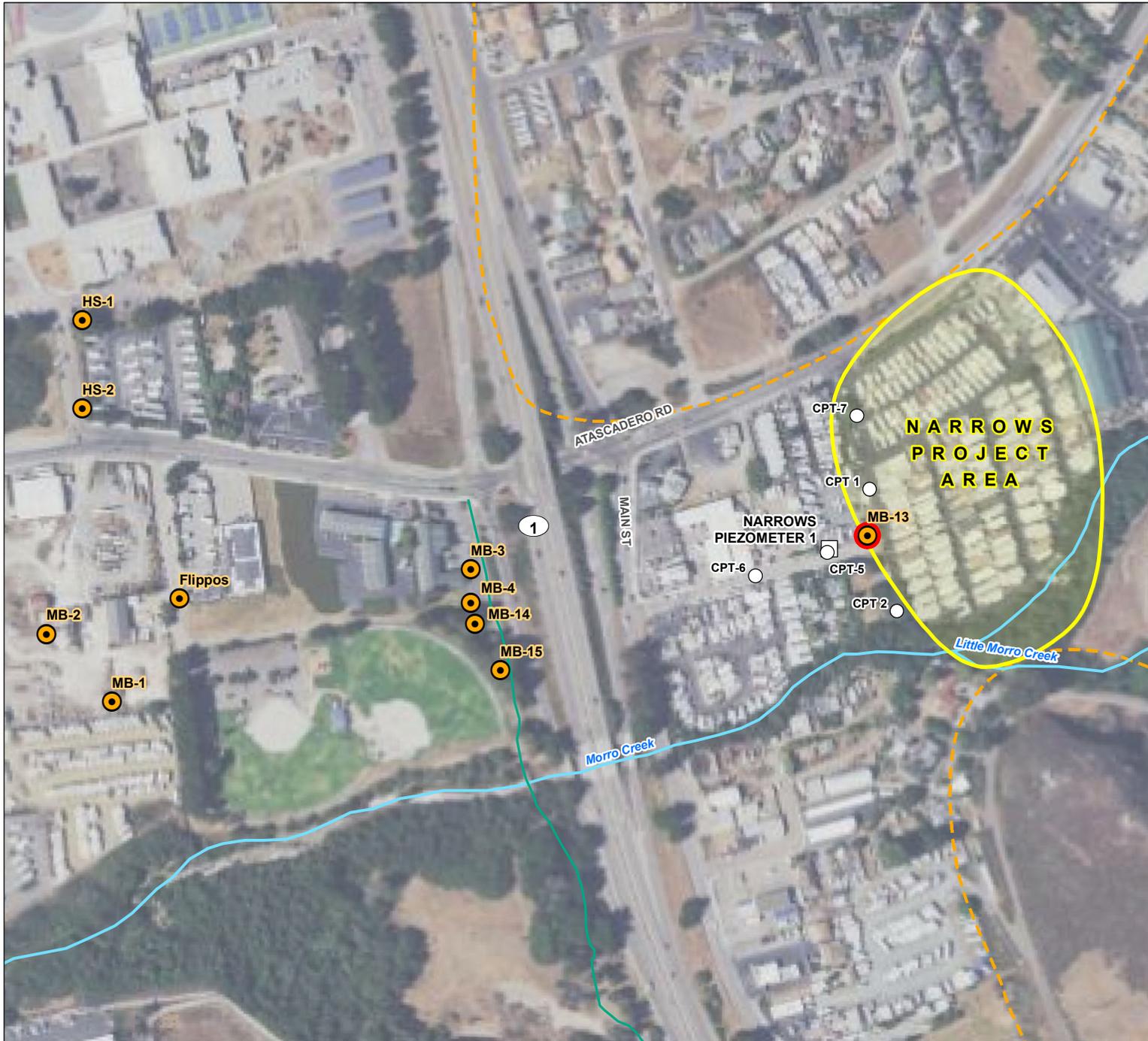
LEGEND

- City of Morro Bay Well
- Desalination ("Seawater") Well
- Potential Project Area
- Wastewater Treatment Plant
- Major Road
- Watercourse



Date: June 18, 2020
 Data Sources: NAIP Imagery, ESRI





Document Path: Y:\0645_MorroBay\Source_Figures\007_GWModel_L_MorroBasin\Characterization_Select\Figure2_Narrows_Project_Area.mxd

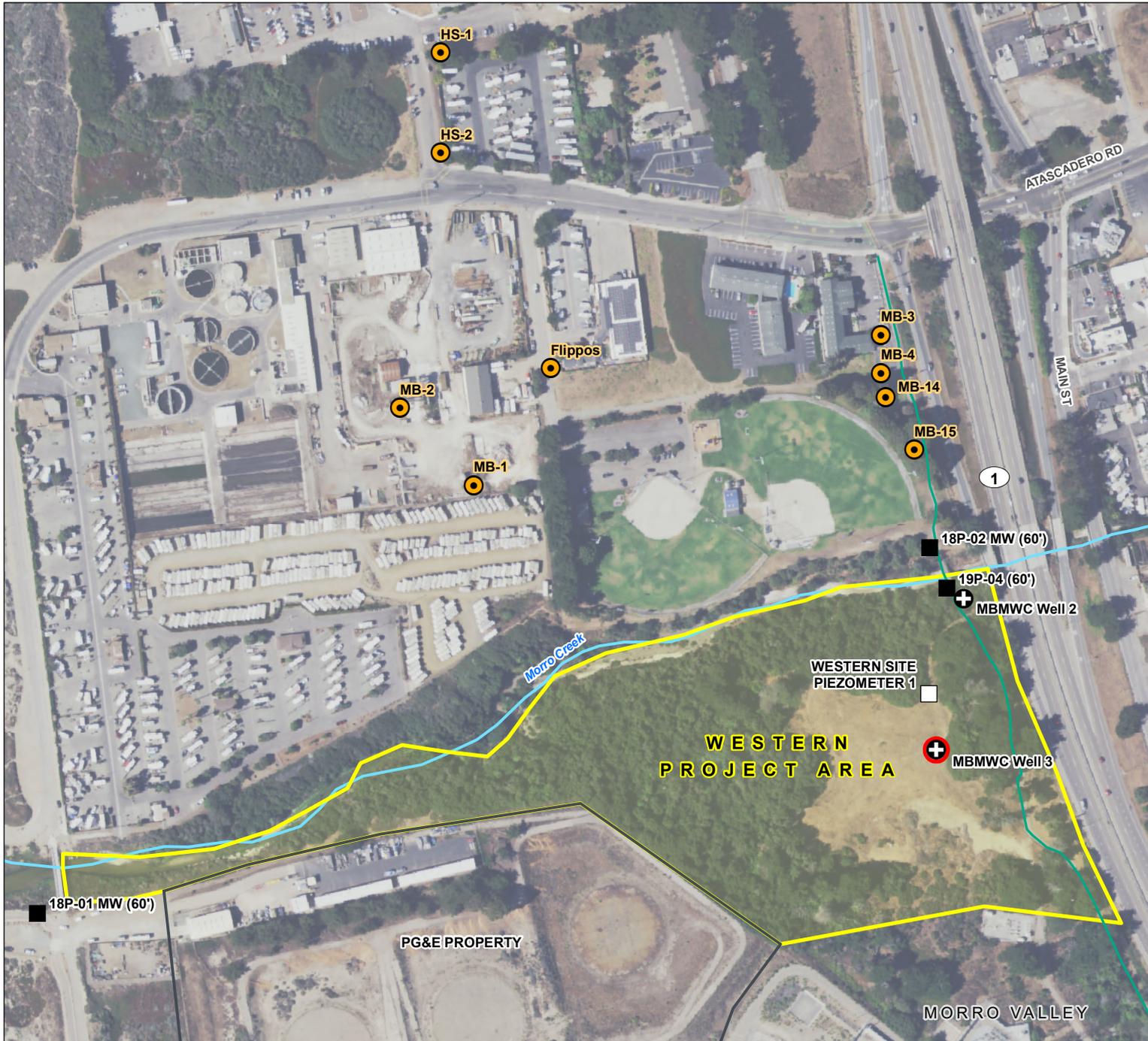


FIGURE 3

Western Project Area Map

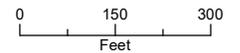
Characterization and Selection of Project Areas for Injection Testing

LEGEND

-  City of Morro Bay Well
-  MBMWC Well
-  Pumping Test Well
-  Piezometer
-  Yeh Piezometer
-  Bike Path
-  PG&E Property Boundary
-  Western Project Area, 17 Acres
-  Watercourse

NOTE

MBMWC: Morro Bay Mutual Water Company

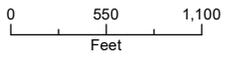


Date: June 18, 2020
Data Sources: NAIP Imagery, ESRI



FIGURE 4
Numerical Model Domain
 Characterization and Selection of Project Areas for Injection Testing

- LEGEND**
- Potential Project Area
 - Model Active Area
 - Inactive Model Area
 - Model Area Outline
 - Major Road
 - Watercourse

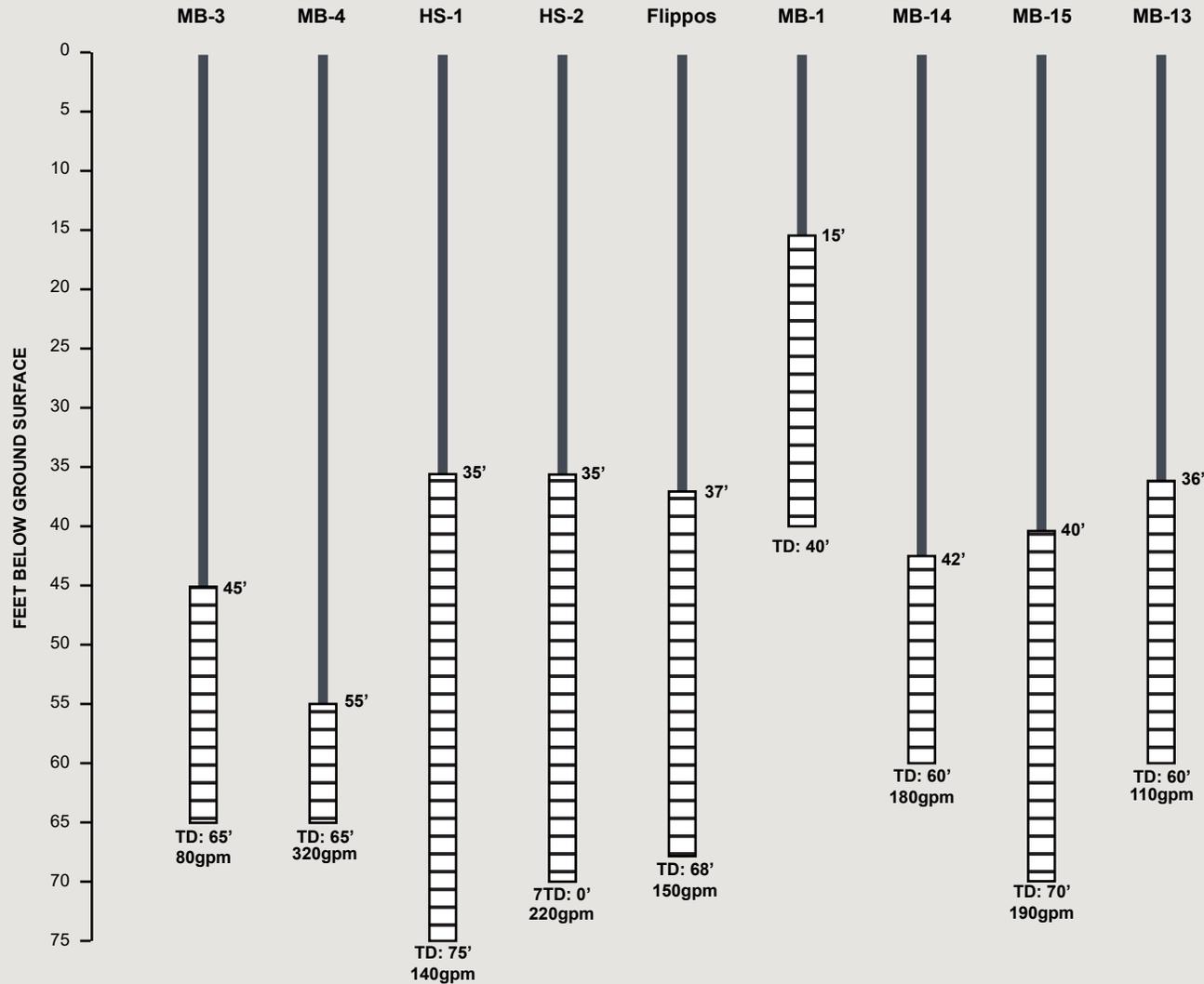


Date: June 18, 2020
 Data Sources: NAIP Imagery, ESRI



FIGURE 5

City Well Construction Details
 Characterization and Selection
 of Project Areas for
 Injection Testing



LEGEND

-  Well
-  Screened Interval
- XX gpm** Estimated Well Capacity

NOTES

Horizontal distance not to scale
 gpm: gallons per minute
 TD: total depth



Date: June 18, 2020



FIGURE 6

Revised Model Transmissivity for Lower Aquifer

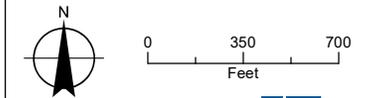
Characterization and Selection of Project Areas for Injection Testing

LEGEND

- City of Morro Bay Well
- Aquifer Test Well
- Transmissivity (gpd/ft)
- Model Active Area
- Potential Project Area
- Major Road
- Watercourse

NOTE

T: Transmissivity
gpd: gallons per day

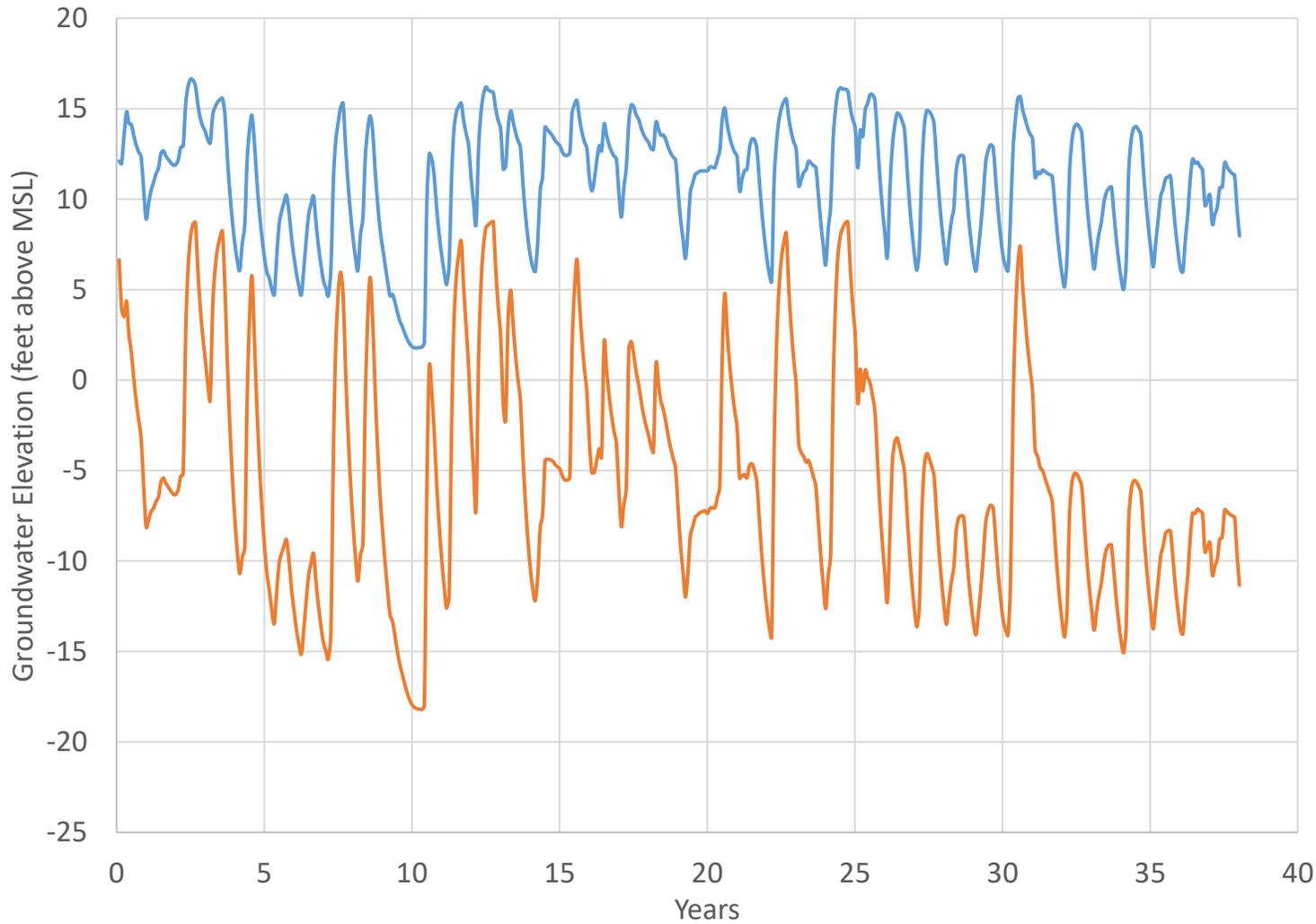


Date: June 18, 2020
Data Sources: NAIP Imagery, ESRI

FIGURE 7

**Well MB-3 Modeled
Groundwater Elevations**

Characterization and Selection
of Project Areas for
Injection Testing



LEGEND

- No Pumping
- Q = 581 AFY Constant

NOTES

Q: Specific Capacity
AFY: Acre Feet per Year
MSL: Mean Sea Level

Date: June 18, 2020



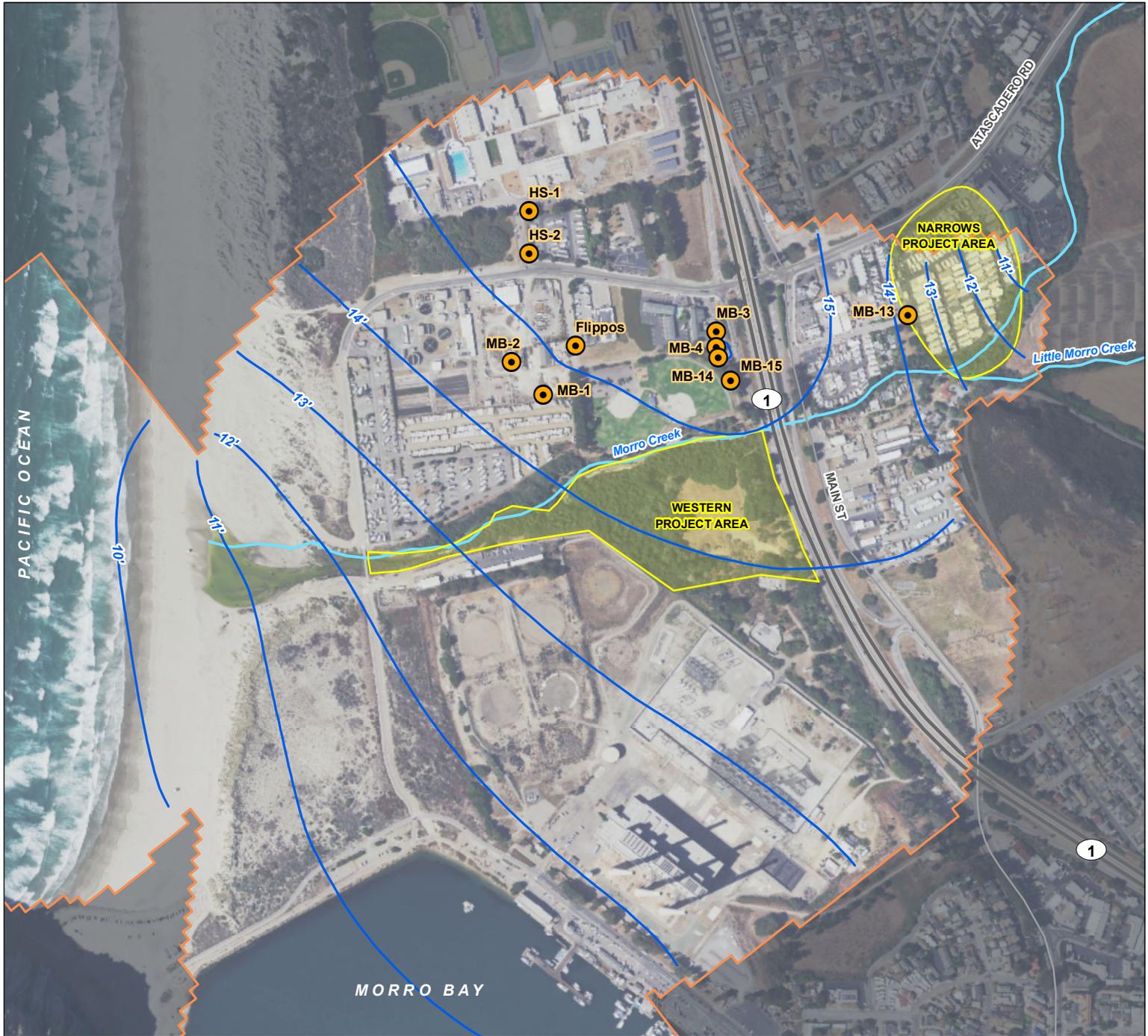


FIGURE 8

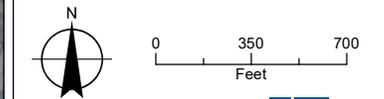
**Baseline Pumping (581 AFY)
Drawdown with No Injection
Average Conditions**

Characterization and Selection of
Project Areas for Injection Testing

LEGEND

- City of Morro Bay Well
- Drawdown (ft)
- Model Active Area
- Potential Project Area
- Major Road
- Watercourse

NOTE
AFY: Acre Feet per Year



Date: June 18, 2020
Data Sources: NAIP Imagery, ESRI



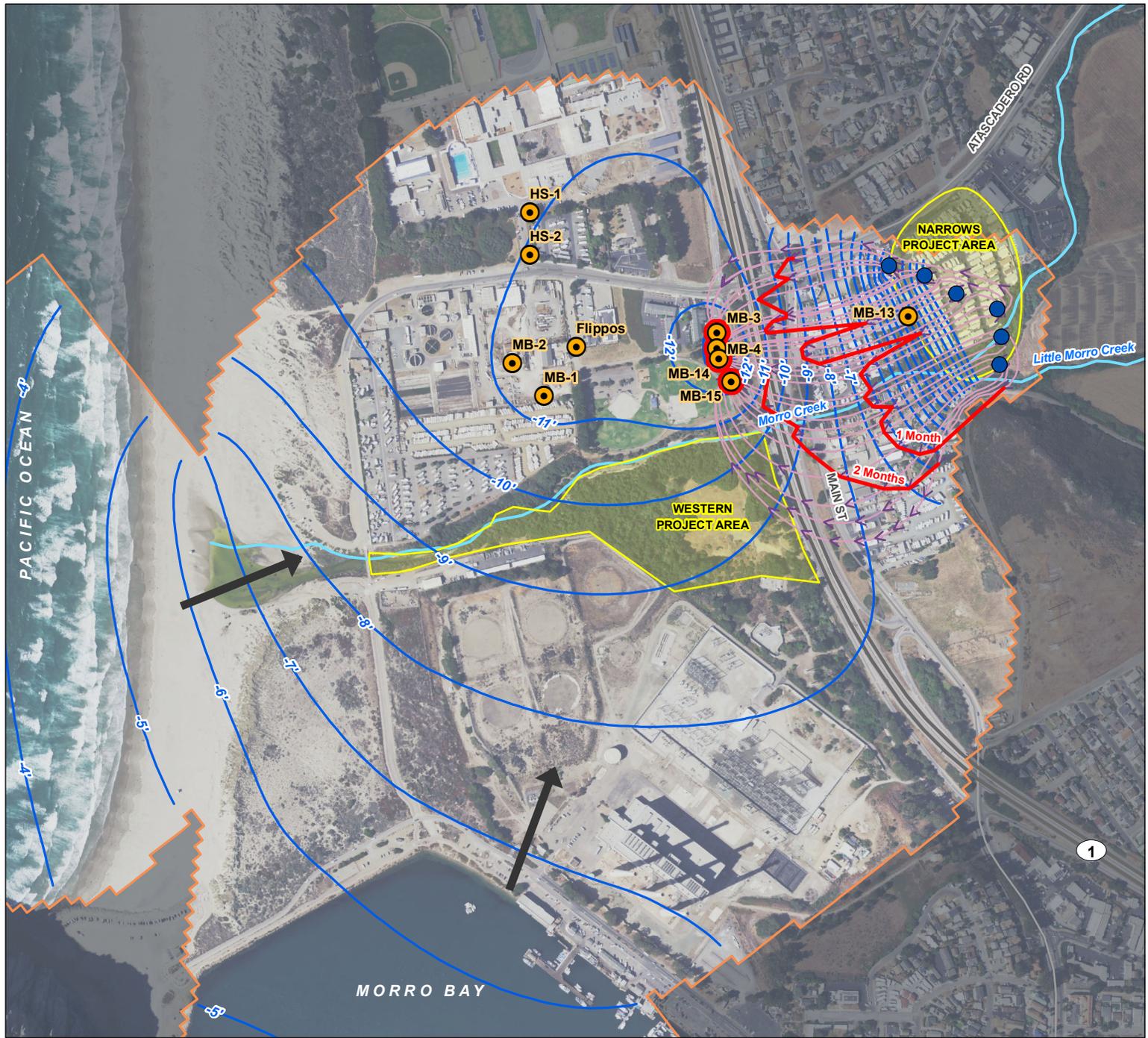


FIGURE 9

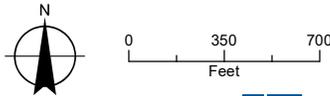
Narrows Project Area Model Results: Pumping = Baseline + 75% Injection (1,200 AFY), Highway 1 Wells Pumped

Characterization and Selection of Project Areas for Injection Testing

LEGEND

- City of Morro Bay Well
- Pumping Well
- Injection Well
- Particle Track Arrow (1 mo.)
- Particle Track
- Month Indicator
- Groundwater Elevation Contour (ft)
- Groundwater Flow Direction
- Model Active Area
- Potential Project Area
- Major Road
- Watercourse

NOTE
 AFY: Acre Feet per Year
 Each travel time arrow along particle track represents 1 month.



Date: June 18, 2020
 Data Sources: NAIP Imagery, ESRI

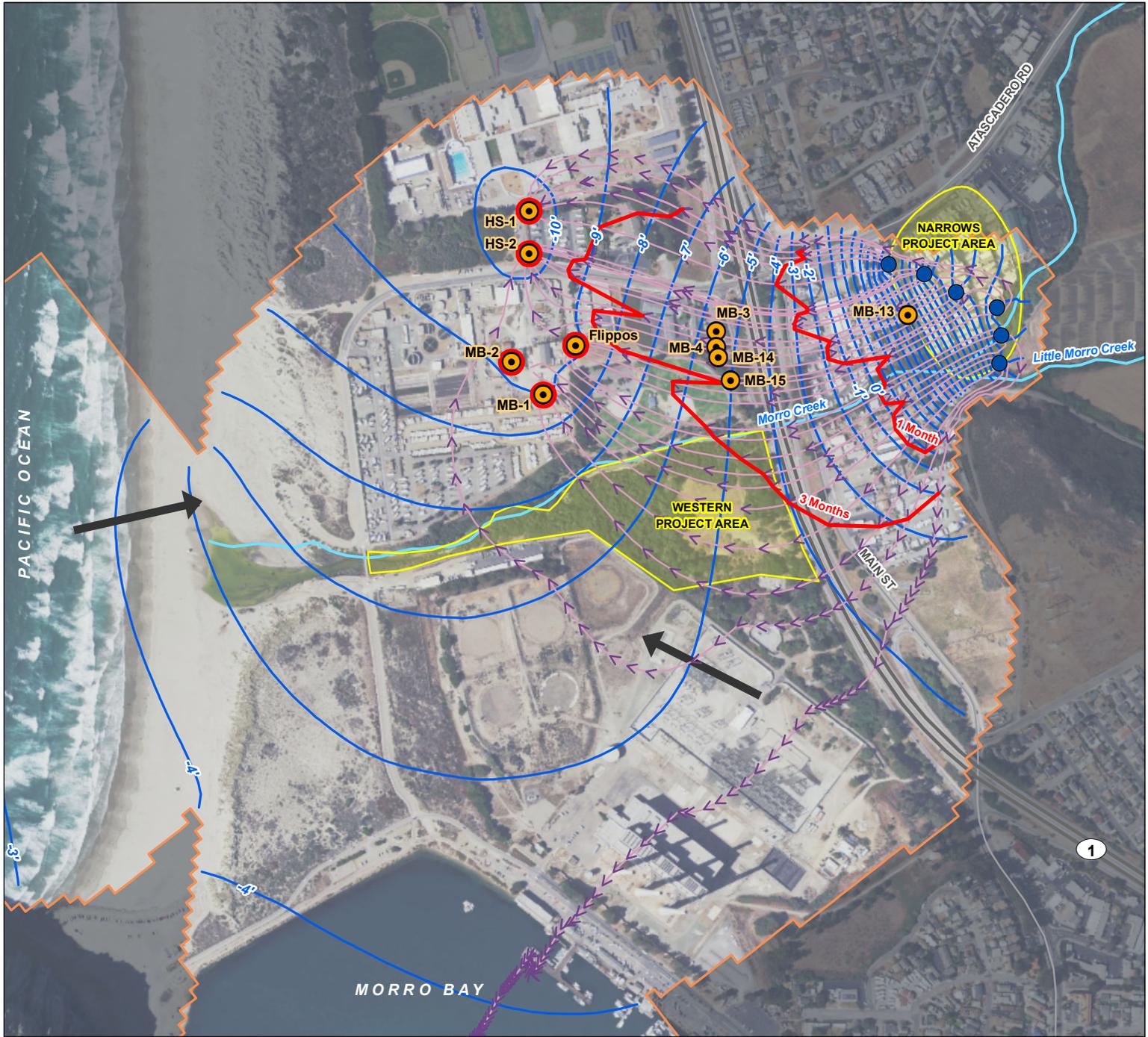


FIGURE 10
Narrows Project Area Model Results: Pumping = Baseline + 75% Injection (1,200 AFY), Alternative Pumping Wells
 Characterization and Selection of Project Areas for Injection Testing

LEGEND

- City of Morro Bay Well
- Pumping Well
- Injection Well
- Particle Track Arrow (1 mo.)
- Particle Track
- Month Indicator
- Groundwater Elevation Contour (ft)
- Groundwater Flow Direction
- Model Active Area
- Potential Project Area
- Major Road
- Watercourse

NOTE
 AFY: Acre Feet per Year
 Each travel time arrow along particle track represents 1 month.

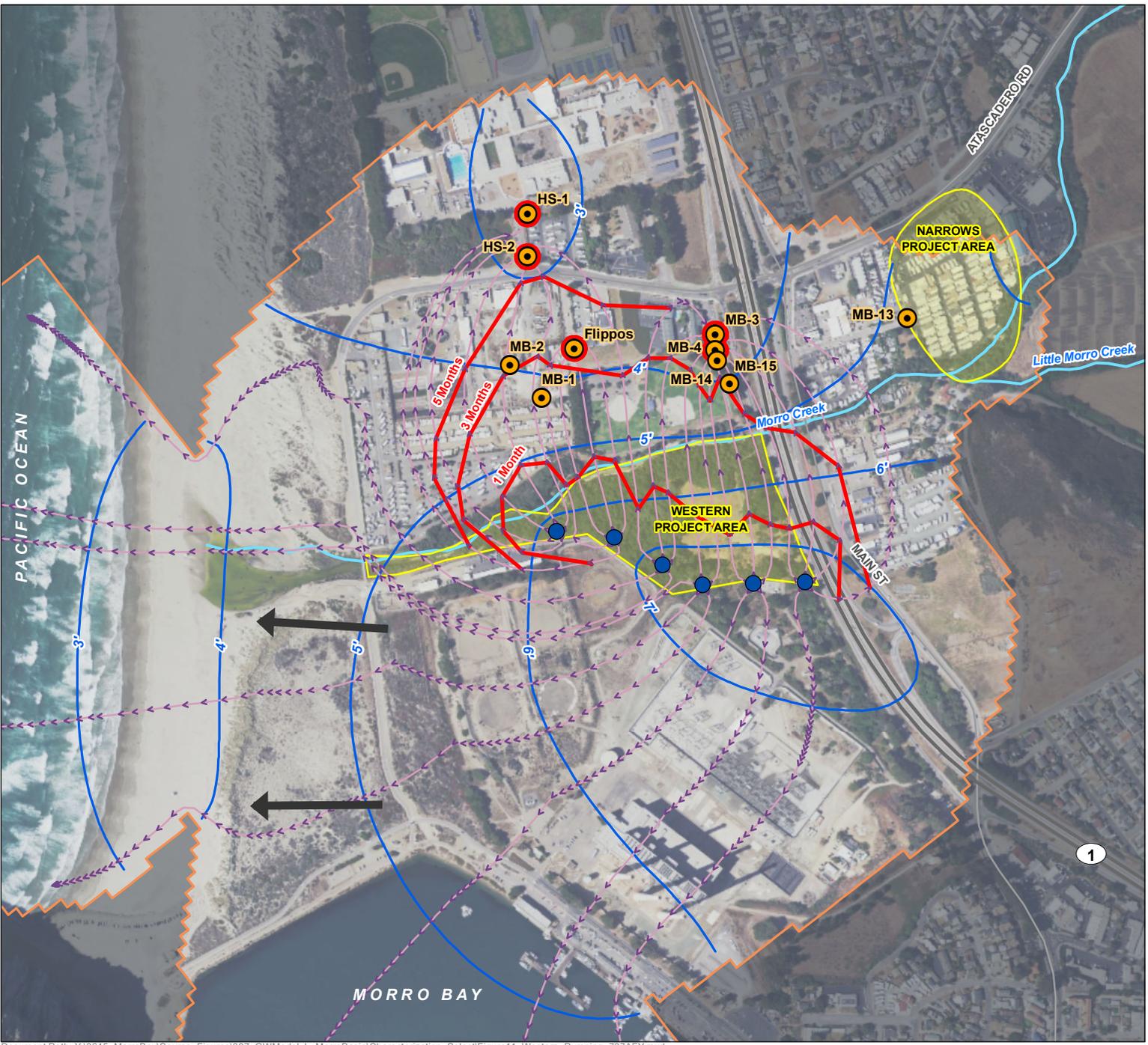
1

Date: June 18, 2020
 Data Sources: NAIP Imagery, ESRI

FIGURE 11

Western Project Area Model Results: Pumping = Baseline + 25% Injection (787 AFY)

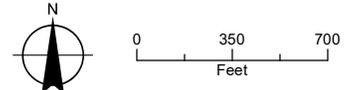
Characterization and Selection of Project Areas for Injection Testing



LEGEND

- City of Morro Bay Well
- Pumping Well
- Injection Well
- Particle Track Arrow (1 mo.)
- Particle Track
- Month Indicator
- Groundwater Elevation Contour (ft)
- Groundwater Flow Direction
- Model Active Area
- Potential Project Area
- Major Road
- Watercourse

NOTE
 AFY: Acre Feet per Year
 Each travel time arrow along particle track represents 1 month.



Date: June 19, 2020
 Data Sources: NAIP Imagery, ESRI

Document Path: Y:\0645_MorroBay\Source_Figures\007_GWModel_L_MorroBasin\Characterization_Select\Figure11_Western_Pumping_787AFY.mxd

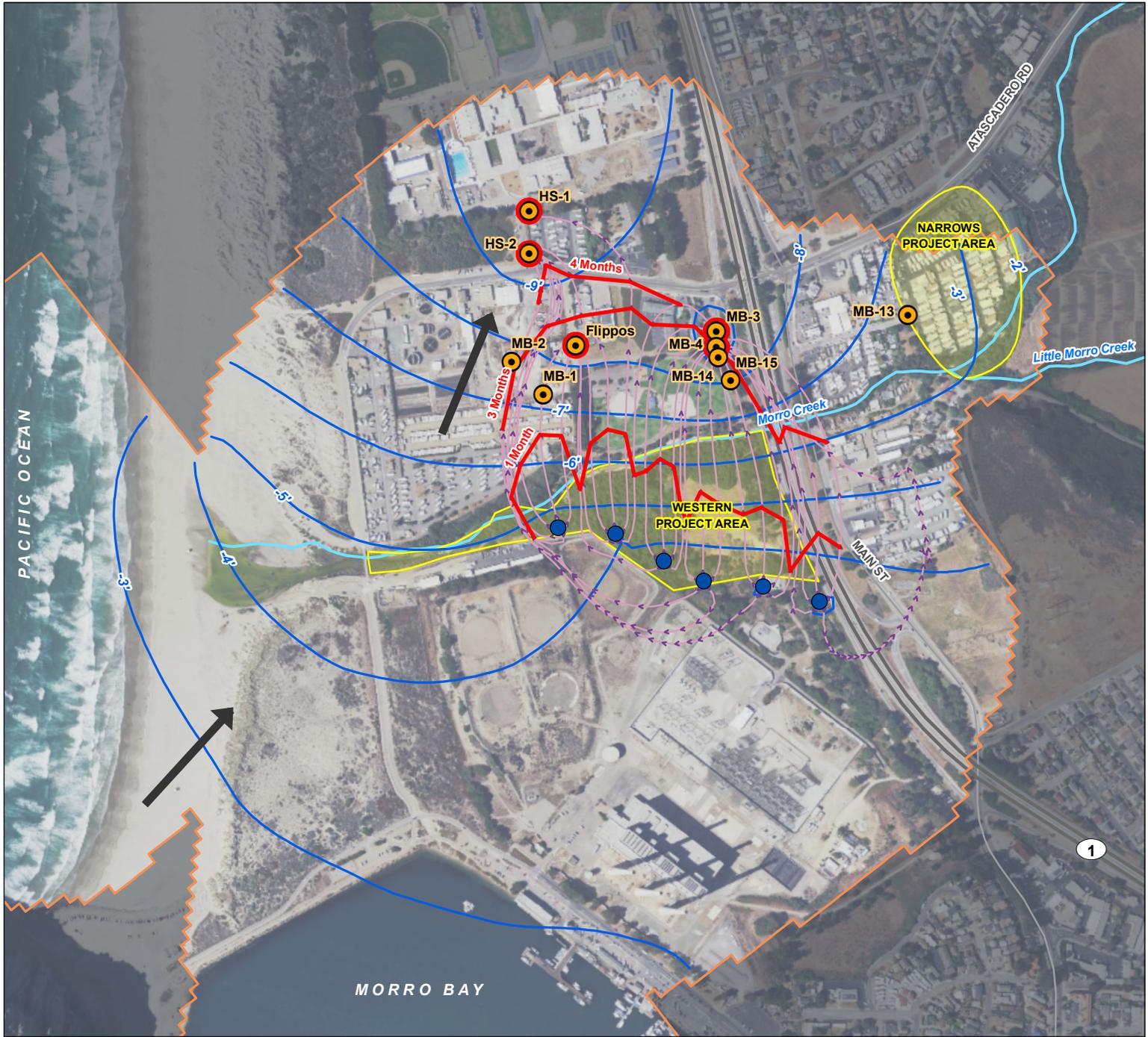


FIGURE 12

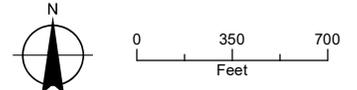
Western Project Area Model Results: Pumping = Baseline + 75% Injection (1,200 AFY) Dry Conditions

Characterization and Selection of Project Areas for Injection Testing

LEGEND

- City of Morro Bay Well
- Pumping Well
- Injection Well
- Particle Track Arrow (1 mo.)
- Particle Track
- Month Indicator
- Groundwater Elevation Contour (ft)
- Groundwater Flow Direction
- Model Active Area
- Potential Project Area
- Major Road
- Watercourse

NOTE
 AFY: Acre Feet per Year
 Each travel time arrow along particle track represents 1 month.



Date: June 18, 2020
 Data Sources: NAIP Imagery, ESRI

Document Path: Y:\0645_MorroBay\Source_Figures\007_GWModel_L_MorroBasin\Characterization_Select\Figure12_Western_Pumping_Dry_Conditions.mxd

FIGURE 13

**Western Project Area Model
Results: Pumping = Baseline +
75% Injection (1,200 AFY)
Wet Conditions**

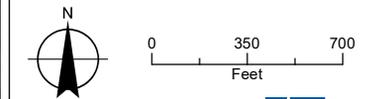
Characterization and Selection of
Project Areas for Injection Testing

LEGEND

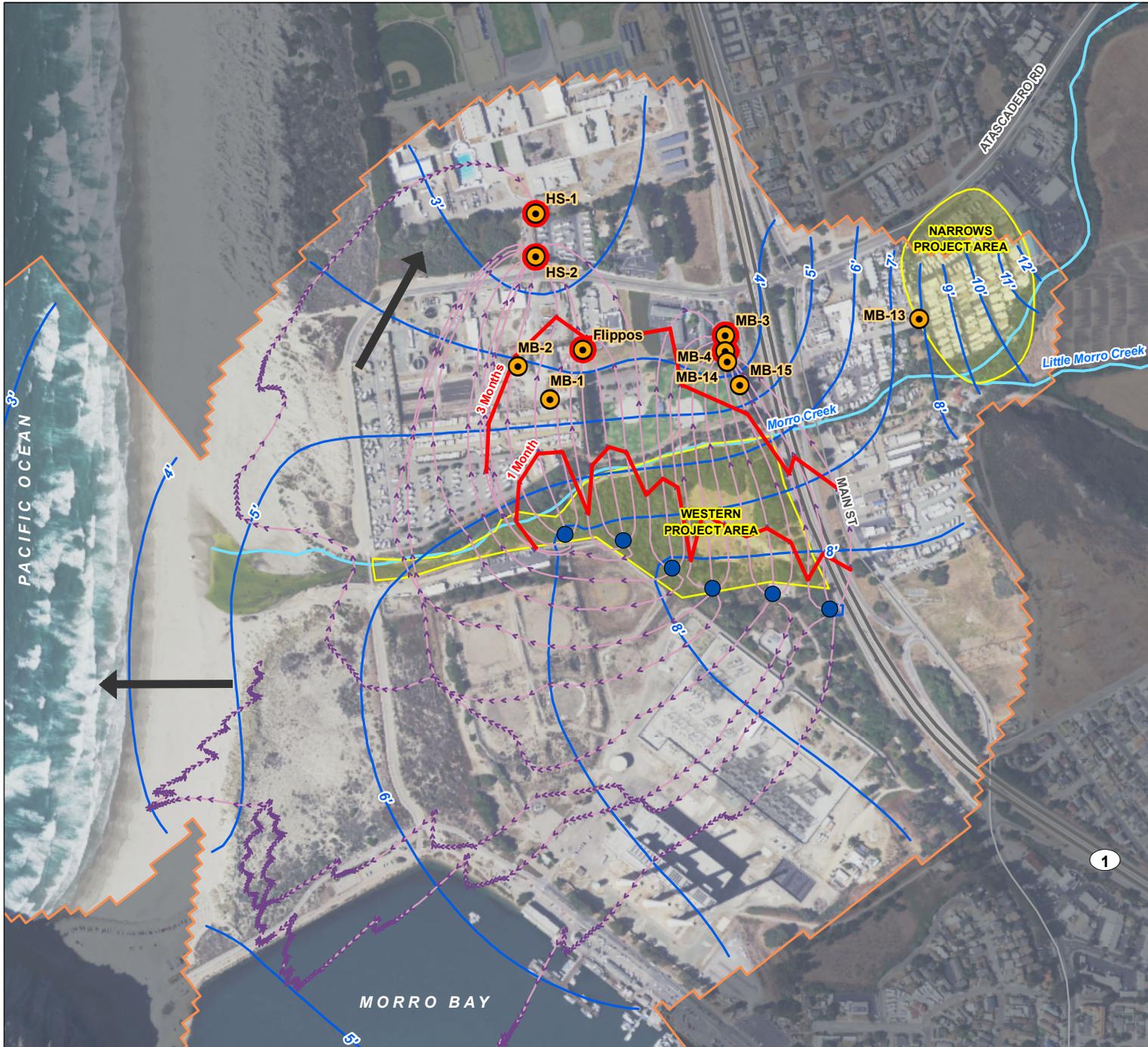
- City of Morro Bay Well
- Pumping Well
- Injection Well
- Particle Track Arrow (1 mo.)
- Particle Track
- Month Indicator
- Groundwater Elevation Contour (ft)
- Groundwater Flow Direction
- Model Active Area
- Potential Project Area
- Major Road
- Watercourse

NOTE

AFY: Acre Feet per Year
Each travel time arrow along
particle track represents 1 month.



Date: June 18, 2020
Data Sources: NAIP Imagery, ESRI



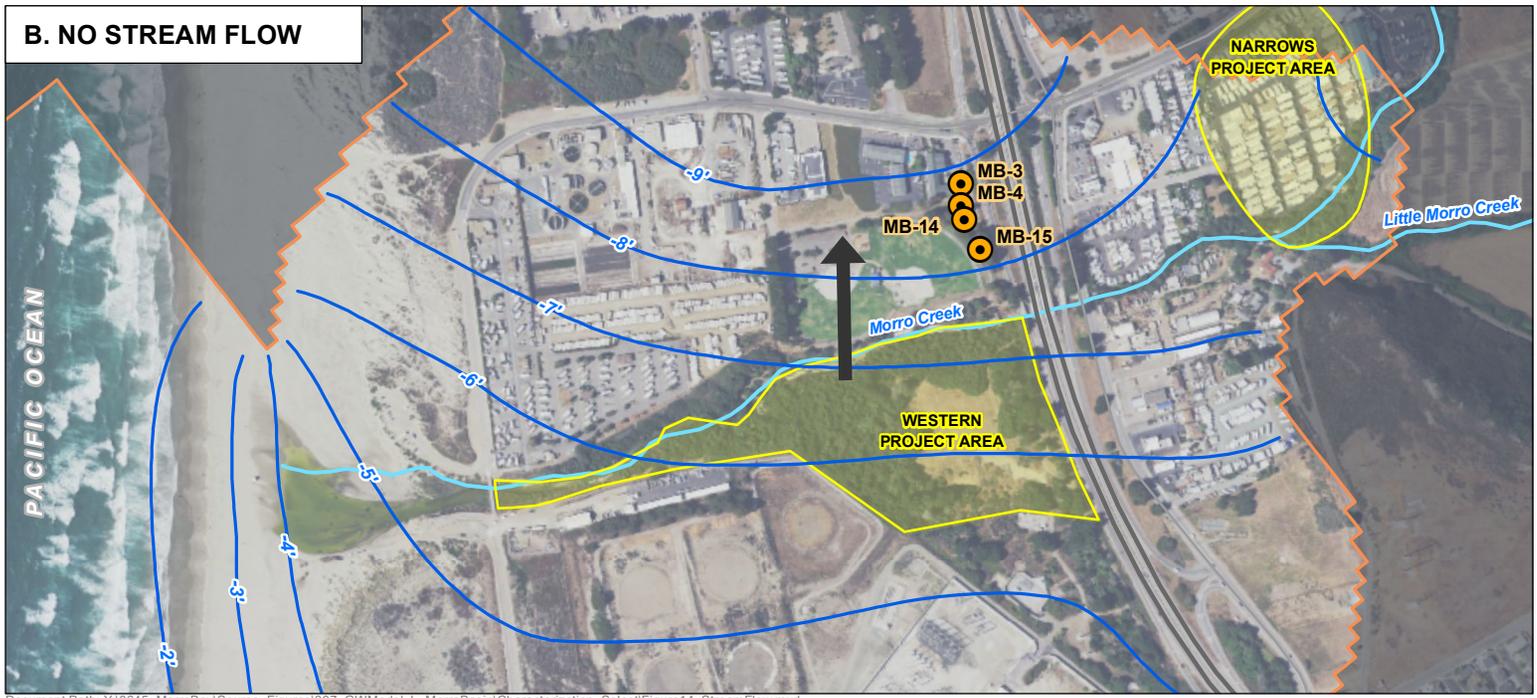
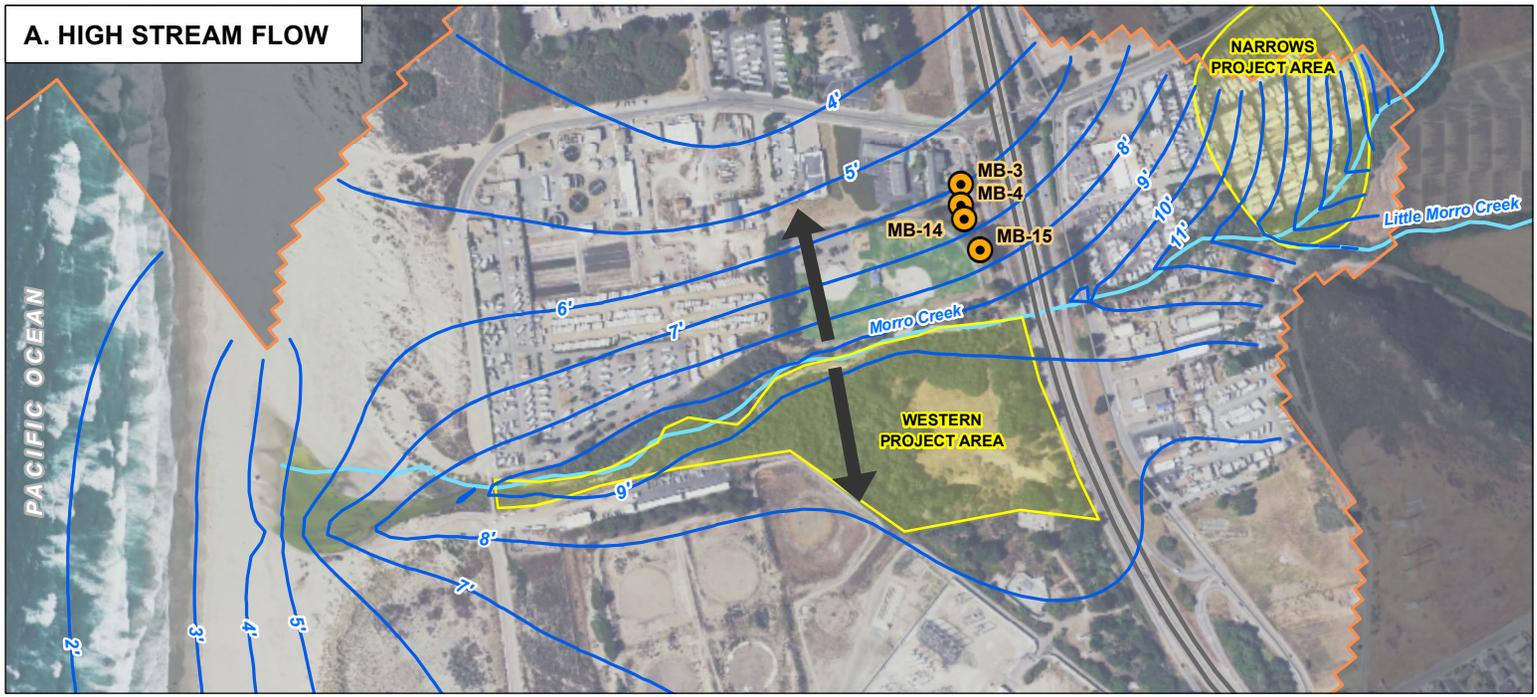
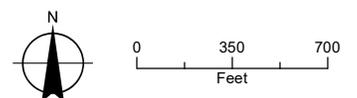


FIGURE 14
Modeled Upper Aquifer, Model Layer 2
Water Levels Under Varying Streamflow Conditions
 Characterization and Selection of Project Areas for Injection Testing

- LEGEND**
- City of Morro Bay Well
 - Groundwater Contour (ft)
 - Groundwater Flow Direction
 - Model Active Area
 - Potential Project Area
 - Major Road
 - Watercourse



Date: June 18, 2020
 Data Sources: NAIP Imagery, ESRI

Document Path: Y:\0645_MorroBay\Source_Figures\007_GWMModel_L_MorroBasin\Characterization_Select\Figure14_StreamFlow.mxd



Water Solutions, Inc.

October 30, 2020

Mr. Eric Casares, PE
Project Manager/Vice President
Carollo Engineers
1401 Fulton Street
Fresno, CA 93721

RE: Proposal for GSI Phase 3 Professional Services for Injection Testing and IPR Project Development

Dear Mr. Casares,

GSI Water Solutions, Inc. (GSI), is pleased to provide this proposal to the City of Morro Bay (City) to conduct well design, permitting, injection testing and groundwater monitoring in the lower portion of the Morro Valley Groundwater Basin to support the City's planned indirect potable reuse (IPR) project that will use highly treated recycled water from the City's planned Water Reclamation Facility (WRF).

GSI has been involved in various aspects of the City's work to implement an IPR project, and understands the technical, institutional, and regulatory challenges that need to be addressed to make this project a success. GSI personnel have been supporting the City on this effort since 2015, and we bring a wealth of background understanding and experience to the project.

We recommend conducting the tasks identified in this scope of work based upon our understanding of the overall needs of the project and we believe this will provide the level of accuracy and technical documentation that is needed for the successful permitting and implementation of this project.

We are excited about the opportunity to continue our partnership with you, and to support the City's goal of achieving water independence by reducing reliance on imported water from the State Water Project. Thank you for your consideration of our proposal.

Sincerely,
GSI Water Solutions, Inc.

A handwritten signature in blue ink that reads "Tim Thompson".

Tim Thompson, PG, CHG
Principal Water Resources Consultant

A handwritten signature in blue ink that reads "Tim Nicely".

Tim Nicely, PG, CHG
Supervising Hydrogeologist

Proposal

Phase 3 Scope of Work: Injection Testing and IPR Project Development

Summary of Work Conducted to Date

As part of the City of Morro Bay's plan to augment its water supply with recycled water, GSI has conducted a series of evaluations to determine the feasibility of injecting and subsequently recovering highly-treated recycled water. The areas considered for this project roughly surround the City's existing production wells near the intersection of Highway 1 and Atascadero Road, and are referred to as the Narrows project area and the Western project area (Figure 1)

To date GSI has prepared several technical documents as follows:

1. In 2017 GSI:
 - a. Developed a screening level groundwater model of the lower Morro Valley (dated May 16, 2017),
 - b. Characterized the condition of the "desalination" wells located along Embarcadero and Colman Drive, (dated May 22, 2017), and
 - c. Conducted an evaluation of the Chorro Valley as a potential area for locating the IPR project (dated May 27, 2017).
2. In 2019 GSI conducted work to characterize the two potential project areas in the Lower Morro Valley (dated March 17, 2019) and also used the numerical groundwater model to conduct a series of water quality scenarios (dated April 19, 2019).
3. In 2020, GSI evaluated data collected during 2019 and 2020 and recommended that the Western project area be identified as the preferable area for the IPR project based upon hydrogeologic and logistical information (dated June 19, 2020).
4. GSI summarized the water level and production data, along with aquifer testing details from pumping tests conducted as part of the characterization of the Narrows and Western areas (August 10, 2020).
5. GSI conducted several groundwater model updates, model calibration and additional scenarios (referred to as scenarios 1A, 1B, and 1C) in support of increasing retention times with key assumptions (i.e., selected City wells converted to monitoring wells; dated August 7, 2020).
6. GSI summarized the results from deployment of a series of water level recording devices installed in the City's production and desalination wells (dated August 7, 2020).

As documented in GSI's June 19, 2020 report, the Western area is preferred for the proposed project, based upon comprehensive aquifer evaluations, logistical considerations, and groundwater modeling. Information developed to date has been used to improve the groundwater model (originally developed in 2017), which resulted in a more robust tool that meets the needs of this project.

Results of groundwater modeling of various conceptual injection scenarios in the Western area indicate that both adequate injection rates and sufficient subsurface retention time criteria can be met depending on an array of factors. One aspect of some of these evaluations assumes that some of the existing City production wells would be temporarily decommissioned during project operations (and re-purposed as monitoring wells), and that other, more distant City wells would continue to be used for groundwater pumping.

The results of the hydrogeologic work conducted to date, including the extensive field exploration and groundwater modeling, provide adequate support for recommending the following tasks be conducted to continue with the permitting and implementation elements of the IPR project.

PHASE 3 SCOPE OF WORK

Based on the results of these investigations, the IPR injection project appears to be feasible and is recommended to be located in the Western project area using a series injection wells located south of Morro Creek. This Phase 3 scope of work provides descriptions of the next steps associated with continued planning of the IPR project, which will include:

1. Design, permitting, and installation of the first injection well including:
 - a. Injection and monitoring well design, permitting, and installation
 - b. Injection testing
 - c. Additional groundwater modeling scenarios
 - d. Basis of design for full-scale injection well system
2. Preparation of a quarterly groundwater monitoring plan required for the DDW Groundwater Replenishment Reuse Project (GRRP) permit.
3. Evaluation of water quality considerations.
4. Support for preparation of Title 22 Engineering Report, including coordination with Carollo and DDW regarding project design to meet requirements of DDW's GRRP permit.
5. Coordination with Division of Drinking Water regarding groundwater modeling

Following completion of these Phase 3 tasks, the next step will be known as Phase 4 which will include the construction of the injection and extraction system, including installation of additional injection wells and monitoring wells to accommodate the full buildout capacity and ongoing monitoring and reporting as expected to be stipulated in the GRRP permit.

Task 1: Design, Permitting, Installation, and Testing of First Injection Well

The first task of GSI's Phase 3 Scope of Work will include the design, installation, permitting and testing of the first injection well of the IPR system and will culminate with development of the basis of design of the full-scale injection well system.

Task 1A. Injection and Monitoring Well Design, Permitting, and Installation

In order to conduct a diagnostic evaluation of injection rates and capacity in the Western area, a full-scale injection well will be installed along with up to two dedicated monitoring wells as required by the GRRP regulations. Work conducted in this task will include preparing well design, specifications and bid documents for drilling contractors for both the injection and monitoring wells. This task will include the development of well construction criteria, such as depth, casing diameter and perforation intervals, as well as preparation of a bid package. The specifications will also include the installation of injection equipment, including piping, injection tube, controls, and valves. A pump will also need to be installed in the well for collection of water samples and for periodic well re-development to remove clogging materials that may form.

The monitoring wells will be installed with sonic drilling methods to improve characterization of the target aquifers and accommodate collection of continuous core samples, which will be used for geochemical water quality evaluations, as described below.

Following City approvals, the bid packages will be sent out to qualified drillers. Installation of these wells is planned for early- to mid-2021.

The Central Coast RWQCB will require a permit for the injection testing program. There are various means by which the Central Coast RWQCB may choose to regulate this effort, the most likely being the following:

1. Individual (project-specific) waste discharge requirements, or
2. General water discharge requirements (State Water Resources Control Board [SWRCB] Water Quality Order 2012-0010).

In coordination with Carollo Engineers, discussions and meetings with RWQCB and DDW will be conducted to secure the appropriate permit. County well installation permits will be secured for the injection well and two monitoring wells.

Task 1B. Injection Testing

Injection testing will be conducted at the newly constructed injection well in the Western project area. We have assumed that the City will install above-ground piping to convey water to the well from an existing distribution pipeline or hydrant. The testing will be conducted by injecting water from the City's municipal water supply into the well for a series of short- and longer-term periods for a total duration of up to six weeks. During that period, the injection rates will be varied to assess the acceptance rates and variability of the specific capacity during injection. All testing and monitoring will be conducted in compliance with permitting requirements.

During the injection testing, water level data will be measured and recorded by pressure transducers installed in the injection well and the adjacent monitoring wells. Injection testing will include the following:

- Injection of municipal water at various rates during short periods (days) and a longer period (1 to 2 weeks)
- Comparison of pumped water quality from the injection well before and after injection, which will be used in future geochemical modeling efforts
- Retention time analysis (described below)
- Clogging analysis (described below).

The analysis of travel time between the injection well and the monitoring well may be measured by conducting a tracer test (employing either an intrinsic or an introduced tracer) during injection testing. Depending on the source of municipal water available at the time of the testing (pumped groundwater or State Project Water), it may be possible to utilize the natural chemical signature of the injected source water as the intrinsic tracer. If the geochemical signature of the injected water is not substantially different from native groundwater, it may be necessary to use an introduced tracer. Introduced tracer testing would involve introducing a tracer compound, such as Xenon or Rhodamine WT, into the injection well and performing regular sampling of a downgradient well until breakthrough of the tracer is observed. Use of an introduced tracer is complex and is not included in this scope of work or budget at this time. We suggest waiting until we have the results of the initial testing to determine if it is necessary and then develop a scope of work with input from DDW.

Results of the pilot injection testing will be used to guide (1) the refinement of the groundwater model (which will help determine the injection capacity of a full-scale program), and (2) the design of the additional injection wells and wellhead piping and control systems needed to accommodate the project injection rates.

Task 1C: Additional Groundwater Modeling Scenarios

Based upon the results of the injection testing, the project team will identify additional modeling scenarios to refine the preferred project design and injection well layout. These will likely include varying rates of injection and extraction, strategic selection of potential injection well locations, consideration of which City wells to use for recovery, and identification of City wells that may be temporarily taken out of service. Many of these criteria will help ensure that the IPR program will comply with DDW regulatory requirements, which will streamline the permitting process.

Modeling will be conducted to evaluate the current and planned operational schedule that the City plans to employ for groundwater pumping. We understand the City relies on groundwater production during several months each year, during which time many of the City's wells are pumped to satisfy City water needs. In response to City's planned pumping schedules, some of the modeling scenarios could be structured to represent seasonal pumpage. These scenarios could also include breaks in the planned injection schedule ahead of the increased pumping to evaluate sufficient retention time of injected water to the pumping wells. Intermittent injection and extraction operations could be included in the modeling scenarios to determine an operational schedule that is appropriate and acceptable to the City and DDW.

It is not determined at the time of preparation of this proposal exactly how many future scenarios will be required by the City. Scenario concepts will be developed as the project proceeds. GSI will conduct and document up to eight (8) additional scenarios as part of this scope of work, to evaluate alternatives in the location of injection and recovery wells, pumping rates, seasonal/monthly variations in pumping schedules, and possibly other variables associated with the project.

Task 1D –Basis of Design for Full-Scale Injection Well System

Based on the results of the initial injection testing and associated groundwater modeling, we will develop the basis of design for the project's full-scale injection well system, including the number and location of injection wells, operational injection rates and predicted injection and pumping water levels, location of additional monitoring wells, and instrumentation¹.

The basis of design will also be used to establish the number of wells for a pilot-scale injection well system. This approach involving installation of a pilot-scale system is a cost-effective method that allows for the

¹ Engineering design of well equipping facilities and instrumentation will be conducted by Carollo.

system to be operated for a period of one or more years following the availability of the recycled water. This pilot-scale system will also provide information that will support permitting of the full-scale system.

Preliminary operational requirements will be suggested on the basis of seasonal variability of water levels, anticipated effects on injection rates, and results of modeling scenarios. The configuration of the proposed injection wellfield will take into consideration the results of the initial injection testing, availability of property for siting of up to six injection wells, proximity to existing City wells, proximity to existing City infrastructure (power, water, wastewater disposal), and other logistical considerations. This may include installation of new City production wells and repurposing of selected existing City wells.

Task 2: Quarterly Monitoring Plan Required for GRRP Permit

GSI will prepare a water quality sampling plan to meet the requirements of the GRRP permit (section 60320.200(c)). We will coordinate with City staff who will collect the remaining three quarterly samples. The groundwater monitoring will be conducted to assess the following DDW-specified constituents from the target aquifer within the Lower Morro Valley:

- Nitrogen compounds,
- Inorganic chemicals as specified in Table 64431-A
- Radionuclide (Tables 64442 and 64443)
- Organic chemicals (Table 64444-A)
- Disinfection byproducts (Table 64533-A)
- Lead and copper
- Total Organic Carbon
- Priority Toxic Pollutants
- Additional constituents specified by DDW

Existing City production and monitoring wells will be proposed for this purpose and presented to the City and DDW for approval. Sampling will be conducted by City staff on a quarterly basis through September of 2021 in accordance with DDW guidance. The first of these sampling events was conducted by City staff in September of 2020.

Task 3: Water Quality Evaluations

As part of the installation of the monitoring wells (to be installed along with the initial injection well), undisturbed physical samples of the aquifer sediments from the primary injection zone will be collected using sonic drilling methods. These samples will be used for geochemical analysis by a specialized analytical laboratory. Results of this analysis will be used along with native groundwater water quality and anticipated injection water quality to model the potential for geochemical reactions in the aquifer soil matrix that may occur during project operations.

An important objective of this work will be to assess the potential of the injection wells to become clogged by reactions between injected water, native groundwater, and the aquifer matrix in the vicinity of the injection wells. This analysis will assess the potential geochemical reactions that may occur both through reactions associated with the mixing of two different waters (native groundwater and advanced treated

water), and through the chemical reactions of the injected water with the rocks and minerals comprising the aquifer.

To assess the potential for chemical reactions that could be problematic for injection well operations, GSI will use the USGS geochemical modeling package PHREEQC, which evaluates a variety of aqueous geochemical calculations. PHREEQC is a widely accepted geochemical modeling tool and is based on an ion-association aqueous model and has capabilities for speciation and saturation-index calculations, reaction-path and advective-transport calculations, mixing of solutions, mineral and gas equilibria, and other geochemical calculations. If the chemistry of the injected advanced treated water and the in situ groundwater are known, and the mineralogy of the aquifer is characterized, the model allows a detailed chemical analysis of the expected reaction products between the mixed waters and with the minerals comprising the aquifer sediments.

The chemistry of the in-situ groundwater will be characterized using existing water quality data from the City's production wells, and chemical analysis of the newly installed test and monitoring wells. The expected chemistry of the water to be injected will be based on estimates from the WRF design engineer. To characterize the aquifer materials, mineralogical analyses will be conducted on core samples collected during drilling of the monitoring wells. The results of this analysis will allow GSI to assess the potential for any problems associated with mixing of the injected water and the aquifer materials including dissolution or precipitation of minerals through geochemical reactions, which can cause clogging in both the well screen and the pore space of the aquifer skeleton itself.

Task 4: Permitting Support for Title 22 Engineering Report

GSI will provide technical support to the project permitting effort that will be led by the engineer contracted by the City. This support will include coordination with RWQCB and DDW, and preparation of several sections of the Title 22 Engineering Report including description of the groundwater basin and existing wells, impacts associated with the injection, water quality, anti-degradation considerations, and retention time. GSI has been involved and provided similar support with recent projects for other communities implementing similar programs. The anticipated contributions by GSI on this Title 22 Report are as follows:

- a. Hydrogeologic setting
- b. Anti-degradation analysis
- c. Summary of hydrogeologic groundwater model development,
- d. Analysis of predicted Retention Times (RTs) and Response Retention Time (RRTs)
- e. Proposed groundwater monitoring wells and monitoring program
- f. Summary of geochemical evaluations
- g. Description of results from four quarterly monitoring episodes (60320.200(c) of the GRRP permit)
- h. Designate Zone of Control for future well construction (320.100).
- i. Operational scheduling for injection and extraction

Coordination with Carollo and DDW staff will be conducted regarding project design to ensure the requirements of DDW's GRRP permit are met.

Task 5: DDW Coordination Regarding Groundwater Modeling

GSI will provide the groundwater model code and results to DDW for review by DWR's Groundwater Ambient Monitoring and Assessment (GAMA) specialists to accommodate the DDW permitting process. It is anticipated that GSI will (a) present and describe the model to GAMA staff along with associated hydrogeologic evaluations conducted to date, (b) respond to requests for clarifications. If significant model updates are required by DDW, GSI will evaluate the requested changes and provide an estimate of the level of effort and schedule considerations.

Task 6: Project Summary Report

A project summary report will be prepared that documents the efforts described in the various phases and tasks outlined above, along with findings, conclusions, and recommendations. Key results of this Phase 3 work to be included in the report include modeling scenarios, injection well installation and testing, injection system basis of design, quarterly monitoring data, water quality evaluations, and a summary of coordination with DDW on Title 22 report preparation and groundwater modeling reviews. A draft report will be prepared and submitted to the City; following a review and comments on the draft report, a final report will be prepared and submitted.

Task 7 – Project Management/Meetings

Tim Thompson will be the overall project manager, assuming primary responsibility for project administration. He understands the importance of communication, reporting, and delivering a final product that reflects the City's goals and objectives. He will be assisted by Tim Nicely who, because of his experience in the area and with the previous studies, will take the lead on the geology and hydrogeology aspects of the technical studies. David O'Rourke, a Morro Bay resident, will continue to conduct the modeling analyses. Nate Page, a registered professional geologist, who is both familiar with well installation projects and is also a Morro Bay resident, will manage field investigations. We have conducted numerous investigations and complex studies with this team structure and find it to be effective and efficient.

Budget

The following table presents an estimated budget for this Phase 3 Scope of Work. We propose to conduct this work on a time-and-materials basis in accordance with the attached rate schedule. We will not exceed this budget without prior approval. Please note that subcontractor costs (totaling \$49,500) are included in Task 3 (Water Quality Evaluations) in the table below. Costs for well drilling contractors will be contracted directly to the City, with GSI providing oversight and approvals.

	GSI Labor and Expenses
Phase 3 – Injection Testing and IPR Project Development	
Task 1 – Design, Permitting, Installation, and Testing of First Injection Well	
Task 1A – Well Design, Permitting, and Installation	\$44,000
Task 1B –Injection Testing*	\$97,000
Task 1C – Additional Groundwater Modeling Scenarios (8)	\$79,000
Task 1D – Basis of Design for Full-Scale Injection Well System	\$49,000
Task 2 –Quarterly Monitoring Plan for GRRP Permit	\$14,000
Task 3 – Water Quality Evaluations**	\$80,000
Task 4 – Permitting Support for Title 22 Engineering Report	\$69,000
Task 5 - DDW Coordination Regarding Modeling	\$18,000
Task 6 – Project Summary Report	\$43,000
Task 7 – Project Management and Meetings	\$37,000
PHASE 3 SUBTOTAL	\$530,000
15% Contingency	\$79,500
PHASE 3 OVERALL TOTAL	\$609,500

Notes:

* Drilling contractor costs for drilling and installing pilot injection and monitoring well and contractor costs for installation of the temporary injection equipment will be contracted directly with the City. Driller costs for drilling and installation of injection well and two monitoring wells, and installation of the temporary injection piping and controls are estimated to be approximately \$250,000. Costs associated with conducting a tracer study with an introduced tracer are not included, but will be estimated as needed based on coordination with Carollo Engineers and upon the direction from DDW.

** Task 3, Water Quality Evaluations, includes \$49,500 in subcontractor costs by geochemical specialty subcontractors and a certified water quality laboratory.

Schedule

The following table presents our assumed schedule for completing this scope of services. We are prepared to start work upon receipt of Notice to Proceed.

	Duration
Phase 3 – Injection Testing and IPR Project Development	
Task 1 – Design, Permitting, Installation, and Testing of First Injection Well	
Task 1A – Well Design, Permitting, and Installation	5 – 6 Months
Task 1B –Injection Testing	2 – 3 Months
Task 1C – Additional Groundwater Modeling Scenarios (8)	3 – 4 Weeks
Task 1D – Basis of Design for Full-Scale Injection Well System	4 Weeks
Task 2 –Quarterly Monitoring Plan for GRRP Permit	14 Months
Task 3 – Water Quality Evaluations	6 Weeks
Task 4 – Permitting Support for Title 22 Engineering Report	4 Months
Task 5 - DDW Coordination Regarding Modeling	3 -4 Months
Task 6 – Project Summary Report	4 Weeks
Task 7 – Project Management and Meetings	Duration of Project
PHASE 3 TOTAL DURATION	14 – 18 Months

This Page Intentionally Left Blank



AGENDA NO: C-2

MEETING DATE: November 10, 2020

Staff Report

TO: Honorable Mayor and City Council **DATE:** October 23, 2020

FROM: Scot Graham, Community Development Director

SUBJECT: Introduction and First Reading of Ordinance No. 641; Amending Title 14 (Building and Construction) of the Morro Bay Municipal Code Adding Chapter 14.43 (Electric Vehicle Charging Systems), Providing a Streamlined Permitting Process for Electric Vehicle Charging Systems and Finding the Ordinance Exempt From the California Environmental Quality Act

RECOMMENDATION

Staff recommends the City Council introduce, by title only, and waive further reading of Ordinance No. 641 amending Title 14 (Building and Construction) of the Morro Bay Municipal Code by addition of Chapter 14.43 (Electric Vehicle Charging Systems) providing a streamlined permitting process for electric vehicle charging systems and finding the project exempt from the California Environmental Quality Act (CEQA).

FISCAL IMPACT

None, other than for staff time spent preparing the Ordinance for adoption.

BACKGROUND

Assembly Bill 1236, was signed by the Governor in October 2015, adding Government Code Section 65850.7 to require jurisdictions with a population of less than 200,000 to establish procedures for expedited, streamlined processes for permitting of electric vehicle charging stations before September 20, 2017. The ordinance must include the requirement that a jurisdiction adopt a checklist of requirements with which a permit application for an electric vehicle charging station will be eligible for expedited review. The intent of AB 1236 is to remove unreasonable barriers to the installation of electric vehicle charging stations and to facilitate and encourage installation of these facilities by homeowners and businesses.

An electric vehicle charging station is any level of Electric Vehicle Supply Equipment (EVSE) station which delivers electricity from a source outside an electric vehicle into a plug-in electric vehicle. Assembly Bill 1236 suggests that the City's checklist may be based on the "Plug-In Electric Vehicle Infrastructure Permitting Checklist" of the "Zero-Emission Vehicles in California: Community Readiness Guidebook" published by the Governor's Office of Planning and Research.

DISCUSSION

The City did not adopt an ordinance in compliance with AB 1236 back in 2017 because staffing in the

Prepared By: SG Dept Review: SG
City Manager Review: SC City Attorney Review: BWB

Building Division was in transition and lacked capacity to bring forward the ordinance. Also, the City receives very few applications for these types of facilities and the City provides an expedited review of residential electric vehicle charging station applications through over-the-counter review and by issuing over-the-counter electrical permits. This same process would also apply to small commercial EV charging projects, although we have not received any applications for these type of facilities since the adoption of AB 1236. Larger commercial EV charging projects, with multiple charging stations that may require electrical service upgrades are more complex and would be reviewed on a submittal basis which requires they be distributed to the various departments for a standard review process. We have not received any applications for larger commercial EV charging projects since adoption of AB 1236.

As specified by AB 1236, local jurisdictions are required to adopt a local ordinance that outlines the parameters and requirements for streamlined processes. As contained in the proposed ordinance, these provisions include:

- Implementation of an expedited permit and review process including electronic submittal and electronic signature for application authorization
- Only a single inspection can be required
- Creation of a checklist of all requirements necessary to be eligible for expedited review
- Publication of checklist on a publicly accessible website
- Prohibition of HOA approval requirements

ENVIRONMENTAL

The ordinance is exempt from environmental review pursuant to CEQA guidelines Section 15061(b)(3) as there is no possibility that this Ordinance may have a significant effect on the environment. The Ordinance involves updates to the City's regulations as required by the mandates of California law, specifically AB 1236 including Government Code Section 65850.7. The activity is covered by the general rule which exempts activities that can be seen with certainty to have no possibility for causing a significant effect on the environment. The project involves updates and revisions to existing regulation and the code amendments consistent with California State Law, specifically Government Code Section 65850.7. Additionally, the ordinance is exempt from CEQA pursuant to CEQA Guidelines Section 15308 (Actions by Regulatory Agencies for Protection of the Environment) as the ordinance would assure the enhancement of the environment, including climate action goals, and would not allow environmental degradation. Further, none of the exceptions to the exemptions under CEQA Guidelines Section 15300.2 are applicable.

CONCLUSION

Staff Recommends introduction and first reading, by number and title only, with further reading waived of Ordinance No. 641, amending Title 14 (Building and Construction) of the Morro Bay Municipal Code by addition of Chapter 14.43 (Electric Vehicle Charging Systems) providing a streamlined permitting process for electric vehicle charging systems and finding the Ordinance exempt from the California Environmental Quality Act (CEQA).

ATTACHMENT(S)

1. Ordinance No. 641

ORDINANCE NO. 641

**AN ORDINANCE OF THE CITY OF CITY COUNCIL
OF THE CITY OF MORRO BAY CALIFORNIA
AMENDING TITLE 14 (BUILDING AND CONSTRUCTION) TO ADD
CHAPTER 14.43 (ELECTRIC VEHICLE CHARGING SYSTEMS) TO
THE MORRO BAY MUNICIPAL CODE ESTABLISHING AN
EXPEDITED PERMITTING PROCESS FOR ELECTRIC VEHICLE
CHARGING SYSTEMS**

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

WHEREAS, the City Council of Morro Bay seeks to implement AB 1236 (Chapter 598, Statutes 2015) through the creation of an expedited, streamlined permitting process for electric vehicle charging systems; and

WHEREAS, the City of Morro Bay wishes to advance, promote and encourage the use of fuel-efficient electrical vehicles; and

WHEREAS, the State of California adopted Assembly Bill 1236 in 2015, which requires local agencies to adopt an ordinance that creates an expedited and streamlined permitting process for electric vehicle charging systems; and

WHEREAS, creation of an expedited, streamlined permitting process for electric vehicle charging systems would facilitate convenient charging of electric vehicles and help reduce the City's reliance on environmentally damaging fossil fuels.

NOW, THEREFORE, the City Council of the City of Morro Bay does hereby ordain as follows:

SECTION 1: The City Council has performed a preliminary environmental assessment of this project and, pursuant to CEQA Guidelines Section 15061(b)(3), has determined with certainty that there is no possibility that this Ordinance may have a significant effect on the environment. The Ordinance involves updates to the City's regulations as required by the mandates of California law, specifically AB 1236 including Government Code Section 65850.7. Additionally, the City Council has determined pursuant to CEQA Guidelines Section 15308 (Actions by Regulatory Agencies for Protection of the Environment) the adoption of the Ordinance, which had been directed by the State, would assure the enhancement of the environment, including climate action goals, and would not allow environmental degradation. Further, none of the exceptions to the exemptions under CEQA Guidelines Section 15300.2 are applicable.

SECTION 2: Chapter 14.43 (Electric Vehicle Charging Systems) of Title 14 (Building and Construction) is added to the City of Morro Bay Municipal Code, as follows:

Chapter 14.43 Electric Vehicle Charging Systems

14.43.010 Purpose

The purpose of this chapter is to adopt an expedited, streamlined permitting process for electric vehicle charging stations that complies with Government Code Section 65850.7 to achieve timely and cost-effective installations. This chapter is designed to encourage the use of electric vehicles by removing what the State Legislature considers to be unreasonable barriers, thus minimizing costs to property owners and the city, and expanding the ability of property owners to install electric vehicle charging systems and electric vehicle charging spaces. This chapter allows the city to achieve these goals while protecting the public health and safety.

14.43.020 Definitions.

As used in this chapter, the following terms, phrases and words shall have the following definitions, which are intended to be consistent with the definitions in Government Code Section 65850.7, and shall be automatically deemed to be amended to reflect any amendments to the definitions in state law.

A. “Electric vehicle charging station” or “charging station” means any level of electric vehicle supply equipment station that is designed and built in compliance with California Electrical Code Article 625, and delivers electricity from a source outside an electric vehicle into a plug-in electric vehicle.

B. “Feasible method to satisfactorily mitigate or avoid the specific, adverse impact” includes, but is not limited to, any cost-effective method, condition, or mitigation imposed by the city on another similarly situated application in a prior successful application for a permit.

C. “Specific, adverse impact” means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified, and written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete.

14.43.030 Applicability

This chapter applies to the permitting of all electric vehicle charging stations in the city. Electric vehicle charging stations legally established or permitted prior to the effective date of this chapter are not subject to its requirements unless physical modifications or alterations are undertaken that materially change the size, type, or components of an electric vehicle charging station in such a way as to require new permitting. Routine operation and maintenance or like-kind replacements with no structural alterations shall not require a permit.

14.43.040 Technical Review

A. An application for an electric vehicle charging station shall take into consideration electrical system capacity and loads; electrical system wiring, bonding and overcurrent protection; building infrastructure affected by charging station equipment and associated conduits; and areas of charging station equipment and vehicle parking.

B. Anchorage of either floor-mounted or wall-mounted electric vehicle charging stations shall meet the requirements of the California Building or Residential Code as applicable per occupancy,

and the provisions of the manufacturer's installation instructions. Mounting of charging stations shall not adversely affect building elements.

14.43.050 Application Documents

A. All documents required for the submission of an electric vehicle charging station application shall be made available on the city website. The building official shall adopt, and post on the city's website, a standard plan and checklist of all requirements with which electric vehicle charging stations shall comply to be eligible for expedited review.

B. Electronic submittal of the required permit application, plans and documents by email or the internet shall be made available to all electric vehicle charging station permit applicants.

C. The city will accept an electronic signature on all forms, applications and other documents in lieu of a wet signature by an applicant.

D. The electric vehicle charging station permit process, standard plan(s), and checklist(s) shall substantially conform to recommendations for expedited permitting, including the checklist and standard plans contained in the most current version of the "Plug-In Electric Vehicle Infrastructure Permitting Checklist" of the "Zero-Emission Vehicles in California: Community Readiness Guidebook" published by the Office of Planning and Research.

15.15.060 Permit Review and Inspection Requirements

A. The building official shall implement an administrative, nondiscretionary review process to expedite approval of electric vehicle charging stations.

B. If an application is deemed incomplete, a written correction notice detailing all deficiencies in the application and any additional information or documentation required to be eligible for expedited permit issuance shall be sent to the applicant for resubmission.

C. Review of the application shall be limited to the building official's review of whether the application meets local, state, and federal health and safety requirements.

D. The building and safety division shall issue a building permit, the issuance of which is nondiscretionary within five business days for residential installations, and ten business days for commercial installations upon receipt of a complete application that meets the requirements of the approved checklist and standard plan.

E. The building official may require an applicant to apply for an administrative use permit/coastal development permit if the official finds, based on substantial evidence, that the electric vehicle charging station could have a specific, adverse impact upon the public health and safety.

F. If an administrative use permit/coastal development permit is required, the city may deny such application if it makes written findings based upon substantive evidence in the record that the proposed installation would have a specific, adverse impact upon public health or safety and there is no feasible method to satisfactorily mitigate or avoid, as defined, the adverse impact. Such findings shall include the basis for the rejection of the potential feasible alternative for preventing the adverse impact. Such decisions may be appealed to the city planning commission.

G. Any condition imposed on an application shall be a feasible method to satisfactorily mitigate the specific, adverse impact upon health and safety at the lowest possible cost.

H. Approval of a permit for any electric vehicle charging station shall not be conditioned on the approval of an electric vehicle charging station by an association, as that term is defined in Civil Code Section 4080.

I. Only one inspection shall be required and performed by the building division for electric vehicle charging stations eligible for expedited review.

1.The inspection shall be done in a timely manner and should include consolidated inspections.

2. If an electric vehicle charging station fails inspection, a subsequent inspection is authorized.

SECTION 3. Severability. If any section, subsection, sentence, clause, phrase, or portion of this Ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of Morro Bay hereby declares that it would have adopted this Ordinance and each section, subsection, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions thereof may be declared invalid or unconstitutional.

SECTION 4. This Ordinance shall be in full force and effect thirty (30) days after its adoption following second reading.

//
//
//
//
//
//
//
//
//
//
//
//
//
//
//

SECTION 5. The City Clerk shall certify to the adoption of this Ordinance and cause it to be published, in accordance with Government Code Section 36933.

INTRODUCED at a regular meeting of the City Council of Morro Bay, held on the 10th day of November, 2020, by motion of _____, seconded by _____.

PASSED AND ADOPTED on the ____ day of _____, 2020

AYES:
NOES:
ABSENT:

JOHN HEADDING, MAYOR

ATTEST:

DANA SWANSON, CITY CLERK

APPROVED AS TO FORM:

CHRIS F. NEUMEYER, City Attorney

STATE OF CALIFORNIA)
COUNTY OF SAN LUIS OBISPO)
CITY OF MORRO BAY)

I, Dana Swanson, CITY CLERK OF THE CITY OF MORRO BAY, DO HEREBY CERTIFY that the foregoing Ordinance 641 was duly adopted by the City Council of the City of Morro Bay at the regular meeting of said Council on the _____ day of _____, 2020, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

IN WITNESS WHEREOF I have hereunto set my hand and affixed the official seal of the City of Morro Bay, California, this ____ day of _____, _____.

DANA SWANSON, City Clerk