



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, March 9, 2021 – 5:30 P.M. Held Via Teleconference

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

PUBLIC COMMENT

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

Public Participation:

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

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

Please click the link below to join the webinar:

- <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcwTHlRTk9xaTlmWVNWRWFUQT09>
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 JANUARY 12, 2021, CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-2 APPROVAL OF MINUTES FOR THE JANUARY 26, 2021, CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-3 APPROVAL OF MINUTES FOR THE FEBRUARY 23, 2021, CITY COUNCIL SPECIAL
MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-4 APPROVAL OF MINUTES FOR THE FEBRUARY 24, 2021, CITY COUNCIL SPECIAL
CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

B. PUBLIC HEARINGS

- B-1 REVIEW AND ADOPT FINAL FUNDING RECOMMENDATIONS FOR THE 2021
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM; (COMMUNITY
DEVELOPMENT)

RECOMMENDATION: Staff recommends the City Council review and adopt Resolution No. 11-21 approving final funding recommendations for the 2021 Community Development Block Grant (CDBG) funds and forward recommendations to the San Luis Obispo County Board of Supervisors for inclusion with the other funding requests from the Urban County Consortium.

The funding recommendation is for three items: the Morro Bay Family Apartments project at \$81,129, the San Luis Obispo Municipal and County Supportive Housing Program project at \$8,637, and City Program Administration of \$4,190 for a total funding allocation of \$93,956 which is consistent with previously established City goals to support affordable housing. Additionally, staff recommends the City Council authorize the City Manager to make pro rata adjustments to the allocation based on the final funding amount from San Luis Obispo County based on the approval of the federal budget and HUD's final grant amount to the County.

C. BUSINESS ITEMS

- C-1 PRESENTATION AND DISCUSSION OF THE FISCAL YEAR FISCAL YEAR 2019/20 COMPREHENSIVE ANNUAL FINANCIAL REPORT; (FINANCE DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council: Receive and provide feedback on the Comprehensive Annual Financial Report (CAFR) for the period of July 1, 2019 to June 30, 2020.

- C-2 WATER RECLAMATION FACILITY (WRF) PROJECT REVIEW AND APPROVAL OF CHANGE ORDERS; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council approve, and authorize the City Manager to sign, Amendment No. 5 to the existing amended agreement with Filanc-Black & Veatch (i.e., DB team) for a total credit value of \$195,945.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, March 23, 2021 at 5:30 p.m.** via teleconference.

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS OR CALL THE CLERK'S OFFICE AT 805-772-6205 FOR FURTHER INFORMATION.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE CITY COUNCIL AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION UPON REQUEST BY CALLING THE CITY CLERK'S OFFICE AT 805-772-6205.

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

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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
	Laurel Barton	Council Member
	Robert Davis	Council Member
	Jeff Heller	Council Member
ABSENT:	None	
STAFF:	Scott Collins	City Manager
	Chris Neumeyer	City Attorney
	Dana Swanson	City Clerk
	Katie Lichtig	Interim Finance Director
	Joe Mueller	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/-hi4jVz7Z30?t=275>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/-hi4jVz7Z30?t=1656>

PRESENTATIONS - None

PUBLIC COMMENT

<https://youtu.be/-hi4jVz7Z30?t=1831>

Michael Martz, owner of property wrapping around Casa de Flores and 5-acre Seashell Estates parcel, submitted a letter requesting the City to include those two properties in the new General Plan document to be re-zoned to RM/PD, adding the current zoning is not favorable to development of mixed housing.

Kris Roudeboush, We Are the Care initiative, provided an update on challenges faced by childcare professionals as a result of COVID-19 and announced a virtual event to be held January 21st from 6:00 – 7:00 p.m.

Erica Crawford, Morro Bay Chamber of Commerce, recommended businesses take immediate steps to apply for federal and state financial relief.

Mayor Heading closed public comment.

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

A. CONSENT AGENDA
<https://youtu.be/-hi4jVz7Z30?t=2423>

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 DECEMBER 4, 2020, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE DECEMBER 08, 2020, CITY COUNCIL SPECIAL SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE DECEMBER 16, 2020, CITY COUNCIL SPECIAL SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 APPROVAL OF MINUTES FOR THE DECEMBER 17, 2020, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-5 FISCAL YEAR (FY) 2019-20 STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES; (FINANCE DEPARTMENT/COMMUNITY DEVELOPMENT DEPARTMENT/PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the Council Accept Fiscal Year (FY) 2019-20 status report on receipt and use of Development Impact Fees.

A-6 ADOPTION OF RESOLUTION NO. 01-21 APPROVING AMENDMENT #1 TO THE MASTER LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND TLC FAMILY ENTERPRISES FOR LEASE SITE 87-88/87W-88W, LOCATED AT 833 EMBARCADERO; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 01-21, approving Amendment #1 to the Master Lease Agreement for Lease Site 87-88/87W-88W, as proposed.

A-7 ADOPTION OF RESOLUTION NO. 02-21 AUTHORIZING A ONE-YEAR EXEMPTION FROM QUALIFYING AS A COMMERCIAL FISHING VESSEL FOR EXISTING COMMERCIAL SLIP HOLDERS FOR THE 2021 CALENDAR YEAR; (HARBOR DEPARTMENT DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 02-21, authorizing a one-year exemption from qualifying as a commercial fishing vessel for existing City of Morro Bay commercial slip holders, as proposed.

A-8 APPOINTMENT OF MAYOR PRO TEMPORE; APPOINTMENT OF REPRESENTATIVES ON DISCRETIONARY BOARDS, COUNCIL LIAISON ASSIGNMENTS AND COUNCIL SUB-COMMITTEES; REMOVE COMPLETED/DISBANDED SUB-COMMITTEE AND DISCRETIONARY APPOINTMENTS; (MAYOR)

RECOMMENDATION: Appoint Council Member Jeff Heller as Mayor Pro Tempore; appoint representatives to serve on the various County or Regional Discretionary Boards, Council Liaison Assignments and Sub-Committees for calendar year 2021 as shown on the attached appointment list; and remove discretionary assignments and sub-committees that are no longer needed.

A-9 ADOPTION OF RESOLUTION NO. 03-21 APPROVING THE CITY'S AMENDED SALARY SCHEDULE FOR FY 2020/21 ENDING 5% SALARY CONCESSIONS AND REINSTATING SALARIES FOR MEMBERS OF THE MORRO BAY FIREFIGHTERS ASSOCIATION EFFECTIVE JANUARY 1, 2021; (FINANCE DEPARTMENT/CITY CLERK/HUMAN RESOURCE DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 03-21, approving the City's amended FY 2020/21 Salary Schedule effective January 1, 2021.

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

Council Member Heller pulled Item A-5.

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

A-5 FISCAL YEAR (FY) 2019-20 STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES; (FINANCE DEPARTMENT/COMMUNITY DEVELOPMENT DEPARTMENT/PUBLIC WORKS DEPARTMENT)
<https://youtu.be/-hi4jVz7Z30?t=2537>

Staff responded to Council inquiries regarding allowed use of development impact fees.

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

B. PUBLIC HEARINGS

- B-1 INTRODUCTION AND FIRST READING OF ORDINANCE NO. 642, RESTATING AND AMENDING MORRO BAY MUNICIPAL CODE CHAPTER 13.12 TO UPDATE AND EXPAND THE CITY'S SEWER USE ORDINANCE; (PUBLIC WORKS DEPARTMENT)
<https://youtu.be/-hi4jVz7Z30?t=2833>

City Engineer Livick, WRF Program Manager Casares and Permitting Deputy Holmes from Carollo provided the report and responded to Council inquires.

Mayor Headding opened the Public Hearing

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

The Public Hearing was closed.

MOTION: Council Member Heller moved to introduce for first reading by number and title only, with further reading waived, Ordinance No. 642, Restating and Amending Chapter 13.12 of the Morro Bay Municipal Code to Update and Expand the City's Sewer Regulations. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

C. BUSINESS ITEMS

- C-1 CITY COUNCIL GOALS AND OBJECTIVES UPDATE AND PROPOSED DELAY TO THE 2021 – 2022 GOAL SETTING PROCESS; (CITY MANAGER)
<https://youtu.be/-hi4jVz7Z30?t=3902>

City Manager Collins provided the report and responded to Council inquires.

The public comment period for Item C-1 was opened; seeing none, the public comment period was closed.

There was Council consensus to add an interim goal and resources needed to support public health as it relates to COVID-19 and economic recovery as we move forward from the pandemic.

MOTION: Mayor Headding moved the Council begin the process of obtaining input through Polco on potential future community goals; add a major initiative that focuses on public health response locally to the pandemic and resource allocation necessary for that; continue with existing goals; regarding preparedness for COVID-19, that needs to come back within 30 days; and have staff come back and report on a community engagement process they think appropriate during the pandemic. The motion was seconded by Council Member Addis for discussion.

Council Member Addis requested the motion to be amended to consider adding economic recovery as well as touching in May to see if we are ready for a more robust goals process.

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

MOTION: Mayor Headding moved the Council delay the major goal setting review process as recommend by staff, ask staff to come back in 30 days with a focused goal to protect public health and address the economic recovery related to the COVID-19 issue, engage the community in obtaining

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feedback on that particular issue and postpone major goal setting until a later date. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

- C-2 CONSIDERATION OF PROPOSAL AND APPROVAL OF CONTRACT WITH COGSTONE RESOURCE MANAGEMENT, INC. (COGSTONE) FOR ARCHEOLOGICAL AND PALEONTOLOGICAL MONITORING SERVICES FOR THE WATER RECLAMATION FACILITY (WRF) LIFT STATIONS AND OFFSITE PIPELINES CONSTRUCTION; (PUBLIC WORKS DEPARTMENT)

<https://youtu.be/-hi4jVz7Z30?t=6450>

Water Reclamation Facility Program Manager Casares provided the report and responded to Council inquires.

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

Betty Winholtz, Morro Bay, asked about potential for conflict with two monitoring groups involved in the project and timing for reconciliation of Site 16 as it relates to the overall plan.

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

MOTION: Council Member Heller moved to award a contract to Cogstone for Archeological and Paleontological Monitoring Services for the WRF Lift Stations and Offsite Pipelines Construction; and recommend the City Council authorize the City Manager to execute an agreement in the not to exceed amount of \$264,918. The motion was seconded by Council Member Barton and carried 5-0 by roll call vote.

- C-3 CONSIDERATION OF PROPOSAL AND APPROVAL OF CONTRACT WITH KEVIN MERK ASSOCIATES, LLC (KMA) FOR BIOLOGICAL MONITORING SERVICES FOR THE WATER RECLAMATION FACILITY (WRF) LIFT STATIONS AND OFFSITE PIPELINES CONSTRUCTION; (PUBLIC WORKS DEPARTMENT)

<https://youtu.be/-hi4jVz7Z30?t=7613>

City Engineer Livick provided the report and responded to Council inquires.

The public comment period for Item C-3 was opened.

Betty Winholtz, Morro Bay, asked if fill would be put in the willow camp creek area and questioned the need for an Army Corp of Engineers permit.

The public comment period for Item C-3 was closed.

Staff responded to questions raised during public comment.

MOTION: Mayor Headding moved to authorize the City Manager to execute an agreement not to exceed in the amount of \$71,310 for the approval of the contract with Kevin Merk and Associates for biological monitoring services for the WRF lift stations and off-site pipelines construction. The motion was seconded by Council Member Davis and carried 5-0 by roll call.

- D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/-hi4jVz7Z30?t=8171>

Council Member Addis received full Council support to schedule a special meeting to discuss sending a letter supporting the impeachment of President Trump.

Council Member Addis received Council support to create a sub-committee to review advisory board recruitment process in hopes of receiving more applicants and discouraging them from dropping out.

E. ADJOURNMENT

The meeting adjourned at 7:53 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
	Laurel Barton	Council Member
	Robert Davis	Council Member
	Jeff Heller	Council Member
ABSENT:	None	
STAFF:	Scott Collins	City Manager
	Chris Neumeyer	City Attorney
	Dana Swanson	City Clerk
	Katie Lichtig	Interim Finance Director
	Joe Mueller	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/PxidngFSwxE?t=223>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/PxidngFSwxE?t=1126>

PRESENTATIONS

- **Vistra Energy Presentation on Lithium Battery Technologies and Potential Battery Project in Morro Bay by Eric Cherniss and Brad Watson**
<https://youtu.be/PxidngFSwxE?t=1301>
- **CFAC Report on Measure Q Spending by Chairman John Martin**
<https://youtu.be/PxidngFSwxE?t=2861>

PUBLIC COMMENT

<https://youtu.be/PxidngFSwxE?t=3717>

Jackie Mansoor, SLO County Air Pollution Control District, shared information regarding special grant funding available through Community Air Protection Program. More information is available at www.slocleanair.org.

Betty Winholtz, Morro Bay, raised several questions regarding the WRF project.

Mayor Heading closed public comment.

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

A. CONSENT AGENDA
<https://youtu.be/PxidnqFSwxE?t=4126>

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 NOVEMBER 17, 2020, CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE DECEMBER 8, 2020, CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE JANUARY 13, 2021, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 ADOPTION AND SECOND READING OF ORDINANCE NO. 642, RESTATING AND AMENDING MORRO BAY MUNICIPAL CODE CHAPTER 13.12 TO UPDATE AND EXPAND THE CITY'S SEWER USE ORDINANCE; (PUBLIC WORKS)

RECOMMENDATION: Staff recommends Council consider adopting, by second reading and by title only with further reading waived, Ordinance No. 642 entitled "An Ordinance of the City Council of the City of Morro Bay, California, restating and amending Chapter 13.12 of Morro Bay Municipal Code update and expand the City's Sewer regulations."

A-5 ADOPTION OF RESOLUTION NO. 04-21 AUTHORIZING SUBMISSION OF RURAL TRANSIT FUND GRANT APPLICATION AND EXECUTION OF RELATED DOCUMENTS UPON AWARD; (PUBLIC WORKS)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 04-21 authorizing Submission of Rural Transit Fund Grant Application and Execution of Related Documents Upon Award.

A-6 ADOPTION OF RESOLUTION NO. 05-21 AUTHORIZING SUBMISSION OF SB 1 STATE OF GOOD REPAIR GRANT APPLICATION AND EXECUTION OF RELATED DOCUMENTS UPON AWARD; (PUBLIC WORKS)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 05-21 authorizing Submission of SB 1 State of Good Repair Grant Application and Execution of Related Documents Upon Award.

A-7 ADOPTION OF RESOLUTION NO. 06-21 ESTABLISHING THE 2021 CITY COUNCIL MEETING CALENDAR AND BUDGET DEVELOPMENT SCHEDULE; (CITY MANAGER)

RECOMMENDATION: Staff recommends the City Council review the proposed Council meeting calendar and adopt Resolution No. 06-21 approving the 2021 City Council Meeting Calendar and Budget Development Schedule.

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

Council Member Addis pulled Item A-7. Council Member Heller pulled Item A-4.

MOTION: Council Member Davis moved approval of all items on Consent except Items A-4 and A-7. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

A-4 ADOPTION AND SECOND READING OF ORDINANCE NO. 642, RESTATING AND AMENDING MORRO BAY MUNICIPAL CODE CHAPTER 13.12 TO UPDATE AND EXPAND THE CITY'S SEWER USE ORDINANCE; (PUBLIC WORKS)
<https://youtu.be/PxidnqFSwxE?t=4207>

MOTION: Council Member Heller moved approval of Item A-4. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

A-7 ADOPTION OF RESOLUTION NO. 06-21 ESTABLISHING THE 2021 CITY COUNCIL MEETING CALENDAR AND BUDGET DEVELOPMENT SCHEDULE; (CITY MANAGER)
<https://youtu.be/PxidnqFSwxE?t=4354>

Council Member Addis suggested eliminating the second meeting in July to provide a mid-year respite and allow staff to focus on getting work done.

MOTION: Council Member Addis moved approval of Item A-7, striking the July 13, 2021 meeting, and replacing that with a break. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

C-1 UPDATE ON THE MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT CONVERSION PROCESS; (CITY MANAGER)
<https://youtu.be/PxidnqFSwxE?t=4614>

City Manager Collins provided the report and responded to Council inquires.

The public comment period for Item C-1 was opened; seeing none, the public comment period was closed.

MOTION: Mayor Headding moved to approve the draft service plan as noted in the staff report as Attachment 2; that, in concept, we approve the formation of the new non-profit board make up of 7 individuals, with five from lodging and two others including city staff and a community/business individual, with a date hopefully to attain that by July 1, 2021; and that we have staff bring back the marketing plan, so that we can reevaluate what is happening with regard to the pandemic. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
None

E. ADJOURNMENT

The meeting adjourned at 7:33 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
 Laurel Barton Council Member
 Robert Davis Council Member
 Jeff Heller Council Member

ABSENT: None

STAFF: Scott Collins City Manager
 Chris Neumeyer City Attorney
 Dana Swanson City Clerk
 Katie Lichtig Interim Finance Director
 Scot Graham Community Development Director
 Jody Cox Police Chief
 Steve Knuckles Fire Chief
 Eric Endersby Harbor Director
 Rob Livick City Engineer
 Kirk Carmichael Recreation Services Manager
 Sandra Martin Budget / Accounting Manager

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding established a quorum and called the meeting to order at 3:30 p.m. with all members present.

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

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

SPECIAL MEETING AGENDA ITEM:

- I. **TEN-YEAR FINANCIAL FORECAST STUDY SESSION**
<https://youtu.be/FTI2INik4nA?t=128>

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

The Mayor and Council Members provided individual comments and there was consensus the financial forecast model should be updated and simplified prior to next year’s presentation; that scenario analysis comparing best case, worst case and most likely case would be helpful; and understanding CalPERS is the biggest unknown. There was also conversation about including Measure E sales tax revenue in an updated 10-year forecast during the budget process.

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

ADJOURNMENT

The meeting adjourned at 4:53 p.m.

Recorded by:

Dana Swanson
City Clerk

MINUTES - MORRO BAY CITY COUNCIL
SPECIAL CLOSED SESSION MEETING –
FEBRUARY 24, 2021 – 3:30 P.M.
TELECONFERENCE

AGENDA NO: A-4
MEETING DATE: March 9, 2021

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
 Laurel Barton Council Member
 Robert Davis Council Member
 Jeff Heller Council Member

ABSENT: None

STAFF: Scott Collins City Manager
 Chris Neumeyer City Attorney
 Joseph Pannone Special Legal Counsel
 Scot Graham Community Development Director
 Joe Mueller Utility Divisions Manager
 Rob Livick City Engineer
 Eric Casares WRF Projects Manager
 Steve Mimiaga Construction Manager

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 3:30 p.m. with all but Council Member Davis present. Council Member Davis joined the meeting at 3:50 p.m.

SUMMARY OF CLOSED SESSION ITEMS – The Mayor read a summary of Closed Session items and announced Item CS-4 was being pulled from the agenda.

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

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

CS-1 CONFERENCE WITH REAL PROPERTY NEGOTIATOR – GOVERNMENT CODE SECTION 54956.8

Property: Assessor Parcel No. 066-331-046
Property Negotiators: Vistra Energy
Agency Negotiators: Scott Collins, City Manager; Rob Livick, City Engineer; Scot Graham, Community Development Director and Chris Neumeyer, City Attorney
Under Negotiation: Price and Terms of Payment – Easement Acquisition

CS-2 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

- Paragraph (1) of subdivision (d) Government Code Section 54956.9
- Name of Case: City of Morro Bay vs. Vistra Energy Corp., Case No. 20CV-0127, San Luis Obispo County Superior Court

CS-3 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2) or (d)(3) & (e)(1): One Matter

CS-4 CONFERENCE WITH LABOR NEGOTIATORS

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

organizations: 1) Morro Bay Firefighters' Association, 2) Service Employee's International Union - SEIU Local 620, and 3) Morro Bay Peace Officers' Association.

Item CS-4 was continued to a future meeting.

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

ADJOURNMENT - The meeting adjourned at 4:58 p.m.

Recorded by:

Dana Swanson
City Clerk



AGENDA NO: B-1

MEETING DATE: March 9, 2021

Staff Report

TO: Honorable Mayor and City Council **DATE:** February 24, 2021

FROM: Cindy Jacinth, Senior Planner

SUBJECT: Review and Adopt Final Funding Recommendations for the 2021 Community Development Block Grant (CDBG) Program

RECOMMENDATION

Staff recommends the City Council review and adopt Resolution No. 11-21 approving final funding recommendations for the 2021 Community Development Block Grant (CDBG) funds and forward recommendations to the San Luis Obispo County Board of Supervisors for inclusion with the other funding requests from the Urban County Consortium.

The funding recommendation is for three items: the Morro Bay Family Apartments project at \$81,129, the San Luis Obispo Municipal and County Supportive Housing Program project at \$8,637, and City Program Administration of \$4,190 for a total funding allocation of \$93,956, which is consistent with previously established City goals to support affordable housing. Additionally, staff recommends the City Council authorize the City Manager to make pro rata adjustments to the allocation based on the final funding amount from San Luis Obispo County based on the approval of the federal budget and HUD's final grant amount to the County.

ALTERNATIVES

The City Council may move to change the draft funding recommendations made at its November 17, 2020 meeting to instead increase funding to the Morro Bay Family Apartments project by \$8,637 and correspondingly decrease the draft funding recommendation for the Peoples Self-Help Housing (PSHH) supportive housing project with City program administration funding of \$4,190.

FISCAL IMPACT

Approving staff recommendations includes an application for administrative funds as allowed by HUD in the amount of \$4,190. If awarded, then this amount would offset City administrative costs which are expected to be minimal. The majority of CDBG administration, including coordination with HUD staff and reporting, is performed by County staff pursuant to the City's 2021-2023 Urban County Participation Agreement executed July 7, 2020.

SUMMARY

On November 17, 2020, the City Council made draft CDBG funding recommendations for the 2021 CDBG Program year to fund the Morro Bay Family Apartments project at 405 Atascadero by San Luis Obispo Non-profit Housing Corporation (SLONP) for \$81,129 and the SLO Municipal and County Supportive Housing program by Peoples' Self-Help Housing (PSHH) for \$8,637. This also included a recommendation for \$4,190 for City administrative costs (Resolution No. 99-20, Attachment 2). The draft funding recommendations were forwarded to the County Board of Supervisors for inclusion in

Prepared By: CJ

Dept Review:

City Manager Review:

City Attorney Review: JWP

the 2021 Draft Action Plan. With public review of the County's 2021 Action Plan complete, the City is asked to make final funding recommendations to the County for the 2021 CDBG Program Year.

BACKGROUND:

The 2021 CDBG award process began earlier this fall with the release of the annual Notice of Funding Availability on September 1, 2020. Virtual public workshops were held in September 2020 to provide application training guidance and answer questions. The County Board of Supervisors held a needs workshop on November 17, 2020 with applications that were due by October 28, 2020. The City received 4 applications during this funding cycle (Online Link #2 below), and the City Council at its November 17, 2020 meeting voted to forward draft funding recommendations to the County Board of Supervisors for funding and incorporation into the 2021 Action Plan.

Total Morro Bay funding is anticipated to be approximately \$59,858 for the 2021 program year with an additional \$41,880 carried over from the 2020 program year for a total of \$93,958. Final funding amounts are subject to change and will likely be released by the Department of Housing and Urban Development (HUD) in March 2021.

DISCUSSION

The recommended projects for the 2021 CDBG Program Year are included in the table below.

Recommended 2021 CDBG Allocation

<i>Recommended Projects:</i>	Amount Requested	Draft Funding Recommended
<u>1. Project Name:</u> <i>Morro Bay Family Apartments (405 Atascadero Road)</i> Applicant: San Luis Obispo Non-profit Housing Corporation (SLONP) Project description: New construction of 35 affordable housing rental units at 405 Atascadero Road. The apartment units will be deed restricted to low-income individuals and families for a minimum of 55 years	\$250,000	\$81, 129
<u>2. Project Name:</u> <i>San Luis Obispo Municipal and County Supportive Housing Program for Low-Income Households</i> Applicant: Peoples' Self-Help Housing Corporation (PSHH) Project description: Supportive Housing Program provides clinical social services and case management to residents of PSHH's 26 affordable rental properties throughout SLO County. The amount of \$8,637 requested would be for the four developments located in Morro Bay at 2612 Elm St, 495 Main St., 456 Elena St, and 375 Sequoia St	\$8,637	\$8,637
<i>Administration – Limited to 20% of 2021 Allocation (City=35% / County =65%)</i>		
City Program Administration Costs (Required County Administration Costs)	\$4,190 (\$7,782)	\$4,190 (\$7,782)
Total Amount Available for Funding		\$93,956

Recommendations (minus admin for County)		
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As stated in the November 17, 2020 Council staff report (link below), the approved draft funding recommendations were forwarded to the County for publishing, along with recommendations from all participating jurisdictions. The Draft 2021 Action Plan Recommendations by all cities was released for review and comment on December 30, 2020 for a 30-day public comment period. Funding recommendations by the County were developed using community input and consistent with HUD requirements utilized program criteria including consistency with federal regulations and laws, community support, seriousness of community development needs, degree to which the project benefits low-income and very low-income families or persons, project feasibility, cost effectiveness, and organization’s experience or knowledge regarding program requirements.

The two projects not recommended for funding at the November 17, 2020 Council meeting included the request by 5 Cities Homeless Coalition for \$900 for funding for their Subsistence Payments, Homeless Assistance, & Security Deposit Program, and the request by the Salvation Army for \$300,000 for property purchase for a 4-unit Supportive Housing project. The projects were not recommended based on inconsistency with County and HUD program criteria noted above.

At the February 9, 2021 County Board of Supervisors meeting, the Board approved an early commitment (Attachment 3) to the Morro Bay Family Apartment project in the amount of \$81,129, as recommended by City Council. This early commitment was approved to increase the likelihood of tax credit funding and make the project more competitive by demonstrating local financial support. This action makes the funds tentatively committed to the Morro Bay apartment project but does still require a final funding recommendation from the City.

Upon City Council review of CDBG funding requests, the final funding recommendations will be forwarded to the County Board of Supervisors in order to adopt the 2021 Action Plan. Final 2021 Action plan will include all finalized recommendations from all jurisdictions of the Urban County Consortium

CONCLUSION

Providing CDBG funding to the Morro Bay Family Apartments project by HASLO, and the SLO Municipal and County Supportive Housing project by PSHH is consistent with City goals to provide more affordable housing and support and enhance existing affordable housing.

Staff is recommending Council approve the 2021 Final Funding Recommendation for the requests from SLONP/HASLO for the Morro Bay Family Apartments for \$81,129, the PSHH project for \$8,637 which will provide on-site supportive services for existing affordable rental developments managed by PSHH, and the City application of \$4,190 for program administration. Funding of these requests by the City is consistent with the City’s 2020-2028 Housing Element to support and enhance affordable housing.

ATTACHMENTS

1. Resolution No. 11-21
2. Council Resolution No. 99-20
3. County letter dated February 9, 2021 authorizing commitment of 2021 CDBG funds

ONLINE LINKS:

1. [November 17, 2020 Council Staff Report & Applications, Agenda Item #11](#)

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

1. City will timely submit final funding recommendations for the current CDBG funding cycle to the Board of Supervisors for the County of San Luis Obispo consistent with the programs and allocations listed in Exhibit "A," attached hereto and incorporated herein by this reference, to be funded with the City's allocation of CDBG Program funds.
2. City Manager is authorized for the current CDBG funding cycle to make pro rata adjustments to the allocation based on the final funding amount from San Luis Obispo County based on the approval of the federal budget and HUD's final grant amount to San Luis Obispo County

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9th day of March 2021 on the following vote:

AYES:

NOES:

ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

EXHIBIT "A"
 FINAL FUNDING RECOMMENDATIONS
 TO FORWARD TO THE
 COUNTY BOARD OF SUPERVISORS

Housing	Amount Requested	Amount Recommended
1. <u>Project Name:</u> Morro Bay Family Apartments (405 Atascadero Road) Applicant: San Luis Obispo Non-profit Housing Corporation (SLONP)	\$250,000	\$81,129
Public Services – Limited to 15% of 2021 Allocation (or a maximum of \$8,979)		
2. <u>Project Name:</u> San Luis Obispo Municipal and County Supportive Housing Program for Low-Income Households Applicant: Peoples’ Self-Help Housing Corporation (PSHH)	8,637	8,637
Administration – Limited to 20% of 2021 Allocation (City=35% / County =65%)		
City Program Administration Costs (Required County Administration Costs)	4,190 (7,782)	4,190 (7,782)
Total Funds Requested	\$263,727	
Estimated Total 2021 Funding Available		59,858
Carry-over Funding from 2020 Program Year (see footnote above)		\$41,880
Total Amount Available for Funding Recommendations (minus admin for County)		93,956

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
APPROVING COMMUNITY DEVELOPMENT BLOCK GRANT
PROJECTS FOR YEAR 2021**

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

WHEREAS, via a Cooperation Agreement with County of San Luis Obispo (hereafter referred to as "County"), a political subdivision of the State of California, executed by the City of Morro Bay (hereafter referred to as "City") a municipal corporation, on July 7, 2020, the City agreed to become a participant for a period of three years with the County and other cities therein as an "Urban County" under the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, under the Cooperation Agreement, the City retains the authority to determine which projects are to be funded with its allotment of CDBG Program funds; and

WHEREAS, the CDBG Program promotes the public health, safety and welfare by providing grant funds to be used by the City and County to improve housing opportunities for low- and moderate- income households, to encourage economic reinvestment, to improve community facilities and public services, and to provide other housing-related facilities, or services; and

WHEREAS, the City expects to receive \$59,858. in CDBG funds in 2021; and

WHEREAS, the City was informed by the County that \$41,880 in 2020 CDBG funds is available for allocation in addition to 2021 CDBG funds; and

WHEREAS, in 2020, the County published a "Notice of Funding Availability" for projects to be funded under the 2021 CDBG Programs, which provided proposals were to be submitted by October 28, 2020; and

WHEREAS, at its meeting on November 17, 2020, the City Council gave approval for draft funding recommendations to be forwarded to the County Board of Supervisors for 2021 CDBG projects.

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

1. City will timely submit draft funding recommendations for the current CDBG funding cycle to the Board of Supervisors for the County of San Luis Obispo consistent with the programs and allocations listed in Exhibit "A," attached hereto and incorporated herein by this reference, to be funded with the City's allocation of CDBG Program funds.
2. City Manager is authorized for the current CDBG funding cycle to make pro rata adjustments to the allocation based on the final funding amount from San Luis Obispo County based on the approval of the federal budget and HUD's final grant amount to San Luis Obispo County

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a special meeting thereof held on the 17th day of November 2020 on the following vote:

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



 JOHN HEADDING, Mayor

ATTEST:



 DANA SWANSON, City Clerk

EXHIBIT "A"
DRAFT FUNDING RECOMMENDATIONS
TO FORWARD TO THE
COUNTY BOARD OF SUPERVISORS

Housing	Amount Requested	Amount Recommended
1. <u>Project Name:</u> <i>Morro Bay Family Apartments (405 Atascadero Road)</i> Applicant: San Luis Obispo Non-profit Housing Corporation (SLONP)	\$250,000	\$81,129
Public Services – Limited to 15% of 2021 Allocation (or a maximum of \$8,979)		
2. <u>Project Name:</u> <i>San Luis Obispo Municipal and County Supportive Housing Program for Low-Income Households</i> Applicant: Peoples' Self-Help Housing Corporation (PSHH)	8,637	8,637
Administration – Limited to 20% of 2021 Allocation (City=35% / County =65%)		
City Program Administration Costs (Required County Administration Costs)	4,190 (7,782)	4,190 (7,782)
Total Funds Requested	\$263,727	
Estimated Total 2021 Funding Available		59,858
Carry-over Funding from 2020 Program Year (see footnote above)		\$41,880
Total Amount Available for Funding Recommendations (minus admin for County)		93,956



COUNTY OF SAN LUIS OBISPO
DEPARTMENT OF PLANNING & BUILDING
TREVOR KEITH, DIRECTOR

February 9, 2021

Scott Smith, Executive Director
Housing Authority of San Luis Obispo
487 Leff Street
San Luis Obispo, CA 93401

Subject: Reservation of 2021 County and City of Morro Bay funds for Morro Bay
Family Apartments

Dear Mr. Smith:

On February 9, 2021, the Board of Supervisors of San Luis Obispo County approved a reservation of Urban County funds for the Morro Bay Family Apartments (the "Project") in the following amount: **1) \$81,129 in City CDBG funds and 2) \$7,216 in Title 29 In-lieu funds (Title 29)**. The funds will be set aside until October 1, 2021, to allow you time to complete the financing for the Project. The Board has authorized the Director of the Department of Planning and Building to sign this reservation letter.

County staff is working to complete the National Environmental Policy Act (NEPA) review clearance for the Project prior to the signing of loan documents. Since NEPA review is undertaken following the reservation of funds, an environmental review could result in impacts/situations where federal assistance may not be used. Project alternatives can be considered to reduce impacts.

Also, a preliminary underwriting review of the Project finance documents has commenced. The County will disburse the CDBG funds and Title 29 funds once the following conditions below have been met:

1. Pursuant to section 24 CFR 570.503 of the federal Community Development Block Grant Program and Title 29 Section 29.03.030 of the County Code, the following conditions must be met in order to receive the commitment and disbursement of County funds and loans:
 - a) Firm commitments from all other financing sources, including tax credit investors, in sufficient amounts to complete the Project;

- b) Submission of updated documents necessary to finalize Project review and underwriting, which include but are not limited to copies of the final development budget, funding sources and uses, and the cash-flow pro-forma;
- c) County staff review and underwriting of the finalized Project budgets and other financial documents, assessment of developer capacity and fiscal soundness, and examination of the neighborhood market conditions and housing needs;
- d) County disbursement of Title 29 funds upon completion of its 2021 Title 29 Action Plan;
- e) HUD disbursement of CDBG funds to the County upon completion of the County's 2021 HUD Action Plan;
- f) Execution of the County loan documents for Title 29 funds and CDBG funds (County Loan Agreement, Promissory Note, Deed of Trust, Restrictive Covenants / Regulatory Agreement and other associated documents).

In conformance with the regulations of the California Tax Credit Allocation Committee, specifically with California Code of Regulations Title 4 Division 17 Chapter 1 Section 10325(f)(3), the County/City CDBG and Title 29 loans will have the following terms:

1. The Project owner shall pay the County loans in full at the end of each loan term.
2. The County loans shall have a 55-year term and a 20-year affordability compliance period.
3. The County loans shall have an interest rate not exceeding 3% (simple interest of 3% per annum).

County staff will work diligently towards preparation and execution of the City CDBG and Title 29 loan documents. Please work with Ted Bench, County Planner, who can be reached by e-mail at: tbench@co.slo.ca.us, or by phone at (805) 781-5701.

Sincerely,

DocuSigned by:

9A4E9817634F49F...

Trevor Keith, Director
Department of Planning & Building
County of San Luis Obispo

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AGENDA NO: C-1

MEETING DATE: March 9, 2021

Staff Report

TO: Honorable Mayor and City Council

DATE: March 3, 2021

FROM: Katie Lichtig, Interim Finance Director

SUBJECT: Presentation and Discussion of the Fiscal Year 2019/20 Comprehensive Annual Financial Report

RECOMMENDATION

Receive and provide feedback on the Comprehensive Annual Financial Report (CAFR) for the period of July 1, 2019 to June 30, 2020.

BACKGROUND/DISCUSSION

In 2015, the City issued a Request for Proposal (RFP) for auditing services; and the Pun Group was the selected as the most responsive proposer. The City entered into agreement with the Pun Group to perform auditing services for the fiscal years ending June 30, 2015, 2016, 2017 and 2018, with the option for two additional fiscal years (ending June 30, 2019 and 2020). The Auditors conducted their field work virtually in October 2020 due to COVID-19 protocols. The same reviews were conducted as if they were in our offices by staff uploading reports, receipts, workpapers, journal entries and any other documentation to review expenditures, revenues, contracts, and general accounting processes. The scope of work for the auditors is to review both accuracy and internal controls (fraud prevention). After the audit team collected information and conducted the required analysis no issues were discovered, which resulted in no audit findings in this year's CAFR (Attachment 1). The Internal Controls Review report has not yet been published, but the auditor's informal discussion with the City indicates there are no findings or recommendations have been identified.

At their January meeting, the Citizens' Finance Advisory Committee (CFAC) reviewed the draft CAFR and provided valuable feedback. As a result of this input, the CAFR was revised to ensure consistency throughout the document. There were no changes to the Auditors conclusions.

City staff submitted the CAFR to Government Finance Officers Association (GFOA) for award consideration. The City's CAFR has received the Certificate of Achievement for Excellence in Financial Reporting for the past two CAFRs.

Vanessa Burke is the Partner-In-Charge with The Pun Group in their Bay Area, California and Phoenix, Arizona offices. Ms. Burke represented the Pun Group and gave a presentation regarding the CAFR at the CFAC meeting and will be making the presentation at the City Council meeting. Ms. Burke has 27 years of combined experience in auditing, consulting and finance. She has served clients in a variety of industries, including small to very large state and local governmental agencies,

Prepared By: KL

Dept Review: _____

City Manager Review: SC

City Attorney Review: JWP

public pension plans, insurance companies, not-for-profits, healthcare, technology and manufacturing and distribution clients. Ms. Burke also served as the Chief Finance Officer at the City of Stockton, California for five years where she successfully navigated the finance and administrative services department through the City's chapter 9 bankruptcy filing and testified on trial during the bankruptcy hearings.

CONCLUSION

Staff requests the City Council review the 20192020 CAFR and provide comment and direction, as it deems appropriate or necessary.

ATTACHMENTS

1. City of Morro Bay FY 2019/20 Comprehensive Annual Financial Report: Link - https://www.morro-bay.ca.us/DocumentCenter/View/15075/2020_City-of-Morro-Bay_FINAL_CAFR.



AGENDA NO: C-2

MEETING DATE: March 9, 2021

Staff Report

TO: Honorable Mayor and City Council **DATE:** February 11, 2021

FROM: Eric Casares, PE – WRF Program Manager (Carollo)
Rob Livick, PE/PLS – City Engineer

SUBJECT: Water Reclamation Facility (WRF) Project Review and Approval of Change Orders

RECOMMENDATION

Staff recommends the City Council approve, and authorize the City Manager to sign, Amendment No. 5 (Attachment 1) to the existing amended agreement with Filanc-Black & Veatch (i.e., DB team) for a total credit value of \$195,945.

FISCAL IMPACT

The current two (2) Project Change Orders (PCOs) for the WRF would result in a credit of \$(195,945). If both of those PCOs are approved, then the guaranteed maximum price (GMP) for the WRF component of the overall project would decrease from \$75,761,822 to \$75,565,877. This cost reduction for those PCOs increases the existing contingency for the WRF from \$614,023 to \$809,968.

BACKGROUND

At the October 23, 2018, City Council meeting, a contract was awarded to the DB team in the amount of \$67,234,512 (DB Agreement). The DB Agreement structured as a GMP. Therefore, the DB team committed to delivering the work specifically identified in the original DB Agreement for a cost not to exceed \$67,234,512. The DB Agreement award was the culmination of a year-long competitive procurement that began with the advertisement of a request for qualifications (RFQ) on October 27, 2017. The scope of work (i.e., Exhibit B) included in the original DB Agreement is the same as the scope of work included in the DB team's original proposal received by the City on May 08, 2018. A summary of the original DB Agreement value and the four (4) previous amendments are presented in the table below:

Amendment No.	Contract Value	Amendment
-	\$67,234,512	-
1	\$68,870,571	\$1,636,059
2	\$68,934,508	\$63,937
3	\$74,926,725	\$5,992,217
4	\$75,761,822	\$835,097
5 (Proposed)	\$75,565,877	\$(195,945)

The DB team is responsible for design of the WRF (and not the other two components of the overall

Prepared By: EC

Dept Review: RL

City Manager Review: SC

City Attorney Review: JWP

project – conveyance and injection well systems). Per the DB agreement, the design successfully progressed and was presented to the City through the following design deliverables:

- Basis of Design Report/30 Percent Submittal
- 60 Percent Design Submittal
- 90 Percent Design Submittal
- Issues for Construction (IFC) Submittal

As anticipated and called for in the DB agreement, the DB team advanced the design concept that was included in their proposal. This refinement is captured in the Draft Basis of Design Report (BDR) and 30 Percent Design Submittal, 60 Percent Design Submittal, and 90 Percent Design Submittal and the IFC Submittal. As all are aware, the design has been completed and construction began on March 20, 2020.

At this time, the City has identified an additional total of two (2) PCOs that include a decrease in the cost of the DB Agreement for consideration by City Council. The Public Works Advisory Board (PWAB) reviewed the PCOs at their February 17, 2021 meeting. Details for each of the PCOs is included in Attachment 2. The table below summarizes the PCOs currently being considered. Approval of the PCO’s would decrease the GMP.

PCO No.	Description	Cost Impact (Increase/Decrease)	Final PCO Cost	Primary Rationale
84	Alternate Red Legged Frog Barrier	Decrease	\$(468,768)	Environmental Constraints
87	PVC Coated Conduit in Areas 20, 30, and 70	Increase	\$272,822	Operational Improvements
Total			(\$195,945)	

The primary rationale for the need for each PCO can be attributed to the following:

- **PCO No. 84: Alternate Red Legged Frog Barrier** – In November 2019, the City negotiated a Biological Opinion (BO) with the United States Fish and Wildlife Service (USFWS) for the California red legged frog (CRLF). Required in the BO is a permanent wildlife exclusion fence that will run along the eastern side of the site and the access road that connects the site to Teresa Road. The barrier will consist of a five-foot high concrete wall (embedded three feet in the ground) with a six-foot high chain link fence with privacy slats affixed to the top. The concrete wall has a five-inch wide overhang that will impede frogs from climbing the wall. The section along the access road will not have the chain link fence section affixed to the top of the concrete wall.

The original wildlife barrier has a cost of \$855,991 and was approved by City Council on May 26, 2020, as part of Amendment No. 3. Since the fall of 2020, the City, Program Manager, and design-build team have been engaged in a value engineering exercise for the wildlife exclusion barrier. Ultimately, the team finalized an alternative approach for the wildlife exclusion barrier along the east boundary of the WRF site consisting of:

- Six-foot high chain link fence
- Five-foot high high density polyethylene (HDPE) sheeting buried to a depth of three-feet below grade
 - HDPE sheeting will be mechanically affixed to the chain link fencing
 - HDPE sheeting includes an integral overhang consistent with the original approach

The City and Program Manager presented this alternative approach to USFWS and received

their approval to proceed with the alternative approach on January 6, 2021 (see Attachment 3).

- **PCO No. 87: PVC Coated Conduit in Areas 20, 30, and 70** – On May 26, 2020 the City Council approved Amendment No. 3 which included PCO No. 62 (Conduit Alternative Design) in the amount of \$268,400. The PCO included changing the conduit materials for numerous locations throughout the WRF from PVC-coated conduit (Ocal®) to galvanized rigid conduit (GRC). This new PCO No. 87 reverses the decision to covert from OCal® to GRC for the following areas:
 - Area 20 – Headworks
 - Area 30 – Membrane Bioreactor
 - Area 70 – Sludge Handling and SAFE System

PWAB COMMENTS

These PCOs were presented to the PWAB on February 17, 2021 at a special meeting. PWAB recommended the City Council approve the PCOs, but had questions about the long-term maintenance and replacement costs for the HDPE wildlife exclusion fence. Staff reviewed those concerns and determined the replacement costs will not be significant, and likely could be handled by utilities staff.

NEXT STEPS

The City is working with the DB team to determine how to handle the recent soil slip that occurred in late January 2021. This is a sensitive situation, and in order to preserve the City's position in negotiations with the design-build team, we will not be discussing this issue in detail at this time. It is not clear at this time who is responsible for the cost of the investigations and remediation of the soil slip. The investigations and remediation carry with them large costs. City staff and the Program Manager will keep the full City Council and the Council WRF subcommittee apprised of the situation, as appropriate, as it evolves.

ATTACHMENT

1. Amendment No. 5 with Filanc/Black & Veatch
2. Potential Change Order Details
3. Letter from USFWS Approving Alternative Wildlife Exclusion Barrier

**AMENDMENT NO. 5 TO THE
AGREEMENT FOR DESIGN/BUILD SERVICES
AMONG THE CITY OF MORRO BAY AND
OVERLAND CONTRACTING INC. AND
J.R. FILANC CONSTRUCTION COMPANY, INC.**

This Amendment No. 5 is entered by and among the CITY OF MORRO BAY, a municipal corporation (City) and OVERLAND CONTRACTING INC., a Delaware corporation, dba KS OVERLAND CONTRACTING, INC. (OCI) and J.R. FILANC CONSTRUCTION COMPANY, INC., a California corporation (JRF), the latter two acting as FBV Morro Bay Joint Venture (collectively, OCI and JRF are referred to as the “Design Build Entity”). City and Design Build Entity are sometimes referred to individually as “Party” and collectively “Parties.”

RECITALS

WHEREAS, City and the Design Build Entity entered into an agreement as of October 23, 2018, to design and construct a new Water Reclamation Facility (Project), which was approved by the City Council for a Cost Plus with Guaranteed Not to Exceed Amount of \$67,234,512 (Agreement);

WHEREAS, the Parties amended the Agreement, as of May 14, 2019, to provide for design and construction of additional elements for the Project and to increase the Cost Plus with Guaranteed Not to Exceed Amount for the construction of the Project to \$68,870,572 for those additional elements (Amendment No. 1);

WHEREAS, the Parties amended the Agreement, as of April 21, 2020, to provide for updated Davis Bacon Wage Requirements for the Project and to increase the Cost Plus with Not to Exceed Amount for the construction of the Project to \$68,934,509 (Amendment No. 2);

WHEREAS, the Parties amended the Agreement, as of July 30, 2020, to provide design and construction of additional elements for the Project and to increase the Cost Plus with Not to Exceed Amount for the construction of the Project to \$74,926,725 (Amendment No. 3);

WHEREAS, the Parties amended the Agreement, as of November 17, 2020, to provide design and construction of additional elements for the Project and to increase the Cost Plus with Not to Exceed Amount for the construction of the Project to \$75,761,822 (Amendment No. 4);

WHEREAS, the Agreement, Amendment No. 1, Amendment No. 2, Amendment No. 3, and Amendment No. 4 are collectively referred to as the Amended Agreement;

WHEREAS, on March 9, 2021, the City Council reviewed and approved changes for the Project (Required Changes) that reduced the Guaranteed Maximum Price for the construction of the WRF Project from \$75,761,822 to \$75,565,877 and authorized the City Attorney to prepare and the City Manager to sign an amendment to the Amended Agreement.

NOW, THEREFORE, City and Design Build Entity mutually agree to further amend the Amended Agreement as follows:

1. Unless otherwise expressly stated herein or the context requires, all terms shall have the same meaning as provided in the Amended Agreement.
2. The revised scope of services to be provided by the Design Build Entity, pursuant to the Amended Agreement, as hereby amended, shall include the Scope of Work for the Required Changes, as set forth in Exhibit B, dated November 2020, attached hereto and incorporated herein by this reference. The Scope of Work, as previously approved by the Amended Agreement and the Required Changes, approved herein, are referred to as the "New Scope of Work." At the direction of City, the design related to the New Scope of Work, including without limitation the Required Changes, has already commenced and shall continue in full accordance with the Amended Agreement, as herein amended, which the Parties agree is currently occurring.
3. The compensation to be paid for the New Scope of Work shall be paid in accordance with the terms of the Amended Agreement on a cost plus basis and shall reduce the original Cost Plus with Guaranteed Note to Exceed Amount by a total of \$195,945.00, for a revised Cost Plus Guaranteed Not to Exceed Amount of \$75,565,877.00 for the Amended Agreement, as herein amended.
4. The Exhibit A, attached to the Amended Agreement on the effective date of this Amendment No. 5, shall be replaced in its entirety with the new Exhibit A, which describes the New Scope of Work, attached hereto and incorporated herein, as well as into the Amended Agreement as amended herein.
5. Except as expressly stated herein, all other terms and conditions in the Amended Agreement shall remain in full force and effect.
6. The effective date of this Amendment No. 5 shall be deemed to be March 9, 2021.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 5 to be executed by their duly authorized representatives.

CITY OF MORRO BAY
a municipal corporation

OVERLAND CONTRACTING INC.

By: _____
Scott Collins, City Manager

By: _____
A. Blake Childress,
Its Attorney in Fact

Dated: March __, 2021

Dated: March __, 2021

(Signatures continued on Page 3.)

(Signatures continued from Page 2.)

Attest:

J.R. FILANC CONSTRUCTION
COMPANY, INC.

Dana Swanson, City Clerk

By: _____
Omar Rodea,
Its President

Approved As To Form:

Dated: March __, 2021

Chris Neumeyer, City Attorney

Acting together as FBV Morro Bay Joint
Venture
PWCR #947773 – Classification A



CHANGE ORDER ESTIMATE SUMMARY SHEET

			PCO # 084
## Morro Bay Water Reclamation Facility			
DESCRIPTION: Alternate California Red Legged Frog Wildlife Barrier (Revision to PCO 58)			
CHANGE ORDER COST BREAKDOWN			Revisions/Comments
1 DIRECT LABOR		\$ 157,091.71	
2 DIRECT CONSTRUCTION EQUIPMENT		\$ 25,666.00	
3 DIRECT MATERIALS		\$ 122,537.21	
4 SUBCONTRACTOR'S WORK		\$ 23,643.94	
5 DESIGN ENGINEERING		\$ 15,000.00	
6 DESIGN BUILDER DIRECT COST (ADD LINES 1-5)		\$ 343,938.86	
7 FEE (4% of direct cost)	4.00%	\$ 13,757.55	
8 OVERHEAD (6% of direct cost)	6.00%	\$ 20,636.33	
9 SUBTOTAL (ADD LINES 6-8)		\$ 378,332.75	
10 GL/POLLUTION & PROFESSIONAL LIABILITY INSURANCE	1.26%	\$ 4,766.99	
11 BUILDERS RISK INSURANCE	0.29%	\$ 1,097.16	
12 BOND	0.80%	\$ 3,026.66	
13 SUBTOTAL (ADD LINES 9-12)		\$ 387,223.57	
14 CONTINGENCY	0.00%	\$ -	
15 TOTAL LUMP SUM COST (ADD LINES 13-14)		\$ 387,223.57	
Direction or resolution required by:			
Estimated time extension and justification:			
Impact to critical path: TBD			
PRIME CONTRACTOR'S NAME: FBV A Morro Bay Joint Venture			
SUBCONTRACTOR'S NAME:			
THE SCOPE OF THIS PROPOSAL IS ONLY AS LISTED HEREIN. ANY ADDITIONAL WORK REQUIRED, SHALL BE SUBJECT TO ADDITIONAL PRICING.			
SIGNATURE & TITLE OF PREPARER: _____			DATE: December 16, 2020
Aaron Heirsbberg, Sr. PM			

CHANGE ORDER REQUEST FORM

JOINT VENTURE

Project Name: Morro Bay Water Reclamation Facility



PCO # 084

Date 12/16/2020

Ref Doc _____

Ref Doc date _____

Schedule Impact (# of Days +/-) TBD

Extra Work Description:

Add approximately 490 LF of 5' Tall Concrete Wall w/ Cantelevered Lip and 24" Above Grade

LABOR							
DESCRIPTION OF WORK		CLASSIFICATION	ST HOURS	OT HOURS	ST RATE	OT RATE	EXTENDED
Excavation & Compact Subgrade - 490' Long x 4' Wide x 3' Deep	3 days	Operator	24		\$ 98.00		\$ 2,352.00
		Laborer - Grade Checker	24		\$ 73.00		\$ 1,752.00
		Laborer - Compaction	24		\$ 73.00		\$ 1,752.00
							\$ -
Backfill - 490' Wall	3 1/2 days	Operator	28		\$ 98.00		\$ 2,744.00
		Laborer	28		\$ 73.00		\$ 2,044.00
		Laborer	28		\$ 73.00		\$ 2,044.00
							\$ -
Soil Stabilization and Drainage	2 days	2 Laborers	32		\$ 73.00		\$ 2,336.00
							\$ -
Concrete Wall - 490' L x 5' Tall x 8" Thick w/ Cantelevered Lip	Form	2 weeks	3 Carpenters	240		\$ 80.00	\$ 19,200.00
			1 Laborer	80		\$ 73.00	\$ 5,840.00
	Pour & Finish	2 days	4 Laborers	32	8.00	\$ 73.00	\$ 2,336.00
			1 Carpenter	16	2.00	\$ 80.00	\$ 1,280.00
	Strip & Cleanup	2 1/2 days	3 Carpenters	60		\$ 80.00	\$ 4,800.00
			1 Laborer	20		\$ 73.00	\$ 1,460.00
	Sack & Patch	2 days	2 Cement Masons	32		\$ 80.00	\$ 2,560.00
	Set Masonry Cap	4 days	2 Cement Masons	48		\$ 80.00	\$ 3,840.00
			Forman	5%			\$ 2,817.00
			QC Manager	3%			\$ 1,774.71
Subtotal - Hours			716	10.00			
LABOR - SUBTOTAL							\$ 60,931.71

EQUIPMENT							
DESCRIPTION OF WORK	OWNED OR RENTED	CLASSIFICATION	ST HOURS	OT HOURS	ST RATE	OT RATE	EXTENDED
Excavation - 490' Long x 4' Wide x 3' Deep	2 days	John Deere 410 Backhoe (Caltrans)	24		\$ 36.50		\$ 876.00
	2 days	Rental Compactor w/ Delivery	2		\$ 350.00		\$ 700.00
Backfill - 490' Wall	3 days	Rental Compactor w/ Delivery	3		\$ 350.00		\$ 1,050.00
	3 days	Cat 259B Track Skidsteer	24		\$ 36.50		\$ 876.00
Concrete Wall - 490' L x 5' Tall x 8" Thick w/ Cantelevered Lip	2 days	Concrete Pump - two mobs	18		\$ 277.78		\$ 5,000.00
	8 days	Crew Truck (Caltrans Rate)	56		\$ 31.00		\$ 1,736.00
	8 days	Pickup Truck (Caltrans Rate)	80		\$ 27.42		\$ 2,193.60
TAX 7.75%							\$ -
EQUIPMENT - SUBTOTAL							\$ 12,431.60

CHANGE ORDER REQUEST FORM

JOINT VENTURE

Project Name: **Morro Bay Water Reclamation Facility**



PCO # **084**

Date **12/16/2020**

Ref Doc _____

Ref Doc date _____

Schedule Impact (# of Days +/-) **TBD**

Extra Work Description:

Add approximately 3470 LF of 6' chain link fence slats.

LABOR							
DESCRIPTION OF WORK		CLASSIFICATION	ST HOURS	OT HOURS	ST RATE	OT RATE	EXTENDED
Add 3470 LF slats to 6" CLF		Operator	16		\$ 98.00		\$ 1,568.00
		2 Laborers	160		\$ 73.00		\$ 11,680.00
							\$ -
		Forman	32		\$ 115.00		\$ 3,680.00
		QC Manager	32		\$ 115.00		\$ 3,680.00
Subtotal - Hours			240	0.00			
LABOR - SUBTOTAL							\$ 20,608.00

EQUIPMENT							
DESCRIPTION OF WORK	OWNED OR RENTED	CLASSIFICATION	ST HOURS	OT HOURS	ST RATE	OT RATE	EXTENDED
Add 3470 LF slats to 6" CLF		Forklift (Caltrans)	16		\$ 61.98		\$ 991.68
		Pickup Trucks (Caltrans)	32		\$ 27.42		\$ 877.44
		Crew Trucks (Caltrans)	80		\$ 31.00		\$ 2,480.00
					\$ 31.00		\$ -
					\$ 27.42		\$ -
					TAX	7.75%	\$ -
EQUIPMENT - SUBTOTAL							\$ 4,349.12

MATERIAL							
DESCRIPTION OF WORK	SUPPLIER	ITEM DESCRIPTION	PO #	QTY	U/M	RATE	EXTENDED
Add 3470 LF slats to 6" CLF	TBD	Slats (standard color) - 82 per box per 10 lf		347.00	box	\$ 70.00	\$ 24,290.00
							\$ -
							\$ -
					TAX	7.75%	\$ 1,882.48
MATERIAL - SUBTOTAL							\$ 28,054.95

SUBCONTRACTOR							
DESCRIPTION OF WORK	CONTRACT #	SUBCONTRACTOR		QTY	U/M	RATE	EXTENDED
Add 3470 LF slats to 6" CLF							\$ -
Dump Fees		R&R Roll Off - Trash		1.00	ls	\$ 200.00	\$ 200.00
							\$ -
							\$ -
					MARKUP - LABOR	20%	\$ -
					MARKUP - MATERIAL, EQUIPMENT & OTHER	15%	\$ 30.00
SUBCONTRACTOR - SUBTOTAL							\$ 230.00

Subtotal Change Order Request \$ 53,242.07

CHANGE ORDER REQUEST FORM

JOINT VENTURE

Project Name: **Morro Bay Water Reclamation Facility**



PCO # **084**

Date **12/16/2020**

Ref Doc _____

Ref Doc date _____

Schedule Impact (# of Days +/-) **TBD**

Extra Work Description:

Furnish and install 1660' of 5' tall 2mm Annimex HDPE Barrier w/ 5" x 5" FRP Angle anchored to fence posts.

LABOR							
DESCRIPTION OF WORK		CLASSIFICATION	ST HOURS	OT HOURS	ST RATE	OT RATE	EXTENDED
Hand Excavation 3' Trench x 1'		Operators	40		\$ 98.00		\$ 3,920.00
		2 Laborers	80		\$ 73.00		\$ 5,840.00
Install 5" x 5" FRP Angle		Operators	24		\$ 98.00		\$ 2,352.00
		Laborers	320		\$ 73.00		\$ 23,360.00
Install FRP Barrier		Laborers	320		\$ 73.00		\$ 23,360.00
Backfill Excavated 3' Trench - 2' slurry		3 Laborers	48		\$ 73.00		\$ 3,504.00
Backfill Excavated 3' Trench - 1' onsite material		Operators	24		\$ 98.00		\$ 2,352.00
		Laborers	48		\$ 73.00		\$ 3,504.00
		Foreman	32		\$ 115.00		\$ 3,680.00
		QC Manager	32		\$ 115.00		\$ 3,680.00
Subtotal - Hours			968	0.00			
LABOR - SUBTOTAL							\$ 75,552.00

EQUIPMENT							
DESCRIPTION OF WORK	OWNED OR RENTED	CLASSIFICATION	ST HOURS	OT HOURS	ST RATE	OT RATE	EXTENDED
Hand Excavation 3' Trench x 1'		John Deere 410 Backhoe (Caltrans)	40		\$ 36.50		\$ 1,460.00
		Pickup Truck (Caltrans)	8		\$ 21.00		\$ 168.00
		Crew Truck (Caltrans)	8		\$ 27.42		\$ 219.36
Install 5" x 5" FRP Angle		Forklift (Caltrans)	16		\$ 61.98		\$ 991.68
		Pickup Truck (Caltrans)	8		\$ 21.00		\$ 168.00
		Crew Truck (Caltrans)	8		\$ 27.42		\$ 219.36
Install FRP Barrier		Forklift (Caltrans)	24		\$ 61.98		\$ 1,487.52
		Pickup Truck (Caltrans)	8		\$ 21.00		\$ 168.00
		Crew Truck (Caltrans)	8		\$ 27.42		\$ 219.36
Backfill Excavated 3' Trench - 2' slurry	1 day	Pump					\$ 2,500.00
Backfill Excavated 3' Trench - 1' onsite material	2 days	Rental Compactor w/ Delivery	2		\$ 350.00		\$ 700.00
	2 days	Cat 259B Track Skidsteer	16		\$ 36.50		\$ 584.00
					\$ 27.42		\$ -
TAX 7.75%							\$ -
EQUIPMENT - SUBTOTAL							\$ 8,885.28

MATERIAL							
DESCRIPTION OF WORK	SUPPLIER	ITEM DESCRIPTION	PO #	QTY	U/M	RATE	EXTENDED
Install 5" x 5" FRP Angle	TBD	5" x 5" x 8' - FRP Angles & Anchors		210.00	ea	\$ 165.00	\$ 34,650.00
Install FRP Barrier	Annimex	2mm FRP Barrier - 5' Tall & Anchors		1.00	ls	\$ 25,000.00	\$ 25,000.00
Backfill Excavated 3' Trench - 2' slurry		Slurry		38.11	cy	\$ 125.00	\$ 4,763.89
TAX 7.75%							\$ 2,685.38
MATERIAL - SUBTOTAL							\$ 69,784.64

SUBCONTRACTOR							
DESCRIPTION OF WORK	CONTRACT #	SUBCONTRACTOR		QTY	U/M	RATE	EXTENDED
Dump Fees		R&R Roll Off - Trash		1.00	ls	\$ 200.00	\$ 200.00
							\$ -
							\$ -

Furnish and install 1660' of 5' tall 2mm Annimex HDPE Barrier w/ 5" x 5" FRP Angle anchored to fence posts.

						\$	-
					MARKUP - LABOR	20%	\$ 40.00
					MARKUP - MATERIAL, EQUIPMENT & OTHER	15%	\$ -
					SUBCONTRACTOR - SUBTOTAL		\$ 240.00

Subtotal Change Order Request \$ 154,461.92



CHANGE ORDER ESTIMATE SUMMARY SHEET

FBV A Morro Bay Joint Venture
 1299 Oak Road, #490
 Walnut Creek, CA 94597

		PCO # 087 R1
Project Name: Morro Bay Water Reclamation Facility		
DESCRIPTION:		
1. PVC Coating Conduit & Fittings: Provide and install PVC coated conduit & fittings in process areas 20, 30, 50, 60, and 70 for all above grade circuits in lieu of the previously value engineered galvanized steel conduit & fittings.		
CHANGE ORDER COST BREAKDOWN		Revisions/Comments
1 DIRECT LABOR	\$ -	
2 DIRECT CONSTRUCTION EQUIPMENT	\$ -	
3 DIRECT MATERIALS	\$ -	
4 SUBCONTRACTOR'S WORK	\$ 242,325.57	
5 DESIGN ENGINEERING	0.00% \$ -	
6 DESIGN BUILDER DIRECT COST (ADD LINES 1-5)		\$ 242,325.57
7 FEE (4% of direct cost)	4.00%	\$ 9,693.02
8 OVERHEAD (6% of direct cost)	6.00%	\$ 14,539.53
9 SUBTOTAL (ADD LINES 6-8)		\$ 266,558.13
10 GL/POLLUTION & PROFESSIONAL LIABILITY INSURANCE	1.26%	\$ 3,358.63
11 BUILDERS RISK INSURANCE	0.29%	\$ 773.02
12 BOND	0.80%	\$ 2,132.47
13 SUBTOTAL (ADD LINES 9-12)		\$ 272,822.24
14 CONTINGENCY	0.00%	\$ -
15 TOTAL LUMP SUM COST (ADD LINES 13-14)		\$ 272,822.24
Direction or resolution required by:		
Estimated time extension and justification:		
Impact to critical path: TBD		
PRIME CONTRACTOR'S NAME: FBV A Morro Bay Joint Venture SUBCONTRACTOR'S NAME: Electricraft		
THE SCOPE OF THIS PROPOSAL IS ONLY AS LISTED HEREIN. ANY ADDITIONAL WORK REQUIRED, SHALL BE SUBJECT TO ADDITIONAL PRICING.		
SIGNATURE & TITLE OF PREPARER: _____ Aaron Heirsbberg, Sr. PM		DATE: 11/10/20/20

Change Order Request Form



Project Name: Morro Bay Water Reclamation Facility

PCO # 087 R1
 Req Date 11/12/2020
 Ref Doc _____
 Ref Doc date _____
 Schedule Impact (# of Days +/-) TBD

Extra Work Description:

1. **PVC Coating Conduit & Fittings:** Provide and install PVC coated conduit & fittings in process areas 20, 30, 50, 60, and 70 for all above grade circuits in lieu of the previously value engineered galvanized steel conduit & fittings.

Specifically Excluded on all:

1. PVC coated conduit and fittings above grade in all remaining process/building areas and RO building electrical room.

Labor

Date	Cost Code	Employee Name	Classification	S/T Hours	O/T Hours	S/T Rate	O/T Rate	Extended
						\$ -		\$ -
						\$ -		\$ -
						\$ -		\$ -
						\$ -		\$ -
						\$ -		\$ -
				0	0			\$ -
Labor Subtotal								\$ -

Equipment

Date	Cost Code	Owned or Rented	Description	S/T Hours	O/T Hours	S/T Rate	O/T Rate	Extended
								\$ -
								\$ -
								\$ -
								\$ -
								\$ -
BASED ON CALTRANS RATES CONSISTENT WITH PAY APPLICATION								\$ -
							CA State Tax 7.75%	\$ -
Equipment Subtotal								\$ -

Material

Date	Cost Code	(If Applicable) Contract # CO #		Vendor	Quantity	U/M	Unit Cost	Extended
								\$ -
								\$ -
								\$ -
								\$ -
CA State Tax 7.75%								\$ -
Material Subtotal								\$ -

Subcontract

Date	Cost Code	(If Applicable) Contract # CO #		Subcontractor	Quantity	U/M	Unit Cost	Extended
11/2/20				Electricraft RFC #3 Rev #1 - PVC Coated Conduit	1	LS	\$ 242,325.57	\$ 242,325.57
Subcontract Subtotal								\$ 242,325.57

Date: 11/10/20 PM Approval AH
 (Initials)

10/6/15 **Subtotal Change Order Request** \$ 242,325.57

RFC #3 Rev #1

To: J.R. Filanc Construction Company, Inc. From: Dave Horton
ATTN: Aaron Heirshberg Project Manager
Email: aheirshberg@filanc.com Pages: 7
Phone: 805-421-0112 Date: 11/2/20
Re: Morro Bay WRF CC: File
PVC Coated Conduit & SS316 Supports
in Areas 20, 30, 50, 60, and 70

Urgent For Review For Your Action Please Confirm Fax Please Reply

In response to PCO 87 Revised Requirements for the referenced project, our lump sum request for change is **as follows** to cover the electrical work including, material, tax and labor during straight time hours Monday through Friday for a complete installation as outlined below and per the attached breakdown:

PVC Coated Conduit & Fittings **\$242,325.57**

Specifically Included:

1. Provide and install PVC coated conduit & fittings in process areas 20, 30, 50, 60, and 70 for all above grade circuits in lieu of the previously value engineered galvanized steel conduit & fittings.

~~**Stainless Steel 316 Supports** **\$81,017.61**~~

~~Specifically Included:~~

- ~~1. Provide and install stainless steel type 316 channel/strut, strut fittings, hardware, and conduit straps in process areas 20, 30, 50, 60, and 70 in lieu of the previously value engineered galvanized supports/hardware.~~

Specifically Excluded on all:

1. PVC coated conduit and fittings above grade in all remaining process/building areas and RO building electrical room.
2. PVC coated or stainless steel support channel, straps, and/or hardware in all remaining process/building areas and RO building electrical room.

In accordance with the California Code of Regulations Title 8, Chapter 2, Subchapter IV our electricians have been tested and are certified Journeyman General Electricians. Our standard additional insured endorsement CG 2010 11 85 modified is included in this quote. Any additional endorsements or waivers can be provided at an additional charge.

Thank you for the opportunity to provide additional services for this project. This RFC is valid for a period of 30 days. Please feel free to call regarding any questions you may have.

Sincerely,

Dave Horton
Project Manager

Z:\Open Jobs\20-064 Morro Bay WRF\RFC\RFC 3\Rev 1\RFC 3R1.doc

PLEASE NOTE: The information contained in this facsimile message is intended only for the personal and confidential use of the designated recipient(s) named above. This message may be a contractor-client communication, and as such is privileged and confidential. If the reader of this message is *not* the intended recipient(s) or an agent responsible for delivering it to the intended recipient(s), you are hereby notified that you have received this document in error, and that any review, dissemination, distribution or copying of this message is strictly prohibited. If you have received this communication in error, please notify this office immediately by phone (805) 544-8224 and return the original message to Electriccraft Inc. Thank you.

**Summary Cost Breakdown
Morro Bay WRF
Request for Change #3 Rev #1**

**PVC Coated Conduit in Areas 20, 30, 50, 60, and 70
11/2/20**

CHARGE/ CREDIT

Labor	\$0.00
Labor OH&P	\$0.00
Material	\$193,625.60
Tax	\$15,005.98
Material OH&P	\$31,294.73
Subcontractor	\$0.00
Subtotal	\$239,926.31
Bond	\$2,399.26
Total	\$242,325.57



CHARGE PRICING SHEET

Job	Morro Bay WRF
Work	PVC Coated Conduits in Areas 20, 30, 50, 60, and 70

Date	11/02/20		
Sheet(s)	1	Of	4

Estimate #	Priced By	Extended By	Checked By
1	DH	DH	

	✓	Material	Quantity	MATERIAL			LABOR		
				Price	Per	Extension	Unit	Per	Extension
1		3/4" PVC coated rigid steel conduit	6920	\$974.98	C	\$67,468.62			-
2		1" PVC coated rigid steel conduit	1080	\$1,262.52	C	\$13,635.22			-
3		1-1/4" PVC coated rigid steel conduit	60	\$1,587.24	C	\$952.34			-
4		1-1/2" PVC coated rigid steel conduit	20	\$1,872.24	C	\$374.45			-
5		2" PVC coated rigid steel conduit	260	\$2,536.87	C	\$6,595.86			-
6		3/4" PVC coated hub w/ ground lug	1054	\$57.48	E	\$60,583.92			-
7		1" PVC coated hub w/ ground lug	215	\$71.83	E	\$15,443.45			-
8		1-1/4" PVC coated hub w/ ground lug	12	\$82.59	E	\$991.08			-
9		1-1/2" PVC coated hub w/ ground lug	2	\$94.43	E	\$188.86			-
10		2" PVC coated hub w/ ground lug	53	\$135.89	E	\$7,202.17			-
11		3/4" PVC coated LB w/ cover & gasket	507	\$75.33	E	\$38,192.31			-
12		1" PVC coated LB w/ cover & gasket	76	\$100.81	E	\$7,661.56			-
13		1-1/4" PVC coated LB w/ cover & gasket	2	\$146.40	E	\$292.80			-
14		1-1/2" PVC coated LB w/ cover & gasket	1	\$178.72	E	\$178.72			-
15		2" PVC coated LB w/ cover & gasket	22	\$263.52	E	\$5,797.44			-
16		Class1/Div1 PVC coated GUA w/ cover	43	\$188.41	E	\$8,101.63			-
17		3/4" PVC coated EYS	145	\$90.38	E	\$13,105.10			-
18		1" PVC coated EYS	16	\$108.49	E	\$1,735.84			-
19		1-1/4" PVC coated EYS	2	\$130.29	E	\$260.58			-
20		2" PVC coated EYS	9	\$217.20	E	\$1,954.80			-
21		3/4" PVC coated liquidtight connector	638	\$71.54	E	\$45,642.52			-
22		1" PVC coated liquidtight connector	154	\$85.73	E	\$13,202.42			-
23		1-1/4" PVC coated liquidtight connector	4	\$136.53	E	\$546.12			-
24		1-1/2" PVC coated liquidtight connector	2	\$161.58	E	\$323.16			-
25		2" PVC coated liquidtight connector	20	\$282.43	E	\$5,648.60			-
26						-			-
27		3/4"x36" Class1/Div1 PVC coated flex kit	44	\$1,105.03	E	\$48,621.32			-
28		1"x36" Class1/Div1 PVC coated flex kit	4	\$1,731.82	E	\$6,927.28			-
29		1-1/4"x36" Class1/Div1 PVC coated flex kit	1	\$2,585.49	E	\$2,585.49			-
30		PVC coating touch-up	12	\$46.23	E	\$554.76			-
				Material ▶		\$374,768.42	Labor ▶		0.00



CREDIT PRICING SHEET

Job	Morro Bay WRF
Work	GRS Conduits in Areas 20, 30, 50, 60, and 70

Date	11/02/20		
Sheet(s)	2	Of	4

Estimate #	Priced By	Extended By	Checked By
1	DH	DH	

	✓	Material	Quantity	MATERIAL			LABOR		
				Price	Per	Extension	Unit	Per	Extension
1		3/4" rigid steel conduit	-6920	\$735.79	C	-\$50,916.67			-
2		1" rigid steel conduit	-1080	\$1,091.06	C	-\$11,783.45			-
3		1-1/4" rigid steel conduit	-60	\$1,460.33	C	-\$876.20			-
4		1-1/2" rigid steel conduit	-20	\$1,954.73	C	-\$390.95			-
5		2" rigid steel conduit	-150	\$2,289.53	C	-\$3,434.30			-
6		3/4" hub w/ ground lug	-1054	\$2,590.96	C	-\$27,308.72			-
7		1" hub w/ ground lug	-215	\$3,235.89	C	-\$6,957.16			-
8		1-1/4" hub w/ ground lug	-12	\$6,882.28	C	-\$825.87			-
9		1-1/2" hub w/ ground lug	-2	\$6,379.66	C	-\$127.59			-
10		2" hub w/ ground lug	-53	\$8,538.69	C	-\$4,525.51			-
11		3/4" LB w/ cover & gasket	-507	\$15.76	E	-\$7,990.32			-
12		1" LB w/ cover & gasket	-76	\$30.51	E	-\$2,318.76			-
13		1-1/4" LB w/ cover & gasket	-2	\$48.57	E	-\$97.14			-
14		1-1/2" LB w/ cover & gasket	-1	\$62.74	E	-\$62.74			-
15		2" LB w/ cover & gasket	-22	\$103.54	E	-\$2,277.88			-
16		Class1/Div1 GUA w/ cover	-43	\$90.84	E	-\$3,906.12			-
17		3/4" EYS	-145	\$28.07	E	-\$4,070.15			-
18		1" EYS	-16	\$50.43	E	-\$806.88			-
19		1-1/4" EYS	-2	\$91.60	E	-\$183.20			-
20		2" EYS	-9	\$193.80	E	-\$1,744.20			-
21						-			-
22		3/4" liquidtight connector	-638	\$693.54	C	-\$4,424.79			-
23		1" liquidtight connector	-154	\$1,124.74	C	-\$1,732.10			-
24		1-1/4" liquidtight connector	-4	\$2,231.27	C	-\$89.25			-
25		1-1/2" liquidtight connector	-2	\$3,198.27	C	-\$63.97			-
26		2" liquidtight connector	-20	\$5,297.48	C	-\$1,059.50			-
27		3/4"x36" Class1/Div1 flex kit	-44	\$819.93	E	-\$36,076.92			-
28		1"x36" Class1/Div1 flex kit	-4	\$1,284.69	E	-\$5,138.76			-
29		1-1/4"x36" Class1/Div1 flex kit	-1	\$1,953.74	E	-\$1,953.74			-
30						-			-
				Material ▶	-\$181,142.82		Labor ▶	0.00	

**Summary Cost Breakdown
Morro Bay WRF
Request for Change #3 Rev #1**

**Stainless Steel 316 Supports in Areas 20, 30, 50, 60, and 70
11/2/20**

CHARGE/ CREDIT

Labor	\$0.00
Labor OH&P	\$0.00
Material	\$64,735.58
Tax	\$5,017.00
Material OH&P	\$10,462.88
Subcontractor	\$0.00
Subtotal	\$80,215.46
Bond	\$802.15
Total	\$81,017.61



CHARGE PRICING SHEET

Job	Morro Bay WRF
Work	Stainless Steel 316 Supports in Areas 20, 30, 50, 60, and 70

Date	11/02/20		
Sheet(s)	3	Of	4

Estimate #	Priced By	Extended By	Checked By
1	DH	DH	

#	✓	Material	Quantity	MATERIAL			LABOR		
				Price	Per	Extension	Unit	Per	Extension
1		3/4" SS316 strut strap	1300	\$5.81	E	\$7,553.00			-
2		1" SS316 strut strap	450	\$6.36	E	\$2,862.00			-
3		1-1/4" SS316 strut strap	16	\$7.08	E	\$113.28			-
4		1-1/2" SS316 strut strap	14	\$10.05	E	\$140.70			-
5		2" SS316 strut strap	100	\$11.16	E	\$1,116.00			-
6						-			-
7		7/8" SS316 strut	420	\$14.97	E	\$6,287.40			-
8		1-5/8" SS316 strut	2900	\$21.69	E	\$62,901.00			-
9		Single channel post base SS316	140	\$152.31	E	\$21,323.40			-
10		Misc SS316 strut fittings	1	\$5,000.00	E	\$5,000.00			-
11		Misc SS316 hardware	1	\$1,500.00	E	\$1,500.00			-
12						-			-
13						-			-
14						-			-
15						-			-
16						-			-
17						-			-
18						-			-
19						-			-
20						-			-
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23						-			-
24						-			-
25						-			-
26						-			-
27						-			-
28						-			-
29						-			-
30						-			-
				Material ▶	\$108,796.78		Labor ▶	0.00	



CREDIT PRICING SHEET

Job	Morro Bay WRF
Work	HDG Supports in Areas 20, 30, 50, 60, and 70

Date	11/02/20		
Sheet(s)	4	Of	4

Estimate #	Priced By	Extended By	Checked By
1	DH	DH	

	✓	Material	Quantity	MATERIAL			LABOR		
				Price	Per	Extension	Unit	Per	Extension
1		3/4" HDG strut strap	-1300	\$394.26	C	-\$5,125.38			-
2		1" HDG strut strap	-450	\$408.93	C	-\$1,840.19			-
3		1-1/4" HDG strut strap	-16	\$502.27	C	-\$80.36			-
4		1-1/2" HDG strut strap	-14	\$592.66	C	-\$82.97			-
5		2" HDG strut strap	-100	\$650.57	C	-\$650.57			-
6						-			-
7		7/8" HDG strut	-420	\$561.29	C	-\$2,357.42			-
8		1-5/8" HDG strut	-2900	\$792.96	C	-\$22,995.84			-
9		Single channel post base HDG	-140	\$6,377.48	C	-\$8,928.47			-
10		Misc HDG strut fittings	-1	\$1,500.00	E	-\$1,500.00			-
11		Misc HDG hardware	-1	\$500.00	E	-\$500.00			-
12						-			-
13						-			-
14						-			-
15						-			-
16						-			-
17						-			-
18						-			-
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22						-			-
23						-			-
24						-			-
25						-			-
26						-			-
27						-			-
28						-			-
29						-			-
30						-			-
				Material ▶		-\$44,061.20	Labor ▶		0.00



United States Department of the Interior

U.S. FISH AND WILDLIFE SERVICE

Ecological Services
Ventura Fish and Wildlife Office
2493 Portola Road, Suite B
Ventura, California 93003



IN REPLY REFER TO:
08EVEN00-2020-F-0010

January 6, 2021

Danusha Chandy, Senior Engineer
Office of Wastewater Management
U.S. Environmental Protection Agency
Washington, D.C. 20460

Subject: Amendment to the Biological Opinion on the City of Morro Bay's Water Reclamation Facility Project

Dear Danusha Chandy:

We are writing in response to your request, received in our office October 9, 2020, for our review of the U.S. Environmental Protection Agency's proposed changes to the Morro Bay Water Reclamation Facility Project (project). Your request concerns proposed changes to the material and design of the project's exclusion barrier. We have reviewed the proposed changes and whether they would cause additional effects to the federally threatened California red-legged frog (*Rana draytonii*), tidewater goby (*Eucyclogobius newberryi*), and Morro shoulderband snail (*Helminthoglypta walkeriana*), and critical habitat of the California red-legged frog, beyond those previously analyzed in the subject biological opinion.

The proposed changes include using a high density polyethylene (HDPE) exclusion barrier along the facility's eastern edge as it interfaces with the Drainage 3 corridor, in place of the concrete barrier described in the biological opinion. The concrete barrier would still be used in the southeastern part of the site along the access road. The HDPE exclusion barrier would be installed 36 inches below grade and extend 24 inches above grade. It has a 15 to 30 year life expectancy, compared to the 50 to 100 year life expectancy of the concrete barrier. The HDPE barrier would have a 4-inch overhanging lip at the top of the fence to deter climbing California red-legged frogs, while the concrete barrier would have a 6-inch lip. The City of Morro Bay (applicant) will conduct quarterly inspections of the barrier for signs of wear or damage and provide immediate repairs as needed. The applicant expects that only the above-ground portion of the barrier will need to be replaced in the future, because the below-ground barrier will be protected from sunlight, weather, and other potential damage. In the event that a complete barrier

replacement is required, the applicant will contact the U.S. Fish and Wildlife Service (Service) for guidance prior to completing replacement. The applicant will document instructions to contact the Service in the event of a complete barrier replacement in their written protocols for fence maintenance.

The Service previously analyzed impacts to the California red-legged frog and its critical habitat resulting from the project in the subject biological opinion. In the same document, we also concluded that the project was not likely to adversely affect the tidewater goby and Morro shoulderband snail. The applicant would implement all conservation measures as outlined in the biological opinion. Based on this information, we have determined that the proposed modification to the project falls within the scope of the described action and effects to federally listed species and critical habitat previously analyzed in the subject biological opinion. We appreciate your coordination to address listed species concerns. If you have any questions, please contact Danielle Fagre by electronic mail at danielle_fagre@fws.gov.

Sincerely,

Leilani Takano
Assistant Field Supervisor

cc: City of Morro Bay